

## 2021 Issue 41

From November 8 to November 12

## Chinese offshore bond issuance increased, returns on Chinese USD bonds rebounded

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## Date:

November 17, 2021

**Headline: Japan recorded lower-than-expected Q3 GDP growth, the new government plans to introduce huge stimulus package**

On November 12, Nikkei News reported that the Japanese government plans to implement a new round of economic stimulus plan of over JPY40 trillion (about RMB2.24 trillion), which is higher than the JPY30 trillion proposed by Japan's ruling coalition (Liberal Democratic Party and Komeito party), and is close to Japan's COVID-19 stimulus plan in April 2020. Meanwhile, Haruhiko Kuroda, Governor of the Bank of Japan, also stressed that the central bank was ready to maintain large-scale stimulus measures recently.

On November 15, the data released by the Japanese Cabinet Office showed that the three-month annualized GDP shrank by 3% MoM, far exceeding the economist's expectation of 0.7% drop. The US economy grew by 2.0% in the same period. Japan's weak economy is in sharp contrast with the more optimistic growth data of the US and other developed countries. Japan's economic recovery is still facing very severe pressure.

**Exchange Rate: RMB exchange rate increased significantly**

Since October, the RMB exchange rate has increased significantly. As of November 12, the RMB mid-point rate closed at 6.4065.

**Interest Rate: Chinese and US Government Bond yields increased**

This week, Chinese Government Bond yields increased. The US CPI index hit a 31-year high in October. US Treasury yields increased amid rising expectations for inflation and rate hike. As of November 12, the yield spread between China and US 10-year note was 137.8bp, narrowing by 6.2bp from last Friday and 88.7bp from the beginning of the year, respectively.

**Chinese Offshore Bond Market****Primary Market: Chinese offshore bond issuance increased, SF Holding was the largest issuer**

From November 8 to November 12, there were 17 new issues with a total issued volume of USD4.9 billion, increasing by 63.4% from last Friday. Among them, SF Holding Co Ltd was the largest issuer, which issued 3 bonds, with a total issued volume of USD1.2 billion.

**Secondary Market: Returns on Chinese USD bonds rebounded, real estate bonds had the biggest increase**

As of November 12, the YTD return on Chinese USD corporate bond index increased by 68bp from last Friday to -6.20%. The return on investment-grade bond fell by 16bp to -0.07%, and the return on high-yield bond rose by 286bp to -21.49%. In terms of sector indices, real estate bonds had the biggest increase, which rose 396bp from last Friday to -26.88%.

**Rating Actions: Several property developers were downgraded**

**Panda Bond Market: No New issuance this week**

**Issuer Analysis: Far East Horizon Limited**

## Headline: Japan recorded lower-than-expected Q3 GDP growth, the new government plans to introduce huge stimulus package

