

Chinese Dollar Bond Market Report

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CXI & CCXAP 2022Q1 Chinese Dollar Bond Market Report

2022Q1 Chinese Dollar Bond Market Recap

- **Chinese dollar bond new issuance decreased, with negative net financing.** In 2022Q1, Chinese issuers issued 204 dollar bonds, with a total issuance volume of about USD32.2 billion, a YoY decrease of 43.2%. The net financing was USD-12.1 billion in 2022Q1
- **The issuance of real estate dollar bonds declined sharply, while that of Chengtou dollar bonds increased significantly.** Affected by the "Three Red Lines" policy and events of default, the offshore financing channels of Chinese real estate companies were severely hindered. In 2022Q1, the new issuance of real estate dollar bond amounted to USD1.4 billion, a YoY decrease of 92.1%. The new issuance of Chengtou dollar bonds was USD9.9 billion, a significant increase of 108.4% YoY.
- **High-yield bond issuance decreased sharply and the proportion of non-rated issuance increased.** In 2022Q1, there were only 4 high-yield issuers, and the new issuance amount decreased by 93.2% YoY to USD1.0 billion, accounting for about 2.3% of the new issuance. In addition, due to the significant increase of Chengtou issuers, some issued dollar bonds by using SBLC, resulting in a substantial increase in the number of unrated issuances. It is necessary to pay attention to the lack of rating in Chengtou companies in the future.
- **The coupon rates of Chinese dollar bonds dropped slightly, while short and medium-term were still dominant.** In 2022Q1, due to the decrease in the proportion of the high-yield issuers, the average coupon rates of newly issued Chinese dollar bond dropped from 3.12% in 2021Q4 to 3.08%. In terms of tenor, in 2022Q1, most of the Chinese dollar bonds were issued at tenors of 1 to 5 years, with issuance volume of USD25.1 billion, accounting for 78.1% of new issuance.
- **Due to the frequent occurrence of credit events in real estate companies and the incidence of geopolitical risks, the market prices of Chinese dollar bonds continued to decline, and the Chengtou sector outperformed other sectors.** As of March 31, 2022, the return on Chinese dollar bond index was -6.41%, of which the return on investment-grade bonds was -4.35% and the return on high-yield bonds was -13.56%. Chengtou bonds were relatively stable and outperformed other sectors, with a return of -0.67% in the first quarter and a positive return in February.

Rating Actions and Credit Events

- **With the credit divergence of Chinese issuers, many real estate companies were downgraded.** In 2022Q1, the three major international rating agencies took rating actions on 53 Chinese issuers, including 92 negative rating actions and 12 positive rating actions. Rating actions were mainly taken on real estate sector. In 2022Q1, the ratings or outlook of 33 real estate issuers were downgraded.
- **Real estate companies continued to trigger credit events.** In 2022Q1, 10 Chinese issuers defaulted on their offshore bonds, with a default amount of USD6.7 billion, a significant increase from USD3.2 billion in 2021Q1. 6 issuers defaulted for the first time, all of which were real estate companies. The default of real estate companies was due to the deterioration in real estate market amid various unfavorable factors such as the tightened financing environment and the rebound of COVID-19, triggering liquidity crisis and resulting in default.

Outlook

- **In the background of high inflation in the US and the inflationary pressure brought by the military conflict between Russia and Ukraine, it is expected that the US long-term Treasury yields will continue to rise in the second quarter, and the cost advantage of offshore financing may be reduced further. The second quarter will still be the maturity peak of Chinese dollar bonds, with maturing amount of about USD50 billion. Among them, the maturing amount of real estate and Chengtou bonds are about USD12.9 billion and USD9.1 billion, respectively.**
- **In the first quarter, the domestic real estate policies eased marginally, and it is expected that the financing environment for real estate companies will improve marginally, but the supporting policy may be inclined to high-quality state-owned real estate companies, and the industry concentration will increase further. In addition, the issuance guidance of Chengtou offshore dollar bonds released by the NDRC will make it more difficult for weak-quality Chengtou companies to issue new offshore bonds, and it is expected that the net financing amount of Chengtou dollar bonds may decrease in the future.**

