

2021 Issue 42

From November 15 to November 19

Eurozone continued to recover in the third quarter,
Chinese offshore bond issuance increased

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Date:

November 24, 2021

Headline: Eurozone continued to recover in the third quarter, inflation rate hit 13-year high

The latest data from Eurostat showed that GDP in the eurozone increased 2.2% in the third quarter, in which Austria, France and Portugal had the larger growth rates, with 3.3%, 3.0% and 2.9%, respectively. The GDP growth of all countries in the Eurozone was positive. Meanwhile, the inflation rate of the Eurozone rose to 4.1% in October, a record high since July 2008. European Central Bank President Christine Lagarde said that rising energy prices, the recovery in demand and supply bottlenecks were currently pushing up inflation. Although inflation would take longer to decline than previously expected, these factors were expected to ease in the course of the next year. Officials still foresee price increases remaining below 2% in the medium term, she added.

Exchange Rate: RMB exchange rate fluctuated slightly

The RMB exchange rate fluctuated with the mid-point rate decreased slightly. As of November 19, the RMB mid-point rate closed at 6.3825.

Interest Rate: Chinese and US Government Bond yields decreased

With relatively loose liquidity in the interbank market, Chinese Government Bond yields declined during this week. At the beginning of the week, as the Federal Reserve Brad delivered a hawkish signal on raising interest rates, US Treasury yields rose briefly. However, the market sentiment remained stable in the later period and US Treasury yields fell. As of November 19, the yield spread between China and US 10-year note was 138.4bp, widening by 0.6bp from last Friday and narrowing by 88.1bp from the beginning of the year.

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

From November 15 to November 19, there were 23 new issues with a total issued volume of USD5.8 billion, increasing by 19.7% from last Friday. Among them, Bilibili Inc was the largest issuer, issued a total volume of USD1.4 billion.

Secondary Market: Returns on Chinese USD bonds increased, real estate bonds had rose the most

As of November 19, the YTD return on Chinese USD corporate bond index increased by 85bp from last Friday to -5.35%. The return on investment-grade bond increased by 38bp to 0.31%, and the return on high-yield bond rose by 208bp to -19.41%. In terms of sector indices, real estate bonds had the biggest increase, which rose 247bp from last Friday to -24.41%;

Rating Actions: Several property developers were downgraded**Panda Bond Market: SIIC and Far East Horizon issued 2 bonds this week****Issuer Analysis: SIIC Environment Holdings Ltd.**

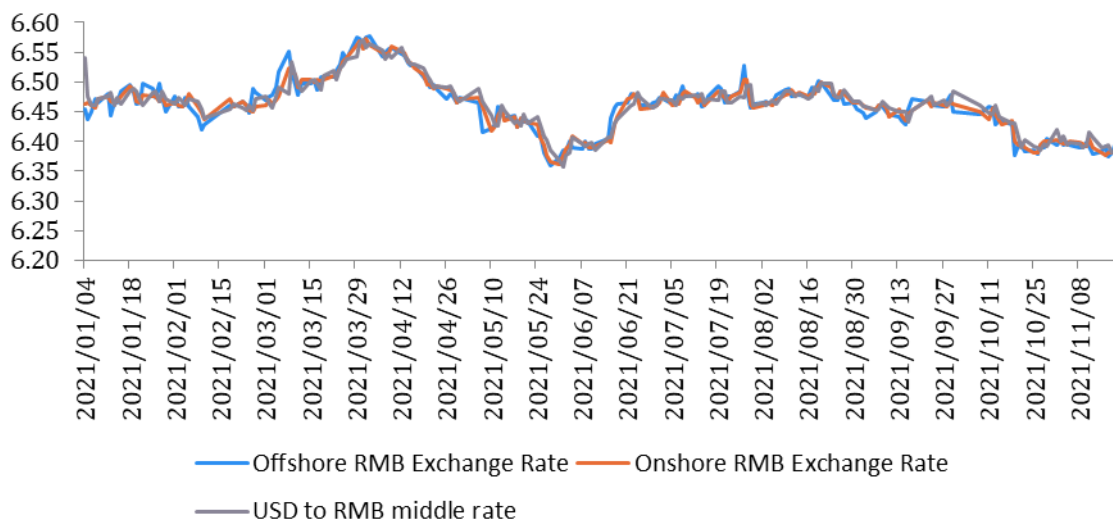
Headline: Eurozone continued to recover in the third quarter, inflation rate hit 13-year high

