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From September 27 to October 8

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Fantasia defaulted on its USD bond, triggered real estate high-yield bonds to drop

Headline: Japan released the election result; US approved the provisional plan

On September 29, the Japanese election was finalized and the former foreign minister Fumio Kishida was elected as the new prime minister. On September 30, the US Congress passed an interim budget and the government avoided shutting down temporarily, but the debt ceiling has still not been resolved.

Exchange Rate: RMB exchange rate fluctuated slightly

The RMB exchange rate continued to fluctuate. As of October 8, the RMB mid-point rate closed at 6.4604, increasing by 5bp from September 24

Interest Rate: Chinese Government Bond yields diverged; US Treasury yields generally rose

The US Senate approved a bill to raise debt limit until December 3. Treasury Secretary Janet Yellen warned that if the debt ceiling was not raised, the federal government would default on its debts for the first time in history, leading to a further increased in US Treasury yields. As of October 8, the yield spread between China and US 10-year note was 130.1bp, narrowing by 12.0bp from September 24 and 96.4bp from the beginning of the year.

Chinese Offshore Bond Market**Primary Market:** New issuance was weak amid National Day holidays

New issuance was weak amid National Day holidays. From September 27 to October 8, there were 18 new issues with a total issued volume of USD1.9 billion. Among them, Chengtou companies were the main issuers, which issued a total volume of USD730 million.

Secondary Market: Returns on Chinese USD bonds decreased significantly, real estate high-yield bonds continued to drop

As of October 8, the YTD return on Chinese USD corporate bond index decreased by 274bp from September 24 to -5.11%. The return on investment-grade bond decreased by 71bp to 0.11%, and the return on high-yield bond decreased by 793bp to -18.07%. In terms of sector indices, the returns on real estate bonds continued to drop, decreasing by 947bp from September 24 to -22.33%.

Rating Actions: The credit quality of several real estate companies deteriorated

Risk Event: Fantasia defaulted on its USD bond

Panda Bond Market: CCXI assisted the first public offering of Panda Bond from an overseas company

Issuer analysis: Daimler International Finance B.V. and Daimler AG.

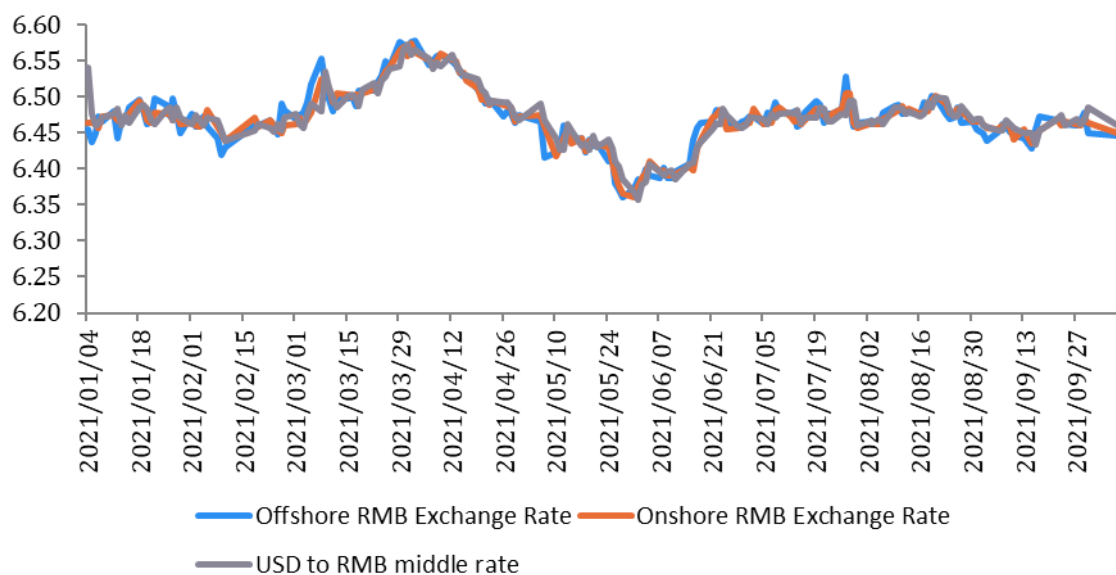
Headline: Japan released the election result; US approved the provisional plan

On September 29, Fumio Kishida, a former foreign minister, won the race to lead Japan's ruling Liberal Democratic Party. On the afternoon of October 4, A nominated election was held for the prime minister during the interim parliament in Japan. The new president of the ruling Liberal Democratic Party, Fumio Kishida, was successfully elected as the 100th prime minister of Japan. Fumio Kishida immediately formed a new cabinet, which will be formally established after the appointment ceremony of the prime minister and the certification ceremony of the cabinet ministers was held in the palace that night. On September 30, the US House of Representatives voted to pass a provisional appropriation bill to ensure that the federal government has sufficient funds in continuous operation until December 3, temporarily avoiding "closed" due to exhaustion of funds.

Exchange Rate: RMB exchange rate fluctuated slightly

The RMB exchange rate continued to fluctuate. As of October 8, the RMB mid-point rate closed at 6.4604, increasing by 5bp from September 24; the onshore RMB exchange rate decreased by 154bp to 6.4491; the offshore RMB exchange rate declined by 159bp to 6.4456.

