

CMB International Asia High Yield Corps Outlook 2022

Before Sunrise, Before Sunset and *After* Mid-night

Executive Summary

Asia High Yield Corps: Before Sunrise

The performance of different segments of Asia High Yield (HY) corps in 2021 has been so diverged as if they are in different parts of the day. By segment, Chinese HY property returned -37.2% while other major segments in the Asian HY universe returned positively; total return of Chinese HY LGFV of 8.0% (IG LGFV 1.7%), Indonesia HY 5.2%, India HY 7.4%, etc. These remind us of Richard Linklater's trilogy: Before Sunset, Before Mid-night and Before Sunrise. We expect the diverged performance to continue in the near-term, driven by the "flight to quality" and the technical demand for diversification plays and green/renewable energy bonds resulting from the push for ESG, albeit the degree of divergence could be narrowing.

We expect the Asian HY corps to perform better in 2022 after the sharp correction in 2021. That said, we see bumps ahead, especially in 1Q22 in view of the heavy maturities in the Chinese property sector. We are also concerned of the fund flow impact on EMs in an inflationary and rising interest rate environment, as well as the spread of Omicron variant. We consider the overall Asia HY corps is at the stage of **Before Sunrise**.

Chinese industrial and South East Asia: Before Sunset

We have been recommending investors diversifying into Chinese industrial and South East Asia (SEA) credits as headline risk and volatility of the Chinese property sector will continue to be high. The performance of selected credits in Indonesian commodities, as well as Chinese industrial, in our view, will continue to be supported by higher commodity prices and gradual recovery of operating performance from the pandemic trough. We also believe that the Indian renewables sector will continue to be supported by the technical demand from mandates with more stringent investment criteria on ESG. We consider the Chinese industrial and SE Asia credits are at the stage of **Before Sunset**. Our picks are **FOSUNIs, GRNKEN '28, HONGQIs, INDYIJs, MEDCIJs, SHDOIS '24, TBLAIJ'23, VEDLN'24, VEYONG '26 and WESCHIs**.

Chinese HY property: After Mid-night

We believe that the Chinese property sector will have another eventful year in 2022 with debt restructurings, M&A, etc. There could be surprises such as qualified opinions, account restatements, etc. in publications of FY21 results. These could also lead to more negative rating actions which, in turn, could trigger accelerations of repayments. Nonetheless, we consider the Chinese property sector is at the stage of **After, not Before, Mid-night** subsequent to the default of Evergrande and Kaisa, the 2 largest issuers of the sector, becoming official and the sharp correction of bond prices. We recommend investors with a smaller risk appetite to buy front-end part of the curves of "quasi SOEs", BB-rated or those with recent access to capital markets for carry although the upside could be smaller. Our picks are **CHINSC'22 and 23s, COGARD'22s and '23, CSCHCNs, DALWAN'22s and '23s, FUTLAN'22 and '23, FTLNHD'22s and '23s, GRNLHK'22, HPDLF 6.8%'23, LOGPH 7.5%'22 and '23s and PWRLNG'22s and 23**. For investors with a larger risk appetite, we recommend them to focus on bonds trading at 50ish or below and credits with smaller amount of maturing USD bonds in 1H22. We prefer belly part of the credit curves and believe that these bonds have priced in a significant downside risk and will offer decent upside opportunities should the market sentiment improve. Our picks are **JIAYUA 11.375%'22 and 23s, JINKE'24, REDPRO 11%'22 and '23 and REDSUN'23s**.

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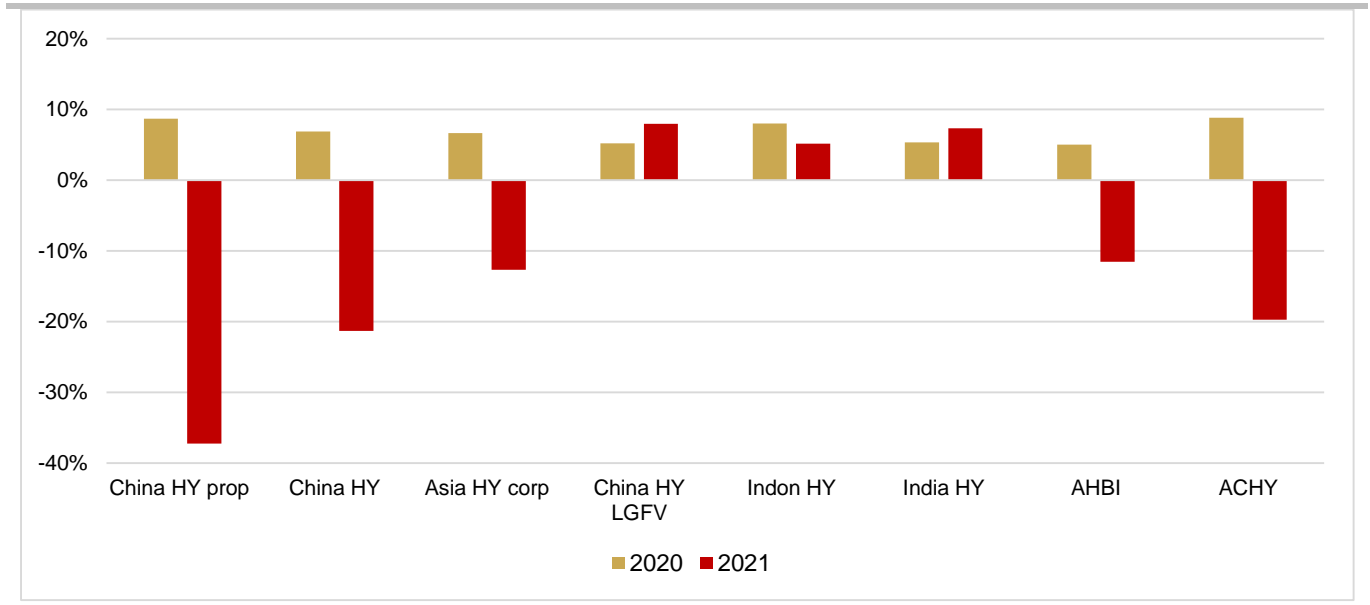
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Before Sunrise, Before Sunset and *After* Mid-night