Introduction

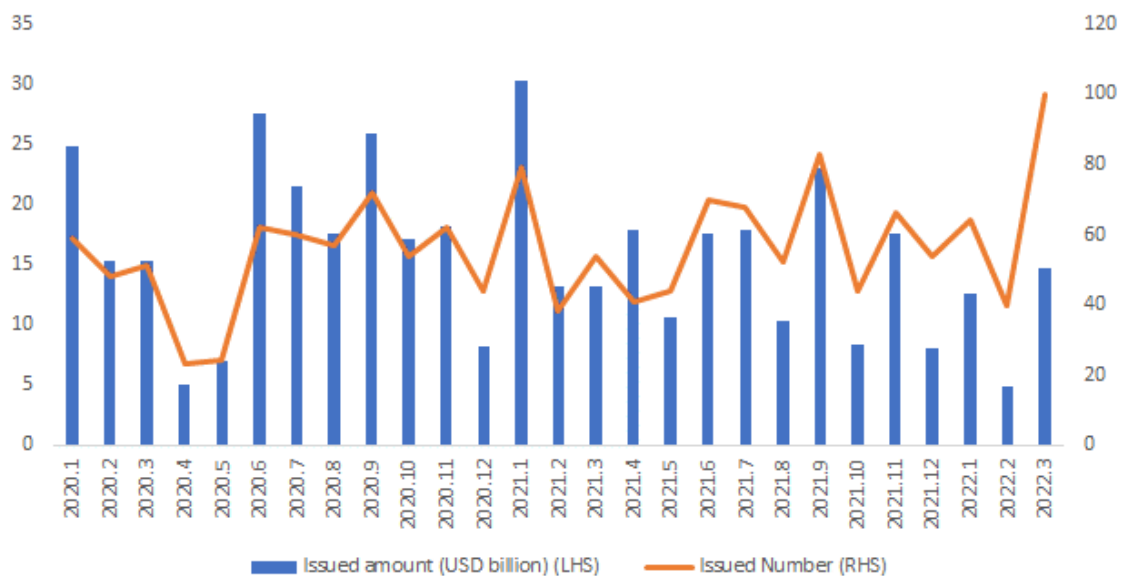
In 2022Q1, US Treasury yields rose and yield curve flattened due to the Fed's rate hike amid high inflation, causing fluctuations in the Chinese dollar bond market. Besides, credit risks in real estate industry continued to increase, the risk aversion of investors increased, new issuance of Chinese dollar bonds decreased, and market prices fell. In 2022Q1, there were 204 new issues with a total issuance volume of about USD32.2 billion, a year-on-year ("YoY") decrease of 43.2%; net financing dropped sharply to USD-12.1 billion. Due to the financing environment of real estate has not significantly improved, it is expected that the net financing of Chinese dollar bonds will remain low in the second quarter. In the first quarter, real estate credit risks continued to be released, and many real estate companies defaulted on offshore bonds. It is necessary to be alert to the continuous exposure of credit risks of tail issuers and high-leverage companies in the second quarter, and to pay attention to the possibility of market risk transmission from offshore market to domestic market.

2022Q1 Chinese Dollar Bond Market Recap

Primary Market

Chinese dollar bond new issuance decreased, with negative net financing. In 2022Q1, Chinese issuers issued 204 dollar bonds, with a total issuance volume of about USD32.2 billion, a YoY decrease of 43.2%. The scale of a single issue further declined to USD160 million from USD210 million in 2021Q4. Affected by the continue increase of credit risks in real estate industry, the offshore financing channels of Chinese real estate companies were seriously hindered, the scale of new issuance in real estate sector decreased sharply. The net financing was USD-12.1 billion in 2022Q1.

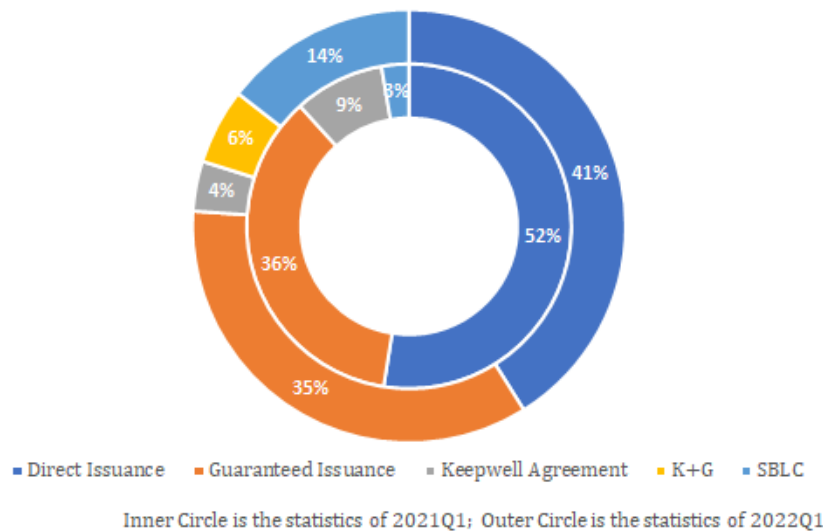
On a monthly basis, affected by the Spring Festival holiday and market sentiment depression, the new issuance of Chinese dollar bonds in January and February decreased significantly. The issuance amount in January was about USD12.6 billion, and in February was USD4.9 billion, a YoY decrease of 58.3% and 63.0% respectively. New issuance in March recovered, with an issuance amount of USD14.7 billion, a YoY increase of 11.6%.

Exhibit 1: New issuance of Chinese dollar bonds from January 2020 to March 2022

Source: Bloomberg, CCXAP Research

In terms of issuance structure, Chinese dollar bonds were mainly issued through direct and guaranteed issuance in 2022Q1, the amounts of new issuance were USD13.2 billion and USD11.3 billion, accounting for 41.1% and 35.0% of the new issuance, respectively. There were 53 bonds with a total issued volume of about USD4.7 billion that were issued through standby letters of credit (“SBLC”) in 2022Q1, of which most of the issuers were district and county-level Chengtou issuers. In the context of market risk appetite fluctuations, some companies adopted credit enhancement measures to provide guarantee for bond repayment. In addition, USD3.0 billion of Chinese dollar bonds were issued through keepwell agreement. The issuers were mainly financial enterprises such as ICBC Financial Leasing and China Development Bank Financial Leasing. However, there are limitations of keepwell agreement compared with direct, guarantee and SBLC issuances. Investors need to focus more on the credit quality of issuers, bond terms and other details when they invest in bonds with keepwell agreement.

