

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市场日报

- *Market flows were active this morning. New issues CITNAT'27 was unchanged and CITNAT'29 tightened 3bps. JIUJDV'27 rose c0.1pt. In IG space, front-end CN T2/leasing names and AU names were under better buying.*
- *Macau: Multiple-entry visas for Mainland Chinese. See below.*
- *FTHDGR: Revised terms of offshore debt restructuring. See below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, JIUJDV priced a USD300mn 3-yr bond at par to yield 6.55%. CITNAT priced a USD300mn 3-yr bond at CT3+60, and a USD300mn 5-yr bond at CT5+65. KR secondary space was quiet. WOORIB/SHINCA 27s tightened 2-4bps. HYNMTR/SAMTOT 29s were unchanged to 2bps tighter. Chinese IG spreads were largely unchanged. The front end of TENCNTs and the long end of BABAs were under better buying and closed 1-3bps tighter. In financials, the belly of CCAMCLs were better bid and tightened 3-8bps. DAHSIN/SHCMBK 33s were 1-2bps tighter. AU bank T2s such as ANZ/WSTP 30-35s were under better buying from PBs and tightened 1-3bps. In AT1s, BBLTB/WSTP Perps were unchanged to 0.1pt lower. EU AT1s such as BACR 9.625 Perp/HSBC 8 Perp/UBS 7.75 Perp were 0.1-0.4pt higher on light flows. In HK, AIAs/CKHHs were better bid and closed unchanged to 2bps tighter. Chinese properties moved higher. FUTLAN/FTLNHD 24-26s increased 2.2-4.0pts. VNKRL 24-29s closed 2.2-2.9pts higher despite Moody's two-notch downgrade to Ba3. LNGFOR 27-32s gained 1.7-2.7pts. GEMDAL '24, CHJMAO '29, and DALWAN '24-26s were up 1.4-2.1pts. ROADKs edged 0.9-1.4pts higher. GRNLGRs, on the other hand, were 1.3-2.1pts lower. Outside properties, CHIOIL '26 moved another 0.9pt higher. CHMEDA '30 was up 0.6pt. In Macau gaming, SANLTDs were up 0.3pt whilst STCITYs/WYNMACs were down 0.2pt. Indonesian name APLNIJ '24 was 0.7pt higher. LMRTSP 24/26 were up 0.3-0.5pt. MEDCIJ 27-28s were 0.3-0.4pt higher. Fitch upgraded Medco Energi one notch to BB-. In Indian space, VEDLN 26-28s were up 0.2-0.4pt.

The LGFVs/SOE perps/high-beta spaces were quiet ahead of China's Labour Day long holiday. Shandong names SHDOIS '24/QDJZWD '25 were up 0.1-0.2pt. The 5-6% LGFVs were soft. GZDZCD '24/GZGETH '27/SYSTIO '27 were down 0.1pt. The higher-yielding LGFVs such as CPDEV 25/26 and BCDHGR '26 were down 0.1-0.2pt. In SOE perps, CHSCOI 4 Perp/SPICPT 3.45 Perp were up 0.1pt. In the high-beta names, HUANEN/HNINTL 29-31s were 0.6-1.0pt higher. The insurance names such as ZHONAN '25/SUNSHG '26 were up 0.1-0.3pt,

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
FUTLAN 6 08/12/24	89.0	4.0	GRNLGR 7 3/4 09/26/29	8.6	-2.1
FUTLAN 4.45 07/13/25	50.3	3.4	GRNLGR 6.9 02/12/29	8.7	-1.7
VNKRLE 3.975 11/09/27	41.9	2.9	GRNLGR 7 1/8 04/22/29	8.7	-1.7
FTLNHD 4 5/8 10/15/25	47.1	2.7	GRNLGR 8 1/4 01/22/31	8.9	-1.4
LNGFOR 4 1/2 01/16/28	66.5	2.7	GRNLGR 7 3/4 03/03/30	9.0	-1.3

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.32%), Dow (+0.39%) and Nasdaq (+0.35%) moved higher on Monday. China official Apr'24 manufacturing/non-manufacturing PMI was 50.4/51.2, compared with the expectation of 50.3/52.2. UST yield was stable yesterday, 2/5/10/30 yield reached 4.97%/4.65%/4.63%/4.75%.