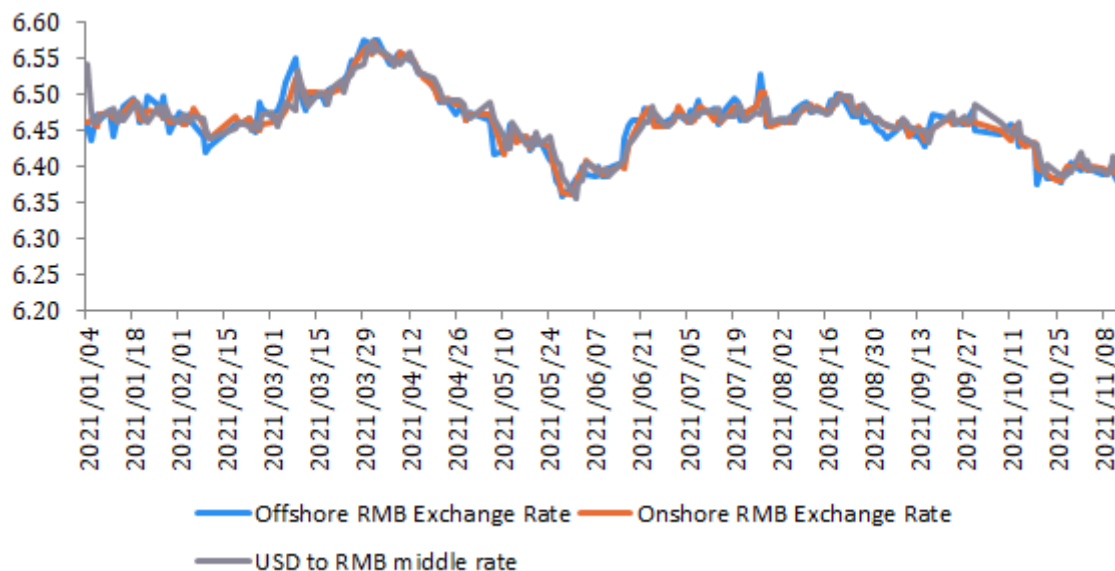
On November 12, Nikkei News reported that the Japanese government plans to implement a new round of economic stimulus plan of over JPY40 trillion (about RMB2.24 trillion), which is higher than the JPY30 trillion proposed by Japan's ruling coalition (Liberal Democratic Party and Komeito party), and is close to Japan's COVID-19 stimulus plan in April 2020. Among them, the central government will cover the planned expenditure of JPY30 trillion, and the rest will be covered by local governments and fiscal investment and loans. The stimulus plan mainly includes paying JPY100,000 (about RMB5,600) to Japanese people aged 18 or younger. At the same time, it will spend JPY10 trillion to increase domestic semiconductor production. Meanwhile, Haruhiko Kuroda, Governor of the Bank of Japan, also stressed that the central bank was ready to maintain large-scale stimulus measures recently because the pandemic has caused great pressure on consumption.

On November 15, the data released by the Japanese Cabinet Office showed that, as of end-September, the three-month annualized GDP shrank by 3% month-on-month ("MoM"), far exceeding the economist's expectation of 0.7% drop. Japan's weak economy is in sharp contrast with the more optimistic growth data of the US and other developed countries. In the US, the economy grew by 2.0% in the third quarter due to the strong release of pent-up demand by consumers. Japan's economic recovery is still facing very severe pressure.

## Exchange Rate: RMB exchange rate fluctuated slightly

RMB exchange rate fluctuated slightly. As of November 12, the RMB mid-point rate closed at 6.4065, increased by 85bp from last Friday; the onshore RMB exchange rate declined by 111bp to 6.3902; the offshore RMB exchange rate decreased by 148bp to 6.3796.

Figure 1 : RMB exchange rate



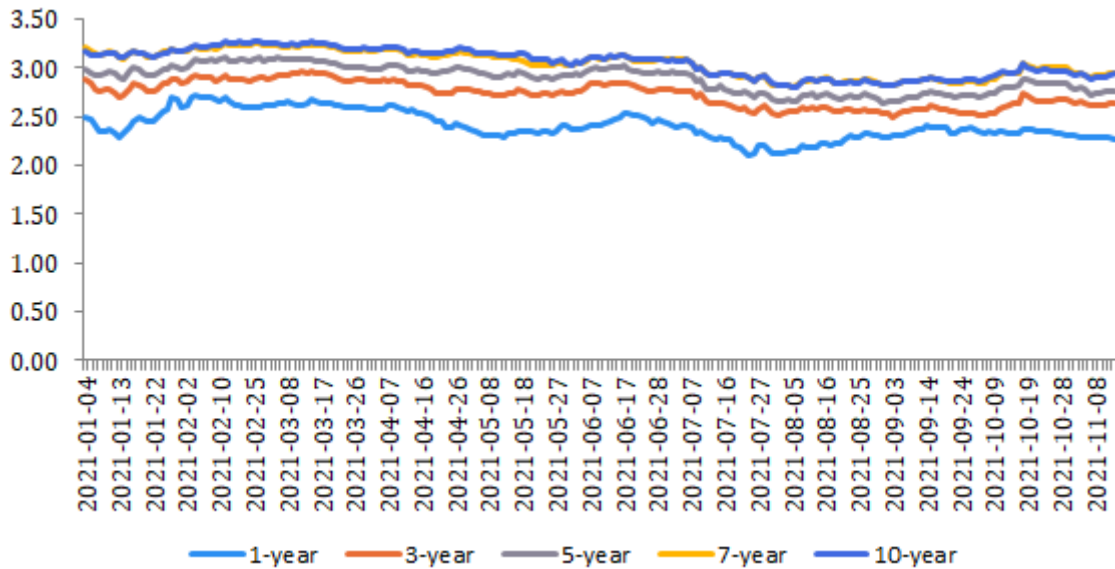
Sources: Wind, CCX research

## Interest Rate: Chinese and US Government Bond yields increased

This week, Chinese Government Bond yields generally increased, while 1-year Chinese

