

## 2021 Issue 47

From December 20 to December 24

## Chinese offshore bond issuance and return on Chinese USD bond decreased

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**Headline: Japanese government budget hits record high for ten consecutive years**

December 24, Japanese government announced the budget for fiscal year 2022 (April 2022 to March 2023). The budget expenditure is approximately JPY107.6 trillion (approximately RMB6 trillion), hitting record high for ten consecutive years. The proposed amount is also the largest size of annual budget since World War II. The budget expenditure is mainly focusing on economic recovery, and social welfare to deal with the acceleration on population aging. With the possibility of additional budget, the actual expenditures may be even higher.

**Exchange Rate: RMB exchange rate fluctuated slightly**

The RMB exchange rate continued to fluctuate slightly. As of December 24, the RMB mid-point rate closed at 6.3692.

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

This week, Chinese Government Bond yields generally declined, while the one-year government bond yields rose slightly. As the market's concerns about the impact of Omicron faded, US treasury yields rose. As of December 24, the yield spread between China and US 10-year note was 132.8bp, narrowing by 12.2bp from last Friday and narrowing by 93.7bp from the beginning of the year.

**Chinese Offshore Bond Market****Primary Market: Chinese offshore bond issuance further decreased before Christmas, Chengtuo enterprises were the major issuer**

From December 20 to December 24, there were 11 new issues with a total issued volume of USD1.03 billion, dropping by 44.9% from last Friday. Among them, Chengtuo enterprises were the major issuer, with a total issued volume of USD0.91 billion

**Secondary Market: Return on Chinese USD bond decreased; Real estate bond had the biggest drop**

As of December 24, the YTD return on Chinese USD corporate bond index decreased by 24bp from last Friday to -5.98%. The return on investment-grade bond dropped by 22bp to 0.27%, and the return on high-yield bond fell by 30bp to -21.57%. In terms of sector indices, real estate bonds had the biggest drop, which decreased by 40bp from last Friday to -27.93%.

**Rating Action: CCXAP assigns first time ratings to Yixing City Construction Culture Tourism Group Co. Ltd and Jinan Economic Development Investment Co. Ltd.**

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

**Issuer Analysis: China Everbright Environment Group Limited**

## Headline: Japanese government budget hit record high for ten consecutive years

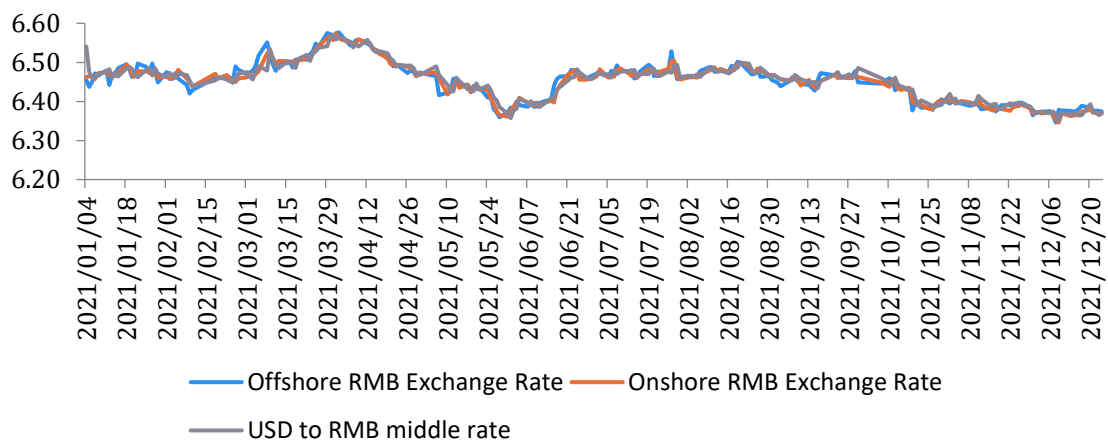
December 24, Japanese government announced the budget for fiscal year 2022 (April 2022 to March 2023). The budget expenditure is approximately JPY107.6 trillion (approximately RMB6 trillion), hitting record high for ten consecutive years. The proposed amount is also the largest size of annual budget since World War II. With the possibility of additional budget, the actual expenditures may be even higher.

