

## CMBI Credit Commentary

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

- *Flows also tilted towards selling this morning, amid a series of negative rating action. LOGPH down 3-5pts after Moody's downgraded it to Ba3 and place on review for further downgrade yesterday.*
- **CHALUM:** *proposed to issue 5yr USD bond (A3/Stable). We see fair value for new CHALUM '27 at T5 + 135bp, given the tenor extension of 8 months and new issue premium, compared to existing CHALUM 2.125 '26 at T5+125bps, 96.2 mid-px. See below.*
- **Chinese properties:** *Chinese developers showed significant drop in Jan'22 contract sales, -45% MoM and -39% YoY. We also noted average 35% YoY decline in 4Q'21 sales, a peak season for residential property sales traditionally. See below.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, China HY property space was skewed to better selling with weak sentiment. SUNAC fell 3-4pts after downgraded by Moody's while CENCHI down 3-4pts on the back of CEO changing news. Other property names like LOGPH/SHIMAO underperformed and closed 2-4pts down. CAPG up 0.25-0.5pts post the news that China Aoyuan is negotiating with SOEs on strategic investments. ZHPRHK curve further down to 15-20 level. Industrial sector remained stable with benchmark prices relatively unchanged for the day.

IG market opened soft with benchmark spreads 2-3bps wider. TMT names such as TENCNT/BIDU/BABA saw street selling and closed 2-4bps wider. In financial sector, CCB/BOCOHK Tier 2 notes underperformed and spreads widened 3-4bps.

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## ➤ Yesterday's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
RONXIN 10 1/2 03/01/22	61.4	2.5	ZHPRHK 7.35 02/05/25	18.0	-17.7
JIAYUA 13 3/4 03/11/22	89.1	1.8	ZHPRHK 9.15 05/06/23	18.4	-10.1
CSCHCN 10 3/4 04/11/23	78.7	1.1	ZHPRHK 5.98 04/13/22	23.5	-9.0
EHOUSE 7 5/8 04/18/22	70.6	0.9	ZHPRHK 6 1/2 09/01/22	19.9	-8.6
GRNLGR 5.9 02/12/23	82.3	0.9	ZHPRHK 8.35 03/10/24	20.2	-8.3

## ➤ Macro News Recap 宏观新闻回顾

**Macro** – U.S. stocks fell for the third straight day last night as investors concerned about tensions between Russia and Ukraine and monitored the Federal Reserve's plan for interest rate hike. The S&P (-0.4%), Nasdaq (-0.1%), and Dow (-0.5%) all declined for the day. In addition, oil prices climbed to new multiyear highs on concerns that a war would diminish supplies of Russian crude. U.S. Treasury yield curve shifted upward for the day. The yield on the benchmark 10Y Treasury note was up to 1.98%, while the 1/5/30Y yields rose to 1.13/1.90/2.29% respectively.

**Desk analyst comments** 分析员市场观点➤ **CHALUM: 5yr New Issue****CHALUM [A-/Stable by Fitch]****Issuer:** Chinalco Capital Holding Limited**Guarantor:** Aluminum Corporation of China**Ranking:** senior unsecured**Tenor:** 5 year**UOP:** To refinance offshore debts**Issuance size:** USD 500mn or above, Reg S only**Fair value for new CHALUM '27 at T5+135bps**

Based on existing CHALUM 2.125 '26 at T5+125bps, 96.2 mid-px, we derive fair value of 5-yr CHALUM to be T5+135bps given the tenor extension of 8 months and new issue premium. This also take cues from the 10bps spread differential between CHALHK 1.55 '24 (T3+116bps, 97.4 mid-px) and CHALHK 2.1 '26 (T5+126bps, 95.9 mid-px).

➤ **Chinese properties: Jan'21 contract sales update**

43 Chinese developers contract sales showed significant drop in Jan'22 with 45% MoM and 39% YoY decline from Dec'21 and Jan'21, respectively.

Among these developers, we only see **COGARD** recorded positive MoM sales growth (RMB36.4bn, +61% MoM). On YoY basis, leaders include **CENCHI** (RMB2.0bn, +42% YoY), **REDPRO** (RMB2.6bn, +1% YoY), **RISSUN** (RMB5.2bn, -10% YoY) and **COGARD** (RMB36.4bn, -10% YoY). Laggards include distressed names such as **SINHL** (RMB267mn, -97% YoY), **CAPG** (RMB1.9bn, -81% YoY) and **FTHDGR** (RMB510mn, -78% YoY).

While the January figures have never been the most insightful indicators for sales trend, we note developers' sales dropped notably in 4Q21, a peak season for residential property sales traditionally. For 43 developers under our radar, the contract sales declined 35% YoY on average. Even large and nationwide developers such as Vanke recorded 30% YoY decline in contract sales in 4Q21. Developers in more distressed situations such as EVERRE, KAISAG, MOLAND, SINHL, reported sharp declines of contract sales, partly reflected home buyers' concerns of the risk of uncompleted flats, and partly reflected the delay in construction under tight liquidity situation.

