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From April 4 to April 8

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Chinese offshore bond issuance decreased drastically; return on Chinese USD bond rose**Headline: US and ECB released monetary policy decisions; Pakistan PM was ousted**

This week, the Fed's hawkish meeting minutes in March hinted that one or more rate hikes by 50bps may be needed in the future. Some Fed officials believed that a more aggressive rate hikes are needed to control inflation. The European Central Bank's March meeting was relatively cautious, showing that there were currently differences within the European Central Bank on how to deal with inflation. Some officials advocated a "watch and wait" stance, fearing that the conflict between Russia and Ukraine could lead to a "technical recession." In addition, a no-confidence motion against Pakistani Prime Minister Imran Khan was passed on April 10, who becomes the first prime minister in Pakistan's history to be ousted by the National Assembly.

Exchange Rate: RMB exchange rate fluctuated upward

This week, the RMB exchange rate fluctuated upward. As of April 8, the RMB mid-point rate closed at 6.3653, increased by 230bp compared with last Friday.

Interest Rate: China Government Bond yields fluctuated downward; US treasury yields soared

This week, China Government Bond yields fluctuated downward. The 1-year China Government Bond yields decreased by 3.83bp compared with last Friday. As the Vice Chair of the Fed released a hawkish signal, US Treasury yields soared. As of April 8, the yield spread between China and US 10-year note was 5.3bp, narrowing by 33.9bp from last Friday and narrowing by 109.5bp from the beginning of the year.

Chinese Offshore Bond Market**Primary Market: Chinese offshore bond issuance decreased drastically**

From April 4 to April 8, there were 11 new issues with a total issued volume of USD1.9 billion, decreasing by 75.8% from last week. Among them, Power Construction Corporation of China Ltd was the largest issuer, with issuance of USD500 million.

Secondary Market: Return on Chinese USD bond rose

As of April 8, the YTD return on Chinese USD corporate bond index increased by 31bp from last Friday to 6.3%. The return on investment-grade bonds decreased by 39bp to -5.02%, and the return on high-yield bonds increased by 314bp to -10.31%. In terms of sector indices, the return on real estate bonds increased the most, which increased by 409bp from last Friday to -15.35%.

Rating Action: CXXAP assigns BBB_g+ to Yangzhou Economic and Technological Development Zone Development (Group) Co. Ltd.'s proposed USD green bonds**Panda Bond Market****China Everbright Greentech Limited issued a new panda bond**

On April 8, China Everbright Greentech Limited successfully issued the first tranche of green medium-term notes (Bond Connect) in 2022 in the inter-bank bond market, with a term of 5 years, raised funds of 1.2 billion yuan, and a coupon rate of 3.27%.

Issuer Analysis: China Everbright Greentech Limited

Headline: US and ECB released monetary policy decisions; Pakistan PM was ousted

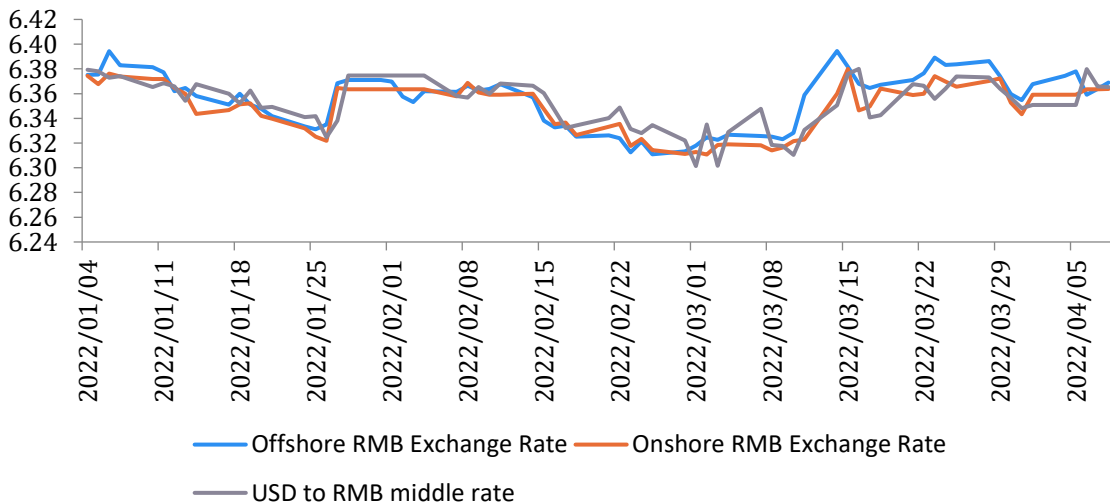
This week, the Fed's hawkish meeting minutes in March hinted that one or more rate hikes by 50bps may be needed in the future, and a proposed monthly reduction of USD95 billion in asset (USD60 billion treasuries + USD35 billion MBS) may be appropriate. Some Fed officials believed that a more aggressive rate hikes are needed to control inflation. The European Central Bank's March meeting was relatively cautious, showing that there were currently differences within the European Central Bank on how to deal with inflation. Some officials advocated a "watch and wait " stance, fearing that the conflict between Russia and Ukraine could lead to a "technical recession."