Figure 1 : RMB exchange rate

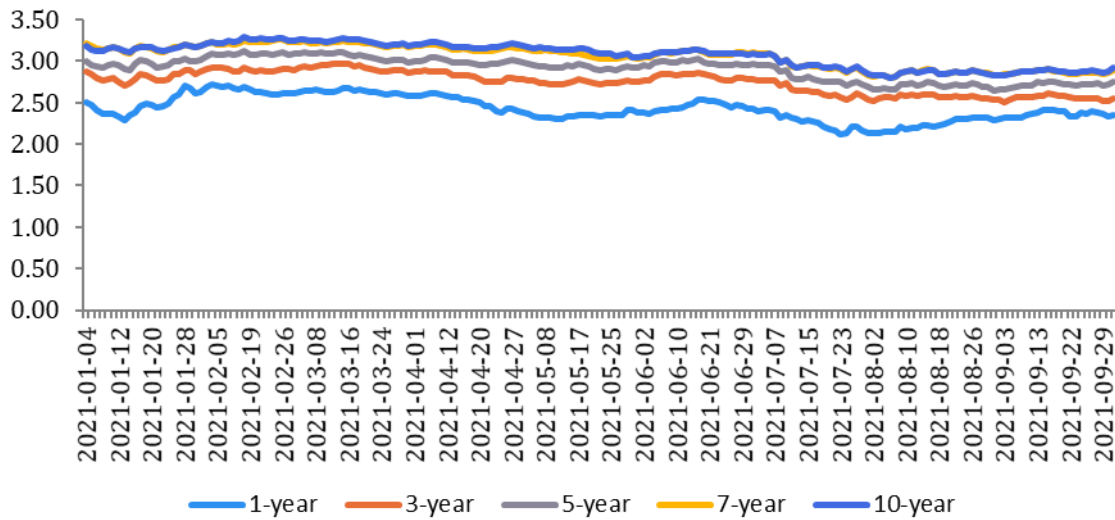


Sources: Wind, CCX research

Interest Rate: Chinese Government Bond yields diverged; US Treasury yields generally rose

Chinese Government Bond yields diverged amid the National Day holidays. As of October 8, the 1-year, 3-year, 5-year, 7-year and 10-year Chinese Government Bond yields closed at 2.3440%, 2.5453%, 2.7429%, 2.8894% and 2.9131%, respectively. The 1-year Government Bond yield fluctuated downward, while the mid and long-term Bond yields increased followed by the decline. Overall, given that yields are currently at a relatively low level and liquidity pressure may increase, yields may demonstrate a slight upward trend.

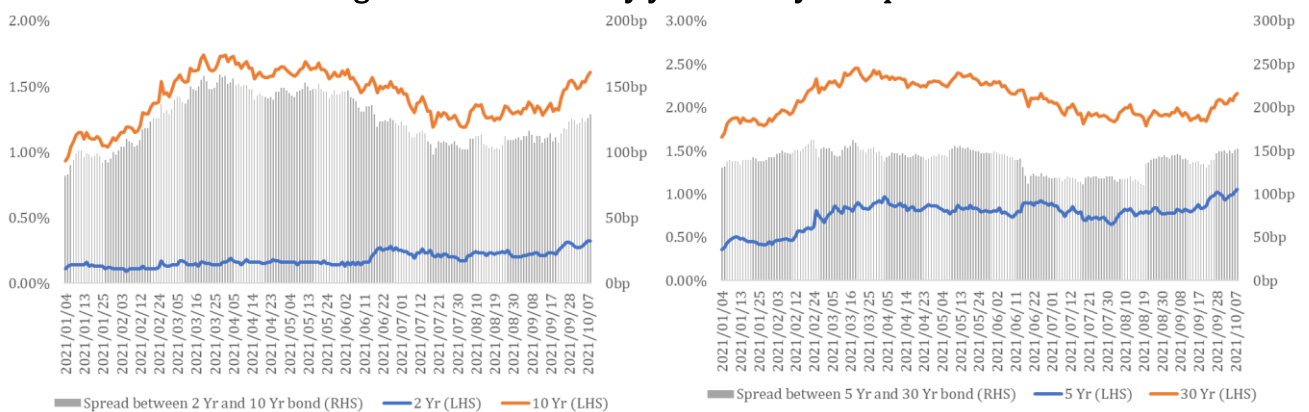
Figure 2 : China Government Bond yields



Sources: ChinaBond.com.cn, CCX research

The US Senate approved a bill to raise debt limit until December 3. Treasury Secretary Janet Yellen warned that if the debt ceiling was not raised, the federal government would default on its debts for the first time in history, leading to further increased in US Treasury yields. As of October 8, 2-year, 5-year, 10-year and 30-year Treasury yields closed at 0.32%, 1.05%, 1.61% and 2.16%, increasing by 3bp, 8bp, 14bp and 17 bp from September 24, respectively. In terms of Treasury yield spreads, the spread between the 2-year and 10-year was 129bp, widening by 11bp from September 24, while the spread between the 5-year and 30-year widened by 13bp to 152bp.