Government Bond decreased slightly from last Friday. As of November 12, the 3-year, 5-year, 7-year, and 10-year Chinese Government Bond yields fluctuated upward comparing to last Friday, closed at 2.6373%, 2.7705%, 2.9400% and 2.9391% respectively; while 1-year Chinese Government Bond decreased slightly from last Friday, closed at 2.2759%.

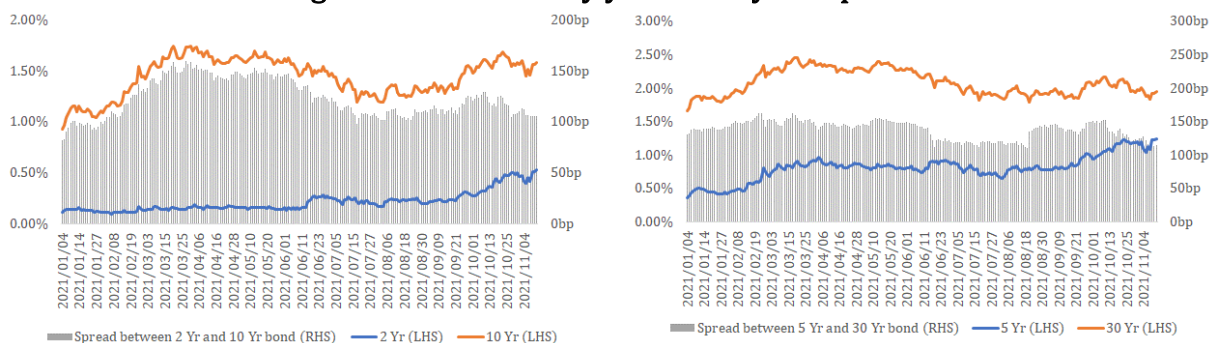
Figure 2 : China Government Bond yields



Sources: ChinaBond.com.cn, CCX research

The US CPI index hit a 31-year high in October. US Treasury yields increased amid rising expectations for inflation and rate hike. As of November 12, 2-year, 5-year, 10-year, and 30-year Treasury yields closed at 0.53%, 1.24%, 1.58%, and 1.95%, increasing by 14bp, 20bp, 13bp and 8bp from last Friday, respectively. In terms of Treasury yield spreads, the spread between the 2-year and 10-year narrowed by 1bp to 105bp, while the spread between the 5-year and 30-year narrowed by 8bp to 114bp.