In addition, a no-confidence motion against Pakistani Prime Minister Imran Khan was passed on April 10, who becomes the first prime minister in Pakistan's history to be ousted by the National Assembly. Pakistan's last National Assembly election was held on July 25, 2018. The Justice Movement party led by Imran Khan won and became the largest party in the National Assembly. Imran Khan was sworn in as Prime Minister on August 18, 2018.

Exchange Rate: The RMB exchange rate fluctuated upward

This week, the RMB exchange rate fluctuated upward. As of April 8, the RMB mid-point rate closed at 6.3653, increased by 144bp compared with last Friday; the onshore RMB exchange rate increased by 46bp to 6.3637 compared with last Friday; the offshore RMB exchange rate increased by 11bp to 6.3689 compared with last Friday.

Figure 1 : RMB exchange rate

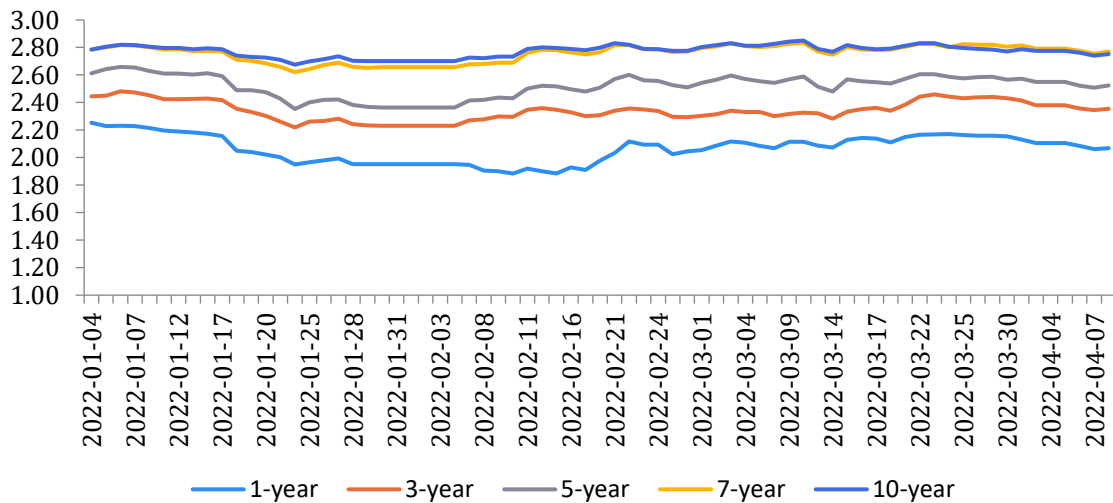


Sources: Wind, CCX research

Interest Rate: China Government Bond yields fluctuated downward; US treasury yields soared

The China Government Bond yields fluctuated downward this week. As of April 8, the 1-year, 3-year, 5-year, 7-year, and 10-year China Government Bond yields declined since last Friday, closing at 2.0669%, 2.3541%, 2.5240%, 2.7700%, and 2.7529% respectively, decreasing by 3.83bp, 2.66bp, 2.55bp, 2.25bp, and 2.14bp respectively.