The budget expenditure is mainly focusing on economic recovery, and social welfare to deal with the acceleration on population aging. In fact, the expenditure for social welfare accounts for one-third of the total budget, reaching a record high of JPY36.27 trillion, increasing by JPY440 billion from last year. The budget proposal also includes issuance of JPY36.9 trillion worth of bonds, lower than the scale of JPY43 trillion from the previous plan. The budget expenditure for pandemic response is JPY5 trillion, which is the same as the original budget in fiscal year 2021. Japan is currently the third biggest economy among the world, whose aggregate size of the public debt is doubled the size of its economic structure.

## Exchange Rate: RMB exchange rate fluctuated slightly

This week, the RMB exchange rate continued to fluctuate slightly. As of December 24, the RMB mid-point rate closed at 6.3692, increased by 41bp from last Friday; the onshore RMB exchange rate declined by 342bp to 6.3700; the offshore RMB exchange rate declined by 146bp to 6.3740.

Figure 1 : RMB exchange rate

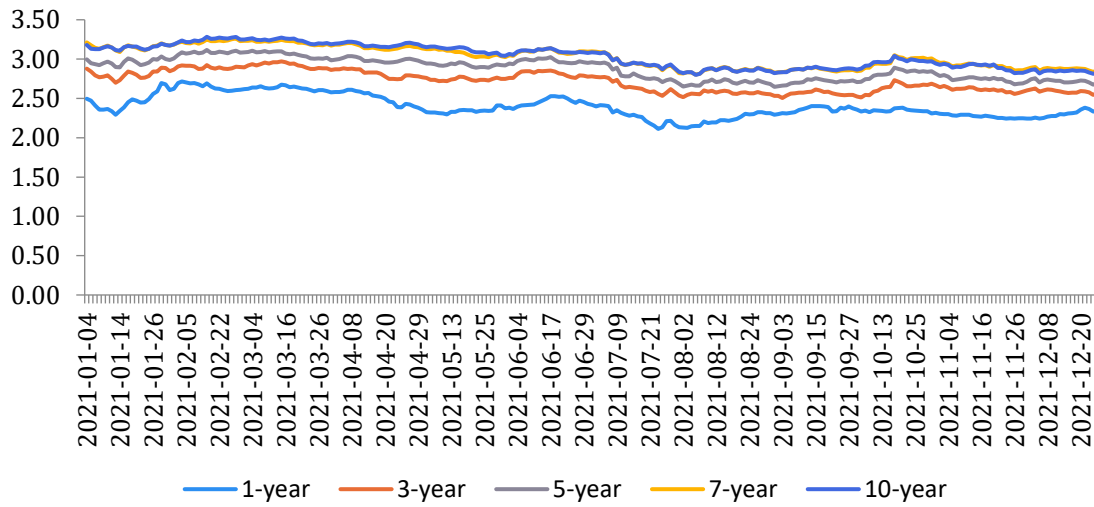


Sources: Wind, CCX research

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

The Chinese Government Bond yields generally declined this week. As of December 24, the 3-year, 5-year, 7-year, and 10-year Chinese Government Bond yields fluctuated downward compared to last Friday, closed at 2.5596%, 2.6855%, 2.8497%, and 2.8203% respectively, while the 1-year government bond yields fluctuated upward and closed at 2.3386%.