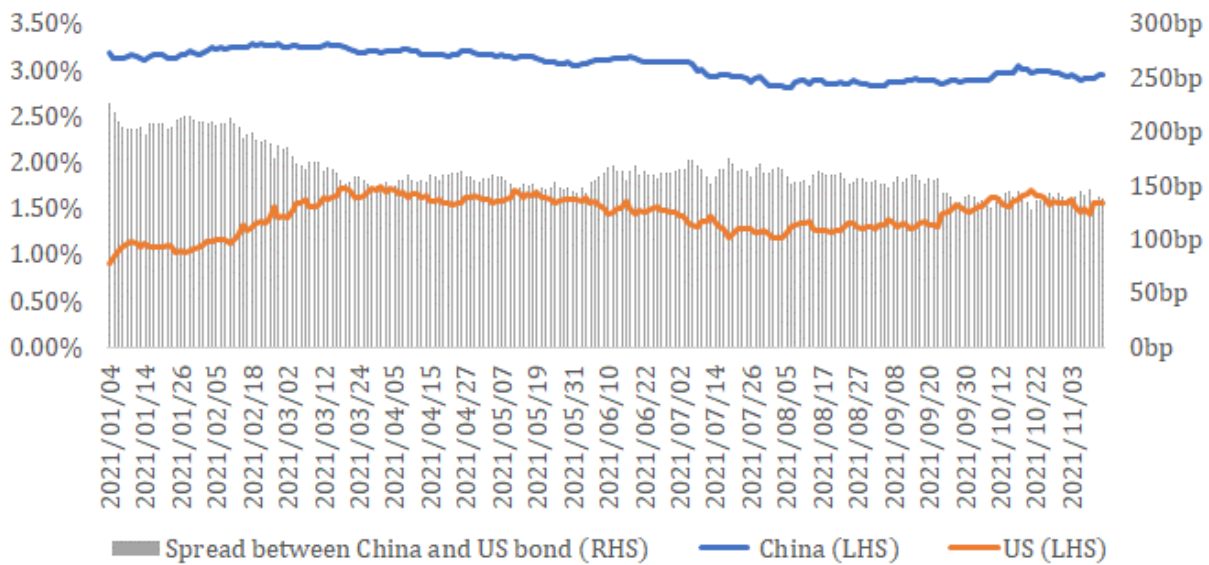
Figure 3 : US Treasury yields and yield spreads



Sources: US Department of the Treasury, CCX research

As of November 12, the yield spread between China and US 10-year note was 137.8bp, narrowing by 6.2bp from last Friday and narrowing by 88.7bp 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: Chinese offshore bond issuance increased, SF Holding was the largest issuer

From November 8 to November 12, there were 17 new issues with a total issued volume of USD4.9 billion, increasing by 63.4% from last Friday. Among them, SF Holding Co Ltd was the largest issuer, which issued 3 bonds, with a total issued volume of USD1.2 billion.

Table 1 : New issuance of Chinese offshore bonds (20211108-20211112)

| Pricing Date | Obligor   | Currency | Amount (million) | Coupon (%) | Maturity   | Tenor | Industry    | Issuer Rating (Moody's/S&P/Fitch) | Issue Rating (Moody's/S&P/Fitch) |
|--------------|---|----------|------------------|------------|------------|-------|-------------|-----------------------------------|----------------------------------|
| 2021/11/8    | Guotai Junan International Holdings Ltd                         | USD      | 100              | 0.65       | 2022/5/15  | 181D  | Financials  | Baa2/BBB+/-                       | -/-/-                            |
| 2021/11/9    | AVIC International Holding Corp                                 | USD      | 500              | 2.5        | 2026/11/17 | 5     | Industrials | -/BBB-/A-                         | -/-/A-                           |
| 2021/11/9    | CNCB Hong Kong Investment Ltd                                   | USD      | 500              | 1.75       | 2024/11/17 | 3     | Financials  | -/BBB/BBB                         | -/-/-                            |
| 2021/11/9    | Jinan Lixia Holding Group Co Ltd                                | USD      | 250              | 3.4        | 2024/11/16 | 3     | Chengtou    | -/-/-                             | -/-/-                            |
| 2021/11/9    | SF Holding Co Ltd   | USD      | 400              | 2.375      | 2026/11/17 | 5     | Industrials | A3/A-/A-                          | A3/A-/A-                         |
| 2021/11/9    | SF Holding Co Ltd   | USD      | 300              | 3          | 2028/11/17 | 7     | Industrials | A3/A-/A-                          | A3/A-/A-                         |
| 2021/11/9    | SF Holding Co Ltd   | USD      | 500              | 3.125      | 2031/11/17 | 10    | Industrials | A3/A-/A-                          | A3/A-/A-                         |
| 2021/11/9    | SIP State Property Holding Co Ltd                               | CNY      | 1,000            | 3.6        | 2031/11/12 | 10    | Chengtou    | -/-/-                             | -/-/-                            |
| 2021/11/9    | Wuhan Financial Holdings Group Co Ltd                           | USD      | 450              | 3.4        | 2024/11/16 | 3     | Financials  | -/-/-                             | -/-/-                            |
| 2021/11/9    | Zhengzhou Metro Group Co Ltd                                    | USD      | 500              | 1.915      | 2024/11/15 | 3     | Chengtou    | A3/-/A                            | A3/A/A-                          |
| 2021/11/10   | Weihai Wendeng District Bluesea Investment & Development Co Ltd | USD      | 85               | 6.5        | 2022/11/15 | 364D  | Chengtou    | Ba2/-/-                           | -/-/-                            |
| 2021/11/11   | CITIC Securities Co Ltd   | HKD      | 750              | 0          | 2022/5/18  | 181D  | Financials  | Baa1/BBB+/-                       | -/-/-                            |
| 2021/11/11   | CITIC Securities Co Ltd   | USD      | 170              | 0          | 2022/5/18  | 181D  | Financials  | Baa1/BBB+/-                       | -/-/-                            |
| 2021/11/11   | Eve Energy Co Ltd   | USD      | 350              | 0.75       | 2026/11/22 | 5     | Financials  | -/-/-                             | -/-/-                            |