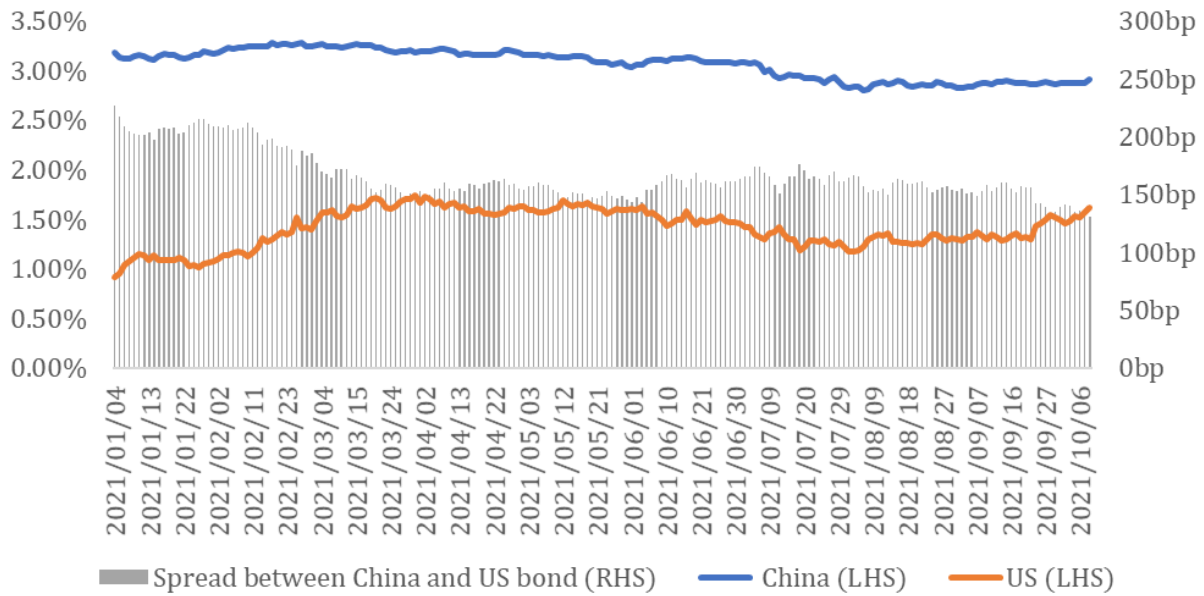
Figure 3 : US Treasury yields and yield spreads



Sources: US Department of the Treasury, CCX research

As of October 8, the yield spread between China and US 10-year note was 130.1bp, narrowing by 12.0bp from September 24 and 96.4bp from the beginning of the year.

Figure 4 : Yield spread between China and US 10-year note



Sources: Bloomberg, ChinaBond.com.cn, CCX research

Chinese Offshore Bond Market

Primary Market: New issuance was weak amid National Day holidays

New issuance was weak amid National Day holidays. From September 27 to October 8, there were 18 new issues with a total issued volume of USD1.9 billion. Among them, Chengtoun companies were the main issuers, which issued a total volume of USD730 million.

Table 1 : New issuance of Chinese offshore bonds (20210927-20211008)

Pricing Date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/Fitch)	Issue Rating (Moody's/S&P/Fitch)
2021/9/27	GF Holdings Hong Kong Corp Ltd	USD	58	0	2022/9/27	364D	Financials	-/-/-	-/-/-
2021/9/27	China Property & Casualty Reinsurance Co Ltd	USD	30	0	2022/10/15	1.04	Financials	-/-/-	-/-/-
2021/9/28	AVIC International Leasing Co Ltd	USD	300	1.65	2024/10/8	3	Financials	Baa1/-/A-	Baa1/-/A-
2021/9/28	Chengdu Xingcheng Investment Group Co Ltd	USD	300	2.375	2026/10/8	5	Chengtoun	-/-/BBB+	-/-/BBB+
2021/9/28	GF Holdings Hong Kong Corp Ltd	USD	42	0	2022/2/9	123D	Financials	-/-/-	-/-/-
2021/9/29	Chengdu Yang An New Town Development and Construction Co Ltd	USD	35	1.9	2024/10/15	3	Chengtoun	-/-/-	-/-/-
2021/9/29	Country Garden Holdings Co Ltd	THB	400	4	2023/10/19	2	Real Estate	Baa3/BB+/BBB-	-/-/-
2021/9/29	Jiangsu Dieshiqiao Home Textile Industry Group Co Ltd	USD	100	2.04	2024/10/8	3	Chengtoun	-/-/-	-/-/-
2021/9/29	Ganzhou Urban Investment Holding Group Co Ltd	USD	150	3	2024/10/12	3	Chengtoun	-/-/BBB-	-/-/BBB-
2021/9/30	Yanan New Area Investment Development Group Co Ltd	USD	100	5	2022/10/12	364D	Chengtoun	-/-/-	-/-/-
2021/10/1	Country Garden Holdings Co Ltd	THB	575	3.7	2022/10/1	365D	Real Estate	Baa3/BB+/BBB-	-/-/-
2021/10/1	Country Garden Holdings Co Ltd	THB	374	4.75	2024/10/1	3	Real Estate	Baa3/BB+/BBB-	-/-/-