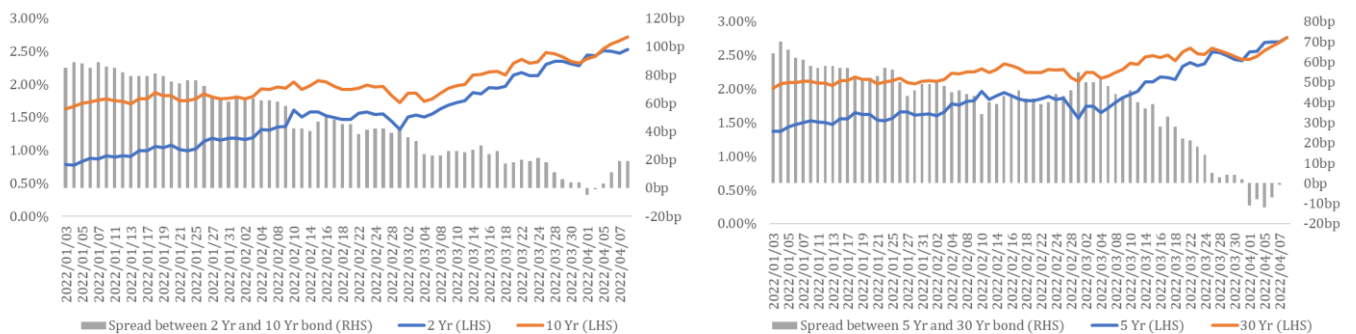
Figure 2 : China Government Bond yields



Sources: ChinaBond.com.cn, CCX research

As the Vice Chair of the Fed released a hawkish signal of the future possibility of a one-off rate hike of 50bps and the future roadmap for the balance sheet reduction, US Treasury yields soared. As of April 8, the 2-year, 5-year, 10-year and 30-year Treasury yields were 2.53%, 2.76%, 2.72% and 2.76% respectively, increasing by 9bp, 21bp, 33bp and 32bp from last Friday respectively. In terms of U.S. Treasury bond spreads, the 2-year and 10-year Treasury bond spreads widened by 24bp to 19bp from last Friday, and the 5-year and 30-year Treasury bond spreads widened by 11bp to 0bp from last Friday.

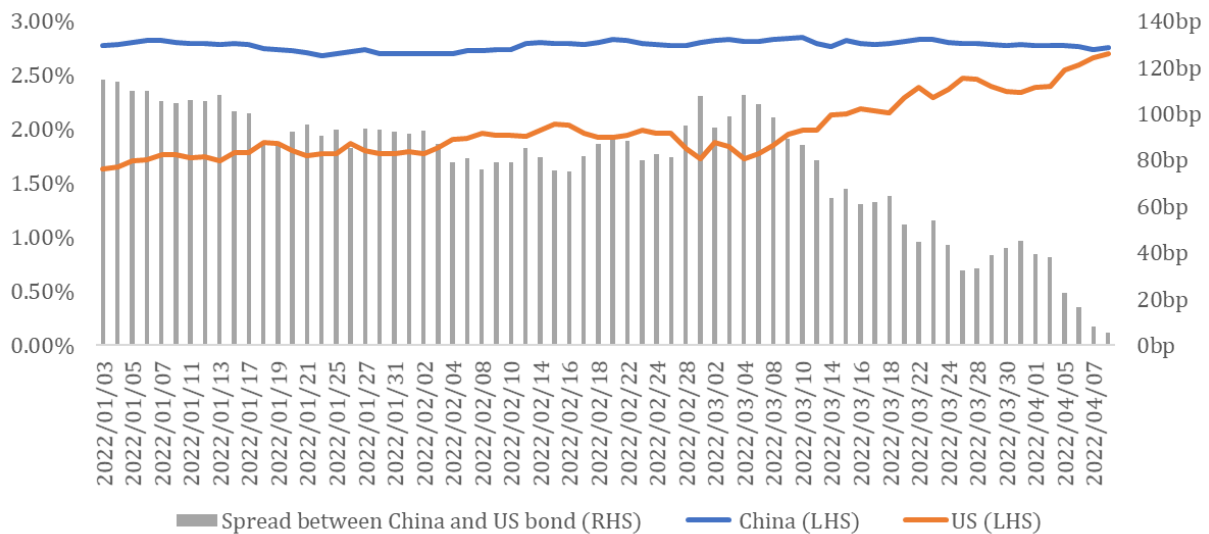
Figure 3 : US Treasury yields and yield spreads



Sources: US Department of the Treasury, CCX research

As of April 8, the yield spread between China and US 10-year note was 5.3bp, narrowing by 33.9bp from last Friday and narrowing by 109.5bp 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 decreased drastically

From April 4 to April 8, there were 11 new issues with a total issued volume of USD1.9 billion, decreasing by 75.8 % from last week. Among them, Power Construction Corporation of China Ltd was the largest issuer, with issuance of USD500 million.

