

## CMBI Credit Commentary

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

- *Flow was mixed in IG space this morning, SOE name like HAOHUA slightly widened and AT1 marked down 0.25pt amid weak sentiment.*
- ***JIAYUA:** the shares of Jiayuan Services were pledged but not the shares of Jiayuan International. As per the company, it has cured coupon on JIAYUA 13.75%'23 before the end of grace period yesterday. See below.*
- ***New Issue AVIILC '25:** Fair value at T+150bps vs IPG T+175bps. See below*

#### ❖ **Trading desk comments** 交易台市场观点

Yesterday, Chinese HY property space slightly retreated with low trading volume. We saw market buying in some higher quality names, COGARD/CIFIHG rose 3pts. KWGPRO was also traded up around 1pt. On the other hand, JIAYUA'23 fell 17pts, on the back of failing to cure its missed coupon payment due 18 April within grace period and yet to transfer funds to pay another coupon due 30 May. SUNAC down around 1pt under the news that it didn't place enough funds in escrow account. The Macau gaming sector continued to perform weak and broadly down 1-3pts.

Chinese IG market was generally stable. Benchmarks names in TMT sector like XIAOMI/TENCNT slightly widened. The SOE sector was traded firm. In financial sector, Perp/AT1 names saw better buyers.

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### ➤ Yesterday's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
COGARD 6 1/2 04/08/24	77.2	5.7	JIAYUA 12 1/2 04/08/23	18.6	-16.5
COGARD 8 01/27/24	79.8	4.7	MGMCHI 5 1/4 06/18/25	80.9	-4.0
COGARD 5.4 05/27/25	68.2	4.3	WYNMAC 5 1/2 10/01/27	69.0	-3.6
COGARD 5 1/8 01/14/27	60.2	3.7	MGMCHI 5 3/8 05/15/24	87.8	-3.0
COGARD 7 1/4 04/08/26	69.3	3.7	MGMCHI 5 3/8 05/15/24	88.0	-2.9

### ❖ Macro News Recap 宏观新闻回顾

**Macro** – U.S. stocks closed sharply lower yesterday, as weak results from consumer bellwethers stoked concerns about the impact of inflation and choked-up supply chains on corporate earnings. The S&P (-4.04%), Nasdaq (-4.73%), and Dow (-3.57%) plunged. Growth concerns remain paramount in global markets, with surging inflation and aggressive central bank rate signaling raising the specter of stagflation or recession in major economies around the world. Treasury yield retreated, with the 2/5/10/30 yield reaching 2.68/2.89/2.88/3.06% respectively.

### ❖ Desk analyst comments 分析员市场观点

#### ➤ Jiayuan Updates

Regarding the sharp share price movement of Jiayuan International (Jiayuan) and Jiayuan Services, we understand the shares of Jiayuan Services, the listed property management arm, were pledged but not the shares of Jiayuan, the listed property developer. Indeed, Chairman Shen's CBs obtained from injections of Shandong assets were pledged to Allied Group. As per our discussions with Jiayuan, the company is not aware of the reason for the sharp share prices movement. So far, there is no requirement for Jiayuan to accelerate any debt repayment because of the share price movements.

On the coupon payments, Jiayuan missed 2 coupon payments, totaled USD24.1mn, in Apr'22. As per the company, it has cured the USD12.1mn on JIAYUA 13.75%'23 before the end of grace period yesterday. It will cure another missed coupon of USD12.0mn on JIAYUA 12%'22 before the end of grace period on 30 May'22.

On non-payment litigations, there were 2; one is late payment of HKD10mn and another is late payment of USD0.6mn. The late payment of HKD10mn was settled but another is still subject to disagreement. That said, the company believes that this litigation will not affect Jiayuan's financial and business operations.