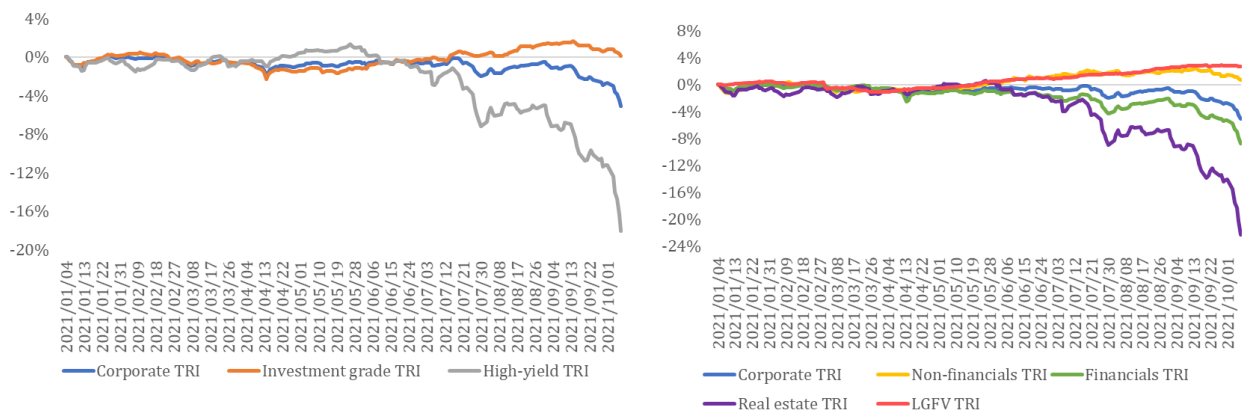
2021/10/4	Helenbergh China Holdings Ltd	USD	270	11	2023/10/8	2	Real Estate	B2/-/B+	-/-/-
	Zhejiang Huzhou Nanxun								
2021/10/4	Economic Construction Development Co Ltd	USD	48	2.03	2024/10/20	3	Chengtou	-/-/-	-/-/-
2021/10/6	CMB International Capital Corp Ltd	USD	4	0.36	2022/1/15	92D	Financials	Baa1/BBB+/-	-/-/-
2021/10/8	Guangdong Hong Kong Greater Bay Area Holdings Ltd	USD	277	13.85	2023/10/12	2	Real Estate	-/-/B-	-/-/-
2021/10/8	Guotai Junan International Holdings Ltd	USD	65	0.5	2022/7/14	272D	Financials	Baa2/BBB+/-	-/-/-
2021/10/8	Taizhou Haiminghui Trading Co Ltd	USD	33	2	2022/10/14	364D	Consumer Discretionary	-/-/-	-/-/-

Sources: Bloomberg, CCX research

Secondary Market: Returns on Chinese USD bonds decreased significantly, real estate high-yield bonds continued to drop

As of October 8, the YTD return¹ on Chinese USD corporate bond index decreased by 274bp from September 24 to -5.11%. The return on investment-grade bond decreased by 71bp to 0.11%, and the return on high-yield bond decreased by 793bp to -18.07%. In terms of sector indices, the default of Fantasia, coupled with credit risk exposure of several real estate companies, the returns on real estate bonds continued to drop, decreasing by 947bp from September 24 to -22.33%; the returns on financial, non-financial and chengtou bonds closed at -8.72%, 0.74%, and 2.72%, decreasing by 395bp, 82bp, and 4bp from September 24, respectively.

Figure 5 : YTD return on Markit IBoxx Chinese USD bond index

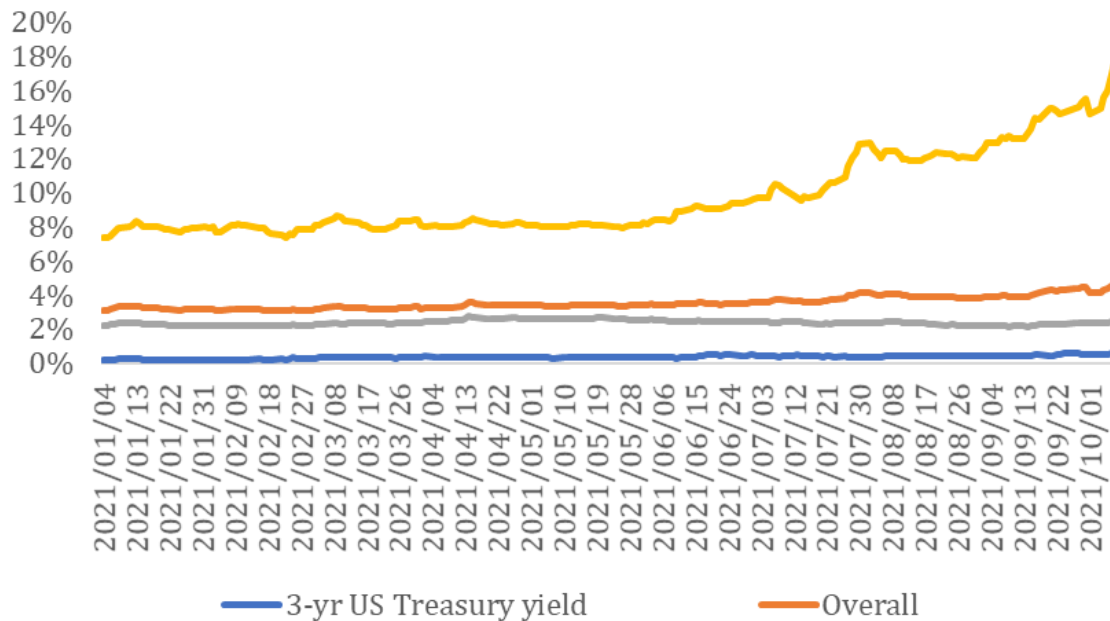


Sources: Bloomberg, CCX research

As of October 8, the yield-to-worst of Chinese dollar bonds rose by 29bp to 4.57% from September 24, of which investment grade bond index rose by 16bp to 2.47% and high-yield bond index rose by 288bp to 17.54% significantly.