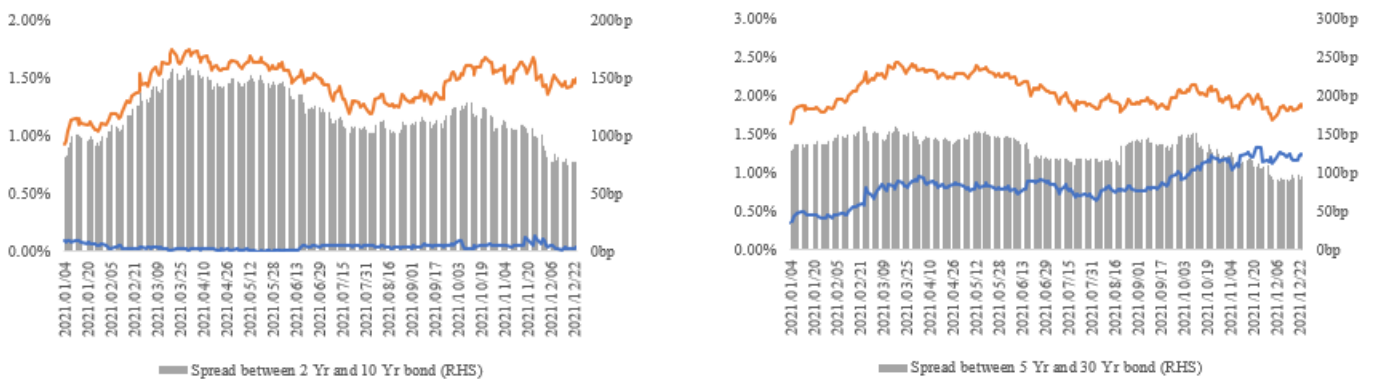
Figure 2 : China Government Bond yields



Sources: ChinaBond.com.cn, CCX research

As the market’s concerns about the impact of Omicron faded, the US treasury yields rose. 2-year Treasury yield, 5-year, 10-year, and 30-year Treasury yields closed at 0.71%, 1.25%, 1.50%, and 1.91%, increasing by 5bp, 7bp, 9bp and 9bp from last Friday, respectively. In terms of Treasury yield spreads, the spread between the 2-year and 10-year widened by 4bp to 79bp, while the spread between the 5-year and 30-year widened by 3bp to 97bp.

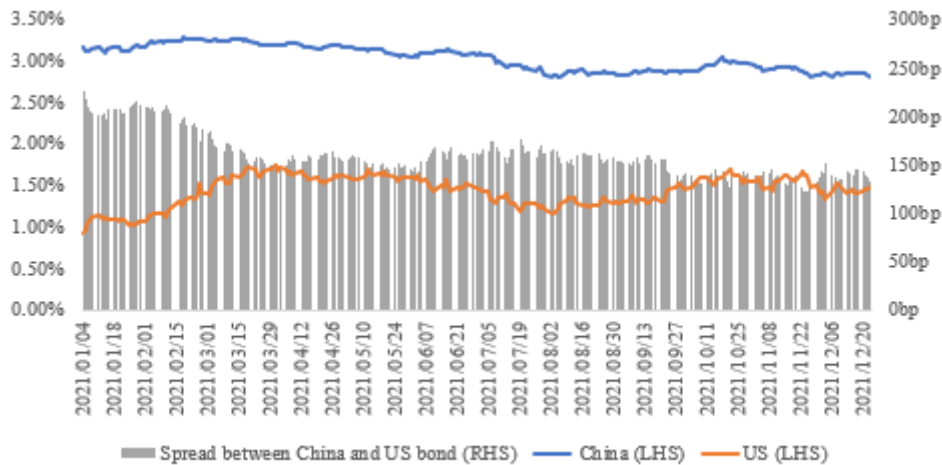
Figure 3 : US Treasury yields and yield spreads



Sources: US Department of the Treasury, CCX research

As of December 24, the yield spread between China and US 10-year note was 132.8bp, narrowing by 12.2bp from last Friday and narrowing by 93.7bp 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 further decreased before Christmas, Chengtou enterprises were the major issuer

From December 20 to December 24, there were 11 new issues with a total issued volume of USD1.03 billion, dropping by 44.9% from last Friday. Among them, Chengtou enterprises were the major issuer, with a total issued volume of USD0.91 billion.

Table 1 : New issuance of Chinese offshore bonds (20211220-20211224)

