

CMBI Credit Commentary

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

- *High-quality names such as CIFIHG/FUTLAN/COGARD continue to lead the rebound amid positive sentiment this morning. REDSUN Apr'22 also traded higher while CENCHI curve generally unchanged to slightly higher after result announcement.*
- **Chinese properties:** REDPRO and CENCHI announced better than expected FY21 results. REDPRO secured 3-yr offshore loans of HKD955mn for refinancing while CENCHI budgeted to repay USD500mn bonds due Aug'22 with internal resources. Sunac back-tracked and announced that it would not release unaudited FY21 results.
- **New GRNKEN '25:** We see fair value at 5.2%-5.3%. See below.

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❖ Trading desk comments 交易台市场观点

Yesterday, high quality Chinese HY developers name strongly rebounded with multiple positive headlines. COGARD jumped 7-9pts after the announcement of strategic cooperation with ABC that provides RMB40bn facility. FUTLAN/CIFIHG curve also rose around 10pts/5-7pts on the back of Zheshang Bank SBLC USD issuance rumor. Other high-quality names such as ROADKG/PWRLNG also rose 2-6pts.

China IG space was mixed. In TMT sector, MEITUA tightened 20bps after its financial result announcement, alongside its significant rebound in equity market. Other names such TENCNT/BIDU also tightened 1-2bps. Financial sector broadly tightened 1-2bps and AT1 names generally dropped 0.5-1pt.

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➤ Yesterday's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ZHLGHD 12 04/17/23	40.6	13.4	XINHUZ 11 09/28/24	90.1	-4.2
YLLGSP 5 1/8 05/20/26	86.0	10.3	SUNSHI 7 7/8 09/04/24	5.3	-3.9
COGARD 5 1/8 01/14/27	64.6	10.2	REDSUN 9.95 04/11/22	42.7	-3.3
FTLNHD 5 08/08/22	86.4	10.0	JIAYUA 12 10/30/22	39.1	-2.9
FTLNHD 4.8 12/15/24	46.9	9.9	JNUCGC 2.4 09/23/26	93.7	-2.0

❖ Macro News Recap 宏观新闻回顾

Macro – U.S. stock market closed higher on Monday, while Treasury bond yields remained high and oil prices slumped, as investors looked to navigate a series of signals suggesting slower near-term growth while pricing-in positive developments from peace talks between Russia and Ukraine. The S&P (+0.71%), Dow (+0.27%), Nasdaq (+1.31%) closed higher. At the same time, China's decision to introduce a two-phased, nine-day lockdown in Shanghai, as part of an effort to control the ongoing surge in coronavirus infections, has pushed oil prices sharply lower in overnight trading, while adding to concerns over the impact on global supply chains. Treasury yield curve continued to flatten with short-end rose but long-end declined, with 1/5/10/30Yr yield reaching 1.66%/2.54%/2.46%/2.57%.

❖ Desk analyst comments 分析员市场观点

➤ Greenko Energy Holdings (GRNKEN) New Issue

GRNKEN [Ba1(Stable)/B+(Pos)/BB(Neg), by Moody's/S&P/Fitch]

Issuer: Greenko Wind Projects (Mauritius) Ltd

Guarantor: Greenko Energy Holdings

Tenor: 3NC2

Ranking: Senior secured

Restricted Group: Issuer and Greenko AP01 IREP Privated Ltd (Pinnapuram SPSP Company)

UOP: to subscribe for Rupee Debt to be issued by Pinnapuram SPSP company to repay the latter company's existing indebtedness.

Issuance size: benchmark, 144A/Reg S

Fair Value of the new GRNKEN '25 (3YNC2) is 5.2% - 5.3%

This is with reference to existing GRNKEN 5.55 01/25 (YTM~5.0%, 101.37mid) and GRNKEN 5.95 07/26 (YTM~5.4% 102.1mid) plus new issue premium.

New GRNKEN'25 should trade tighter than peer RPVIN 6.67 03/24 at YTM~5.5%, 102.2mid, given GRNKEN's stronger sponsors' backing. GRNKEN is 55% owned by GIC, 14% by ADIA (Abu Dhabi Investment Authority) and 21.5% owned by Orix Corp. GIC and ADIA have committed about USD 2bn of equity to support Greenko's growth opportunities, including equity commitment to fund GRNKEN's hybrid IRESP construction during FY22-24.

Restricted group (RG) structure

New GRNKEN '25's restricted group has 1,200MW capacity (mostly located in financially weak state Andhra Pradesh). The RG is currently in development stage and has incurred losses to date, including pre-operating costs. However 61% of its capacity has tied up with offtakers (i.e. SECI, AM Green Energy Private Ltd and Ayana). The RG's capacity in development represents 18% of Greenko Energy's total current operational capacity. This compares to the RG of GRNKEN 5.55 01/25 and GRNKEN 5.95 07/26 which already has fully operational capacity and contributed to approximately 20% of Greenko Holding's EBITDA.

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

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Linyi Investment Development	100	3	4.5	4.5	-/-/-
Zhengzhou Airport	200	3	4.7	4.7	NR/NR/BBB

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

Issuer	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
State Grid International	USD	-	-	-	A1/A+/A+

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 61 credit bonds issued yesterday with an amount of RMB50bn. As for Month-to-date, 1692 credit bonds were issued with a total amount of RMB1668bn raised, representing a 19.4% yoy decrease.
- **[EXCECP]** Excellence Commercial Properties '20Zhuoyue02' bondholders (RMB 1bn) exercise RMB 940mn put option. The company will resell up to RMB 200mn bonds sold back by the bondholders from 30 March to 30 April. It has also decided to increase the coupon rate for the bonds to 6.66% from 5.8% for the remaining tenor
- **[HRINTH]** Chinese government to transfer 3% of company's shares to CITIC Group. After the Changes in Equity Interests, the percentage of shareholding in the Company held by the MOF will be 24.76%; the percentage of shareholding in the Company held by CITIC Group will be 26.46%, making it the largest shareholder of the Company.
- **[LPKRIJ]** affirmed at B-; outlook stable - Fitch
- **[REDPRO]** signs HKD 955.5mn three-year term loan facility agreement
- **[SUNAC]** unable to publish FY21 results by 31 March, and share trading to suspend on 1 April

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