❖ Desk analyst comments 分析员市场观点

➤ **Macau: Multiple-entry visas for Mainland Chinese**

On 28 Apr'24, China National Immigration Administration announced policies to facilitate the application for travel visa of mainland Chinese. These new policies include the approval of multiple-entry visa for mainland Chinese to enter into Macau and extension of stay in HK and Macau from 7 days to 14 days.

The new policies will further enhance the recovery of the tourist arrival and gross gaming revenue in Macau. In 1Q24, tourist arrivals of Macau rose 80% yoy to c8.9mn, reaching 85% of 1Q19 while the cumulative gross gaming revenue increased 66% yoy to MOP57.3bn, reaching c75% of pre-pandemic level in 1Q19. We expect the performance of Macau gaming bonds to remain solid, supported by stronger operating performance and positive rating actions despite the conviction level is lower. Within the sector, we continue to prefer **SJMHOL**, **MPEL** and **STCITY/STDCTY** for their better risk-return profiles even they have been out-performing YTD and over the past 6 months. For yield pick-up trades over US parents, we prefer WYNNMACs.

	Ask YTM (%)	Mod Duration	Ask price	Price movement YTD (pts)	Price movement in past 6 months (pts)
MGMCHI	4.6-6.9	0.1-2.6	94.6-100.0	-0.4-0.1	1.1-2.2
MPEL	7.2-7.7	1.1-4.7	88.7-97.9	-0.5-0.2	2.1-5.6
SANLTD	6.0-6.5	1.2-6.2	81.4-98.9	-2.2-0.1	1.7-3.1
SJMHOL	7.8-8.0	1.6-3.3	90.1-94.8	1.0-3.0	6.1-8.5
STCITY/STDCTY	7.3-8.6	1.1-4.0	86.1-99.3	0-1.2	3.3-9.7
WYNNMAC	2.6-7.7	0.4-4.7	89.2-108.6	-0.9-5.9	1.6-5.7

Source: Bloomberg.

➤ **FTHDGR: Revised terms of offshore debt restructuring**

On 29 Apr'24, Fantasia announced revision of its offshore debt restructuring [which was proposed in Jan'23](#). Compared with the old version, the revised plan with less favourable terms. We believe that the changes reflected the deteriorating operating environment and financial situation Fantasia is facing.

Under the revised restructuring plan, Fantasia keeps the amount of the debt to equity swap at USD1.3bn and the issue size of 8 new tranches at USD2.7bn unchanged. However, it extends the maturity of 8 new tranches

by two years to 2026-2031 from 2024-2029 and has the option to extend the maturities of tranche A/B/C/D by an additional year for an extension fee of 0.3%. Besides, Fantasia lowers the coupon of 8 new tranches to 4.5%-6.5% from 5%-8% and postponed the dates of cash coupon to Jan'28 from Jan'26.

Another major change is Ms. Zeng, Fantasia's controlling shareholder, will inject or procure an injection of USD6mn as shareholder loans into the company to fund the fees and expenses of the proposed restructuring. The USD6mn shareholder loan will be unsecured and subordinated to existing bonds and 8 new tranches with no fixed maturity but bear an interest rate of 5%-8%.

The approval threshold will be headcount vote of over 50% and at least 75% in value voted for the restructuring plan in the scheme meetings. As of 29 Apr'24, bondholders of c32% of the aggregate outstanding principal amount of the existing bonds have entered into RSA with Fantasia. We expect it is more difficult for Fantasia to acquire adequate supports of restructuring plan from bondholders given the worse considerations.

