

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市场日报

- *Meltdown in high dollar price bonds this morning. CIFIHG/COGARD/SHUIION/ROADKG down 4-6pt. GRNLGR the notable underperformer, down 8pt. Industrial space, BTSDF down 6pt while FOSUNI down 1-2pt.*
- **GCLNE:** *Tender offer of up to USD 53.4mn of its GCLNE 10 '24 notes (O/S USD 419.97mn). The company achieved its solar plant disposal target for 2021 and we expect it to continue pay down its offshore notes. See below.*
- **LOGPH:** *Logan entered into agreement to sell 51% stakes in residential project in Shantou to China Overseas Grand Oceans. The attributable consideration is RMB522mn. LOGPHs continue to be under significant liquidity pressure ahead of RMB5.3bn bond and ABS redemptions in Mar'22.*

❖ Trading desk comments 交易台市场观点

Yesterday, China HY property space continued to trade soft. YUZHOU saw selling flows in the market and down 2-4pts after Yuzhou Group failed to make coupon payments of 8.5% senior notes due 2023. CIFIHG/COGARD were impacted and down 5-6pts for the day. Other property names like SHUIION/GEMDAL/ROADKG/YLLGSP/DALWAN were skewed to better selling and down 1-3pts. In industrial sector, CARINC/HONGQI/WESCHI dropped 3-5pts for the day while FOSUNI curve fared relatively better and closed 1-3 pts lower.

IG market sentiment remained weak with benchmark spread another 2-5bps wider for the day. In financial sector, leasing names such as BOCAVI/ICBCIL widened 5-10bps while Tier 2 names like CCB/BOCOHK saw fast money selling and widened 10-15bps. SOE benchmark names like HAOHUA/SINOPE traded up slightly and spread narrowed 2-3bps.

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➤ Yesterday's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LSEAGN 10 3/4 10/21/22	69.3	2.5	LVGEM 12 03/10/23	40.2	-19.1
FTLNHD 6 1/2 05/20/22	79.8	2.1	JIAYUA 13 3/4 02/18/23	40.8	-14.9
GRNLGR 6 3/4 04/21/22	87.6	1.1	YUZHOU 8 5/8 01/23/22	14.0	-11.2
KWGPRO 5.2 09/21/22	45.9	1.1	SINOCE 4.9 PERP	66.0	-9.8
JIAYUA 13 3/4 03/11/22	92.7	0.9	EHICAR 7 3/4 11/14/24	81.2	-9.3

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stocks continued to fall last night in an erratic session while Treasury yields, oil and gold prices all rose. The S&P (-0.7%), Dow (-0.6%), Nasdaq (-0.3%) slightly slid for the day. Gold rose 2.3% to USD 2040.10 a troy ounce. U.S. Treasury yield curve shifted upward yesterday. The yield on the benchmark 10Y Treasury note rose to 1.86%. The 1/5/30Y yields up to 1.12/1.80/2.24% respectively.

➤ Desk analyst comments 分析员市场观点

➤ **GCLNE: Tender offer of GCLNE 10%'24 up to USD 53.4mn**

GCL New Energy announced a tender offer of up to USD 53.4mn of GCLNE 10 '24 notes (O/S USD 419.97mn) at 97.5 per 100 principal amount.

Expiration deadline: 15 March 2022

This follows its announcement on 19 Dec' 2021 that the company will use RMB 9.3bn (c. USD1.46bn) generated from disposal of solar farm in 2021 to repay onshore and offshore debts. GCL New Energy disposed solar power plants with total capacity of 2.9GW in 2021, on track with its target of 2.5GW – 3GW solar farm sale set for the year, according to its restructuring support agreement.

GCL New Energy had 4.96GW installed capacity as of end-2020. After a series of solar power plant disposal, the company retains some of the solar power generation business and provides operation and maintenance services for most of the disposed solar power plants, i.e. a contract to provide maintenance service for solar power plants with total installed capacity of approximately 3.18GW. Following these asset disposal, the company's gearing is estimated to lower to 50%. We expect GCL New Energy to continue paying down its USD notes, alongside its further solar farm disposal progress.

➤ **Offshore Asia New Issues (Priced)**

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Henan Railway Construction	100	5	3.214	3.214	A2/-/-
Pingdu State-owned Assets Management	100	3	5	5	-/-/-
Zhejiang Tianzihu Industry Investment	38.4	3	2.7	2.7	-/-/-

➤ **Offshore Asia New Issues (Pipeline)**

Issuer	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ **Onshore China conditions and color**

- Regarding onshore primary issuances, there were 98 credit bonds issued yesterday with an amount of RMB84bn. As for Month-to-date, 502 credit bonds were issued with a total amount of RMB513bn raised, representing a 1.7% yoy decrease.
- **[COGO]** announced on 8 March that it has signed an agreement to acquire a residential land parcel in Shantou City, Guangdong from Logan Group Company [LOGPH] and Zhang Xuebin for RMB 1.024bn (USD 162mn).
- **[GCLNE]** launches offer to purchase up to USD 53.4mn of outstanding 10.00% senior notes due 2024
- **[ZHPRHK]** expects up to 70% YoY drop in profit for FY21 due to lower project selling prices; Zhenro has obtained the requisite consent to extend by one year the maturity of its RMB 283.64mn due-17 March asset-backed securities (ABS) after increasing the upfront payment to 20% from the previously offered 10%, said three holders of the tranche
- **[VEYONG]** Issued a positive profit alert. Its 2021 revenue grow 32% to RMB 116bn and net profit up 95% to RMB 4.1bn

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