Asia HY corps: Before Sunrise

Figure 1: Total Return by Segment



Source: Bloomberg, iBXX, ICE BoFA, CMBI

The performance of different segments of Asia HY corps in 2021 has been so diverged and the feel is that the performance of different segments were not in sync, as if they are in different parts of the day. This reminds us of Richard Linklater’s trilogy: Before Sunset, Before Mid-night and Before Sunrise. We expect the diverged performance of different segments to sustain in the near-term, partly driven by the mentality of “flight to quality”, the shrink in investor base especially in Chinese property sector and the technical demand for diversification plays and green/renewable energy bonds resulting from the push for ESG, albeit the degree of divergence could be narrowing.

To recap, Asia HY corps underperformed considerably, compared with HY corps in other markets. To illustrate, ACHY (ICE Asia HY corps) returned -19.7% in 2021 while EM HY and global HY returned -4.7% and 1.4%, respectively.

Asia HY corps returned -12.7% in 2021, the worst performance since 2008, dragged by the miserable performance of Chinese HY properties. By segment, Chinese HY property returned -37.2% while other major segments in the Asian HY universe returned positively; total return of Chinese HY LGFV of 8.0% (IG LGFV 1.7%), Indonesia HY 5.2%, India HY 7.4%, etc. These reversed the trend for the past decade that Chinese property had been the outperformer of Asian HY. Nonetheless, the miserable performance of Chinese properties is largely contained as reflected by the positive return for other major segments.

We expect to see bumps ahead, especially in 1Q22 in view of heavy maturities in the Chinese property sector, and our expectation of the auditors’ extra scrutiny on FY21 results. Additionally, we are concerned of the fund flow impact on EMs in an inflationary and rising interest rate environment, as well as the spread of Omicron variant and risk of renewed lockdown. Nonetheless, we expect Asia HY to perform better in 2022 after the sharp correction in 2021. The overall Asian HY corps market is at the stage of **Before Sunrise**.

Chinese industrial and SEA: Before Sunset

We have been recommending investors diversifying into Chinese industrial and SEA credits as headline risk and volatility of the Chinese property sector will continue to be high. The performance of selected credits in Indonesian commodities, as well as Chinese industrial, in our view, will continue to be supported by higher commodity prices and gradual recovery of operating performance from the pandemic trough. We also believe that the Indian renewables sector will continue to be supported by the technical demand from mandates with more stringent investment criteria on ESG. We consider the non-Chinese property and SE Asia are at the stage of **Before Sunset**. Our picks are **FOSUNIs, GRNKEN '28, HONGQIs, INDYIJs, MEDCIJs, SHDOIS '24, TBLAIJ'23, VEDLN'24, VEYONG '26 and WESCHIs.**

Chinese HY property: After Mid-night

The Chinese property sector has been de-rated given the structural changes such as the declining profit margin and more favourable treatments for onshore claims such as those from home buyers and investors of WMPs.

Additionally, the cut of loan-to-value ratio to PB, corps and other investors has effectively trimmed the investor base of the sector notably, as reflected by net issuance of –cUSD10bn (in principal amount) in 2021. While some investors could come for bargain hunting to start from a clean slate in 2022, we believe that most investors will remain cautious to start with.

A major moving part of the performance of the sector will be the attitude of developers facing lumpy maturities; i.e. the considerations of whether to repay in full as scheduled or to undergo exercises of asset liability management facing the continued shut-down of the USD bonds market. As we notice in Table 1, more developers are turning to the route of asset liability management. This will affect the attitude of other developers. Recalled that there are USD13bn and USD19bn public bonds to be maturing in 1Q22 and 2Q22, respectively, In addition to cUSD20bn onshore bond maturity or put.

Hence, we believe that the Chinese property sector will have another eventful year in 2022 with debt restructuring, M&A, etc. There could be surprises as auditors and rating agencies will put every developer under microscope and take out benefits of the doubt. That could lead to qualified opinions, account restatements, resignations of auditors or even delays in publications of FY21 results. These could also lead to more negative rating actions which, in turn, could trigger accelerations of repayments.

Table 1: Recent Equity-related Funding Exercises and Shareholders' support

Time	Ticker	Type	USD mn	Currency	Size (MM)	Remarks
12/31/2021	CSCHCN	Share Issuance	245	HKD	1,910	3.35bn share issuance to SZCDG (wholly-owned by Shenzhen SASAC)
12/9/2021	HPDLF	CB issue	250	USD	250	8%, 363-day no NDRC quota
12/7/2021	LOGPH	Share Placement	150	HKD	1,170	
12/7/2021	SHIMAO	Share Placement	150	HKD	1,173	
12/2/2021	SEAZEN	Rights issue	201	HKD	1,567	
11/26/2021	COGARD	Share Placement	1,026	HKD	8,000	Country Garden Services
11/18/2021	AGILE	EB issue	310	USD	310	A-living
11/17/2021	SUNAC	Share Placement	652	HKD	5,085	
11/17/2021	SUNAC	Share Placement	299	HKD	2,331	Sunac Services
11/14/2021	SUNAC	Shareholder financing	450	USD	450	
11/9/2021	CIFIHG	Rights issue	215	HKD	1,676	
11/2/2021	SHIMAO	Share Placement	223	HKD	1,735	Shimao services. 115mn share at HKD15.18
11/2/2021	SHIMAO	CB issue	399	HKD	3,110	HKD3110mn conversion price at HKD18.22, maturity at 31 Oct 22
11/1/2021	CIFIHG	Share Placement	169	HKD	1,316	CIFI Ever Sunshine Services
10/11/2021	MOLAND	Share holder financing	126	RMB	800	
9/20/2021	GZRFPR	Share holder financing	1,026	HKD	8,000	