Security Name	ISIN	Amt Out (USD mn)
FTHDGR 7 ¾ 10/04/21	XS1498418224	206
FTHDGR 6.95 12/17/21	XS2275739378	250
FTHDGR 15 12/18/21	XS1924249680	299
FTHDGR 14.5 03/17/22	XS2321397734	50
FTHDGR 11 ¾ 04/17/22	XS1982124239	298
FTHDGR 7.95 07/05/22	XS1640676885	499
FTHDGR 12 ¼ 10/18/22	XS2030329358	350
FTHDGR 10 ⅞ 01/09/23	XS2100005771	446
FTHDGR 11 ⅞ 06/01/23	XS2181037230	542
FTHDGR 9 ¼ 07/28/23	XS2210790783	344
FTHDGR 9 ⅞ 10/19/23	XS2245488262	305
FTHDGR 10 ⅞ 03/02/24	XS2306557401	232
FTHDGR 14 ½ 06/25/24	XS2355049797	200
Total		4,018
Debt to equity swap		1,300

Consent fee	0.1%, creditors who have acceded to the old RSA are required to accede to the new RSA to be eligible for the consent fee.
Consent fee deadline	21 May'24
Approved threshold	50% in headcount and 75% in value in scheme meeting

	Issue Size (USD mn)	Cash coupon	PIK coupon	Maturity	Before 30 Jun'25	Coupon schedule					1 Jan'28 onwards
						31 Dec'25	30 Jun'26	31 Dec'26	30 Jun'27	31 Dec'27	
Tranche A	200	4.5%	5.5%	31 Dec'26	PIK	0.3% cash, rest in PIK	0.5% cash, rest in PIK	0.5% cash, rest in PIK	-	-	-
Tranche B	200	4.75%	5.75%	31 Dec'27	PIK	0.3% cash, rest in PIK	0.5% cash, rest in PIK	0.5% cash, rest in PIK	4% cash, rest in PIK	4% cash, rest in PIK	-
Tranche C	300	5.0%	6.0%	31 Dec'28	PIK	0.3% cash, rest in PIK	0.5% cash, rest in PIK	0.5% cash, rest in PIK	4% cash, rest in PIK	4% cash, rest in PIK	All cash
Tranche D	400	5.25%	6.25%	31 Dec'29	PIK	PIK	PIK	PIK	4% cash, rest in PIK	4% cash, rest in PIK	All cash
Tranche E	500	5.5%	6.5%	31 Dec'29	PIK	PIK	PIK	PIK	4% cash, rest in PIK	4% cash, rest in PIK	All cash
Tranche F	500	5.75%	6.75%	30 Jun'30	PIK	PIK	PIK	PIK	4% cash, rest in PIK	4% cash, rest in PIK	All cash
Tranche G	309	6.0%	7.0%	31 Dec'30	PIK	PIK	PIK	PIK	4% cash, rest in PIK	4% cash, rest in PIK	All cash
Tranche H	309	6.5%	7.5%	30 Jun'31	PIK	PIK	PIK	PIK	4% cash, rest in PIK	4% cash, rest in PIK	All cash
Total	2,718										

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Kookmin Bank	300/300	3/5YR	5.375%/5.25%	T+60/65	Aa3/A+/-
Jiujiang Municipal Development	300	3YR	6.55%	6.55%	-/-/BBB-

➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Golomt Bank	USD	300	-	-	B3/B/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 52 credit bonds issued yesterday with an amount of RMB37bn. As for month-to-date, 2,016 credit bonds were issued with a total amount of RMB1,981bn raised, representing a 2.7% yoy decrease
- Media reported that PBOC advised regional banks to curb their investments in ultra-long duration bonds and reduce leverage in bond holdings to reduce risks
- **[CSHCN]** China South City USD bond trustee sent acceleration notices on four tranches following failure to make amortization, redemption payments; China South City appointed Alvarez & Marsal, Linklaters to advise on holistic solution to offshore debts situation
- **[FUTLAN]** Seazen Holdings 1Q24 revenue down 12% to RMB14.4bn and profit attributable to parent company owners down 65% to RMB227mn
- **[GRNCH]** S&P affirmed Greentown China BB- rating and revised outlook to stable
- **[GZRFPR]** Guangzhou R&F Properties announced results of exchange offer for 7.5% PIK senior notes, c21% existing notes will be exchanged
- **[KAISAG]** Kaisa Group winding-up petition hearing further adjourned to 27 May'24
- **[MEDCIJ]** Fitch upgraded Medco Energi to BB- and placed stable outlook
- **[VNKRLE]** China Vanke 1Q24 revenue down 10% yoy to RMB61.6bn and profit attributable to parent company owners turned to negative RMB362mn

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