CN Name	BBG Ticker	Jan '22			Oct '21	Nov '21	Dec '21	4Q '21		FY '21	
		Contract sales	MoM growth	YoY growth				Contract sales	YoY growth	Contract sales	YoY growth
中国金茂	CHJMAO	10,000	-55%	-50%	20,100	17,718	21,985	59,803	-14%	235,603	2%
中国海外发展	CHIOLI	18,400	-54%	-32%	27,182	27,242	39,769	94,193	-9%	369,494	2%
华润置地	CRHZCH	15,000	-67%	-38%	20,090	20,360	45,150	85,600	-8%	315,720	11%
龙湖集团*	LNGFOR*	6,990			25,900	24,370	39,690	89,960	7%	291,890	8%
万科企业	VNKRLE	35,600	-44%	-50%	41,950	43,150	63,560	148,660	-30%	627,770	-11%
碧桂园	COGARD	36,360	61%	-10%	45,830	41,350	22,580	109,760	-11%	558,000	-2%
保利地产	POLYRE	28,302	-23%	-34%	49,973	38,017	36,707	124,697	-8%	534,928	6%
世茂房地产	SHIMAO	7,510	-33%	-62%	20,340	16,680	11,220	48,240	-51%	269,730	-10%
远洋集团	SINOCE	4,490	-71%	-18%	16,210	15,050	15,530	46,790	-15%	136,260	4%
越秀地产	YUEXIU	5,040	-75%	-44%	10,528	13,349	20,083	43,960	18%	115,151	20%
雅居乐	AGILE	7,380	-47%	-33%	10,960	12,010	13,860	36,830	-24%	139,020	1%
旭辉集团	CIFIHG	8,440	-61%	-48%	16,200	16,500	21,500	54,200	-29%	247,250	7%
新城控股	FUTLAN/FTLNHD	7,862	-62%	-53%	22,102	20,056	20,809	62,967	-28%	233,774	-7%
金地集团	GEMDAL	14,960	-38%	-38%	16,520	17,430	24,070	58,020	-20%	286,720	18%
绿地控股集团	GRNLGR	12,000	-49%	-17%	20,999	15,500	23,600	60,099	-57%	290,320	-19%
绿城	GRNCH	11,700	-40%	-30%	20,900	25,100	19,500	65,500	-35%	265,800	22%
龙光地产	LOGPH	9,010	-31%	-44%	11,830	11,060	13,050	35,940	-3%	140,180	16%
融创中国	SUNAC	27,920	-42%	-21%	50,980	36,740	47,820	135,540	-30%	597,360	4%
时代中国控股	TPHL	7,088	-22%	-14%	8,892	10,686	9,098	28,676	-29%	95,590	-5%
禹洲地产	YUZHOU	4,520	-39%	-42%	9,662	7,518	7,431	24,611	-12%	106,397	1%
中国奥园	CAPG	1,920	-63%	-81%	10,130	7,150	5,240	22,520	-55%	121,030	-9%
建业地产	CENCHI	2,007	-81%	42%	2,998	2,737	10,365	16,100	-31%	60,106	-12%
中骏集团控股	CHINSC	5,022	-26%	-38%	7,602	7,537	6,752	21,891	-33%	104,531	3%
大发地产	DAFAPG	1,011	-5%	-72%	1,997	1,001	1,061	4,059	-60%	37,563	24%
德信中国	DEXICN	2,830	-52%	-38%	5,170	5,840	5,870	16,880	-13%	73,980	16%
恒大集团	EVERRE							730	-100%	426,670	-41%
花样年控股	FTHDGR	510	-72%	-78%	2,108	1,809	1,808	5,725	-65%	46,594	-5%
富力地产	GZRFPF	4,600	-43%	-60%	10,670	8,300	8,030	27,000	-48%	120,190	-13%
景瑞控股	JINGRU	634	-39%	-78%	831	806	1,046	2,683	-73%	27,011	6%
金科股份	JINKE	8,400	-37%	-41%	15,400	12,600	13,400	41,400	-46%	187,700	-16%
佳兆业集团	KAISAG				8,195	1,006		9,201	-78%	96,750	-9%
合景泰富集团	KWGPPO	4,160	-59%	-39%	9,361	7,588	10,131	27,080	-28%	103,836	-5%
当代置业	MOLAND	692	-14%	-72%	1,021	680	805	2,506	-84%	36,050	-15%
宝龙地产	PWRLNG	4,701	-42%	-30%	7,227	8,315	8,102	23,644	-13%	101,227	24%
金辉控股	JNHUIG/RDHGCL	4,150	-45%	-47%	7,020	6,750	7,600	21,370	-41%	94,720	-3%
力高集团	REDPRO	2,617	-59%	1%	4,746	3,747	6,450	14,943	-19%	47,011	15%
弘阳地产	REDSUN/HONGSL	4,020	-51%	-36%	7,111	5,047	8,130	20,288	-32%	87,223	1%
荣盛地产	RISSUN	5,240	-71%	-10%	11,323	12,801	18,117	42,241	-21%	134,558	6%
融信中国	RONXIN	6,506	-36%	-47%	13,167	9,742	10,245	33,155	-40%	155,520	0%
新力控股	SINHL	267	-52%	-97%	820	870	558	2,248	-94%	81,488	-28%
阳光城集团	SUNSHI				10,603	9,112		19,715	-72%	173,622	-20%
正荣地产	ZHPRHK	7,897	-21%	-29%	9,795	9,926	10,011	29,732	-35%	145,643	3%
中梁控股	ZHLGHD	8,390	-49%	-39%	12,200	12,200	16,300	40,700	-25%	171,800	2%