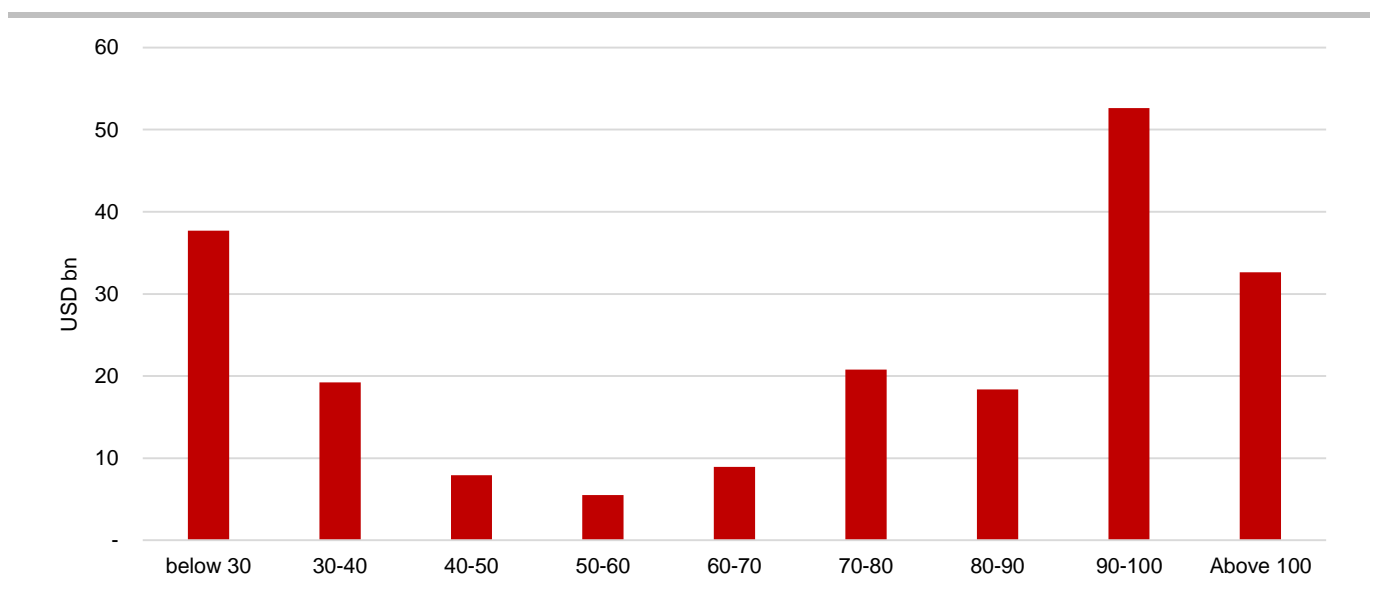
Source: Company Disclosure, CMBI

Table 2: Recent Asset Liability Management Exercises

Time	Ticker	Bond	Amt Out (MM)	Maturity	New Bond Size (MM)	New Maturity	Type	Remarks
12/21/2021	RISSUN	RISSUN 8.95 2022	292	1/18/2022	Up to 540 + Remainder	7/14/2024 (540mm) 1/13/2023 (Remainder)	Exchange Offer & consent solicitation	Up-to USD 540m, 9.5% Senior Notes due 14 Jul 2024, with the remainder in USD 9.5% Senior Notes due 13 Jan 2023 Consideration: 5% upfront cash + 95% new notes + 2.5% early cash fee/0.5% base fee Early/Final Deadlines: 24/12/21, 30/12/21
		RISSUN 8 2022	487.7	4/24/2022				
		GWTH 12.95 2022	145	11/7/2023				
12/21/2021	GWTH	GWTH 14.25 2023	184.5	9/1/2023	493.433	3/31/2025	Exchange Offer & RSA	3 Existing notes restructured into 1 New Notes Upfront Cash: \$5 principal + Accrued Interest + \$0.4 Early bird fee(a) +\$0.1 RSA fee(b) Early RSA Fee Deadline: 31 December, 2021 (a), General RSA Fee Deadline: 14 January, 2022 (b)
		GWTH 16 2023	125.51	3/14/2022				
12/15/2021	GZRFPR	GZRFPR 5.75 2022	725	1/13/2022	c425	7/13/2022	Exchange Offer & consent solicitation	Around USD300mn cash for tender offer + remainder exchange to new note due Jul'22 Exchange Expiration Deadline: 4/1/22 100% in 13.5% new notes due on Jan 2023 Exchange Expiration Deadline: 28/12/21 USD139.2mn tendered for exchange while USD45.8mn outstanding
12/14/2021	SUNKWP	SUNKWP 12.75 2022	185	1/21/2022	185	1/20/2023 (364 days)	Exchange Offer	
12/7/2021	CSCHCN	CSCHCN 11.5 2022	348	12/2/2022			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	400	6/6/2023	Exchange Offer & consent solicitation	100% in new notes + 2.5% consent fee + Capitalized interest Expiration Deadline: 6/12/2021
11/20/2021	CAPG						Financial Advisor	Admiralty Harbour Capital and Linklaters
11/1/2021	SUNSHI	SUNSHI 5.3 2022	200	11/1/2022	200	9/15/2022	Exchange Offer & consent solicitation	2.5% upfront cash + 0.5% consent fee + accrued interests + 100% in 10.25% new notes due Sep'22 Expiration Deadline: 11/8/2021
		SUNSHI 10.25 2022	300	3/18/2022	300			
		SUNSHI 10 2023	247	12/2/2023	247			
		SUNSHI 9.25 2023	300	4/15/2023		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 with total outstanding of USD1.5bn with 0.5% consent fee	
		SUNSHI 8.25 2023	296	11/25/2023				
		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 Consideration: 35% of principal at par + 65% of the principal amount maturity extension from 25 Oct'21 to 25 Jan'21, consent fee: 0.1% Zhang Lei, the chairman, and Zhang Peng, the president, will provide shareholders loans of RMB800mn. However, the sales of their stakes in First Service to Sunac Services terminated on 31 Dec'21.
10/11/2021	MOLAND	MOLAND 12.85 2021	250	10/25/2021	162.5	1/25/2022	Consent solicitation	
7/12/2021	LGUANG						Financial Advisor	Admiralty Harbour Capital