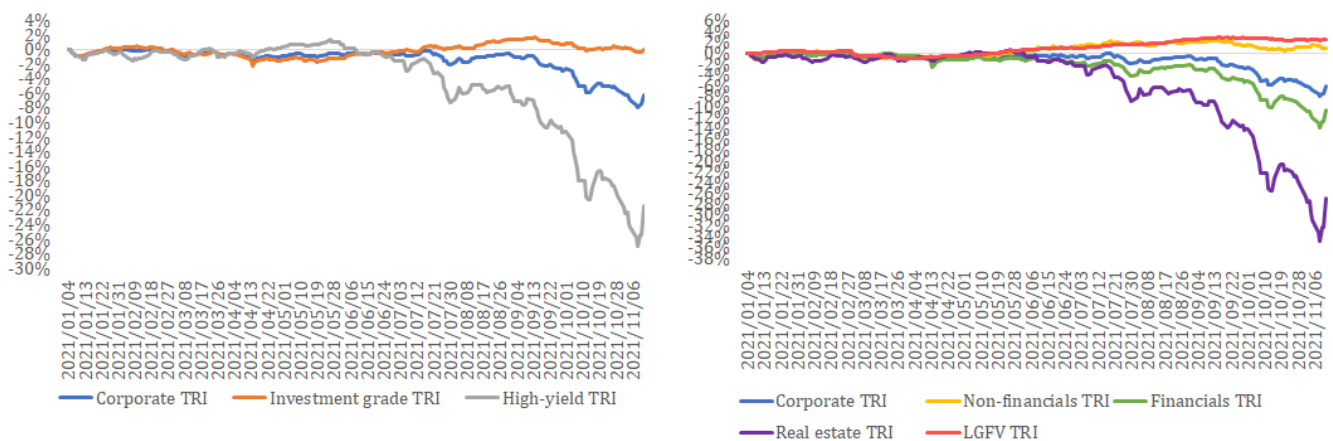
|            |  |     |     |      |            |      |             |       |     |
|------------|--|-----|-----|------|------------|------|-------------|-------|-----|
| 2021/11/11 | Taian Municipality Taishan Finance and Investment Group Co Ltd | USD | 300 | 3.5  | 2024/11/18 | 3    | Chengtou    | -/-   | -/- |
| 2021/11/11 | Wuhan Dangdai Science & Technology Industries Group Co Ltd     | USD | 150 | 9.25 | 2022/11/15 | 364D | Health Care | -/-   | -/- |
| 2021/11/12 | Change Economic Construction Investment Group Co Ltd           | USD | 68  | 5    | 2022/11/17 | 364D | Chengtou    | Bal/- | -/- |

Sources: Bloomberg, CCX research

## Secondary Market: Returns on Chinese USD bonds rebounded, real estate bonds had the biggest increase

As of November 12, the YTD return<sup>1</sup> on Chinese USD corporate bond index increased by 68bp from last Friday to -6.20%. The return on investment-grade bond fell by 16bp to -0.07%, and the return on high-yield bond rose by 286bp to -21.49%. In terms of sector indices, real estate bonds had the biggest increase, which rose 396bp from last Friday to -26.88%; the return on financial and Chengtou bonds were -10.62% and 2.43%, increased by 142bp and 3bp from last Friday, respectively. The return on non-financial bonds decreased by 52bp from last Friday to 0.95%.