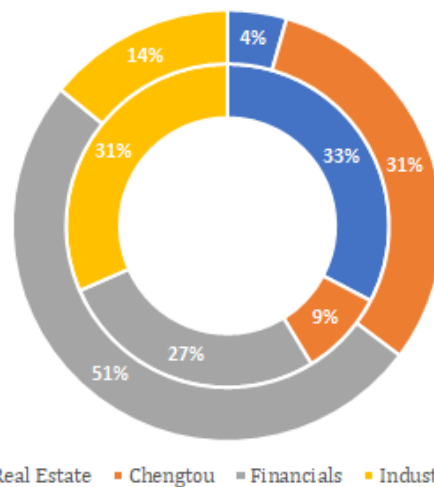
Exhibit 2: Issuance structure of Chinese dollar bonds in 2021Q1 and 2022Q1 (based on issuance amount)



Source: Bloomberg, CCXAP Research

The issuance of real estate dollar bonds declined sharply, while that of Chengtou dollar bonds increased significantly. In terms of sector distribution, real estate, Chengtou, financial institutions and industrial enterprises accounted for about 4.4%, 30.8%, 50.6% and 14.1% of new issuance in 2022Q1, respectively. Among them, affected by the "Three Red Lines" policy and events of default, the offshore financing channels of Chinese real estate companies were severely hindered. In 2022Q1, the new issuance of real estate dollar bond amounted to USD1.4 billion, a YoY decrease of 92.1%. Since 2022, with the continued improvement of implicit debt resolution and the credit classification system of Chengtou bonds, the issuance of domestic Chengtou bonds has decreased. In 2022Q1, the total issuance of domestic Chengtou bonds decreased by 8.4% YoY. Therefore, Chengtou issuers with better credit qualifications issued offshore dollar bonds to broaden financing channels, showing a substitution effect between domestic and offshore Chengtou bonds. In 2022Q1, the new issuance of Chengtou dollar bonds was USD9.9 billion, a significant increase of 108.4% YoY. In addition, the overseas issuance amount of financial institutions increased by 9.0% YoY to USD16.3 billion, while that of industrial enterprises decreased by 73.9% to USD4.6 billion.

Exhibit 3: Sector distribution of Chinese dollar bonds in 2021Q1 and 2022Q1 (based on issuance amount)



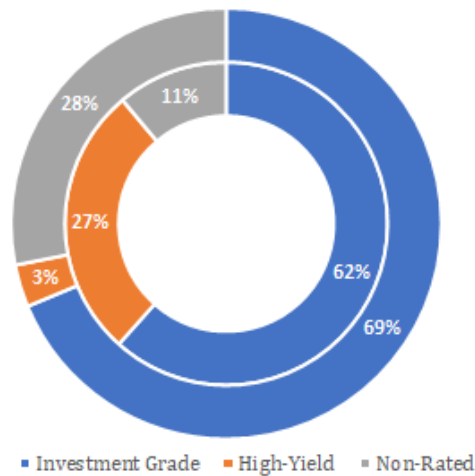
Inner Circle is the statistics of 2021Q1; Outer Circle is the statistics of 2022Q1

Source: Bloomberg, CCXAP Research

High-yield bond issuance decreased sharply and the proportion of non-rated issuance increased. In 2022Q1, there were a total of 114 Chinese dollar bond issuers, of which 44 were rated by the three international rating agencies¹. In terms of investment grade issuers, in 2022Q1, there were 40 investment grade issuers with a total issued volume of USD22.1 billion, a YoY increase of 34.8% and accounting for 68.7% of new issuance. Most of the high-yield issuers were real estate companies, affected by the tightening of real estate policies and default events, the number of real estate issuers decreased significantly, resulting in a sharp drop in the issuance amount of high-yield issuers. In 2022Q1, there were only 4 high-yield issuers, and the new issuance amount decreased by 93.2% YoY to USD1.0 billion, accounting for about 2.3% of the new issuance. In addition, due to the significant increase of Chengtou issuers, some issued dollar bonds by using SBLC, resulting in a substantial increase in the number of unrated issuances. In 2022Q1, there were 70 Chinese dollar bond issuers were not rated by the three international rating agencies, of which 55 were Chengtou issuers, exceeding 80% of the total Chengtou issuers. It is necessary to pay attention to the lack of rating in Chengtou companies in the future.

¹As of March 31, 2022, if there are differences among credit ratings of the three international rating agencies, the statistics shall be based on the highest rating.