Source: Company Disclosure, CMBI

Figure 2: Price Range of Chinese Property USD bonds



Source: Bloomberg, CMBI

That said, we consider the Chinese property sector is at the stage of **After, not Before, Mid-night** subsequent to the default of Evergrande and Kaisa, the 2 largest issuers of the sector becoming official, and the sharp correction of bond prices.

Amongst the Chinese property sector's outstanding public USD bonds of cUSD200bn, c50% and c30% of these bonds (in outstanding principal amount) are trading below 80 and 50 (the weighted average price of the sector is c70). The market has already built in a significant cushion against downside at current valuations.

We see some silver lining of softer/more supportive tone after the [Politburo meeting](#), and the gradual "normalization" of mortgage approval process although there will be a time lag for these developments to be transformed into more supportive measures and notable improvement in liquidity, especially for B-rated developers.

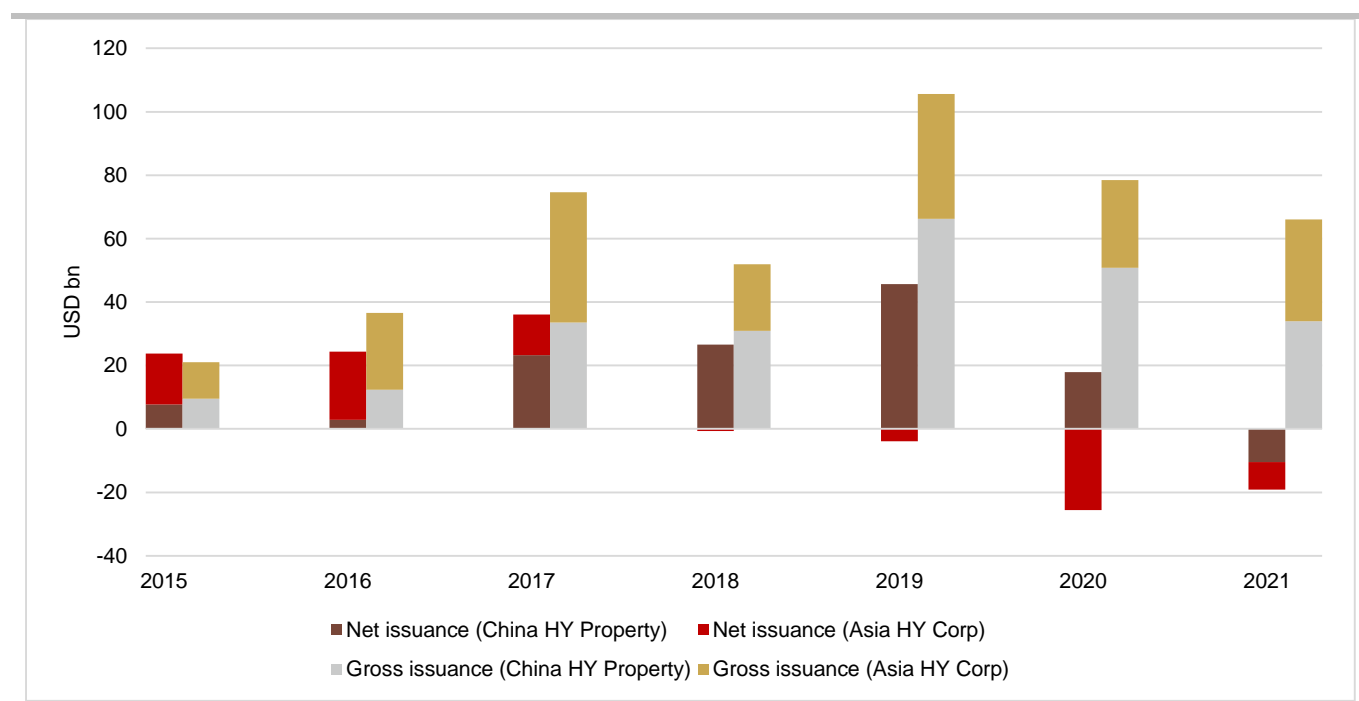
We also see the resumption of onshore and offshore bond issues for some of the developers such as China SCE, Greentown, Longfor, Logan and Powerlong. We expect to see some BB-rated developers to tap the USD bond markets in Jan'22.

