

## CMBI Credit Commentary

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

- *Light volume on Friday morning. Greater Bay Area developers such as TPHL/KWGPRO continued to be dragged down by weak performance of AGILE. COGARD also lower 0.5-1.5pt on market chatter of failed CB issuance. YUZHOU curve lower to mid-teens after the announcement of an exchange offer with low upfront cash and no credit enhancement.*
- *DAFAPG: 78.12% of DAFAPG 9.95% 2022 validly tendered for exchange with USD 40.4mn notes outstanding. We expect the company to further negotiate with outstanding noteholders to avoid default. Options include on-market buy back and scheme of arrangement. See below for more.*
- *Recent liability management exercises of Chinese property developers are in the forms of low upfront repayment of 0-5 pts and maturity extension of 0.5 – 1 year. See our [summary](#) below.*

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#### ❖ Trading desk comments 交易平台市场观点

Yesterday, China HY space continued negative sentiment. SHIMAO curve slipped after S&P removed Shimao Group's rating. Property names such as YLLGSP/GRNCH were skewed to better selling and closed down 1-2pts. Country Garden's stocks and bonds down on IFR report with international RM/retail selling seen and some dip buying interests from the street, but the Company denied the news this morning. In addition, ZHPRHK was still under pressure with curve converging 4x dollars from 22 to 26s. Other property names like SUNAC/CIFIHG/LOGPH/KWGPRO fell 2-4pts. Besides, Macau gaming space remained weak due to uncertainty of license renewal and slipped 2-3pts.

IG market remained soft, benchmark spread continued to trade wider. Financial names like CCAMCL traded down with spread wider to T+170/165. In TMT space, names such as BABA/BIDU spread widened 1-2bps. SOE names like HAOHUA/SINOPE were impacted and prices down 3-5bps. Besides, CCTOHK 3Y and 5Y new issues saw supports in the morning, but after demand filled left grinding back to reoffer area with street support interests faded as well.

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➤ Yesterday's Top Movers

Top Performers	Price	Change
TPHL 5 3/4 04/26/22	59.0	1.2
CHIOLI 6 3/8 10/29/43	134.3	0.9
CITLTD 4.85 04/25/46	114.4	0.9
ICBCAS Float 08/14/24	103.5	0.8
CITLTD 4.485 09/07/46	108.7	0.8

Top Underperformers	Price	Change
ZHPRHK 8.7 08/03/22	53.3	-10.3
ZHPRHK 6 1/2 09/01/22	46.5	-7.8
ZHPRHK 8.3 09/15/23	44.4	-7.7
ZHPRHK 9.15 05/06/23	44.9	-7.3
ZHPRHK 6.7 08/04/26	42.2	-7.1

➤ Macro News Recap 宏观新闻回顾

**Macro** – U.S. stocks indexes were dragged down by a decline in technology stocks last night. The S&P fell (-1.4%), Nasdaq (-2.5%), Dow (-0.5%). Technology stocks have come under pressure in the new year as government-bond yields have risen. In addition, U.S. Treasury yield curve ticked down slightly yesterday. The yield on the benchmark 10Y Treasury note slipped to 1.70%. The 1/5/30Y yields fell slightly to 0.47/1.47/2.05% respectively.