¹ Year-to-date return measures the return since January 4, 2021

Figure 6 : Yield-to-worst of Bloomberg Barclays Chinese USD bond index



Sources: Bloomberg, CCX research

Rating Actions: The credit quality of several real estate companies deteriorated

From September 27 to October 8, the rating agencies took positive rating actions on 2 Chinese issuers and took negative rating actions on 18 Chinese issuers. The default of Fantasia’s US dollar bonds drove the rating agencies to downgrade its onshore and offshore ratings.

Table 2 : Credit rating changes of cross-border bond market (20210927-20211008)

	Entity	Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
International Rating:										
Upgrade	China Merchants Commerce Financial Leasing Co Ltd	Financials	BBB+	STABLE	2021/9/28	BBB+	RWN	2021/7/22	Fitch	Strategic role and close integration with CMG will not change substantially in the medium term
	State Grid International Development Ltd	Utilities	A+	STABLE	2021/9/30	A	STABLE	2018/12/7	S&P	Higher group status
Downgrade	Fantasia Holdings Group Co Ltd	Real Estate	B3	RWN	2021/9/27	B2	NEG	2021/7/16	Moody's	Increased refinancing risks
	Yincheng International Holding Co Ltd	Real Estate	B3	NEG	2021/9/27	B2	NEG	2021/6/30	Moody's	High debt leverage ratio and weak profitability
	WeBank Co Ltd	Banks	A3	NEG	2021/9/28	A3	STABLE	2021/9/6	Moody's	China's evolving regulatory supervision over technology firms

										adversely affects its system
Helenbergh China Holdings Ltd	Real Estate	B2	NEG	2021/9/28	B2	STABLE	2021/9/2	Moody's		Weakening liquidity buffer and credit metrics
China Evergrande Group Evergrande Real Estate Group Ltd Tianji Holding Ltd	Real Estate	C		2021/9/28	CC		2021/9/7	Fitch		Likely to have missed interest payment on senior unsecured notes
Fantasia Holdings Group Co Ltd	Real Estate	CCC	RWN	2021/9/29	B	NEG	2021/9/14	S&P		Heightened execution risk on payment
Lanzhou Construction Investment (Holding) Group Co Ltd	Chengtou	Baa3	RWN	2021/9/30	Baa3	STABLE	2021/8/31	Moody's		Weaker than expected funding access
ENN Energy Holdings Ltd	Energy	Baa2	POS	2021/9/30	Baa2	STABLE	2021/6/11	Moody's		Solid operating performance
Yunnan Provincial Energy Investment Group Co Ltd	Utilities	BBB-	NEG	2021/9/30	BBB-	RWN	2021/7/13	Fitch		The pressure on the Yunnan government to resolve liquidity crises at several large SOEs has not entirely subsided
Sinic Holdings (Group) Co Ltd	Real Estate	CC	RWN	2021/10/4	CCC+	RWN	2021/9/20	S&P		Imminent default risk
Sinic Holdings (Group) Co Ltd	Real Estate	C		2021/10/4	CCC		2021/9/22	Fitch		A default-like process has begun
Fantasia Holdings Group Co Ltd	Real Estate	CCC-		2021/10/4	B	NEG	2021/9/16	Fitch		Repayment risk and weak transparency
Fantasia Holdings Group Co Ltd	Real Estate	RD		2021/10/5	CCC-		2021/10/4	Fitch		Failure to make payment on the US dollar bonds
Fantasia Holdings Group Co Ltd	Real Estate	Ca	NEG	2021/10/5	B3	RWN	2021/9/27	Moody's		Missed payment
Fantasia Holdings Group Co Ltd	Real Estate	SD		2021/10/5	CCC	RWN	2021/9/29	S&P		Missed Payment
Xinyuan Real Estate Co Ltd	Real Estate	C	-	2021/10/8	CCC	-	2021/9/3	Fitch		Distressed debt exchange
Guangzhou R&F Properties Co Ltd R&F Properties HK Co Ltd	Real Estate	B-	NEG	2021/10/8	B	STABLE	2021/4/15	S&P		Refinancing uncertainty

Domestic Rating:

Downgrade	Jiangsu Nantong Sanjian Construction Group Co Ltd	Industrials	A+	NEG	2021/9/27	AA	NEG	2021/8/26	Pengyuan	Uncertainty in the collection of receivables with Evergrande Group
	Sinic Holdings (Group) Co Ltd	Real Estate	AA-	NEG	2021/9/27	AA+	STABLE	2021/7/5	Lianhe Rating	Deteriorating financing channels and increasing refinancing risks

Fantasia Group (China) Co Ltd	Real Estate	AA+	NEG	2021/9/29	AA+	STABLE	2021/6/28	CCXI	Large difficulty in debt refinancing
Jiangsu Nantong Sanjian Construction Group Co Ltd	Industrials	A	NEG	2021/9/30	AA-	NEG	2021/9/14	Lianhe Rating	Increased uncertainty in the settlement of project receivables can cash inflow from Evergrande Group
Fantasia Group (China) Co Ltd	Real Estate	A	NEG	2021/10/8	AA+	NEG	2021/9/29	CCXI	Failure to repay offshore bonds on time and tight liquidity

Sources: Bloomberg, Wind, CCX research

Risk Event: Fantasia defaulted on its USD bond

On October 4, Fantasia Holdings Group (“Fantasia”) announced that it could not repay its USD bond due on October 4, with an outstanding amount of USD206 million, constituting an actual default. Meanwhile, the default will trigger the cross-default clauses of other offshore bonds. After that, Fantasia responded that its liquidity was tight. An emergency team had been established to formulate risk mitigation plans, legal and financial consultants had been appointed to explore solutions to alleviate liquidity issues. As of October 8, Fantasia had 11 outstanding offshore bonds with a total amount of USD3.8 billion.