Pricing Date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/Fitch)	Issue Rating (Moody's/S&P/Fitch)
2021/12/20	Nanjing Liuhe Economic Technology Development Corp	USD	43	1.9	2022/12/22	364D	Chengtou	-/-	-/-
2021/12/20	Shandong Commercial Group Co Ltd	USD	120	3.5	2024/11/16	3	Consumer Discretionary	-/-	-/-
2021/12/20	Zhaoqing Gaoyao District State-owned Assets Operation Co Ltd	USD	48	1.9	2022/12/23	364D	Chengtou	-/-	-/-
2021/12/20	Hangzhou Qiantang New Area City Development Group Co Ltd	USD	100	3.98	2024/12/22	364D	Chengtou	-/-	-/-
2021/12/21	Haiyan Hangzhou Bay Investment Development Group Co Ltd	USD	60	1.95	2024/12/24	3	Chengtou	-/-	-/-
2021/12/22	Nanjing Liuhe Economic Technology Development Corp	USD	98	1.9	2022/12/27	364D	Chengtou	-/-	-/-
2021/12/22	Xi'an Aviation City Construction & Development Group Co Ltd	USD	67	6.2	2024/12/28	3	Chengtou	-/-	-/-
2021/12/23	Haining Yangshan Industrial Group Co Ltd	USD	150	1.95	2024/12/29	3	Chengtou	-/-	-/-
2021/12/23	Huzhou New City Investment Development Group Co Ltd/China	USD	200	2.58	2025/1/4	3	Chengtou	-/-	-/-
2021/12/23	Zhejiang Changxing Financial Holdings Group Co Ltd	USD	98	1.95	2025/1/6	3	Chengtou	-/-	-/-
2021/12/24	Jingjiang Port Group Co Ltd	USD	50	1.95	2025/1/5	3	Chengtou	-/-	-/-

Sources: Bloomberg, CCX research

From December 20 to 23, 4 companies announced tap bond offering.

Table 2 : Tap bond offering (20211220-20211224)

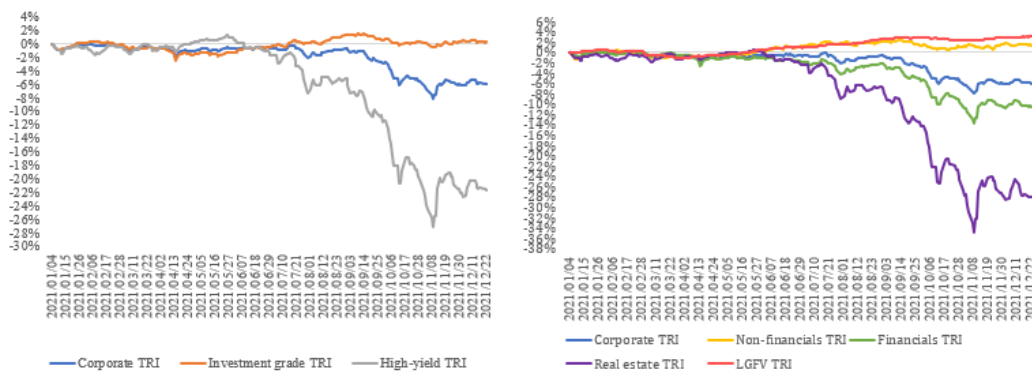
Pricing date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/Fitch)	Issue Rating (Moody's/S&P/Fitch)
2021/12/20	Wuhan Dangdai Science & Technology Industries Group Co Ltd	USD	200 (Reoffered 50)	9.25	2022/11/15	1	Healthcare	-/-/-	-/-/-
2021/12/20	Powerlong Real Estate Holdings Ltd	USD	435 (Reoffered 135)	5.95	2025/4/30	4.5	Real Estate	B1/B+/-	B1/B+/-
2021/12/22	Shandong Commercial Group Co Ltd	USD	275 (Reoffered 75)	7	2024/11/29	3	Consumer Discretionary	-/-/-	-/-/-
2021/12/23	China SCE Group Holdings Ltd	USD	450 (Reoffered 150)	5.95	2024/9/29	3.5	Real Estate	B1/B/B+	-/-/ B+

Sources: Bloomberg, CCX research

### Secondary Market: Return on Chinese USD bond decreased; Real estate bond had the biggest drop

As of December 24, the YTD return<sup>1</sup> on Chinese USD corporate bond index decreased by 24bp from last Friday to -5.98%. The return on investment-grade bond dropped by 22bp to 0.27%, and the return on high-yield bond fell by 30bp to -21.57%. In terms of sector indices, real estate bonds had the biggest drop, which decreased by 40bp from last Friday to -27.93%; the return on financial and non-financial bond fell by 19bp and 32bp to -10.47% and 1.3% respectively; the return on Chengtou bond was 3.07%, increased by 7bp from last Friday.