Table 1 : New issuance of Chinese offshore bonds(20220404-20220408)

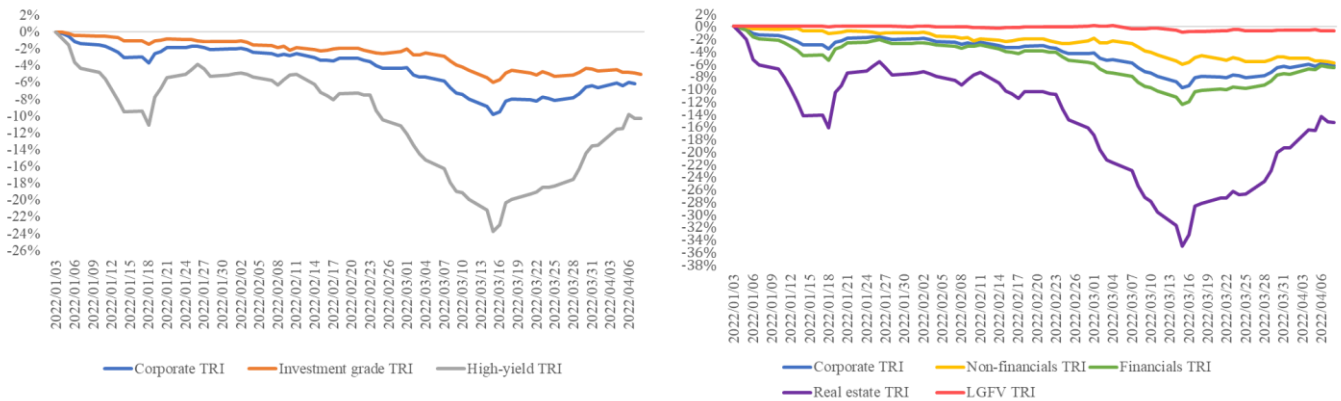
Pricing Date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating (Moody's/S&P/Fitch)	Issue Rating (Moody's/S&P/Fitch)
2022/4/4	China International Capital Corp Hong Kong Ltd	USD	1	1.75	2023/4/11	364D	Banks	Baa1/BBB+/BBB+	Baa1/-/-
2022/4/6	Bank of China Ltd	USD	26	2.6	2023/10/29	1.56	Financials	A1/A/A	A1/A/A
2022/4/6	Tianfeng Securities Co Ltd	USD	50	4	2025/4/6	3	Chengtou	-/-/-	-/-/-
2022/4/7	Ganzhou Development Investment Holding Group Co Ltd	USD	300	4.5	2025/4/14	3	Industrials	Baa3/-/BBB-	Baa3/-/BBB-
2022/4/7	Power Construction Corp of China	USD	500	4.25	-	Perpetual	Chengtou	Baa1/BBB+/BBB+	Baa2/-/-
2022/4/7	Xi'an Municipal Infrastructure Construction Investment Group Corp Ltd	USD	200	3.5	2025/4/14	3	Chengtou	-/-/BBB+	-/-/BBB+
2022/4/7	Yangzhou Economic & Technological Development Zone Development Corp	USD	300	4	2025/4/14	3	Chengtou	Ba1/BB+/-	Ba1/BB+/-
2022/4/8	Jiangsu GaoKai Investment Development Group Co Ltd	USD	48	3.5	2025/4/14	3	Real Estate	-/-/-	-/-/-
2022/4/8	Redco Properties Group Ltd	USD	154	13	2023/4/7	364D	Real Estate	-/-/C	-/-/-
2022/4/8	Redco Properties Group Ltd	USD	267	11	2023/8/6	1.33	Chengtou	-/-/C	-/-/-
2022/4/8	Zhejiang Changxing Financial Holdings Group Co Ltd	USD	58	3.7	2025/4/13	3	Chengtou	-/-/-	-/-/-

Sources: Bloomberg, CCX research

Secondary Market: Return on Chinese USD bond rose

As of April 8, the YTD return¹ on Chinese USD corporate bond index increased by 31bp from last Friday to -6.30%. The return on investment-grade bonds decreased by 39bp to -5.02%, and the return on high-yield bonds increased by 314bp to -10.31%. In terms of sector indices, the returns on non-financial and Chengtou bonds were -5.82% and -0.70%, decreasing by 72bp and 6bp from last Friday, respectively; the returns on financial and real estate bonds were -6.60% and -15.35%, increased by 105bp and 409bp from last Friday, respectively.