The latest data from Eurostat showed GDP in the eurozone increased 2.2% in the third quarter, the highest in a year. Among them, Austria increased the largest of 3.3, France ranked second with a 3.0% growth, followed by Portugal with a growth rate of 2.9%. In the third quarter, the GDP growth of all countries in the Eurozone was positive, indicating the recovering economy. Meanwhile, the inflation rate of the Eurozone rose to 4.1% in October, a record high since July 2008, which was also higher than the market expectation of 3.7%. European Central Bank President Christine Lagarde said that rising energy prices, the recovery in demand and supply bottlenecks were currently pushing up inflation. Although inflation would take longer to decline than previously expected, these factors were expected to ease in the course of the next year. Officials still foresee price increases remaining below 2% in the medium term, she added.

Exchange Rate: RMB exchange rate fluctuated slightly

The RMB exchange rate fluctuated with the mid-point rate decreased slightly. As of November 19, the RMB mid-point rate closed at 6.3825, decreased by 240bp from last Friday; the onshore RMB exchange rate decreased by 91bp to 6.3811; the offshore RMB exchange rate increased by 114bp to 6.3910.

Figure 1 : RMB exchange rate

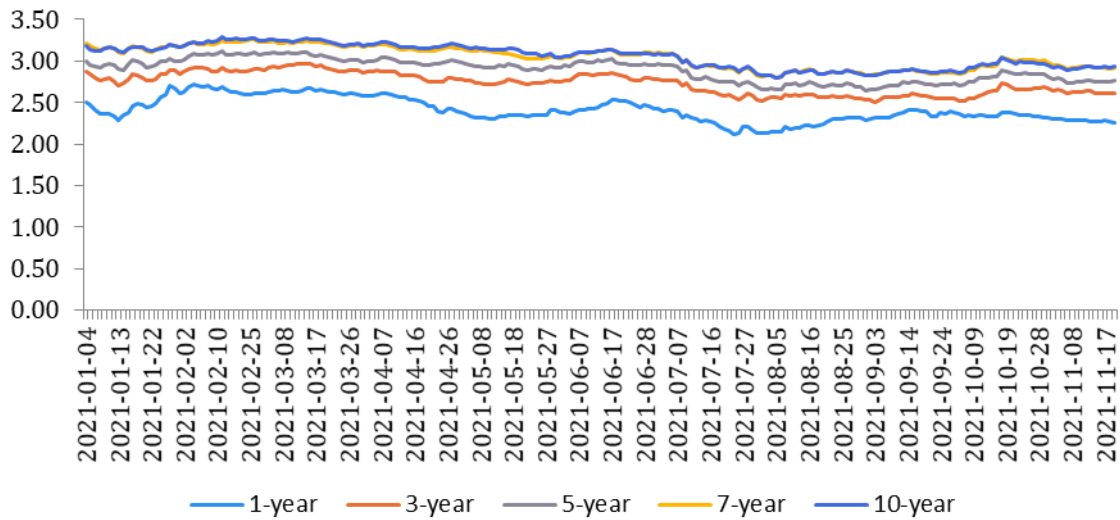


Sources: Wind, CCX research

Interest Rate: Chinese Government Bond yields declined

With relatively loose liquidity in the interbank market, Chinese Government Bond yields declined during the week. As of November 19, the 1-year, 3-year, 5-year, 7-year and 10-year Chinese Government Bond yields fluctuated downward comparing to last Friday, closed at 2.2618%, 2.6149%, 2.7608%, 2.9250% and 2.9302%, respectively.