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

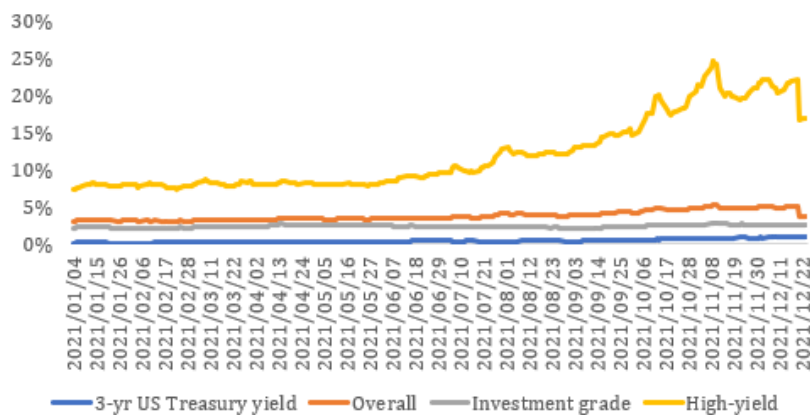


Sources: Bloomberg, CCX research

As of December 24, the yield-to-worst of Chinese dollar bonds decreased by 131bp to 3.74% from last Friday, of which investment grade bond index increased by 6bp to 2.56%, and high-yield bond index decreased by 504bp to 16.79%.

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

<sup>1</sup> Year-to-date return measures the return since January 4, 2021



Sources: Bloomberg, CCX research

### Rating Action: CCXAP assigns first time ratings to Yixing City Construction Culture Tourism Group Co. Ltd and Jinan Economic Development Investment Co. Ltd.

On December 22, China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a first-time BBB<sub>g</sub> long-term credit rating to Yixing City Construction Culture Tourism Group Co Ltd (“YCCT”), with stable outlook.

On December 24, CCXAP has assigned a first-time BBB<sub>g-</sub> long-term credit rating to Jinan Economic Development Investment Co. Ltd. (“JEDI”), with stable outlook.

**Table 3 : CCXAP’s rating action (20211220-20211224)**

Date	Entity	Issuer Rating	Rating Rationale
2021/12/22	YCCT	BBB <sub>g</sub>	The credit rating is underpinned by the Company’s (1) key role in regional infrastructure construction and urban services in Yixing City; and (2) operations of key tourism resources in Yixing City. However, the rating is constrained by the Company’s (1) undermined tourism business, which is adversely affected by the COVID-19 pandemic; (2) high debt leverage and rapid debt growth; and (3) certain contingent risks given its sizable external guarantees
2021/12/24	JEDI	BBB <sub>g-</sub>	The credit rating is underpinned by the Company’s (1) important position in infrastructure construction in Jiyang District, Jinan; (2) sound development momentum from trading business; and (3) relatively low debt leverages. However, the rating is also constrained by the Company’s (1) capital expenditure pressure resulting from large construction pipelines; and (2) weak asset liquidity.

From December 20 to 24, rating agencies took positive rating actions on 2 Chinese issuers, took negative rating actions on 5 Chinese issuers.

**Table 4 : Credit rating changes of cross-border bond market (20211220-20211224)**

Entity	Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change
		Entity	Outlook	Date	Entity	Outlook	Date		

		Rating			Rating					
<b>International Rating:</b>										
Upgrade	China International Capital Corp Ltd, China International Capital Corp. (Hong Kong) Ltd.	Financial	BBB+	STABLE	2021/12/23	BBB	STABLE	2019/12/19	S&P	Comparative strength
	RiseSun Real Estate Development Co., Ltd	Real Estate	Caa2	NEG	2021/12/20	B3	NEG	2021/12/06	Moody's	Exchange offer and consent solicitation expose high liquidity risk
Downgrade	RiseSun Real Estate Development Co., Ltd	Real Estate	C	-	2021/12/20	B	NEG	2021/10/28	Fitch	Distressed debt exchange
	Shinsun Holdings Group Co Ltd	Real Estate	B3	Rating Watch Negative	2021/12/20	B2	STABLE	2021/05/13	Moody's	Weakened funding access led to higher refinancing risk
	Wisdom Education International Holdings Co Ltd	Consumer Discretionary	B3	NEG	2021/12/21	Ba3	NEG-	2021/05/28	Moody's	Weaker business profile and smaller scale
	Shimao Group Holdings Limited	Real Estate	B+	NEG	2021/12/21	BB+	NEG	2021/11/10	S&P	Increase in refinancing risk
	Wisdom Education International Holdings Co Ltd	Consumer Discretionary	B-	-	2021/12/23	BB-	NEG	2021/09/27	Fitch	Weaker business profile and smaller scale
<b>Domestic Ratings:</b>										
Downgrade	Hengda Real Estate Group Company Limited	Real Estate	B	Rating Watch Negative	2021/12/20	BB	Rating Watch Negative	2021/12/07	CCXI	Deteriorating liquidity