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

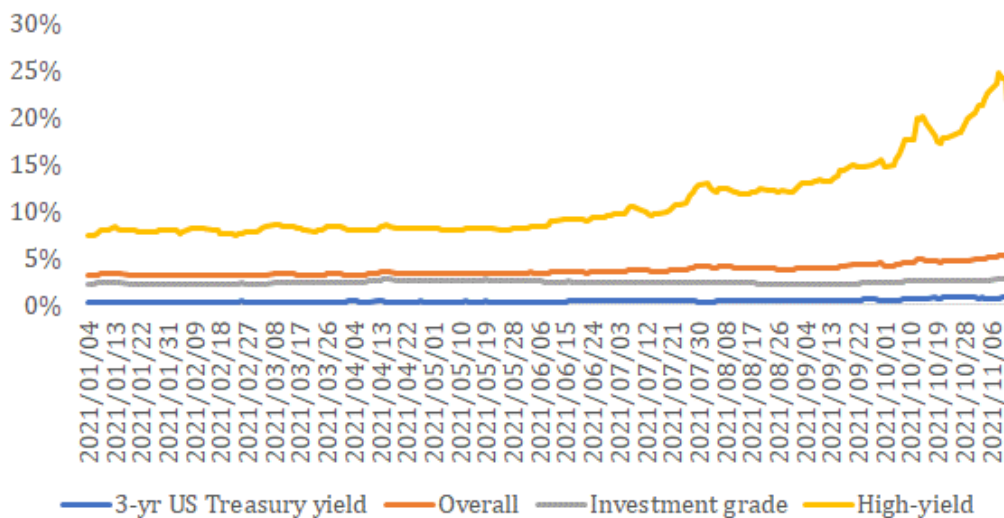


Sources: Bloomberg, CCX research

As of November 12, the yield-to-worst of Chinese dollar bonds decreased by 9bp to 4.88% from last Friday, of which investment grade bond index increased by 8bp to 2.68%, and high-yield bond index decreased by 165bp to 20.96%.

<sup>1</sup> 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: Several property developers were downgraded

From November 8 to November 12, the rating agencies took positive rating actions on 7 Chinese issuers, and took negative rating actions on 9 Chinese issuers.

Table 2 : Credit rating changes of cross-border bond market (20211108-20211112)

| Entity  | Sector      | Current Rating |         |            | Previous Rating |            |           | Rating Agency | Reason of Change                                     |
|---|-------------|----------------|---------|------------|-----------------|------------|-----------|---------------|--|
|   |             | Entity Rating  | Outlook | Date       | Entity Rating   | Outlook    | Date      |               |  |
| <b>International Rating:</b>                  |             |                |         |            |                 |            |           |               |  |
| SF Holding Co Ltd                             | Industrials | A-             | STABLE  | 2021/11/7  | A-              | NEG        | 2021/5/13 | S&P           | Share placement                                      |
| China National Chemical Corp Ltd              | Materials   | A-             | STABLE  | 2021/11/9  | BBB             | POS        | 2021/4/9  | S&P           | Very high likelihood of receiving government support |
| Upgrade<br>Sinochem International Corp        | Materials   | BBB+           | STABLE  | 2021/4/9   | BBB+            | Developing | 2018/7/11 | S&P           | Very high likelihood of receiving government support |
|   |             |                |         |            |                 |            |           |               |  |
| China Merchants Bank Co Ltd                   | Banks       | A3             | POS     | 2021/11/12 | A3              | STABLE     | 2018/6/26 | Moody's       | Maintain good asset quality                          |
| CMB International Capital Corporation Limited | Financials  | Baa1           | POS     | 2021/11/12 | Baa1            | STABLE     | 2019/6/26 | Moody's       | Parent company was upgraded                          |