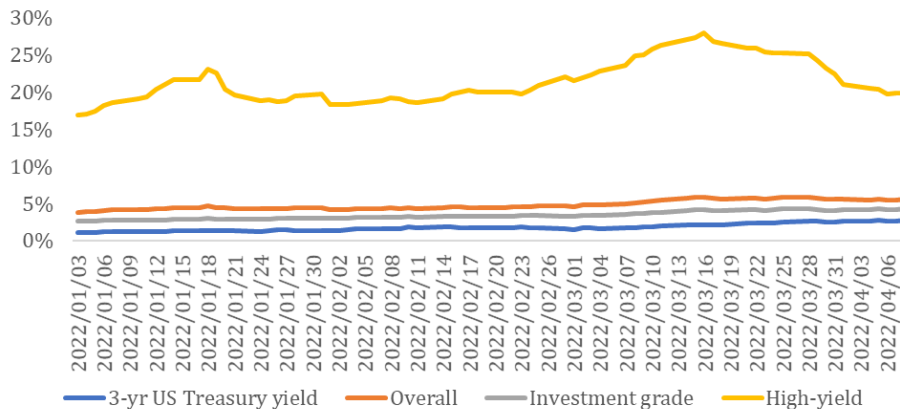
Figure 5 : YTD return on Markit IBoxx Chinese USD bond index



Sources: Bloomberg, CCX research

As of April 8, the yield-to-worst of Chinese dollar bonds increased by 3bp to 5.54% from last Friday, of which investment grade bond index increased by 8bp to 4.24%, and high-yield bond index decreased by 107bp to 19.90%.

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



Sources: Bloomberg, CCX research

Rating Action: CCXAP assigns BBB_g+ to Yangzhou Economic and Technological Development Zone Development (Group) Co. Ltd.’s proposed USD green bonds

On April 6, China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a senior unsecured debt rating of BBB_g+ to the proposed green USD bonds to be issued by Yangzhou Economic and Technological Development Zone Development (Group) Co. Ltd. (“YETD” or the

¹ Year-to-date return measures the return since January 3, 2022

“Company”) (BBB_g+ / stable).

Table 2: Rating Action of CCXAP (20210404-20220408)

Date	Entity	Issuer Rating	Debt Rating	Rating Rationale
2022/4/6	YETD	BBB _g +	BBB _g +	The senior unsecured debt rating of the bonds is equal to YETD’s long-term credit rating as first-time assigned by CCXAP on 28 March 2022. We believe that the government support will flow through the Company given the Company’s important position in the regional infrastructure construction of Yangzhou ETDZ, thereby mitigating any differences in expected loss that could result from structural subordination.

Sources: CCX research

From April 4 to April 8, rating agencies took positive rating action on 3 Chinese issuers and negative rating action on 12 Chinese issuers.

Table 3: Credit rating changes of cross-border bond market (20220404-2022408)

	Entity	Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
International Rating:										
Upgrade	China Hongqiao Group Ltd	Industrials	BB-	POS	2022/4/7	BB-	STABLE	2021/4/21	S&P	deleveraging trend, favorable industry conditions
	Zijin Mining Group Co Ltd	Energy	BBB-	STABLE	2022/4/8	BB+	POS	2021/4/12	S&P	strengthening business position
	China Jinmao Holdings Group Ltd	Real Estate	BBB-	STABLE	2022/4/8	BBB-	NEG	2020/3/27	S&P	deleveraging amid industry downcycle
Downgrade	Guangdong Hong Kong Greater Bay Area Holdings Ltd	Real Estate	B-	RWN	2022/4/4	B-	STABLE	2021/10/8	Fitch	delay in the publication of the company's audited financial statements
	Health and Happiness (H&H) International Holdings Limited	Consumer Discretionary	BB+	NEG	2022/4/4	BB+	STABLE	2022/1/17	S&P	challenges in defending market share and margins
	Central China Real Estate Ltd	Real Estate	B3	NEG	2022/4/4	B1	NEG	2021/10/20	Moody's	weakening liquidity and rising refinancing risks
	Country Garden Holdings Co Ltd	Real Estate	BBB-	NEG	2022/4/4	BBB-	STABLE	2021/6/25	Fitch	difficult funding access and operating environment for Chinese property developers
	Zhongliang Holdings Group Co Ltd	Real Estate	B3	NEG	2022/4/6	B2	NEG	2022/2/18	Moody's	weakening liquidity and rising