**Exhibit 4: Credit rating distribution of Chinese dollar bond issuers in 2021Q1 and 2022Q1
(based on issuance amount)**

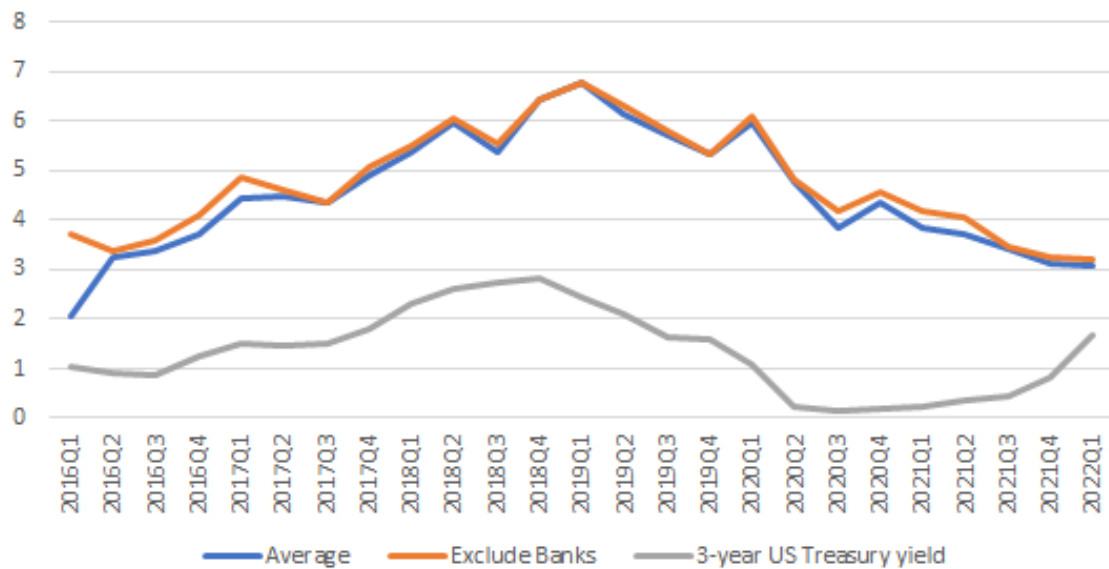


Inner Circle is the statistics of 2021Q1; Outer Circle is the statistics of 2022Q1

Source: Bloomberg, CCXAP Research

The coupon rates of Chinese dollar bonds dropped slightly. In 2022Q1, due to the decrease in the proportion of the high-yield issuers, the average coupon rates² of newly issued Chinese dollar bond dropped from 3.12% in 2021Q4 to 3.08%. In terms of industry, since the real estate dollar bonds in 2022Q1 were dominated by issuers with better qualifications, and some issuers issued bonds by using SBLC, the average coupon rate of real estate dollar bonds fell by 500 basis points from the previous quarter to 5.26%. In the same period, as Chengtou dollar bonds were mainly issued by county-level Chengtou issuers with weak qualifications, and the US Treasury yields increased due to the Fed's rate hike, the average coupon rate of Chengtou dollar bonds rose by 17 basis points from the previous month to 3.21%.

² Only bonds with fixed coupon rates were counted, with no repurchase and resale clauses.

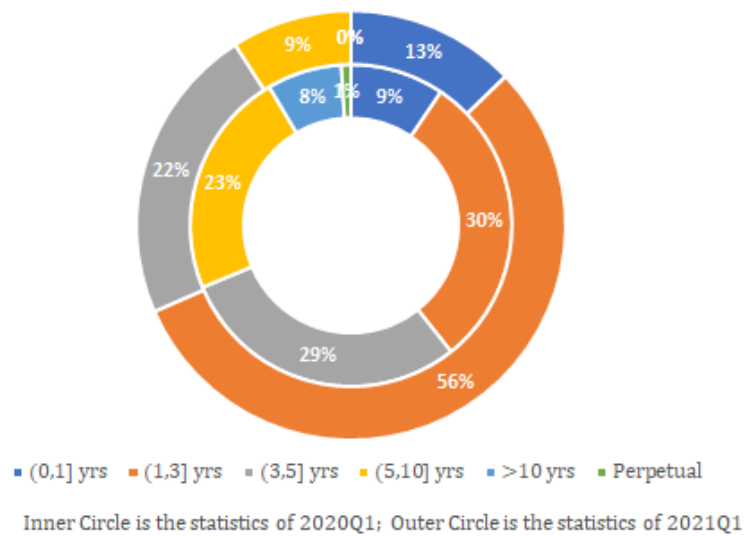
Exhibit 5: Average coupon rate of Chinese dollar bonds from 2016Q1 to 2022Q1 (%)

Source: Bloomberg, CCXAP Research

Short- and medium-term Chinese dollar bonds were still dominant, with average tenor decreased continuously. In 2022Q1, most of the Chinese dollar bonds were issued at tenors of 1 to 5 years, with issuance volume of USD25.1 billion, accounting for 78.1% of new issuance in the first quarter. In addition, the US Treasury yield curve has flattened significantly, and long-term bonds have become less attractive. The proportion of USD bonds issued with tenors of more than 5 years dropped by 83.0% YoY to USD2.92 billion, accounting for 9.1% of the new issuance in the first quarter. The average tenor³ of new issuance decreased from 2.77 years in 2021Q4 to 2.76 years in 2022Q1.

³ Only non-perpetual bonds were counted.

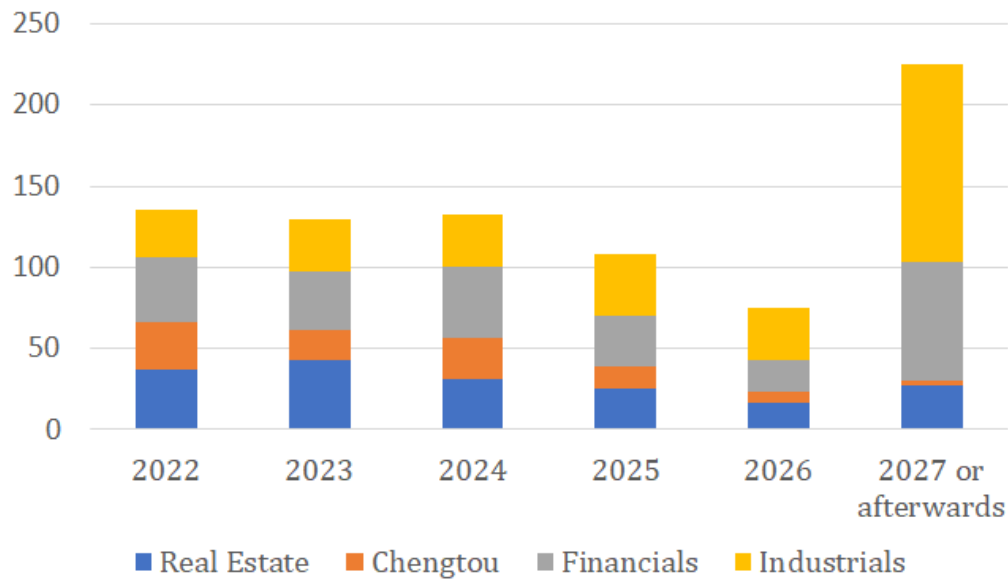
Exhibit 6: Issued tenor of Chinese dollar bonds in 2021Q4 and 2022Q1 (based on issuance amount)