➤ Desk analyst comments 分析员市场观点

➤ Recent liability management

Time	Ticker	Bond	Amt Out (MM)	Maturity	Upfront cash	Consent fee/ Incentive cash	New Bond	New Maturity	Type	Remarks
1/13/2022	YUZHOU	YUZHOU 8.65 2022	242	1/23/2022	Spts	1pt	95pts	1/21/2023	Exchange Offer & consent solicitation	- Minimum acceptance amount: 90% in principal amount of each of the original bonds - Deadline: 19 Jan 2022
		YUZHOU 6 2022	340	1/25/2022						
1/7/2022	SHKREG	SHKREG 12.5 2022	275	1/23/2022	Series A Spts	0	Series A 95pts	1/17/2023	Exchange Offer & consent solicitation	Series A - Secured by 3 onshore projects as collateral (LTV ratio not exceeding 68%) - Personal Guarantee of Mr. Chen Guoxiang (controlling shareholder) - max acceptance amount: 164mn - new bond coupon: 13% - deadline: 14 Jan 2022
					Series B 0		Series B 100pts			Series B - No accrued interest - max acceptance amount: 150mn - new bond coupon: 13% - deadline: 14 Jan 2022
1/6/2022	DAFAPG	DAFAPG 9.95 2022	185	1/18/2022	4pts	1pt	96pts	6/30/2022	Exchange Offer & consent solicitation	- minimum acceptance amount: 90% (Company waived the minimum acceptance amount on 14 Jan 2022) - 78.12% valid tenders of existing notes (USD 40.4mn remain outstanding) - new coupon rate: 12.50%
1/7/2022		DAFAPG 12.375 2022	360	7/30/2022		0.2pts			Consent solicitation	- minimum acceptance amount: 50% (Received Requisite Consents on 14 Jan 2022)
1/7/2022		DAFAPG 13.5 2023	100	4/28/2023						
12/22/2021	SUNKWP	SUNKWP 12.75 2022	185	1/21/2022			100pts; 139.2mn new bond +45.8mn old bond	1/2/2023	Exchange Offer & Expiration Deadline Extension	- 75.24% valid tenders of existing notes received - new coupon rate: 13.5%
12/21/2021	RISSUN	RISSUN 8.95 2022	292	1/18/2022	5pts	2.5pts (Early); 0.5pts (Base)	95pts; Up to 540+ Remainder	7/14/2024 (540mm) 1/13/2023 (Remainder)	Exchange Offer & consent solicitation	- New notes amortizing schedule: 20% in Year 1, 40% in Year 2, 40% in Year 2.5 - New Notes Interest coupon: 9.5% - Specified Asset Sales Undertaking - Negative pledge on this specified assets. - over 75% valid tenders of existing notes received. Risesun will proceed the scheme to exchange all bonds
		RISSUN 8 2022	488	4/24/2022						
12/21/2021	GWTH	GWTH 12.95 2022	122	11/7/2023	5pts	0.4pts+0.1pts	445	3/31/2025	Exchange Offer & RSA	- Over 80% valid tenders of existing notes, exceeding 75% minimum acceptance amount - 5%, 15%, 10%, 10% and 55% on or before 9 months, 15 months, 21 months, 27 months and year 3 maturity. - new coupon rate: 10%
		GWTH 14.25 2023	178	9/1/2023						
		GWTH 16 2023	145	3/14/2022						
1/12/2022	GZRFRP	GZRFRP 5.75 2022	725	1/13/2022	Option A 83%	0.1pts	Option A 0	Option A N/A	Tender offer	Option A (71.69% tendered option) - cash principal repayment: USD 79,999,550 - Est upfront cash: USD 18.8 per notional USD 100 - proration factor: 18.57%
					Option B 50%		Option B 50%	Option B 7/31/2022		Option B (24.19% tendered option) - cash principal repayment: USD 19,984,000 - Est upfront cash: USD 3.5 per notional USD 100 - proration factor: 7.1157% USD 608.6mn notes remain outstanding
12/7/2021	CSCHCN	CSCHCN 11.5 2022	348	12/3/2022					Bondholders Identification	CSCHCN11.5% '22 and 10.875% '22
		CSCHCN 10.875 2022	346	6/26/2022						
11/25/2021	KAISAG	KAISAG 6.5 2021	400	7/12/2021	2.5pts		100pts	6/6/2023	Exchange Offer & consent solicitation	- Minimum acceptance amount: 90% in principal amount of each of the original bonds - Expired due to valid tenders of the existing notes of less than the minimum acceptance amount - in discussion to reach solution
11/20/2021	CAPG								Financial Advisor	Admiralty Harbour Capital and Linklaters
11/1/2021	SUNSHI	SUNSHI 5.3 2022	200	11/1/2022	2.5pts	0.5pts	100pts	9/15/2022	Exchange Offer & consent solicitation	Valid tenders of the existing notes were over minimum acceptance amount of 85% for all three bonds
		SUNSHI 10.25 2022	300	3/18/2022						
		SUNSHI 10 2023	247	12/2/2023						
		SUNSHI 9.25 2023	300	4/15/2023						
		SUNSHI 8.25 2023	296	11/25/2023		0.5pts			Consent solicitation	In order to avoid cross default, the company is seeking the consents solicitation to amend the indentures of the rest of the 5 offshore USD bonds
		SUNSHI 7.5 2024	357	4/15/2024						
		SUNSHI 7.875 2024	280	4/9/2024						
		SUNSHI 7.5 2025	264	2/17/2025						
10/22/2021	FTHDGR								Bondholders Identification	All outstanding bonds and company said to improve communication
10/11/2021	MOLAND	MOLAND 12.85 2021	250	10/25/2021	35pts	0.1pts	65pts	1/25/2022	Consent solicitation	Consent terminated and debt defaulted
9/13/2021	EVERRE								Financial Advisor	Admiralty Harbour Capital & Houlihan Lokey
7/12/2021	LGUANG								Financial Advisor	Admiralty Harbour Capital

<https://www.cmbi.com/article/6266.html?lang=en>

➤ **DAFAPG: Updates on the exchange offer and consent solicitation results**

78.12% of DAFAPG 9.95% 2022 in principal amount has been validly tendered for exchange and Dafa decided to waive Minimum Acceptance Amount (i.e. 90% in principal amount). The company will proceed to issue USD 138.4mn 12.5% new notes due Jun'22 and USD 40.4mn old notes will remain outstanding. Even though the company has carved out cross default clauses in the other two USD bond and outstanding noteholders will have less protection under the covenant-stripped indenture, we expect the company to further negotiate with outstanding noteholders to avoid default. Options, in our view, include on-market buy back and scheme to exchange all the remaining with similar terms.

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

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Fuzhou Digital Economy Investment Group Co Ltd	USD 98	3	1.98%	1.98%	-/-

➤ **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 77 credit bonds issued yesterday with an amount of RMB106bn. As for Month-to-date, 761 credit bonds were issued with a total amount of RMB804bn raised, representing a 27.3% yoy increase
- **[AGILE]** announces the Company has repurchased the 6.7% senior notes due on 7 March 2022 in an aggregate principal amount of USD 13mn plus accrued and unpaid interests
- **[DAFAPG]** obtained 78.12% tendered, and waived the 90% minimum acceptance level
- **[EVERRE]** secured a crucial approval from onshore bondholders to delay payments on one of its bonds. The deadline to vote on the six-month delay to payments of RMB 4.5bn (USD 157mn), 6.98% January 2023 bond ended earlier on Thursday.
- **[SHIMAO]** remits funds to redeem outstanding RMB 1.9bn of bonds due 17 January
- **[SUNAC]** has no further equity financing plan in short term
- **[VEDLN]** chairman says prepared to bid between USD 11bn-12bn for Bharat Petroleum Corp

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