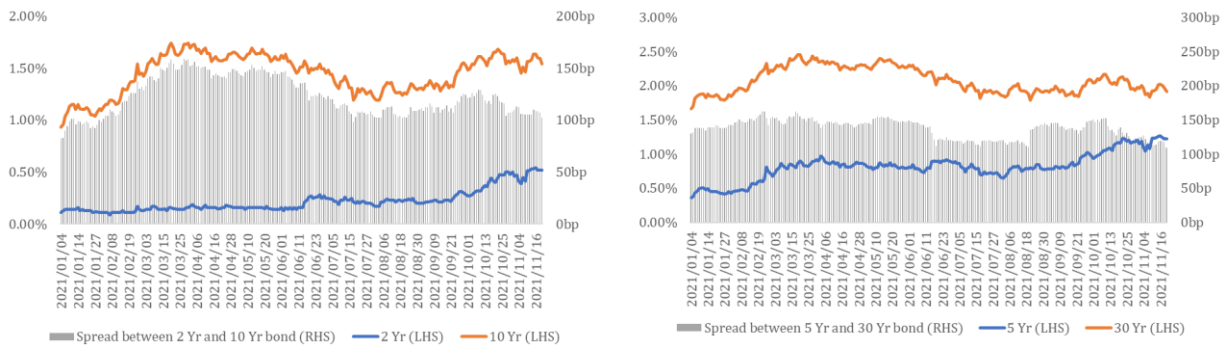
Figure 2 : China Government Bond yields



Sources: ChinaBond.com.cn, CCX research

At the beginning of the week, as the Federal Reserve Brad delivered a hawkish signal on raising interest rates, US Treasury yields rose briefly. However, the market sentiment remained stable in the later period and US Treasury yields fell. As of November 19, 2-year, 5-year, 10-year, and 30-year Treasury yields closed at 0.52%, 1.22%, 1.54%, and 1.91%, decreasing by 1bp, 2bp, 4bp and 4bp from last Friday, respectively. In terms of Treasury yield spreads, the spread between the 2-year and 10-year narrowed by 3bp to 102bp, while the spread between the 5-year and 30-year narrowed by 5bp to 109bp.

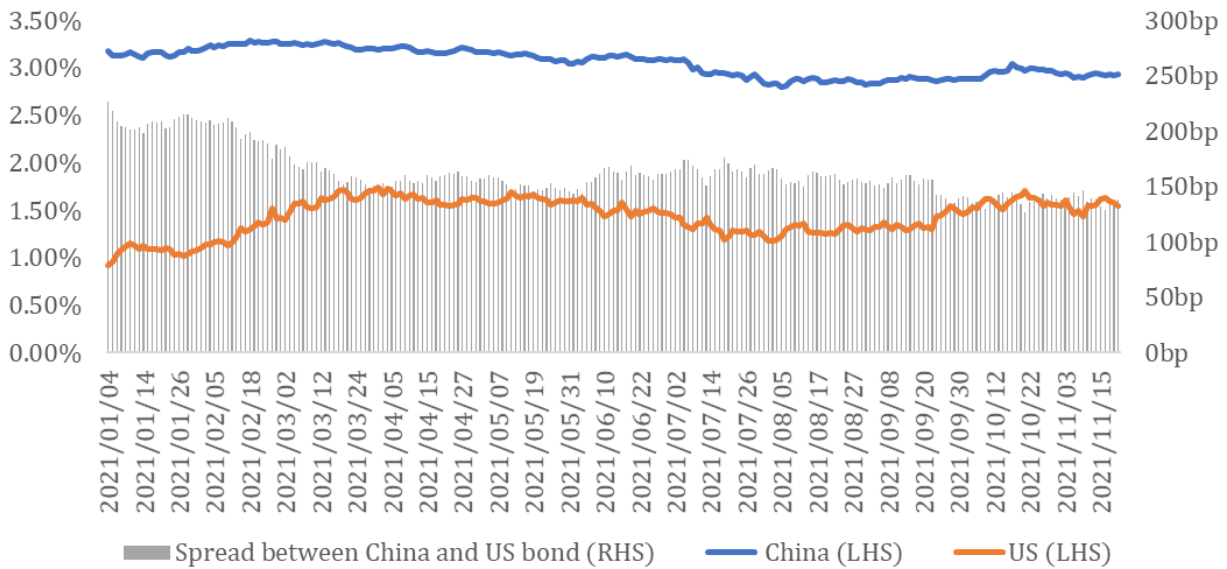
Figure 3 : US Treasury yields and yield spreads