#### ➤ AVIILC: 3yr New Issue

##### AVIC International Leasing

##### AVIILC [A-(Sta) by Fitch]

**Issuer:** Soar Wise Ltd.

**Guarantor:** AVIC International Leasing Co. Ltd.

**Guarantor rating:** Baa1/-/A- from M/S/F

**UOP:** Debt repayment

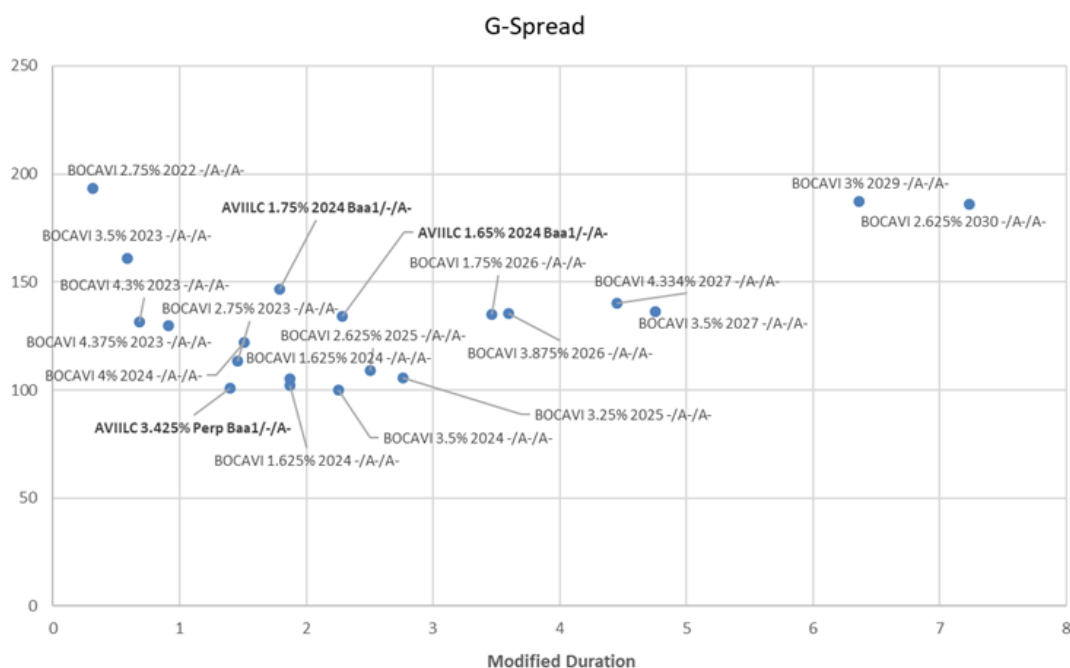
**Size:** Benchmark

**Tenor:** 3 year

**IPT:** 3-yr UST+175bps

**Ranking:** Senior unsecured

We consider the fair value for 3-year AVIILC to 3-yr UST+150bps. AVIC International Leasing is 42.4% indirectly owned by AVIC which is 100% owned by central SASAC. AVIC international Leasing is the only leasing platform under AVIC and is one of the leasing companies in China. The parent support is strong as evidenced by AVIC's capital injections to AVIC Leasing of RMB430mn in 2006 and RMB9.989bn in 2021. AVIC has a low non-performing lease receivable rate of 1.68% and adequate provision coverage of non-performing lease receivables of 244.32%.



### ➤ Offshore Asia New Issues (Priced)

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Shandong Gold Group	USD100	PerpNC3	4.95	4.95	-/-/-
Wuxi Hengting Industrial	USD130	3	3.8	3.8	-/-/-

### ➤ Offshore Asia New Issues (Pipeline)

Issuer	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
Avic International Leasing	USD	-	3	T+175	-/-/-

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 39 credit bonds issued yesterday with an amount of RMB43bn. As for Month-to-date, 396 credit bonds were issued with a total amount of RMB433bn raised, representing a 10.8% yoy decrease.
- **[JNHUIG]** Radiance Holdings deposits all necessary funds into designated bank account for completion of exercise of put option, interest payment of 19 Jinhui 01 Bonds
- **[LPKRIJ]** First REIT to divest Siloam Hospitals Surabaya to Siloam International for IDR430bn
- **[SHUION]** Shui On Land to redeem all outstanding USD600mn 6.40% senior perpetual capital securities callable 2022 on 20 June
- **[WYNMAC]** U.S. says Steve Wynn ‘foreign agent’, lobbied for China

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