|                         |  |             |      |        |            |      |        |            |               |   |
|-------------------------|--|-------------|------|--------|------------|------|--------|------------|---------------|---|
|                         | CMB Financial Leasing Co Ltd           | Financials  | A3   | POS    | 2021/11/12 | A3   | STABLE | 2018/12/11 | Moody's       | Parent company was upgraded                     |
| Downgrade               | Kaisa Group Holdings Ltd               | Real Estate | CCC- | -      | 2021/11/9  | CCC+ | -      | 2021/10/27 | Fitch         | Liquidity has further deteriorated              |
|                         | Times China Holdings Ltd               | Real Estate | BB-  | NEG    | 2021/11/10 | BB-  | STABLE | 2021/10/20 | Fitch         | High exposure to non-controlling interests      |
|                         | Sunac China Holdings Ltd               | Real Estate | BB   | STABLE | 2021/11/10 | BB   | POS    | 2021/10/20 | Fitch         | Declining contracted sales and sales collection |
|                         | Agile Group Holdings Ltd               | Real Estate | BB-  | NEG    | 2021/11/10 | BB   | STABLE | 2021/3/30  | S&P           | Weaker sales and funding access                 |
|                         | Kaisa Group Holdings Ltd               | Real Estate | Ca   | NEG    | 2021/11/10 | Caa1 | NEG    | 2021/10/29 | Moody's       | Heightened liquidity risk                       |
|                         | Shimao Group Holdings Ltd              | Real Estate | BB+  | NEG    | 2021/11/10 | BBB- | STABLE | 2021/4/8   | S&P           | Tough business conditions hinder deleveraging   |
|                         | Kaisa Group Holdings Ltd               | Real Estate | CCC- | NEG    | 2021/11/11 | CCC+ | NEG    | 2021/11/3  | S&P           | Depleted liquidity                              |
|                         | China South City Holdings Ltd          | Real Estate | B-   | NEG    | 2021/11/11 | B    | NEG    | 2021/8/5   | Fitch         | Weakened funding access                         |
|                         | RiseSun Real Estate Development Co Ltd | Real Estate | B-   | NEG    | 2021/11/12 | B+   | STABLE | 2021/9/1   | S&P           | Refinancing Uncertainty                         |
|                         | China Aoyuan Group Ltd                 | Real Estate | BB-  | NEG    | 2021/11/12 | BB+  | STABLE | 2021/10/8  | Lianhe Global | Increasing liquidity pressure                   |
| <b>Domestic Rating:</b> |  |             |      |        |            |      |        |            |               |   |
| Downgrade               | Fujian Yango Group Co. Ltd             | Real Estate | AA   | NEG    | 2021/11/11 | AA+  | STABLE | 2021/11/2  | Golden Credit | Elevated refinancing pressure                   |

Sources: Bloomberg, Wind, CCX research

## Panda Bond Market: No New issuance this week

Table 3 : New issuance of Panda Bond in 2021 (20210101-20211112)

| Issuer  | Amount (RMB billion) | Coupon (%) | Issue date | Maturity   | Tenor | Bond Type      | Issue Market             | Local Rating Agency        |
|---|----------------------|------------|------------|------------|-------|----------------|--------------------------|----------------------------|
| China Power International Development Limited | 1                    | 2.88       | 2021/11/2  | 2022/7/29  | 0.74  | SCP            | China Interbank Market   | Golden Credit Rating       |
| Shenzhen International Holdings Limited       | 40                   | 3.29       | 2021/10/29 | 2027/10/29 | 6     | Corporate Bond | Shenzhen Exchange Market | Lianhe Credit              |
| Far East Horizon Limited                      | 3                    | 4.06       | 2021/10/27 | 2023/10/27 | 2     | MTN            | China Interbank Market   | China Chengxin             |
| China Power International Development Limited | 1                    | 3.39       | 2021/10/22 | 2024/10/22 | 3     | MTN            | China Interbank Market   | Golden Credit Rating       |
| GLP China Holdings Limited                    | 0.7                  | 4.3        | 2021/10/17 | 2026/10/17 | 5     | Corporate Bond | Shanghai Exchange Market | Shanghai Brilliance Rating |
| Republic of Poland                            | 3                    | 3.20       | 2021/10/15 | 2024/10/15 | 3     | International  | China Interbank Market   | China                      |

|   |     |      |            |            |      |                                |                          | Institution                    |  | Chengxin |
|---|-----|------|------------|------------|------|--------------------------------|--------------------------|--------------------------------|--|----------|
|   |     |      |            |            |      |                                |                          | Bond                           |  |          |
| China Power International Development Limited | 2   | 3.47 | 2021/10/13 | 2024/10/13 | 3    | MTN                            | China Interbank Market   | Golden Credit Rating           |  |          |
| 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 Brilliance Rating |  |
| SHC 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: Far East Horizon Limited