On October 11, Sinic Holdings (Group) Co Ltd (“Sinic Holdings”) announced that there was uncertainty in the redemption of the USD250 million bonds due on October 18, in lacking financial resources. It might trigger the cross-default of other bonds.

Panda Bond Market: CCXI assisted the first public offering of Panda Bond from an overseas company

On September 27, the first and second tranches of 2021 Daimler International Finance BV medium-term notes through Bond Connect were successfully issued on the China Exchange Market. Two bonds share the same amount of RMB2 billion, with the tenor of 2 years and 3 years and coupon rate at 3.10% and 3.30%, respectively. This is the first time that Daimler issued Panda Bonds on the public market, which makes it the first overseas company to issue publicly in the Panda Bond Market. CCXI rated the guarantor of the two bonds, namely DIF's parent company, Daimler AG. CCXI assigned AAA to DAG, with a stable outlook.

On September 28, China Mengniu Dairy Company Limited issued the tenth series of 2021 Super & Short-term Commercial Paper on the China Exchange Market. The bond raised 1.5 billion with a tenor of 85 days at the coupon rate of 2.55%. CCXI assessed AAA to the bond issuer.

Table 3 : New issuance of Panda Bond in 2021 (20210101-20211005)

Issuer	Amount	Coupon	Issue date	Maturity	Tenor	Bond Type	Issue Market	Local Rating
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	(RMB billion)	(%)						Agency
China Mengniu Dairy Company Limited	1.5	2.55	2021/9/28	2021/12/22	0.23	SCP	China Interbank Market	China Chengxin
Daimler International Finance BV	2	3.1	2021/9/27	2023/9/27	2	MTN	China Interbank Market	--
Daimler International Finance BV	2	3.1	2021/9/27	2024/9/27	3	MTN	China Interbank Market	--
New Development Bank	2	3.02	2021/9/17	2026/9/17	5	International Institution Bond	China Interbank Market	China Chengxin
Crédit Agricole S.A.	1	3.14	2021/9/17	2024/9/17	3	Financial Bond	China Interbank Market	S&P China
BMW Finance N.V	2	3.15	2021/9/16	2024/9/16	3	MTN	China Interbank Market	China Chengxin
BMW Finance N.V	1.5	3.1	2021/9/16	2023/9/16	2	MTN	China Interbank Market	China Chengxin
China Mengniu Dairy Company Limited	2.5	2.55	2021/8/30	2021/11/19	0.22	SCP	China Interbank Market	China Chengxin
China Mengniu Dairy Company Limited	2.5	2.55	2021/8/30	2021/11/26	0.24	SCP	China Interbank Market	China Chengxin
Far East Horizon Limited	0.7	3.78	2021/8/30	2023/8/30	2	MTN	China Interbank Market	China Chengxin
GLP China Holdings Limited	1.2	4.30	2021/8/23	2026/8/23	5	Corporate Bond	Shanghai Exchange Market	Shanghai Brilliance Rating
China Everbright Water Limited	0.8	2.40	2021/8/10	2021/12/8	0.33	SCP	China Interbank Market	Shanghai Brilliance Rating
China Mengniu Dairy Company Limited	0.5	2.50	2021/8/4	2021/10/29	0.24	SCP	China Interbank Market	China Chengxin
China Power International Development Limited	0.5	2.63	2021/8/3	2022/3/1	0.58	SCP	China Interbank Market	China Chengxin
China Everbright Greentech Limited	1	3.50	2021/7/28	2026/7/28	5	MTN	China Interbank Market	Lianhe Credit
Luso International Banking Limited	1.5	3.28	2021/7/27	2024/7/27	3	Financial Bond	China Interbank Market	Lianhe Credit
China Mengniu Dairy Company Limited	2	2.60	2021/7/27	2021/12/9	0.37	SCP	China Interbank Market	China Chengxin
Beijing Enterprises Water Group Limited	1	3.27	2021/7/14	2026/7/14	5	Corporate Bond	Shanghai Exchange Market	Shanghai Brilliance Rating
Beijing Enterprises Water Group Limited	1	3.64	2021/7/14	2026/7/14	5	Corporate Bond	Shanghai Exchange Market	Shanghai Brilliance Rating
Far East Horizon Limited	0.5	3.98	2021/7/12	2023/7/12	2	MTN	China Interbank Market	China Chengxin
Bank of China Group Investment Limited	2.5	3.64	2021/6/24	2024/6/24	3	MTN	China Interbank Market	China Chengxin / Lianhe Credit
China Mengniu Dairy Company Limited	1.2	2.50	2021/6/24	2021/9/17	0.23	SCP	China Interbank Market	China Chengxin
China Mengniu Dairy Company Limited	0.8	2.65	2021/6/22	2021/12/16	0.48	SCP	China Interbank Market	China Chengxin
China Everbright Limited	4	3.70	2021/6/18	2024/6/18	3	MTN	China Interbank Market	China Chengxin