Under this backdrop, we recommend investors with a smaller risk appetite to buy shorter-dated SOEs/quasi SOEs, BB-rated or those with recent access to onshore and/or offshore bond markets for carry although the upside could be limited. **Our picks are CHINSC'22 and '23s, COGARD'22s and '23, CSCHCNs, DALWAN'22s and '23s, FUTLAN'22 and '23, FTLNHD'22s and '23s, GRNLHK'22, HPDLF 6.8%'23, LOGPH 7.5%'22 and '23s and PWRLNG'22s and '23.**

For investors with a larger risk appetite, we recommend them to focus on bonds trading at 50ish or below and credits with smaller amount of maturing bonds in 1H22. We prefer credit curve flattening trades, i.e. lower cash prices bonds with longer-tenor. We believe that these bonds have priced in significant downside risk and will offer decent upside opportunities should the sentiment of USD bonds gradually improve and onshore credit environment continue to loosen. **Our picks are JIAYUA 11.375%'22 and '23s, JINKE'24, REDPRO 11%'22 and '23 and REDSUN'23s.**

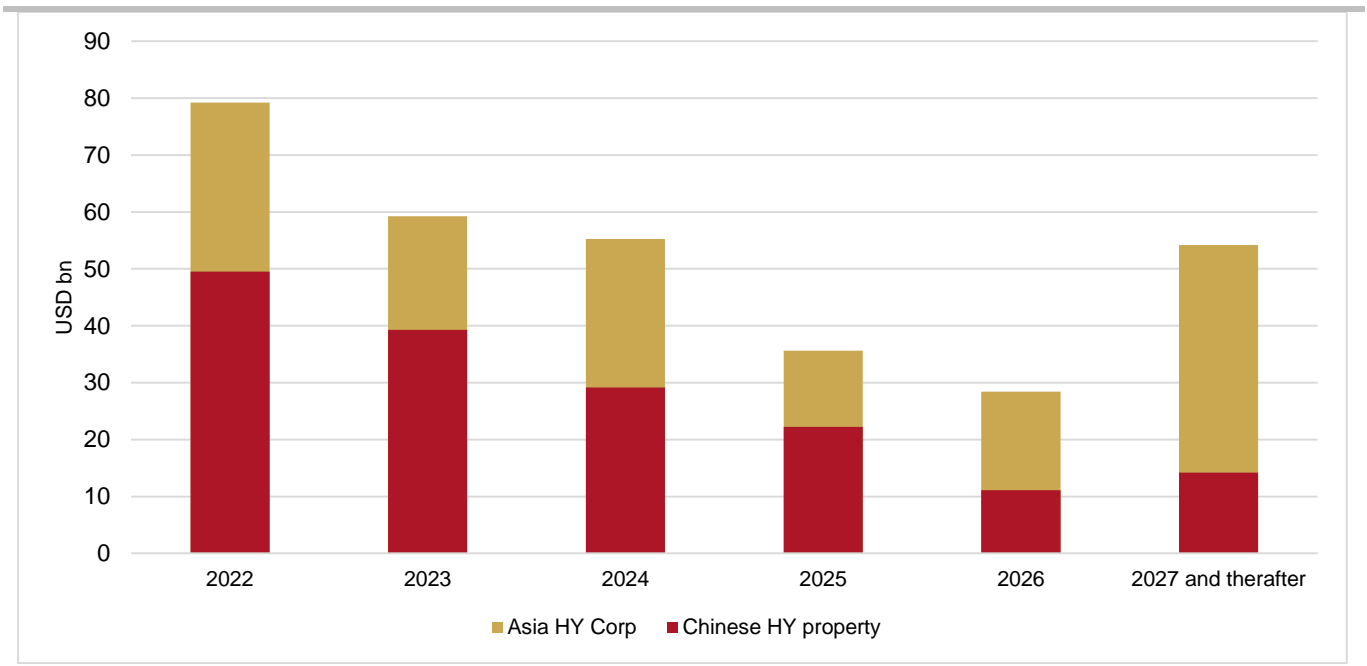
HY corps issuance continues to trend downward

Figure 3: Gross and Net Issuance (Asia HY corp and Chinese HY Property)



Source: Bloomberg, CMBI

Figure 4: Maturity Profile (Asia HY corp and Chinese HY Property)