Sources: US Department of the Treasury, CCX research

As of November 19, the yield spread between China and US 10-year note was 138.4bp, widening by 0.6bp from last Friday and narrowing by 88.1bp 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, Bilibili was the largest issuer

From November 15 to November 19, there were 23 new issues with a total issued volume of USD5.8 billion, increasing by 19.7% from last Friday. Among them, Bilibili Inc was the largest issuer, issued a total volume of USD1.4 billion.

Table 1 : New issuance of Chinese offshore bonds (20211115-20211119)

Pricing Date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/Fitch)	Issue Rating (Moody's/S&P/Fitch)
2021/11/15	Heze City Investment Holdings Group Co Ltd	USD	119	4.55	2022/11/17	364D	Chengtou	-/-/-	-/-/-
2021/11/15	State Development & Investment Corp Ltd	USD	300	1.875	2026/11/22	5	Financials	A2/A/A+	-/-/A-
2021/11/15	Yanzhou Coal Mining Co Ltd	USD	300	2.9	2024/11/18	3	Energy	Ba1/BB/BB+	Ba1/-/-
2021/11/15	Yichang High-Tech Investment Development Co Ltd	USD	100	5	2024/11/18	3	Chengtou	-/-/BB+	-/-/BB+
2021/11/16	China Great Wall AMC International Holdings Co Ltd	USD	300	2.875	2026/11/23	5	Financials	-/BBB+/A	-/BBB+/A
2021/11/16	CIMC Enric Holdings Ltd	HKD	1,680	0	2026/11/30	5	Energy	-/-/-	-/-/-
2021/11/16	Shaoxing Shangyu Urban Construction Group Co Ltd	USD	240	3.3	2026/11/19	5	Chengtou	-/-/BBB-	-/-/BBB-
2021/11/17	Bank of China Ltd	USD	120	2.8	2024/11/22	3	Banks	A1/A/A	A1/A/A
2021/11/17	Feicheng City Assets Management Group Co Ltd	USD	50	4.5	2022/11/21	364D	Chengtou	-/-/-	-/-/-
2021/11/17	Guotai Junan International Holdings Ltd	HKD	150	0.6	2022/8/24	273D	Financials	Baa2/BBB+/-	-/-/-
2021/11/17	Guotai Junan Securities Co Ltd	USD	300	1.6	2024/11/24	3	Financials	Baa1/BBB+/-	-/-/-
2021/11/17	Jinan Hi-tech Holding Group Co Ltd	USD	250	2.8	2024/11/22	3	Chengtou	-/-/BBB	-/-/BBB