Sino-Ocean Group Holding Ltd	Real Estate	Baa3	NEG	2022/4/6	Baa3	STABLE	2020/5/25	Moody's	refinancing risks weaken sales in the next 12-18 months
Road King Infrastructure Ltd	Real Estate	B+	STABLE	2022/4/6	BB-	STABLE	2020/8/25	S&P	normalizing margin hinders deleveraging
Landsea Green Properties Co Ltd	Real Estate	B3	NEG	2022/4/6	B2	NEG	2022/3/7	Moody's	weakening liquidity and rising refinancing risks
Redsun Properties Group Ltd	Real Estate	B3	NEG	2022/4/7	B2	NEG	2022/1/28	Moody's	weakening liquidity and rising refinancing risks
Times China Holdings Ltd	Real Estate	B2	NEG	2022/4/7	B1	NEG	2022/2/17	Moody's	liquidity will weaken because of its declining operating cash flow
Guangzhou R&F Properties Co Ltd	Real Estate	SD	-	2022/4/8	CC-	NEG	2022/1/17	S&P	distressed debt extension
Honghua Group Ltd	Energy	B-	RWN	2022/4/8	B	RWN	2021/11/30	Fitch	heightened liquidity risk and business performance deterioration
Country Garden Holdings Co Ltd	Real Estate	BB+	STABLE	2022/4/8	BB+	POS	2021/9/2	S&P	slower deleverage

Domestic Rating:

downgrade

Wuhan Dangdai Science&Technology Industries (Group) Co Ltd	Health Care	AA-	NEG	2022/4/8	AA+	NEG	2022/4/2	DaGong	high pressure on liquidity, and reducing debt repayment ability
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Sources: Bloomberg, Wind, CCX research

Panda Bond Market

China Everbright Greentech Limited issued a new panda bond

On April 8, China Everbright Greentech Limited successfully issued the first tranche of green medium-term notes (Bond Connect) in 2022 in the inter-bank bond market, with a term of 5 years, raising funds of 1.2 billion yuan, and a coupon rate of 3.27%.

Table 3 : New issuance of Panda Bond in the Year 2022 (20220103-20220408)

Issuer	Amount (RMB billion)	Coupon (%)	Issue date	Maturity	Tenor	Bond Type	Issue Market	Local Rating Agency
China Everbright Greentech Limited	1.2	3.27	2022/4/8	2027/4/8	5	MTN	China Interbank Market	Lianhe Credit Rating

China Mengniu Dairy Company Limited	2.5	2.2	2022/3/22	2022/6/10	0.22	SCP	China Interbank Market	China Chengxin
China Traditional Chinese Medicine Holdings Co. Limited	1	2.32	2022/3/21	2022/10/17	0.58	SCP	China Interbank Market	China Chengxin
Yuexiu Transport Infrastructure	1	3.28	2022/3/18	2027/3/18	5	MTN	China Interbank Market	China Chengxin
Hengan International Group Co., Ltd	1.5	2.4	2022/3/18	2022/9/14	0.49	CP	China Interbank Market	China Chengxin
GLP China Holdings Limited	1	4.3	2022/3/7	2025/3/7	3	Corporate Bond	Shanghai Exchange Market	Shanghai Brilliance Rating
Hengan International Group Co., Ltd	1	2.5	2022/3/3	2022/8/30	0.49	CP	China Interbank Market	China Chengxin
Hengan International Group Co., Ltd	1	2.5	2022/3/3	2022/8/30	0.49	CP	China Interbank Market	China Chengxin
China Mengniu Dairy Company Limited	2.5	2.33	2022/2/24	2022/5/25	0.25	SCP	China Interbank Market	China Chengxin
BMW Finance N.V.	1.5	2.89	2022/2/21	2024/2/21	2.00	MTN	China Interbank Market	China Chengxin
BMW Finance N.V.	2.5	3.1	2022/2/21	2025/2/21	3.00	MTN	China Interbank Market	China Chengxin
China Traditional Chinese Medicine Co. Limited	1	2.4	2022/2/18	2022/11/15	0.74	SCP	China Interbank Market	China Chengxin
New Development Bank	3	2.45	2022/1/27	2025/1/27	3	International Institution Bond	China Interbank Market	-
China Mengniu Dairy Company Limited	2.5	2.35	2022/1/24	2022/4/22	0.24	SCP	China Interbank Market	China Chengxin
Beijing Enterprises Water Group Limited	1	2.97	2022/1/21	2027/1/21	5	MTN	China Interbank Market	Shanghai Brilliance Rating
Beijing Enterprises Water Group Limited	1	3.38	2022/1/21	2027/1/21	5	MTN	China Interbank Market	Shanghai Brilliance Rating
China Everbright Water Limited	1	2.50	2022/1/13	2022/6/12	0.41	SCP	China Interbank Market	Shanghai Brilliance Rating
Shenzhen International Holdings Limited	1	2.95	2022/1/10	2028/1/10	6	Corporate Bond	Shenzhen Exchange Market	Lianhe Credit Rating