Source: Bloomberg, CCXAP Research

As of March 31, 2021, the outstanding amount of Chinese dollar bonds was USD804.6 billion. Among them, the maturing amounts in the last three quarters of 2022, 2023 and 2024 were USD134.9 billion, USD129.4 billion and USD132.1 billion, respectively. In terms of industry, the next two to three years will be the peak period for the maturity of real estate dollar bonds. The outstanding amounts matured in the last three quarters of 2022, 2023 and 2024 were USD36.7 billion, USD42.8 billion and USD31.2 billion, respectively. In terms of Chengtou dollar bonds, the maturing amounts in the last three quarters of 2022, 2023 and 2024 were USD29.1 billion, USD18.3 billion and USD25.5 billion, respectively. Affected by the tightening of real estate financing policies, it is expected that the gap between the issued amount and the maturing amount of real estate dollar bonds will continue to exist, and the future net financing may hit a record low.

Exhibit 7: The maturity distribution of Chinese dollar bonds as of end of March 2022 (USD billion)

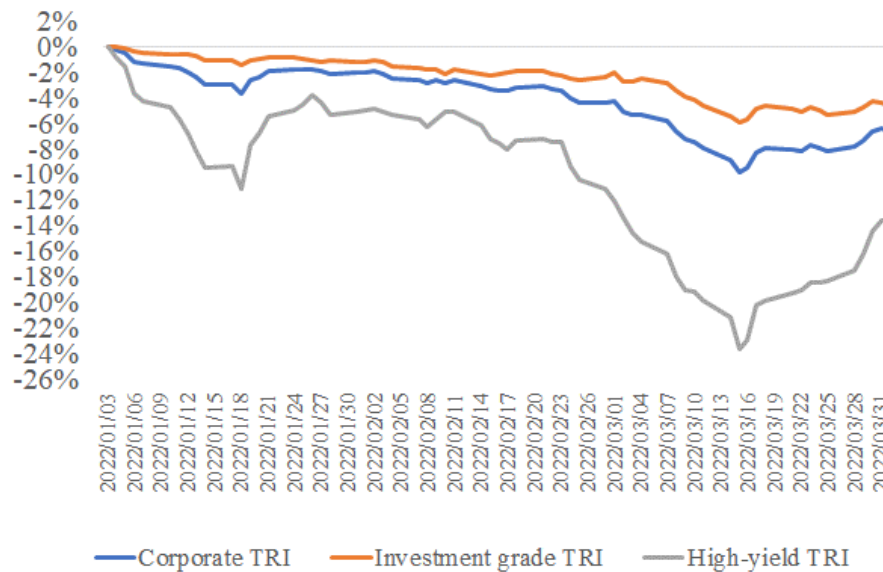


Source: Bloomberg, CCXAP Research

Secondary Market

Due to the frequent occurrence of credit events in real estate companies and the incidence of geopolitical risks, the market prices of Chinese dollar bonds continued to decline. In early 2022, due to the negative impact of exchange offers from many real estate companies and poor market sentiment, the high-yield return index decreased sharply. In late January, the high-yield real estate sector rebounded sharply under the influence of favorable rumors about releasing the regulatory policy on pre-sale funds. In February, due to the credit events in real estate companies such as Zhenro, Ronshine and Shimao, coupled with the outbreak of a geopolitical crisis in Russia and Ukraine, prices in the secondary market continued to fall. On March 15, the high-yield return index fell to a low point of -23.69%. In late March, with the support of stability maintenance policies, the prices of investment-grade real estate companies including Sino-Ocean, Longfor, Vanke, etc. strengthened significantly, and the prices of real estate dollar bonds rebounded. As of March 31, 2022, the return on Chinese dollar bond index was -6.41%, of which the return on investment-grade bonds was -4.35% and the return on high-yield bonds was -13.56%.

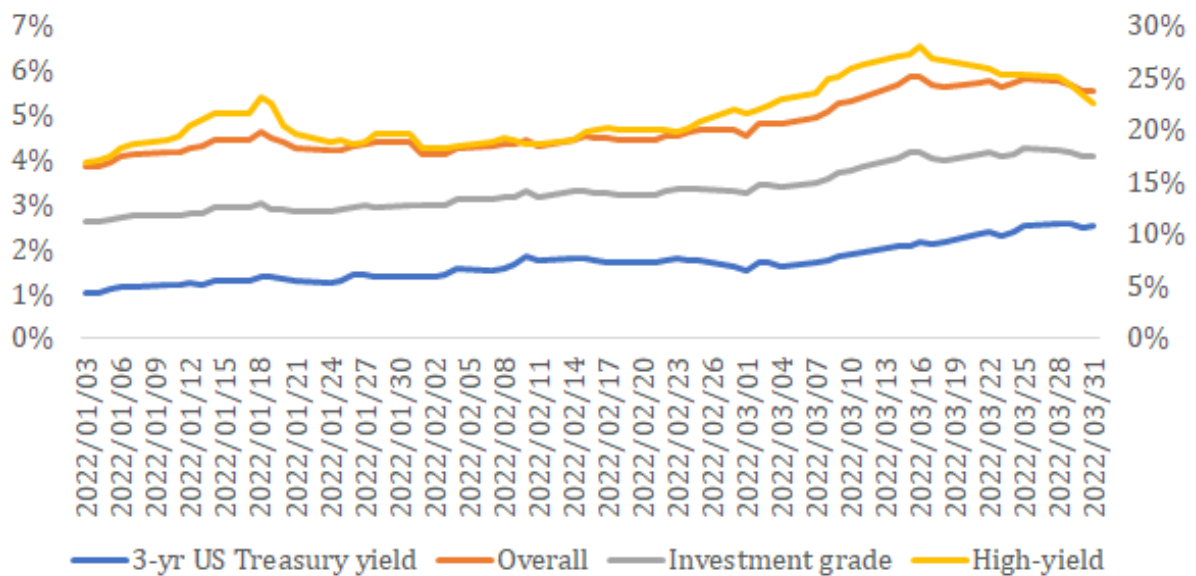
Exhibit 8: YTD return on Markit iBoxx Chinese USD bond index in 2022Q1