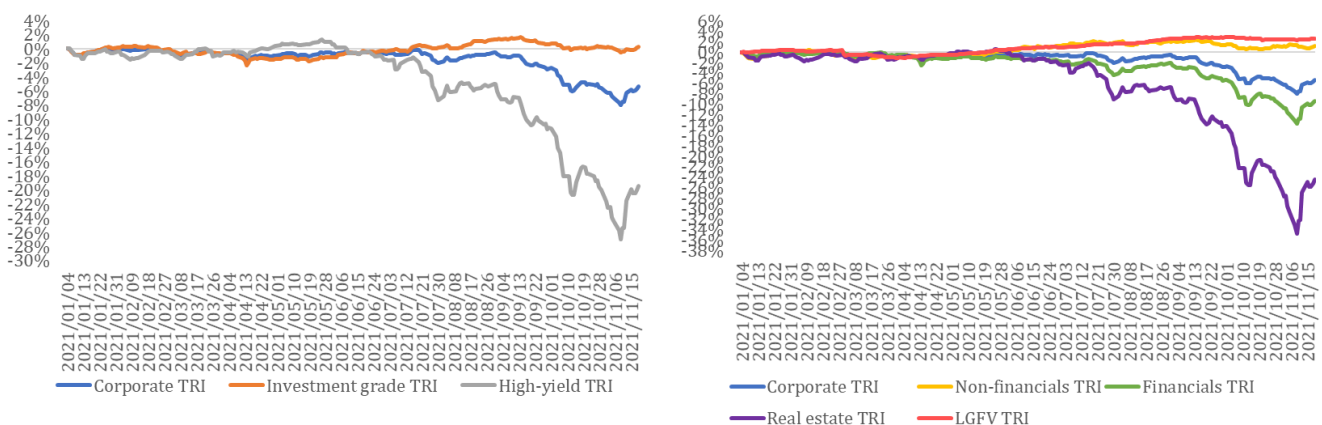
2021/11/18	Pizhou Communications Holding Group Co Ltd	USD	56	5.4	2022/11/22	364D	Chengtou	-/-	-/-
2021/11/18	Taizhou State-Owned Assets Investment Group Co Ltd	USD	90	2.02	2024/11/24	3	Chengtou	-/-	-/-
2021/11/18	Sinochem Hong Kong Group Co Ltd	EUR	500	0.75	2025/11/25	4	Real Estate	A3/A-/A	A3/A-/A
2021/11/18	Sinochem Hong Kong Group Co Ltd	USD	300	1.5	2024/11/24	3	Real Estate	A3/A-/A	A3/A-/A
2021/11/18	Sinochem Hong Kong Group Co Ltd	USD	500	2.25	2026/11/24	5	Real Estate	A3/A-/A	A3/A-/A
2021/11/19	Bilibili Inc	USD	1,400	0.5	2026/12/1	5	Technology	-/-	-/-
2021/11/19	Jiangsu Kewei Holding Group Co Ltd	USD	80	1.98	2024/11/24	3	Chengtou	-/-	-/-
2021/11/19	Jiangsu Kewei Holding Group Co Ltd	USD	83	1.98	2024/11/24	3	Chengtou	-/-	-/-
2021/11/19	Guotai Junan International Holdings Ltd	USD	30	0.78	2022/11/29	364D	Financials	Baa2/BBB+/-	-/-
2021/11/19	Tianjin Free Trade Zone Investment Holding Group Co Ltd	USD	200	3	2024/11/24	3	Chengtou	-/-/BBB	-/-
2021/11/19	Yueyang Construction and Investment Group Co Ltd	USD	220	3.48	2026/11/24	5	Chengtou	-/-/BBB-	-/-

Sources: Bloomberg, CCX research

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

As of November 19, the YTD return¹ on Chinese USD corporate bond index increased by 85bp from last Friday to -5.35%. The return on investment-grade bond increased by 38bp to 0.31%, and the return on high-yield bond rose by 208bp to -19.41%. In terms of sector indices, real estate bonds had the biggest increase, which rose 247bp from last Friday to -24.41%; the return on financial, non-financial and Chengtou bonds were -9.39%, 1.19% and 2.58%, increased by 123bp, 24bp and 16bp, respectively.