Sources: Bloomberg, CCX research

Issuer Analysis: China Everbright Greentech Limited.

Issuer profile: China Everbright Greentech Limited was incorporated in the Cayman Islands on October 13, 2015, and listed on the Main Board of Hong Kong Stock Exchange on 8 May

2017 (Stock Code: 1257.HK). The statutory shares of the company were \$500 million at the end of June 2021. China Everbright Green Holdings Limited holds 69.70% of the company's shares and is the controlling shareholder of the company. The actual controller of the company is China Everbright Holdings Company Limited. The company is mainly engaged in the businesses of integrated biomass utilization, hazardous and solid waste treatment, environmental remediation, and solar energy and wind power. The integrated biomass utilization business has grown steadily with the increase of projects put into operation and under construction, and the profit model is to produce electricity through direct combustion treatment of biomass raw materials (including agricultural and forestry waste) and sell the electricity to the grid companies or generate high-temperature steam and sell it to industrial customers at the same time. The hazardous and solid waste treatment business has declined due to the impact of the epidemic and showed a rebound in 2021. The environmental remediation business is similar to that of the hazardous and solid waste treatment business and is an emerging business of the company. The solar energy and wind power business is stable, and all projects are invested and operated according to the BOO model, except for the German ground photovoltaic power generation projects obtained from independent third parties. Overall, the company's controlling shareholder has significant advantages in the field of domestic environmental protection. China Everbright Greentech, as the core operating entity of China Everbright's integrated biomass utilization and hazardous and solid waste treatment sector, can receive strong support from shareholders. At the same time, the environmental protection industry in which the company is located belongs to the industry encouraged by the national policy and has received state support in terms of priority access to electricity, electricity price subsidies, and tax policy support. In recent years, the scale and revenue level of the integrated biomass utilization business has grown rapidly, and the total design capacity of projects under construction is large. It is expected that after the future production, it will drive the overall business scale and significantly increase the level of revenue. It is worth noting that the company's uninvoiced renewable energy electricity price subsidy by the end of 2020 is 3.162 billion yuan, which is large in scale and has an impact on cash flow. At the same time, the company's operating cash continued to flow out, and the construction service income was non-cash income, which could not provide cash flow for the company. If the national subsidy policy is adjusted in the future, the remaining subsidy period of some projects of the company will be less than the remaining operating years of the project, which may affect the company's future performance.

Issuance history: China Everbright Greentech Limited entered the Panda Bond Market in 2020 and issued a total of 3 bonds, raising 3.2 billion yuan altogether. 3 medium-term notes are issued in the interbank market. The average coupon rate is 3.48% and the average spread is 90.44bp. The funds raised are mainly used for the acquisition, construction, and operation of green projects.

Table 4: Historical Issuance of China Everbright Greentech Limited in the Panda Bond Market

No.	Issue date	Maturity	Tenor	Amount (RMB billion)	Coupon (%)	Spread (BP)	Usage of Proceeds	Bond Type	Issue Market
1	2022/4/8	2027/4/8	5	1.2	3.27	74.60	Repay the M&A loan borrowed by the subsidiary to acquire green service companies; repay the special loan borrowed by the	MTN	Interbank Market

subsidiary for the construction and operation of the green project; repay the issuer's green project construction loan; supplement green project operating funds.

2	2021/7/28	2026/7/28	5	1	3.50	75.62	Repay issuer's project loan for agroforestry biomass projects	MTN	Interbank Market
3	2020/6/12	2025/6/12	5	1	3.68	121.10	Supplement working capital of subsidiaries and repay bank loans	MTN	Interbank Market

Sources: Bloomberg, CCX research

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