Source: Bloomberg, CCXAP Research

In terms of yield, as of March 31, 2022, the yield-to-worst of Chinese dollar bonds stood at 5.51%, widening by 168bp from the beginning of the year. In particular, high-yield bonds saw a larger increase as the yield-to-worst raised by 564bp to 22.49% from the beginning of the year. Investment grade bonds had a yield to worst of 4.07%, widening by 144bp from the beginning of the year.

Exhibit 9: Yield-to-worst of Bloomberg Barclays Chinese USD bond index in 2022Q1



Source: Bloomberg, CCXAP Research

Real estate industry was significantly affected by the industry policies and credit events, and the performance of Chengtou sector was relatively stable. By sector, as of March 31, 2022, real estate dollar bonds had the worst performance, with a return of -19.38% from the beginning of the year, followed by financials (-7.50%), non-financials (-4.84%) and Chengtou (-0.67%). For the real estate industry, affected by credit events, geopolitical risks and market sentiment, the real estate high-yield return index performed the worst in February, with a return of -14.59%. The financial and non-financial sectors showed a downward trend amid economic downturn. Chengtou bonds were relatively stable and outperformed other sectors, with a return of -0.67% in the first quarter and a positive return in February.

Table 1: Returns of Chinese dollar bonds in 2022Q1 (by industry)

Markit iBoxx USD Asia ex-Japan China Index Return	Jan	Feb	Mar	2021Q1
Real Estate TRI	-7.59%	-9.45%	-2.41%	-19.38%
- Investment Grade TRI	-3.29%	-3.04%	-2.27%	-8.28%
- High-Yield TRI	-10.37%	-14.59%	-2.53%	-27.23%
Financials TRI	-2.74%	-3.11%	-1.69%	-7.50%
- Investment Grade TRI	-1.14%	-1.12%	-1.75%	-3.71%
- High-Yield TRI	-5.83%	-7.45%	-1.53%	-15.18%
Non-Financials TRI	-1.03%	-1.27%	-3.05%	-4.84%
- Investment Grade TRI	-1.10%	-1.36%	-3.11%	-5.02%
- High-Yield TRI	-0.13%	-0.05%	-2.26%	-2.41%
Chengtou TRI	-0.04%	0.08%	-0.79%	-0.67%
- Investment Grade TRI	-0.12%	-0.18%	-1.20%	-1.37%
- High-Yield TRI	0.23%	0.89%	0.61%	1.69%