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

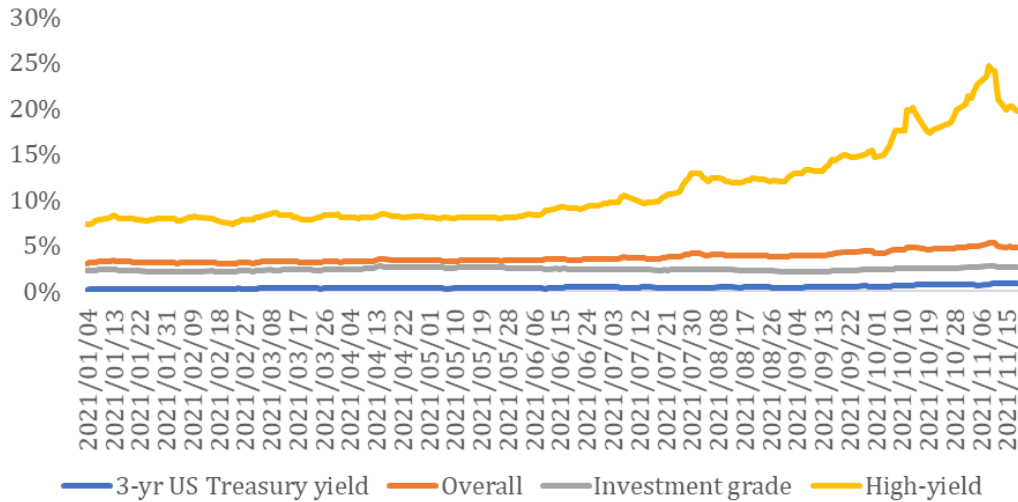


Sources: Bloomberg, CCX research

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

As of November 19, the yield-to-worst of Chinese dollar bonds decreased by 14bp to 4.74% from last Friday, of which investment grade bond index decreased by 8bp to 2.61%, and high-yield bond index decreased by 124bp to 19.72%.

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 15 to November 19, the rating agencies took positive rating actions on 3 Chinese issuers, and took negative rating actions on 11 Chinese issuers.

Table 2 : Credit rating changes of cross-border bond market (20211115-20211119)

	Entity	Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
International Rating:										
Upgrade	Midea Group Co Ltd	Consumer Discretionary	A	STABLE	2021/11/15	A-	POS	2020/11/10	S&P	Strong operating performance, brand strengthening and diversification
	Huatai Securities Co Ltd	Financials	BBB+	STABLE	2021/11/19	BBB	POS	2020/4/30	S&P	Strengthened Capitalization
	CMB International Leasing Management Ltd	Financials	Baa1	POS	2021/11/19	Baa1	Rating Watch Evolving	2021/11/12	Moody's	Stable financial metrics
Downgrade	Weibo Corp	Communications	Baa2	NEG	2021/11/15	Baa2	STABLE	2021/3/29	Moody's	Reduced cash buffer
	Jiangsu Zhongnan Construction Group Co Ltd	Real Estate	B-	NEG	2021/11/15	B	STABLE	2021/10/12	S&P	Deteriorating liquidity amid tightening funding channels
	China Aoyuan Group Ltd	Real Estate	CCC	NEG	2021/11/16	B	NEG	2021/11/15	S&P	Liquidity crunch

Kaisa Group Holdings Ltd	Real Estate	C		2021/11/16	CCC-		2021/11/9	Fitch	Missing interest payments
China SCE Group Holdings Ltd	Real Estate	B+	STABLE	2021/11/16	BB-	STABLE	2021/2/2	Fitch	Weakened financial flexibility amid capital-market volatility and a slowdown in contracted sales
Sino-Ocean Group Holding Ltd	Real Estate	BBB-	NEG	2021/11/18	BBB-	STABLE	2020/12/4	Fitch	Uncertain deleveraging trajectory
New Oriental Education & Technology Group Inc	Consumer Discretionary	Ba1	NEG	2021/11/18	Baa3	NEG	2021/7/27	Moody's	Weaker business profile and smaller scale
China Aoyuan Group Ltd	Real Estate	B-	Rating Watch Negative	2021/11/19	B+	NEG	2021/11/3	Fitch	Decreasing access to funding amid refinancing needs in the coming 12 months
Zhongliang Holdings Group Co Ltd	Real Estate	B+	NEG	2021/11/19	B+	POS	2021/5/28	Fitch	Decreasing financial flexibility amid high capital-market volatility
Zhenro Properties Group Ltd	Real Estate	B+	NEG	2021/11/19	B+	POS	2021/5/28	Fitch	Recent deterioration in market sentiment for Chinese developers
Bright Scholar Education Holdings Ltd	Consumer Discretionary	B1	NEG	2021/11/19	Ba3	NEG	2021/5/28	Moody's	Expected weaker business profile and smaller scale
Yinchuan Tonglian Capital Investment Operation Co Ltd	Chengtou	Ba1	STABLE	2021/11/19	Baa3	NEG	2021/3/26	Moody's	Weakened funding access

Sources: Bloomberg, Wind, CCX research

Panda Bond Market: SIIC and Far East Horizon issued 2 bonds this week

On November 15, SIIC Environment Holdings Ltd. issued the second series of Corporate Bond in the Shanghai Exchange Market, raising RMB1.5 billion, with a tenor of 5 years at a coupon rate of 3.40%.