Source: Bloomberg, CMBI

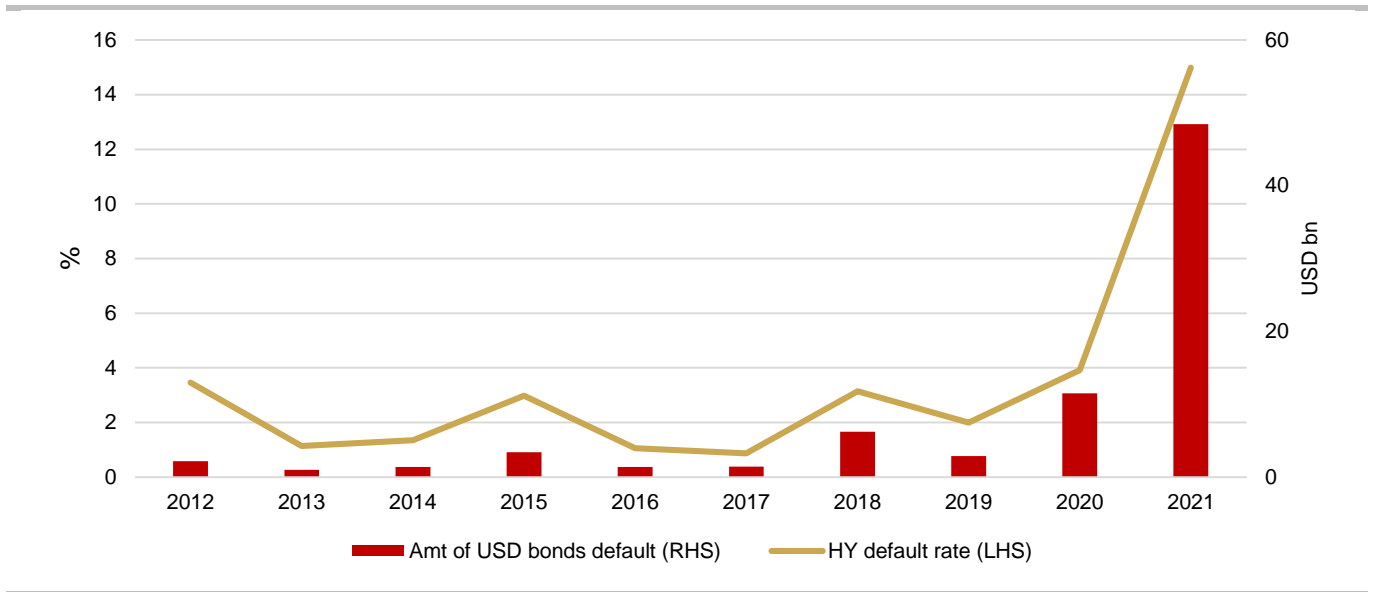
In 2021, the gross issuance of USD bonds in Asia excluding Japan and Australia was USD344.9bn, 1% higher than the issuance in 2020 while net issuance increased 11% to USD138bn. During the year, issuance from Chinese property sector dropped 25% yoy to cUSD40bn, reflected the largely truncated new issue window for the sector since 4Q21. The new issuance from Chinese property sector dropped for the second year in a row. As a percentage of the total, issuance from the Chinese property sector declined to c12% from c16% in 2020 and c25% in 2019. However, the decline in issuance from the Chinese property sector was more than offset by the increase in issuance from TMT, banks/finance, sovereigns and LGFVs.

On Asia HY (including NR) corps, the gross issuance was USD66bn in 2021, declined 16% from USD78bn in 2020. Net issuance in 2021 was - USD19bn, compared with - USD8bn in 2020. Net Issuance from Chinese HY was - USD10bn, compared with USD18bn in 2020.

We expect the gross and net issuance of Asian HY corps to continue to decline as Chinese property sector will unlikely resume the “full” access to the USD bonds market in the near-term. Over the past 5 years, Chinese HY property accounted for an average of c57% Asian HY corps issues.

Moderating HY corps default rate

Figure 5: Asian HY corps default



Source: Bloomberg, CMBI

With the default of the 2 largest issuers in Asia HY corps universe, i.e. Evergrande and Kaisa became official in Dec'21, the default rate of Asian HY corps surged to c15% in 2021 from c4% in 2020. We estimate that Asian HY corps default rate to be in the range of 8-10% in 2022 on the expectation that BB-rated and selected B-rated issuers with lower headline risk will be gradually regain access to the USD bond markets.

Issuer	Ticker	Sector	Issue size (USD mn)	Outstanding (USD mn)	Issue rating, outlook (M/S/F)	Price	YTW	OW/UW	Comments
China South City	CSCHCN 11 1/2 02/12/22	Property	350	348	WD/CCC+(WD)/B-, WD/WD/Neg	89	131.3	OW	OW on CSCHCNs. SZDCDG will become the controlling shareholding and this will help resume the drawdown of onshore loan facilities. As the shareholding changes will take time for regulatory approval, China South City may still go for asset liability management exercises such as maturity extension, especially for CSCHCN 11% '22. That said, we expect the asset liability management exercise, if any, to be friendly
	CSCHCN 10 7/8 06/26/22		350	346		82	59.0		
	CSCHCN 7 1/4 11/20/22		300	277		80	36.4		
	CSCHCN 11.95 02/09/23		225	225		76	41.8		
	CSCHCN 10 3/4 04/11/23		370	370		76	36.0		
China SCE	CHINSC 5 7/8 03/10/22	Property	500	500	B2/B/B+, Sta/Sta/Sta	96	28.2	OW	OW as carry plays in view of more evenly distributed USD bonds maturities and recent retap of USD150mn of 5.95%'24
	CHINSC 7 1/4 04/19/23		500	500		88	17.6		
Country Garden	COGARD 7 1/8 01/27/22	Property	425	425	Baa3/BB+(issuer)/BBB-, Sta/Pos/Sta	100	7.0	OW	OW as carry plays and expect the company's access to capital will continue
	COGARD 4 3/4 07/25/22		700	700		99	7.5		
	COGARD 4 3/4 01/17/23		625	625		98	6.9		
CSI Properties	CSIPRO 5.45 07/21/25	Property	300	300	NR	99	5.8	OW	CSIPROs are good low-beta, carry and diversification play under the current volatile market environment. CSIPROs offer good RV and carry within HK corps universe
	CSIPRO 5 3/4 PERP		200	200		98	8.7		
Dalian Wanda	DALWAN 7 1/4 04/28/22	Property	400	400	Ba3/BB/BB+ ,Sta/Sta/Sta	100	8.6	OW	OW on DALWAN'22s and '23s on resilient performance of Wanda Commercial Management and potential IPO of Zhuhai Wanda in 1H22
	DALWAN 7 1/2 07/24/22		550	550		94	19.7		
	DALWAN 6.95 12/05/22		400	400		98	9.8		
	DALWAN 8 7/8 03/21/23		200	200		88	20.4		
	DALWAN 8 7/8 03/21/23		180	180		88	20.4		
	DALWAN 6 7/8 07/23/23		400	400		96	9.8		
Greenland Hong Kong	GRNLHK 9 5/8 06/03/22	Property	150	150	B2/B/-, Neg/Neg/-	88	43.6	OW	OW as the only outstanding bullet bond of Greenland HK among its total debt of RMB 25.5bn
Hopson Development	HPDLF 6.8 12/28/23	Property	238	238	B2(issuer)/B(issuer)/B+, Neg/Sta/Sta	97	8.5	OW	OW on HPDLFs as low-beta carry plays under the volatile market condition. We like the credit given its repayment track records throughout cycles, higher balance sheet transparency and the financial flexibility provided by its listed investment portfolio of cUSD3bn
Jiayuan International	JIAYUA 11 3/8 05/02/22	Property	250	103	B3/WD/B+, Sta/WD/Sta	76	108.6	OW	OW on JIAYUA 11.375% '22 and '23s as they have priced in significant downside risk and will offer decent upside opportunities should the sentiment improve. We also like its continuous improving story and active debts management.
	JIAYUA 13 3/4 02/18/23		328	176		59	72.4		
	JIAYUA 12 1/2 04/08/23		300	300		55	73.5		
	JIAYUA 12 1/2 07/21/23		300	300		55	61.4		