\*LNGFOR reported total contract sales in FY21 but attributable contracted sales in Jan'22

### ➤ GUOPRO: Exchange offer and consent solicitation

Guorui Properties proposed an exchange offer and consent solicitation for GUOPRO 14.25%'24 (o/s USD323.745mn while USD91.952mn are owned by the company) due 25 Jan'24 and puttable on 25 Feb '22. The consent solicitation seeks to amend the provisions to (i) terminate the existing notes share charges and related restriction; (ii) eliminate all the restrictive covenants; and (iii) waive any and all actual defaults or event of defaults that have occurred before or may occur as a result of the exchange offer. Recalled that existing GUOPRO 14.25%'24 were also exchanged from GUOPRO 13.5%'22 in Jan'21.

**Summary of the exchange offer:**

- Upfront repayment: 2pts
- Accrued interest: capitalized in the form of New Notes
- New Notes: 105.125pts in principal amount (including c7.125pts accrued interest)
- Coupon of New Notes: 14.25% (vs. same as the existing notes)
- Maturity of New Notes: on or around 22 Aug'24 (2.5 year from New Notes settlement date) without any put option (v.s. original puttable date of 25 Apr'22 and maturity of 25 Jan'24)
- Redemption Price: 106.63% (At any time prior to 25 May'24, company may redeem whole or part of its New Notes at 100%.)
- Minimum acceptance amount: USD307.6mn (c95% in principal amount of existing notes)
- Requisite consent proposed amendments: 80%
- Deadline: 17 Feb'22 4:00p.m., London Time
- Credit enhancement (which are already embedded in existing notes):
  - Personal guarantee from Mr. ZHANG Zhangsun and Ms. RUAN Wenjuan, the controlling shareholder and his spouse
  - Collateral: equity interest in Langfang Guoxing Real Estate Development Co., Ltd., which owns, develops and operates two land parcels in Langfang City, and Qidong Glory, which owns and operates a hotel, Howard Johnson Glory Plaza Qidong (启东国瑞豪生大酒店)

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

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

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

Issuer	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
Aluminum Corporation of China	USD	-	5yr	-	-/-A-
Midea Group	USD	-	5yr	-	-/A-A

➤ **Onshore China conditions and color**

- Regarding onshore primary issuances, there were 36 credit bonds issued yesterday with an amount of RMB29bn. As for Month-to-date, 106 credit bonds were issued with a total amount of RMB114bn raised, representing a 74.2% yoy decrease.
- **[CHIGRA]** Grand Baoxin Auto forecasts at least 140% growth YoY in net profit for FY21
- **[COGARD]** CG Services announced that it has entered into binding equity purchase agreements to acquire approximately 93.76% equity interest in Everjoy Services Company Limited

- **[FOSUNI]** Fosun Hi-Tech plans to raise as much as RMB 2.5bn SCP (180 days) on 15-16 Feb, Shanghai Rural Commercial Bank as lead underwriter
- **[GWTH]** rating withdrawn for business reasons – Moody's
- **[HYSAN]** Moody's changes outlook on Hysan to Negative from Stable
- **[LOGPH]** Moody's has downgraded Logan Group Company Limited's corporate family rating (CFR) to Ba3 from Ba2, and the company's senior unsecured ratings to B1 from Ba3; Moody's has also placed the ratings on Logan Group on review for further downgrade
- **[SHIMAO]** in talks with Citic Trust for repayment extension
- **[ZHLGHD]** 'B' long-term issuer credit rating withdrawn by S&P at company's request
- **[ZHPRHK]** Moody's downgrades Zhenro to B3/Caa1, changes outlook to negative from stable

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