On November 17, Far East Horizon Ltd issued the fourth series of Medium-term Note in the China's Interbank Market, raising RMB150 million, with a tenor of 2 years at the coupon rate of 4.04%.

Table 3 : New issuance of Panda Bond in 2021 (20210101-20211119)

Issuer	Amount (RMB billion)	Coupon (%)	Issue date	Maturity	Tenor	Bond Type	Issue Market	Local Rating Agency
Far East Horizon Limited	0.15	4.04	2021/11/18	2023/11/18	2	MTN	China Interbank Market	China Chengxin

SIIC Environment Holdings Ltd.	1.5	3.40	2021/11/15	2026/11/15	5	Corporate Bond	Shanghai Exchange Market	China Chengxin
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	4	3.29	2021/10/29	2027/10/29	6	Corporate Bond	Shenzhen Exchange Market	Lianhe Credit
Far East Horizon Limited	0.3	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 Institution Bond	China Interbank Market	China Chengxin
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
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: SIIC Environment Holdings Ltd.

Issuer profile: In November 2002, SIIC Environment Holdings Ltd (“SIIC”) was formerly a private limited company incorporated in Singapore. In 2005, the company was restructured into a Public Limited company, renamed Asia Water Technology Co., Ltd., and listed on the Singapore Catalist. In 2010, Shanghai Industrial Holdings Limited took control of the company, and the company changed its name to SIIC Environment Holdings Ltd. and listed on the main

board of the SGX in November 2012. In March 2018, SIIC was listed on the Hong Kong Stock Exchange and became a listed company in Singapore and Hong Kong. SIIC has a leading position in China's water and environmental protection industries. The company's main business is sewage treatment and water supply, with a supplement business of sludge treatment, solid waste power generation, etc. In recent years, the company's sewage treatment capacity has steadily improved through mergers and acquisitions, new construction. At present, the company has become an active investor and operator in the environmental protection industry. Thanks to the improvement of project capacity utilization rate and the rising volume and price of sewage treatment and water supply businesses, SIIC's operating income continued to grow, with a steady increase of gross margin, showing an overall stronger profitability. In addition, the company achieves better asset quality and reasonable debt structure. As a listed company in Singapore and Hong Kong Exchange Market, the financing channels are broad enough to support its business. However, the level of financial leverage and refinancing capabilities of the company deserve further attention. On the one hand, the company's debt scale is growing with moderate financial leverage. In the future, projects under construction and proposed will still require a large amount of investment, exerting challenges to the company in terms leverage level. On the other hand, the company's restricted assets account for more than 40% of the total, to a certain extent, restricting the company's refinancing capacity. By the end of 2020, the Company's total assets amount to RMB347.52, up 7.37% year-on-year; the revenue of RMB6,252 million, increased by 4.91% year-on-year, net profit of RMB918 million, rose by 21.67% year-on-year. For the financial indicators, at the end of 2020, the asset-liability ratio is 62.53%, dropped by 83bp year-on-year; the total capitalization ratio is 54.36%, down 86bp year-on-year.

Issuance history: SIIC entered the panda bond market in 2021 and has so far issued two bonds, raising a total of RMB 3 billion. The two bonds were issued on March 15 and November 15 respectively, with the same coupon elements. Two bonds both issued on Shanghai Stock Exchange Market, with a total issuance volume of RMB 1.5 billion and a five-year maturity, usage of proceeds of repaying the debt and replenishing working capital. Cost of the issuance showed a downward trend: the coupon rates of the two bonds were 3.89% and 3.40% respectively, the average coupon rate was 3.65%, the spreads were 79bp and 64bp, and the average spread was 72bp.

Table 4: Historical Issuance of SIIC 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	SIIC	2021/3/15	2026/3/15	5	1.5	3.89	79	To repay the outstanding debt	Corporate Bond	Shanghai Exchange Market
2	SIIC	2021/11/15	2026/11/15	5	1.5	3.4	64	To repay the outstanding debt and replenish working capital	Corporate Bond	Shanghai Exchange Market

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