Issuer	Ticker	Sector	Issue size (USD mn)	Outstanding (USD mn)	Issue rating, outlook (M/S/F)	Price	YTW	OW/UW	Comments	
Jinke Property	JINKE 6.85 05/28/24	Property	325	325	B1(issuer)/B+/-, Sta/Sta/-	81	17.0	OW	OW JINKE'24 on recent onshore refinancing (SCP issuance) and asset monetization (sale of Jinke Smart Service stake and hotel management company)	
Powerlong Real Estate	PWRLNG 3.9 04/13/22	Property	200	200	B2/B+/-, Sta/Sta/-	94	27.3	OW	OW on PWRLNG'22s and '23 on recent retap of USD285mn in USD bonds market	
	PWRLNG 4 07/25/22		200	200		93	17.4			
	PWRLNG 7 1/8 11/08/22		300	300		92	17.5			
	PWRLNG 6.95 07/23/23		420	420		90	14.3			
Redco Group	REDPRO 11 08/06/22	Property	321	305	-/B-/B+, -/Sta/Sta	47	199.6	OW	OW given Redco's more manageable USD bonds maturity in 1H22. Additionally, the valuation of REDPRO'22 and '23 has priced in significant downside risk and will offer decent upside opportunities should the sentiment improve.	
	REDPRO 13 05/27/23		150	150		47	302.7			
Redsun Properties	REDSUN 9.7 04/16/23	Property	455	455	B3/WD/B+, Sta/WD/Sta	46	89.0	OW	OW given Redsun's more manageable USD bond maturities in 1H22. Additionally, the valuation of REDSUN'23s has priced in significant downside risk and will offer decent upside opportunities should the sentiment improve.	
	REDSUN 9 1/2 09/20/23		200	200		44	71.2			
Seazen Group & Seazen Holdings	FUTLAN 6.45 06/11/22	Property	400	400	Ba2/BB+ (issuer) /BB+, Sta/Sta/Sta	94	21.1	OW	OW as carry plays in view of its proposed rights issue to raise cUSD200mn, resilience rental income and manageable USD bonds maturities	
	FUTLAN 4 1/4 09/22/22		200	200		93	15.5			
	FUTLAN 6.15 04/15/23		200	200		92	13.2			
	FTLNHD 7 1/2 03/20/22		200	200		97	20.8			
	FTLNHD 6 1/2 05/20/22		300	300		Ba1/BB/BB+, Sta/Sta/Sta	95			19.3
	FTLNHD 5 08/08/22		200	200			94			15.4
	FTLNHD 6.8 08/05/23		350	350			92			12.3