China Everbright Environment Group Limited	2	3.60	2021/6/15	2024/6/15	3	MTN	China Interbank Market	Lianhe Credit Rating
BMW Finance N.V.	1.5	3.03	2021/6/15	2022/6/15	1	CP	China Interbank Market	China Chengxin
BMW Finance N.V.	2	3.44	2021/6/15	2024/6/15	3	MTN	China Interbank Market	China Chengxin
GLP China Holdings Limited	2	4.30	2021/6/11	2026/6/11	5	Corporate Bond	Shanghai Exchange Market	Shanghai Brilliance Rating
China Traditional Chinese Medicine Holdings Co. Limited	1	2.65	2021/5/31	2022/2/25	0.74	SCP	China Interbank Market	--
Hengan International Group Company Limited	1	2.90	2021/5/25	2021/11/23	0.5	CP	China Interbank Market	China Chengxin
Daimler International Finance BV	2	3.77	2021/5/21	2024/5/21	3	PPN	China Interbank Market	--
Daimler International Finance BV	2	3.60	2021/5/21	2023/5/21	2	PPN	China Interbank Market	--
Yuexiu Transport Infrastructure Limited	0.5	3.84	2021/5/13	2028/5/13	7	Corporate Bond	Shanghai Exchange Market	China Chengxin
Yuexiu Transport Infrastructure Limited	1	3.48	2021/5/13	2026/5/13	5	Corporate Bond	Shanghai Exchange Market	China Chengxin
Hengan International Group Company Limited	1	2.90	2021/4/26	2021/10/23	0.5	SCP	China Interbank Market	China Chengxin
Beijing Enterprises Water Group Limited	1.5	3.98	2021/4/23	2029/4/23	8	MTN	China Interbank Market	Shanghai Brilliance Rating
China Power International Development Limited	2	3.54	2021/4/23	2024/4/23	3	MTN	China Interbank Market	China Chengxin
GLP China Holdings Limited	1.5	4.40	2021/4/22	2026/4/22	5	Corporate Bond	Shanghai Exchange Market	Shanghai Brilliance Rating
China Mengniu Dairy Company Limited	1	2.50	2021/4/19	2021/6/25	0.18	SCP	China Interbank Market	China Chengxin
Hengan International Group Company Limited	1	3.00	2021/4/15	2021/10/12	0.5	SCP	China Interbank Market	China Chengxin
China Mengniu Dairy Company Limited	1	2.50	2021/4/8	2021/6/25	0.21	SCP	China Interbank Market	China Chengxin
Hengan International Group Company Limited	1	3.08	2021/3/26	2021/9/23	0.5	SCP	China Interbank Market	China Chengxin
China Mengniu Dairy Company Limited	2	2.50	2021/3/26	2021/6/24	0.25	SCP	China Interbank Market	China Chengxin
New Development Bank	5	3.22	2021/3/25	2024/3/25	3	International Institution Bond	China Interbank Market	Lianhe Credit Rating
GLP China Holdings Limited	1.5	4.40	2021/3/25	2024/3/25	3	Corporate Bond	Shanghai Exchange Market	Shanghai Brilliance Rating
Daimler International Finance BV	2	3.80	2021/3/19	2024/3/19	3	PPN	China Interbank Market	--
Daimler International Finance BV	2	3.70	2021/3/19	2023/3/19	2	PPN	China Interbank Market	--
Crédit Agricole S.A.	1	3.50	2021/3/18	2024/3/18	3	Financial Bond	China Interbank Market	S&P China
GLP China Holdings Limited	1.5	4.40	2021/3/18	2024/3/18	3	MTN	China Interbank Market	Shanghai

							Market	Brilliance Rating
SIIC Environment Holdings Ltd.	1.5	3.89	2021/3/15	2026/3/15	5	Corporate Bond	Shanghai Exchange Market	China Chengxin
Asian Development Bank	2	3.20	2021/3/11	2026/3/11	5	International Institution Bond	China Interbank Market	--
GLP China Holdings Limited	1.7	4.37	2021/3/8	2024/3/8	3	Corporate Bond	Shanghai Exchange Market	Shanghai Brilliance Rating
China Power International Development Limited	0.5	3.20	2021/2/8	2021/8/6	0.5	SCP	China Interbank Market	Golden Credit Rating
Yuexiu Transport Infrastructure Limited	1	3.78	2021/1/28	2026/1/28	5	MTN	China Interbank Market	China Chengxin
Yuexiu Transport Infrastructure Limited	1	3.63	2021/1/25	2026/1/25	5	Corporate Bond	Shanghai Exchange Market	China Chengxin
GLP China Holdings Limited	0.7	3.98	2021/1/25	2024/1/25	3	Corporate Bond	Shanghai Exchange Market	Shanghai Brilliance Rating
China Everbright Water Ltd	1	3.75	2021/1/15	2024/1/15	3	MTN	China Interbank Market	Shanghai Brilliance Rating

Sources: Bloomberg, CCX research

Issuer analysis: Daimler International Finance B.V. and Daimler AG.

Issuer profile: Daimler International Finance B.V. (“DIF”), a wholly-owned subsidiary of Daimler AG (“DAG”), which was incorporated on 4 April 1986 as a private company with limited liability under the laws of the Netherlands. In 2016, DAG decided to increase the equity of DIF by EUR500 million, in order to strengthen DIF’s role as a strategic financing center of the Daimler Group. DIF does not have any subsidiaries of its own. Daimler’s history can date back to two companies established respectively by Gottlieb Daimler and Karl Benz at the end of the 19th century, who regarded as the inventors of the automobile. Two companies merged into Daimler-Benz AG in 1926 and were renamed Daimler AG. in 2007. Currently, Daimler shares are listed in Germany and New York. In 2020, the group's revenue was EUR154.309 billion, net profit was EUR4.009 billion, and net cash flow from operating activities was EUR22.332 billion.

