

CMBI Credit Commentary

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

- *China HY space started this week in negative tone, AGILE down 3-13pts (22s down the most) even after company disclosed sale of 14 non-core properties over last 6 months. Other names like SUNAC/TPHL/COGARD down 1-3pts.*
- *DAFAPG: announced consent solicitation to its outstanding USD notes (Jul '22 and Apr '23 notes, a total of USD460mn). The key, in our view, is to carve out any default with respect to Jan 2022 notes. See below.*
- *Media reported PBOC and CBIRC reiterated to exclude M&A debt in measuring Three Red Lines so as to facilitate SOE developers to acquire projects from distressed developers. We believe this is to prevent developers' liquidity crunch causing systematic risk to the economy, and should benefit developers without large public maturities in 1H22.*

❖ Trading desk comments 交易平台市场观点

Last Friday, China HY property sector remained relatively weak, but recovered slightly post the headline of government urging banks to boost loans. SHIMAO was further impacted by the negative news and price continued to fall, while AGILE slipped by 2-3pts. In addition, GZRFPR continued to go down for a second day. Other property names like PWRLNG/KWGPRO/CHINSC were relatively stable with prices up by around 0.5pts.

IG markets recovered a bit from yesterday's soft tone with cash flowing in, benchmark spread tightened 1-2bps. TMT names like BABA/BIDU saw buying interests and spread narrowed 1-2bps. In SOE sector, names like SINOPE/HAOHUA remained stable and closed with spread unchanged.

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Polly Ng 吴宝玲
(852) 3657 6234
pollyng@cmbi.com.hk

James Wen 温展俊
(852) 3757 6291
jameswen@cmbi.com.hk

CMBI Fixed Income
fis@cmbi.com.hk

➤ Yesterday's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ZHLGHD 9 1/2 07/29/22	61.0	4.1	AGILE 5 1/2 05/17/26	42.7	-8.4
ZHLGHD 7 1/2 01/31/22	97.3	1.3	AGILE 5 1/8 08/14/22	54.9	-6.5
CHINSC 7 3/8 04/09/24	78.0	0.9	AGILE 5 3/4 01/02/25	49.2	-5.3
CHINSC 7 05/02/25	74.1	0.8	AGILE 6.05 10/13/25	45.3	-5.2
CIFIHG 4.8 05/17/28	85.9	0.7	AGILE 6 7/8 PERP	36.9	-5.2

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stocks closed lower after the December jobs report last Friday. The S&P slipped by (-0.4%), Nasdaq (-1%), Dow (-0.1%). In addition, oil prices rose last week with Brent crude gaining 5.1% to USD 81.75 and finishing a third consecutive week of gains. U.S. Treasury yield curve steepened slightly on Friday. The yield on the benchmark 10Y Treasury note was up to 1.76%. The 1Y yield dropped to 0.43% while 5Y and 30Y yields rose to 1.50/2.11% respectively.

➤ Desk analyst comments 分析员市场观点

➤ DAFAPG: Another consent solicitation

DAFAPG announced consent solicitation to its outstanding USD notes (Jul '22 and Apr '23 notes, a total of USD460mn). The key, in our view, is to carve out any default with respect to Jan 2022 notes. Consent fee is USD0.2; threshold to pass the consent is 50% and expiration deadline is 13 January 2022.

Last Fri, the company mentioned that it had USD30mn free cash during an investor call of its Exchange Offer of Jan'22 notes. This is barely sufficient to pay for upfront cash, accrued interest for Jan'22 exchanged notes and 10% holdouts. We believe the company's consent solicitations are to signal to the market that noteholders opting for hold out may not get repaid at maturity as the impact of default on the Jan'22 notes will be contained.

➤ 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)
Fuzhou Digital Economy Investment Group Co Ltd	USD	-	3	2%	-/-

➤ **Onshore China conditions and color**

- Regarding onshore primary issuances, there were 74 credit bonds issued yesterday with an amount of RMB84bn. As for Month-to-date, 389 credit bonds were issued with a total amount of RMB384bn raised, representing a 23.4% yoy increase
- **[AGILE]** announces that during the period from 1 July to 31 December 2021, company has entered into agreements for the sale of 14 non-core properties, at a total selling price of approximately RMB 2,800mn, of which approximately RMB 1,149mn as deposits and /or sales value has been received in 2021. Company is expected to have cash collection of approximately RMB 1,651mn from the sales in 2022
- **[BEDUUS]** repurchases total of USD 30mn of 7.45% senior notes due 2022 as of 7 January
- **[FUTLAN/FTLNHD]** the Board has been informed by Wealth Zone, a controlling shareholder of the Company, that in addition to its committed subscription of the 201,133,047 Rights Shares provisionally allotted to it pursuant to the terms of the Irrevocable Undertakings and the Rights Issue, Wealth Zone had applied for the maximum number of excess Rights Shares allowed under Rule 7.21(3)(b) of the Listing Rules
- **[KAISAG]** agrees to Shenzhen government's request to put forward proposal to repay WMP's investors by end of January
- **[LNGFOR]** Longfor Intelligent Living could raise up to USD 1bn via HK IPO in 1H22
- **[SHNSUN]** to sell 23.8095% equity interest in Zhejiang Sunflower Health Industry Development for RMB 337mn
- **[VEYONG]** estimates 85%-105% yoy growth in 2021 net profits

CMB International Securities Limited

Fixed Income Department

Tel: 852 3761 8867/ 852 3657 6291

fis@cmbi.com.hk

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