Source: Bloomberg, CCXAP Research

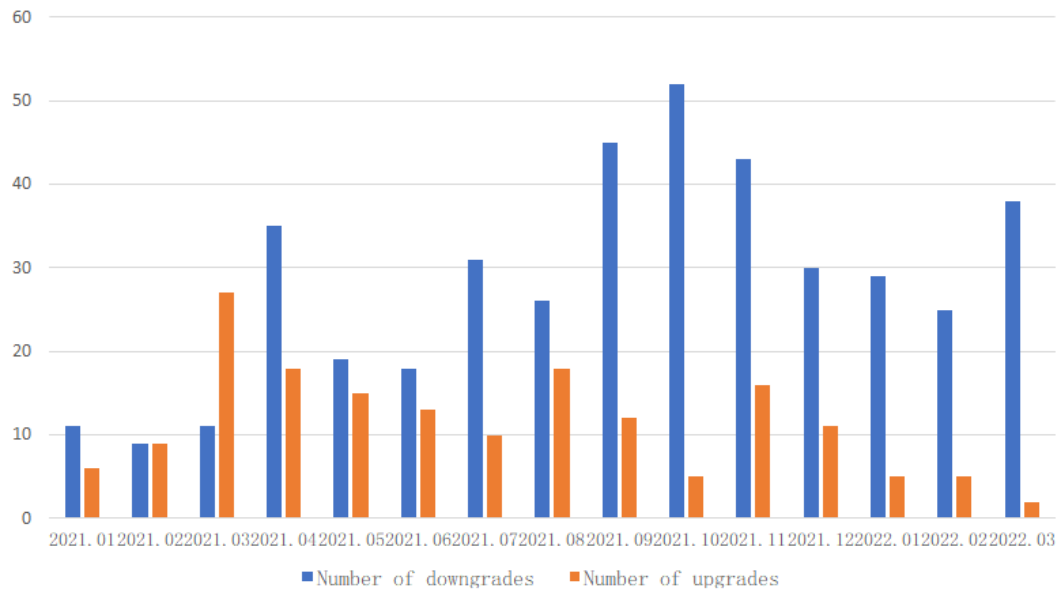
Rating Actions and Credit Events

With the credit divergence of Chinese issuers, many real estate companies were downgraded. In 2022Q1, the three major international rating agencies took rating actions on 53 Chinese issuers, including 92 negative rating actions and 12 positive rating actions⁴, with negative rating actions accounting for 88.5%. The real estate industry was still the hardest-hit industry by negative rating actions. In 2022Q1, the ratings or outlook of 33 real estate issuers were downgraded. Negative rating actions were mainly concentrated in March, with 19 real estate issuers being downgraded. The mainly reason for downgrade were the decline in the profitability, the rise in refinancing and liquidity risks, and the default events of many real estate companies amid the tightening of financing policies and the risk events. In 2022Q1, the three major international rating agencies took negative rating actions on 4 Chengtou companies, mainly because these Chengtou companies were in areas with weak economic fundamentals, limited financing channels and higher

⁴ Rating actions include rating changes, outlook changes and inclusion/removal from watch list

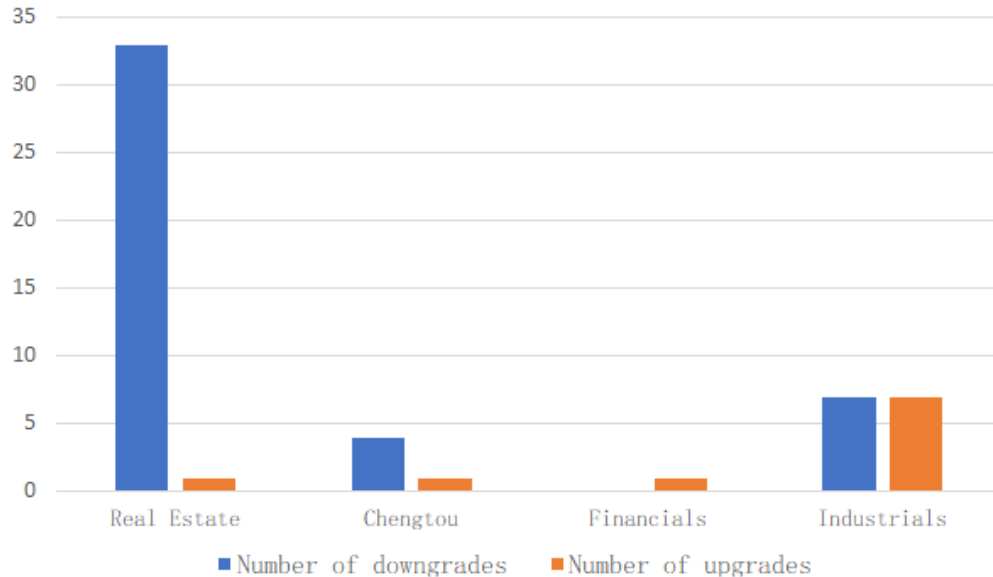
proportion of non-standardized financing, such as Gansu and Yunnan.

Exhibit 10: Rating actions from January 2021 to March 2022 (by month)



Source: Bloomberg, CCXAP Research

Exhibit 11: Issuer rating changes by international rating agencies in 2022Q1 (by industry)



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Source: Bloomberg, CCXAP Research

Continued credit risk exposure of real estate companies. In 2022Q1, according to Bloomberg, 10 Chinese issuers defaulted on their offshore bonds, with a default amount of USD6.7 billion, a significant increase from USD3.2 billion in 2021Q1. 6 issuers defaulted for the first time, all of which were real estate companies. Among them, China Aoyuan, Sinic

Holdings, Kaisa and Fujian Yango Group have defaulted last year, and Dafa Properties, Guorui Properties, Shinsun Holdings and Yuzhou Group have defaulted for the first time. Since 2021, a total of 18 real estate companies defaulted on offshore bonds. By the end of March 2022, the outstanding bond amount of these defaulted companies totaled about USD35.2 billion. The default of real estate companies was due to deterioration in real estate market amid various unfavorable factors such as the tightened financing environment and the rebound of COVID-19, triggering liquidity crisis and resulting in default.