Issuance history: Daimler is an early participant in the Panda Bond market and a continuously active issuer. Since March 2014, a total of 32 panda bonds have been issued. There are seven types of issuances, with a minimum of RMB500 million and a maximum of RMB5 billion, altogether Daimler raised RMB75 billion through the Panda Bond Market. There are three types of tenor, 1 year, 2 years, and 3 years, where the last being the majority, and the average tenor is 2 years. The issue market of all bonds is the China Interbank Exchange Market. The bond type is mainly PPN, MTN only appeared since this week. There are two issuers for Daimler Group, which was DAG before 2020 and DIF after 2020. From the perspective of issuance costs, the average coupon rate of all Daimler bonds is 4.15%, and the average spread is 126bp. The most recent two bonds issued at coupon rates of 3.10% and 3.30%, respectively,

whose issuance spread reached a record low, at 76bp and 59bp.

**Table 4: Historical Issuance of Daimler International Finance B.V. and Daimler AG.
in the Panda Bond Market**

No.	Issuer	Issue date	Maturity	Tenor	Amount (RMB billion)	Coupon (%)	Spread (BP)	Use of Proceeds	Bond Type	Issue Market
1	Daimler International Finance B.V	2021/9/27	2023/9/27	2	2	3.10	59	Regular Company Operational Cost for Daimler's subsidiaries in PRC.	MTN	China Interbank Market
2	Daimler International Finance B.V	2021/9/27	2024/9/27	3	2	3.30	76	Regular Company Operational Cost for Daimler's subsidiaries in PRC.	MTN	China Interbank Market
3	Daimler International Finance B.V	2021/5/21	2024/5/21	3	2	3.77	105	/	PPN	China Interbank Market
4	Daimler International Finance B.V	2021/5/21	2023/5/21	2	2	3.60	103	/	PPN	China Interbank Market
5	Daimler International Finance B.V	2021/3/19	2024/3/19	3	2	3.80	88	/	PPN	China Interbank Market
6	Daimler International Finance B.V	2021/3/19	2023/3/19	2	2	3.70	88	/	PPN	China Interbank Market
7	Daimler International Finance B.V	2020/6/5	2023/6/5	3	3	3.25	86	/	PPN	China Interbank Market
8	Daimler International Finance B.V	2020/1/9	2022/1/9	2	3	3.50	99	/	PPN	China Interbank Market
9	Daimler AG.	2019/11/13	2022/11/13	3	3	4.04	115	/	PPN	China Interbank Market

10	Daimler AG.	2019/11/13	2021/11/13	2	2	3.68	91	/	PPN	China Interbank Market
11	Daimler AG.	2019/8/12	2022/8/12	3	3	3.84	106	/	PPN	China Interbank Market
12	Daimler AG.	2019/8/12	2021/8/12	2	2	3.53	81	/	PPN	China Interbank Market
13	Daimler AG.	2018/11/27	2020/11/27	2	1	4.20	150	/	PPN	China Interbank Market
14	Daimler AG.	2018/11/27	2019/11/27	1	3	3.85	136	/	PPN	China Interbank Market
15	Daimler AG.	2018/8/20	2021/8/20	3	1	4.50	121	/	PPN	China Interbank Market
16	Daimler AG.	2018/8/20	2019/8/20	1	3	3.70	80	/	PPN	China Interbank Market
17	Daimler AG.	2018/5/11	2021/5/11	3	3	5.18	197	/	PPN	China Interbank Market
18	Daimler AG.	2018/5/11	2019/5/11	1	2	4.80	187	/	PPN	China Interbank Market
19	Daimler AG.	2018/1/12	2021/1/12	3	3	5.60	194	/	PPN	China Interbank Market
20	Daimler AG.	2017/11/17	2020/11/17	3	4	5.45	171	/	PPN	China Interbank Market
21	Daimler AG.	2017/8/24	2020/8/24	3	5	5.12	158	/	PPN	China Interbank Market
22	Daimler AG.	2017/5/18	2018/5/18	1	3	5.18	170	/	PPN	China Interbank Market
23	Daimler AG.	2017/5/18	2020/5/18	3	1	5.30	163	/	PPN	China Interbank Market
24	Daimler AG.	2017/3/15	2018/3/15	1	3	4.60	176	/	PPN	China

										Interbank Market
25	Daimler AG.	2016/11/9	2017/11/9	1	3	3.16	102	/	PPN	China Interbank Market
26	Daimler AG.	2016/11/9	2019/11/9	3	1	3.35	98	/	PPN	China Interbank Market
27	Daimler AG.	2016/6/16	2017/6/16	1	4	3.48	108	/	PPN	China Interbank Market
28	Daimler AG.	2015/11/24	2016/11/24	1	1.5	3.60	103	/	PPN	China Interbank Market
29	Daimler AG.	2015/11/24	2017/11/24	2	0.5	3.90	119	/	PPN	China Interbank Market
30	Daimler AG.	2015/4/10	2016/4/10	1	3	4.80	164	/	PPN	China Interbank Market
31	Daimler AG.	2014/11/7	2015/11/6	1	1.5	4.60	140	/	PPN	China Interbank Market
32	Daimler AG.	2014/3/17	2015/3/17	1	0.5	5.20	209	/	PPN	China Interbank Market

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