Issuer	Ticker	Sector	Issue size (USD mn)	Outstanding (USD mn)	Issue rating, outlook (M/S/F)	Price	YTW	OW/UW	Comments
Bright Scholar	BEDUUS 7.45 2022	Industrial	300	288	B1/-/B, Neg-/RWneg	95	16.3	UW	UW BEDUUS on ongoing deconsolidation of its compulsory education schools
CAR Inc	CARINC 8 7/8 05/10/22	Industrial	372	279	B3/B-/, Sta/Sta/-	100	8.0	OW	OW CARINC given its steady operation in 2021 with latest Debt/EBITDA at 2.5x. Refinancing of its 2022 USD bond is made easier after its tender offer
	CARINC 9 3/4 03/31/24		250	250		101	9.3		
China Hongqiao Group	HONGQI 7 1/8 07/22/22	Industrial	300	300	B1/B+/BB, Sta/Sta/Pos	101	5.6	OW	OW HONGQIs on its turn-around story with significantly lower bullet debt due in 2022, and its low cost position
	HONGQI 7 3/8 05/02/23		200	200		101	6.2		
	HONGQI 6 1/4 06/08/24		500	500		99	6.6		
eHi Car Services Ltd	EHICAR 7 3/4 11/14/24	Industrial	450	450	-/B+/B+, -/Sta/Sta	98	8.4	OW	OW both EHICAR '24 and EHICAR '26 as a low-beta diversification play thanks to its resilient operating performance, with a slight preference of EHICAR '26 (YTM~10.5%) at current valuation.
	EHICAR 7 09/21/26		300	300		87	10.5		
ENN Ecological	VEYONG 3 3/8 05/12/26	Industrial	800	800	Ba1-/BBB-, Sta/-/Sta	99	3.5	OW	OW on cross-over rating with ESG friendly gas-business
Fosun International	FOSUNI 5 1/2 08/17/23	Industrial	590	380	Ba3/BB-, Sta/Sta/-	100	5.8	OW	OW, diversified business operations with wide funding channels and portfolio LTV of low 30%. Among FOSUNI curve of '22 - '27 at YTM 4.7% - 6.1%, we recommend FOSUNI '24 (YTM~5.8%) given flatness of its long-end curve.
	FOSUNI 6 3/4 07/02/23		700	700		102	5.1		
	FOSUNI 5 1/4 03/23/22		1400	654		100	3.6		
	FOSUNI 5.95 01/29/23		450	450		101	4.5		
	FOSUNI 6.85 07/02/24		600	600		103	5.6		
	FOSUNI 5.95 10/19/25		700	700		101	5.8		
	FOSUNI 5 05/18/26		500	500		96	5.9		
FOSUNI 5.05 01/27/27	500	500	96	5.9					
Honghua Group	HONHUA 6 3/8 08/01/22	Industrial	200	200	B1/-/B, Neg-/RWNeg	90	25.2	OW	OW HONHUA as largest shareholder change from China Aerospace Science & Industry to Dongfang Electric
New Oriental Education	EDU 2 1/8 07/02/25	Industrial	300	178	Ba1/-/-, Neg/-/-	94	3.8	OW	OW on company's continual buyback thanks to its high cash on hand
Red Star Macalline Group	RSMACA 3 3/8 09/21/22	Industrial	300	300	-/BB/BB, -/Sta/Neg	88	22.9	OW	OW RSMACA on the back of its on-track fundraising progress.
Shandong Iron and Steel	SHDOIS 4.8 07/28/24	Industrial	500	500	NR	100	4.7	OW	OW on prospect to be acquired by a stronger SOE Baowu Steel (A- rated)
West China Cement Ltd	WESCHI 4.95 07/08/26	Industrial	600	600	Ba2/WD/BB, Pos/WD/Pos	95	6.1	OW	OW thanks to its regional dominance in Shaanxi and ability to raise cement price to pass through cost
Yankuang Group	YGCZCH 3.4 03/31/2028	Industrial	550	550	Ba1/-/-, Sta/-/-	103	2.8	UW	UW on tight valuation at T7+ 132bp

Issuer	Ticker	Sector	Issue size (USD mn)	Outstanding (USD mn)	Issue rating, outlook (M/S/F)	Price	YTW	OW/UW	Comments																																																		
Greenko Energy	GRNKEN 4.3 12/13/28	SEA	1000	1000	Ba1/B+/BB+, Sta/Pos/Sta	102	4.0	OW	OW as a stronger credit among Indian renewable cohorts thanks to its strong sponsor profile (55% owned by GIC, 14% by ADIA and 21.5% by Orix Corp) which also shown a track record of financial support to Greenko.																																																		
Indika Energy	INDYIJ 5 7/8 11/09/24	SEA	575	575	Ba3/-/BB-, Neg/-/Neg	101	5.2	OW	OW as 200bp pick-up over BB Indonesian peers. - Fundamentally, we like Indika for a) its long reserve life of 15 years, b) Low cash cost, below the average of Indonesian peers; c) Low Debt/EBITDA of 2.5x-3.5x in 2021-2022																																																		
	INDYIJ 8 1/4 10/22/25		675	675		104	6.6			Medco Energi	MEDCIJ 6 ¾ 01/30/25	SEA	500	500	B1/B+/B+, Sta/Neg/RWpos	103	5.9	OW	OW as oil price proxy and its recent good asset acquisition will lower leverage via raising near-term EBITDA	MEDCIJ 7 3/8 05/14/26	650	650	104	6.4	MEDCIJ 6 3/8 01/30/27	650	650	99	6.6	MEDCIJ 6.95 11/12/28	400	400	99	7.1	Saka Energi	SAKAEI 4.45 05/05/24	SEA	625	625	B2/-/B+, Sta/-/Neg	97	5.7	OW	OW on c420bps yield pick over PGASIJ'24 given its cross default with PGN	TBLA	TBLAIJ 7 01/24/23	SEA	250	168	B1/-/WD, RWneg/-/WD	98	8.7	OW	TBLAIJ'23 offers a good risk and reward profile and is a short-dated and lower-beta play away from Chinese HY given TBLA's focus on basic staples.	Vedanta Resources	VEDLN 13 7/8 01/21/24	SEA	1000	1000
Medco Energi	MEDCIJ 6 ¾ 01/30/25	SEA	500	500	B1/B+/B+, Sta/Neg/RWpos	103	5.9	OW	OW as oil price proxy and its recent good asset acquisition will lower leverage via raising near-term EBITDA																																																		
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	MEDCIJ 6 3/8 01/30/27		650	650		99	6.6																																																				
	MEDCIJ 6.95 11/12/28		400	400		99	7.1																																																				
Saka Energi	SAKAEI 4.45 05/05/24	SEA	625	625	B2/-/B+, Sta/-/Neg	97	5.7	OW	OW on c420bps yield pick over PGASIJ'24 given its cross default with PGN																																																		
TBLA	TBLAIJ 7 01/24/23	SEA	250	168	B1/-/WD, RWneg/-/WD	98	8.7	OW	TBLAIJ'23 offers a good risk and reward profile and is a short-dated and lower-beta play away from Chinese HY given TBLA's focus on basic staples.																																																		
Vedanta Resources	VEDLN 13 7/8 01/21/24	SEA	1000	1000	B3/B-/-, Sta/Sta/-	106	9.3	OW	OW VEDLNs on notably strong operating results after the increases in commodity prices. Prefer VEDLN 13.875%'24 which is secured by the stakes in VED																																																		

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