Table 2: Credit events of Chinese issuers in offshore market in 2022Q1

Enterprise	Credit events
China Aoyuan	January 19, China Aoyuan Group Limited (“China Aoyuan”) announced that it will not make payments of: (i) the remaining principal and the last instalment of interest of the January 2022 Notes due 20 January 2022 and 23 January 2022, with principal amount of USD188 million and USD500 million respectively; and (ii) the latest instalment of interest under the Notes due June 2023 and the Notes due June 2024 upon expiry of the applicable 30-day grace period, with principal amount of USD200 million and USD200 million respectively. The aggregate outstanding principal amount of the Notes is approximately USD1,088 million. China Aoyuan intends to adopt the same principle in respect of its other offshore financial indebtedness. Events of default will occur (or have occurred) under all other offshore financial indebtedness of the Company.
Yango Group	On February 18, Yango Group Co., Ltd (“Yango”) announced that due to the adverse influence of the macroeconomic, industry, and financing environment, the Company's liquidity was tense, and it failed to repay the interests on two offshore bonds of USD27.2625 million within the 30-day grace period (i.e. February 15, 2022), which constitutes an event of default. It may trigger the relevant terms of domestic bonds and other products.
Dafa Properties	On March 2, DaFa Properties Group Limited (“DaFa Properties”) announced that as a result of the Petition, it was necessary to ensure fairness to all its creditors by avoiding selective repayment. The Company did not make the interest payment of USD22.275 million before the expiry of the grace period, constituting an event of default.
Guorui Properties	On March 4, Guorui Properties Limited (“Guorui Properties”) announced that although the Company was actively identifying investor of the 13.5% senior notes due 2022 (ISIX: XS1932655613), the nonpayment of the outstanding principal amount (USD4.9 million) and the accrued interest of the notes constituted an event of default under the indenture governing in the notes.
Yuzhou Group	On March 7, Yuzhou Group Holdings Company Limited (“Yuzhou Group”) announced that the company has failed to make the interest payment of USD21.25 million within the 30-day grace period on 8.5% senior notes due on 2023, constituting an event of default. On March 31, Yuzhou Group Holdings Co., Ltd. (“Yuzhou Group”) announced that the interest on the 8.50% senior notes due 2024 in the amount of USD21 million, the interest on the 7.70% senior notes due 2025 in the amount of USD15 million, and the interest on the 7.85% green senior notes due 2026 in the amount of USD12 million became due and payable and the grace period for the interest payment of these securities has expired, and the Company did not make the payment by the expiry, which constitutes an event of default.
Fujian Yango Group	On March 11, Fujian Yango Group Co., Ltd. (“Fujian Yango Group”), the parent company of Yango Group, announced that due to the adverse impact of a number of factors including the macroeconomic environment, the regulations on real estate and financial industry and the COVID-19 pandemic, the Company is facing a temporary cash flow issue and, has not made any payment of principal and interest on the notes due and payable on February 20, 2022 and has not made any payment of interest on the notes due and payable on 2022 with a grace period of 30 consecutive days, constituting an event of default.

Shinsun Holdings Group On March 21, Shinsun Holdings (Group) Co., Ltd. ("Shinsun Holdings Group") announced that, affected by various unfavorable factors such as macro economy, real estate market environment and financial environment, and multiple rounds of epidemics, the Company's liquidity has experienced periodic problems. The Company did not make the interest payment of USD12 million on the senior notes due 2023 in the principal amount of USD200 million before the expiry of 30-day grace period, constituting an event of default.

Enterprise	Credit events
Dafa Properties	On January 6, DaFa Properties Group Limited. ("Dafa Properties") announced that it would seek an exchange offer for its unpaid USD bond due on January 18, 2022, with a coupon rate of 9.95% and an outstanding balance of USD184.5 million. The exchange offer repays at least USD166.05 million or 90% of the principal amount.
Shinsun Holdings Group	On January 11, Shinsun Holdings (Group) Co., Ltd. ("Shinsun Holdings Group") launched an exchange offer for a USD bond due on January 23 this year. According to the unofficially disclosed exchange offer plan, Shinsun intends to divide the bond into A and B two series note holders for approval. The company is moving forward with a privately negotiated exchange with bondholders, the exchange offer is not a public offer. And it has been supported by most bondholders.
Yuzhou Group	On January 12, Yuzhou Group Holdings CO., Ltd. ("Yuzhou Group") initiated an exchange offer for two bonds with a total principal amount of RMB580 million, due on January 23, 2021 and January 25, 2022 respectively.
Zhenro Properties	On February 21, Zhenro Properties Group Limited ("Zhenro Properties") announced that it intends to extend the period of five offshore bills due in 2022 for one year and seek consent from the holders. 4 of the 5 bonds are US dollar debts, the total remaining amount is USD798 million, and one RMB bond amount is RMB1.6 billion.
Redco Properties	On March 14, Redco Properties Group Limited ("Redco Properties") announced that it initiated an offer to repurchase outstanding USD197 million bond due in April 2022 and USD305 million bonds due in August 2022 and USD150 million bonds due in May 2023 to replace bonds due in 2023.

Source: Public information, CCXAP Research

Outlook

In 2022Q1, the coronavirus pandemic continued. The Fed raised interest rates as scheduled in March, and made it clear that it would adopt more aggressive rate hike and tapering policies in the future, driving up the US Treasury yields. The China-US 10-Year Treasury yield spread fell to 45 basis points from 114 basis points at the end of March. In the background of high inflation in the US and the inflationary pressure brought by the military conflict between Russia and Ukraine, it is expected that the US long-term Treasury yields will continue to rise in the second quarter, and the cost advantage of offshore financing may be reduced further. The second quarter will still be the maturity peak of Chinese dollar bonds, with maturing amount of about USD50 billion. Among them, the maturing amount of real estate and Chengtou bonds are about USD12.9 billion and USD9.1 billion respectively. However, given that the real estate financing environment has not improved significantly, it is expected that the net financing amount of Chinese dollar bonds will remain low in the second quarter.

In the first quarter, the domestic real estate policies eased marginally, and it is expected that the financing environment for real estate companies will improve marginally, but the supporting policy may be inclined to high-quality state-owned real estate companies, and the industry concentration will increase further. The real estate credit risk continued to be released in the first quarter, and many real estate companies still defaulted on their

offshore bonds. It is necessary to be alert to the continued credit risk exposure of weak-quality issuers and high-leverage companies in the second quarter and the possibility of market risk transmission from offshore market to domestic market. In addition, according to the issuance guidance of Chengtou offshore dollar bonds released on April 25, 2022, the NDRC has tightened the Chengtou offshore financing policy, but the refinancing of existing bonds will not be affected. The guidance will make it more difficult for weak-quality Chengtou companies to issue new offshore bonds, and it is expected that the net financing amount of Chengtou dollar bonds may decrease in the future.

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