Sources: Bloomberg, Wind, CCX research

## Panda Bond Market: No New issuance this week

Table 5 : New issuance of Panda Bond in 2021 (20210101-20211224)

Issuer	Amount (RMB billion)	Coupon (%)	Issue date	Maturity	Tenor	Bond Type	Issue Market	Local Rating Agency
Hungary	1	3.28	2021/12/16	2024/12/16	3	International Institution Bond	China Interbank Market	Lianhe Credit
Trafigura Group	0.7	5.00	2021/12/13	2024/12/13	3	PPN	China Interbank Market	Lianhe Credit
Bank of China Group Investment Limited	2	3.19	2021/12/8	2024/12/8	3	MTN	China Interbank Market	China Chengxin
BMW Finance N.V.	1	2.9	2021/11/25	2022/11/25	1	CP	China Interbank Market	China Chengxin
BMW Finance N.V.	1.5	3.28	2021/11/25	2024/11/25	3	MTN	China Interbank Market	China Chengxin

Asian Development Bank	1	2.78	2021/11/25	2026/11/25	5	International Institution Bond	China Interbank Market	--
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
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: China Everbright Environment Group Limited

**Issuer profile:** China Everbright Environment Group Limited was formerly known as Xinan Zhiye Co., Ltd. established in 1961. In 1993, the company was acquired by China Everbright Group Co., Ltd. and renamed China Everbright International Co., Ltd. In 2003, the company entered the field of environmental protection and new energy under the strategic guidance and support of China Everbright Group. On May 8, 2017, its holding subsidiary, China Everbright Greentech Limited, was listed on the main board of the Hong Kong Stock Exchange. On May 8, 2019, another holding subsidiary, China Everbright Water Limited, was listed on HKSE, becoming a listed company both in Singapore and Hong Kong. In September 2020, Everbright International changed its name to Everbright Environment. As at the end of 2020, the company has issued a total of 6.143 billion shares of stocks. Everbright Group holds 43.01% of the shares and is the controlling shareholder, while the actual controller of the company is the State-owned Assets Supervision and Administration Commission of the State Council. Now, China Environment has become the largest waste-to-energy company in China, and it also deploys environmental protection businesses such as biomass power generation and sewage treatment. The company enjoys credit strength including that as an important entity investor in the environmental protection business of Everbright Group, it has strong shareholder support, that the industry of environmental protection enjoys strong national policy support, and that the company ranks top in a myriad of its products' markets, with outstanding scale of economy advantages. What's more, in 2020, the company's business scale continued to expand, with its revenue increased by 14.29% year-on-year, there are about 134 projects under construction and preparations in its main business segment. However, it is also important to notice that the company's renewable energy tariff subsidies are relatively large, with large amount of accounts payable negatively influencing its operating cash flow, that the pressure on future capital expenditures will be greater, and that the biomass power generation industry is highly dependent on policies, so policy adjustments will have an impact on the company's future performance.

**Issuance history:** China Everbright Environment Group Limited is a new issuer entering the Panda Bond market in 2021. Up to now, a total of 1 panda bond has been issued. It was a 3-year MTN issue on the China Interbank Exchange Market on June 15<sup>th</sup>, raising RMB2 billion with the usage of proceeds of supplementing daily operations of the issuer's subsidiaries and repaying bank loans. The bond's interest rate was 3.60% and the spread was 75bp.

**Table 6: Historical Issuance of China Everbright Environment Group Limited in the Panda Bond Market**

No.	Issuer	Issue date	Maturity	Tenor	Amount (RMB billion)	Coupo n (%)	Spread (BP)	Use of Proceeds	Bond Type	Issue Market
1	China Everbright Environment Group Limited	2021/6/15	2024/6/15	3	2	3.60	75	To supplement daily operations of subsidiaries and to repay bank loans	MTN	China Interbank Market

Sources: Bloomberg, CCX research

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