**Issuer profile:** Far East Horizon Limited, formerly known as Far East International Financial Leasing Co., Ltd., was approved by the former Ministry of Foreign Economic Relations and Trade (now the Ministry of Commerce). Established in 1991 with a registered capital of 10 million U.S. dollars, Far East Horizon started as a Sino foreign joint venture, with investments from the People's Construction Bank of China (later renamed China Construction Bank), China National Chemical Import and Export Corporation (Later renamed SINOCEM Group), Nippon Credit Bank Ltd, Nippon Crown Co., Ltd, and South Korea Industrial Leasing Co., Ltd. By now, Far East Horizon has become a leading enterprise in the leasing industry. The company has formed a relatively mature business model in the medical and health, cultural tourism, engineering construction, urban public utilities, and other industries. As the company offer integrated operation services including engineering consulting, its business structure and income sources are becoming increasingly diversified. The company adheres to a "finance + industry" two-wheel drive strategy, with business segments interlinked, customer stickiness of the company is strong. In addition, the company also enjoys good profitability and abundant financing channels. However, at the same time, as uncertainty grows for both domestic and global economy, the company's asset quality is under pressure; attentions should be paid to the migration trend of the quality of its assets. The company has taken initiatives to adjust its business strategy and organizational structure, the effectiveness of which still needs to be

examined. Industry changes such as the globalization of interest rate market and the continuous expansion of business layout also brought certain challenges to the company. In 2020, the company's total assets were RMB 299.93 billion, a year-on-year increase of 15%; net profit was RMB 5.03 billion, a year-on-year increase of 4.2%; the asset-liability ratio accounted for 84.91%, increased 85 bp compared to last year; the non-performing asset ratio was 1.10%, which decreased 1 bp compared to last year.

**Issuance history:** Far East Horizon Limited is a new participant in the Panda Bond market in 2021. A total of 3 bonds were issued in July, August, and October this year, with the issuance amount of RMB 500 million, RMB 700 million, and RMB 300 million, respectively, adding the total fund raised by Far East Horizon in the Panda Bond Market to RMB 1.5 billion. The three bonds are all 2-year medium-term notes, issued in the China Interbank Market, with the usage of proceeds being to repay bank loans. From the perspective of issuance costs, the average coupon rate for Far East Horizon is 3.94%, and the average spread is 141bp. In this month, Far East Horizon is about to issue a sustainable development bond in the Panda Bond market with an issuance scale of RMB 150 million. Usage of proceeds would be to repay bank loans generated for its green projects and social responsibility projects.

**Table 4: Historical Issuance of Far East Horizon Limited in the Panda Bond Market**

| No. | Issuer                         | Issue date | Maturity   | Tenor | Amount<br>(RMB<br>billion) | Coupon<br>(%) | Spread<br>(BP) | Use of Proceeds   | Bond Type | Issue<br>Market              |
|-----|--------------------------------|------------|------------|-------|----------------------------|---------------|----------------|---|-----------|------------------------------|
| 1   | Far East<br>Horizon<br>Limited | 2021/10/27 | 2023/10/27 | 2     | 0.3                        | 4.06          | 148            | To repay the bank loans<br>due by the issuer's<br>domestic subsidiaries | MTN       | China<br>Interbank<br>Market |
| 2   | Far East<br>Horizon<br>Limited | 2021/8/30  | 2023/8/30  | 2     | 0.7                        | 3.78          | 129            | To repay the bank loans<br>due by the issuer's<br>domestic subsidiaries | MTN       | China<br>Interbank<br>Market |
| 3   | Far East<br>Horizon<br>Limited | 2021/7/12  | 2023/7/12  | 2     | 0.5                        | 3.98          | 146            | To repay the bank loans<br>due by the issuer's<br>domestic subsidiaries | MTN       | China<br>Interbank<br>Market |

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