

CMBI Credit Commentary**Fixed Income Daily Market Update 固定收益部市场日报**

- *New issues KEXIMs were unchanged to 2bps tighter. INDONs down 0.5-1pt. China IG benchmarks widened 0-2bps, long-end TENCNT/BABA were under better selling. High quality LGFV/SOE Perp/CN AT1 continue to be well-bid..*
- *CIFIHG: Plans to extend the maturities of offshore debts by 2-9 years with five options. See below.*
- *ZHPRHK: Obtained 26.97% bondholder's support on RSA so far. See below.*

❖ Trading desk comments 交易平台市场观点

Yesterday, overnight UST yields tightened 2-4bps across the curve. Asia ex JP IG space remained relatively soft. On the new issue front, the Republic of Indonesia priced 5-yr bond of USD500mn, 10-yr bond of USD650mn and 30-yr bond of USD900mn to yield 4.65%, 4.85% and 5.2%, respectively. The new INDON 29/34/54 were traded around 0.25pt lower against the aggressive RO levels. Chinese IG benchmarks were unchanged to 5bps wider. HAOHUA 25-30s widened 3-5bps. CHGRID/CNOOC 25-27s widened 2-3bps. The longer dated SOEs such as SINOPE/CNOOC 44-49s were also under better selling. The high beta TMTs MEITUA/WB 30s were 2-4bps wider. In financials, Fitch downgraded the ratings of China's four national AMC's by one notch. We saw two-way active flows on CCAMCLs/HRINTHS. HRINTHS were traded 0.1pt lower (around 10-15bps wider), CCAMCLs/ORIEASs widened 3-4bps. Chinese AT1s such as ICBCAS/BOCOHK Perps were unchanged to 0.1pt higher while EU AT1s such as HSBC/STANLN Perps were 0.3-0.5pt lower. In Korea, POHANG/DFHOLD 26s and HYUELE 28s widened 4-8bps. Elsewhere, TAISEM curve was under better selling. HK IGs were traded in balanced two way flows. CKHH/AIA 33s were unchanged to 3bps wider. In HK Corp space, NWDEVL Perps were 1.7-2.2pts lower. SHUION 24-26s were up another 2.2-3.3pts to close 8-10pts higher WTD. Chinese properties were firm. ROADKG 24-25s were 1.1-1.7pts higher. GEMDAL/FUTLAN 24s were up 1.2-1.7pts. DALWANs were 1-1.3pts higher. YLLGSP 24/26 were up 0.8-1.8pts. In industrials, CHIOIL/FOSUNI 26s were up another 0.6-1.1pts. Macau gaming names MPEL/SANLTD/STCITY 26-30s were down 0.5-0.8pt. In Indian space, VEDLN 24-26s were up 1.7-3.4pts. Renewables RPVIN 27-28s were up 0.3-0.5pt. Renew Power's subsidiary India Green Energy announced the call of INGREN 5.375 '24 in full on 11 Jan. Indonesian names were quiet.

In Perp/LGFV spaces, SOE perps continued to be resilient, thanks to the support from onshore prop desks. HUANEN 3.08 Perp/CHSCOI 3.4 Perp were 0.1-0.2pt higher. The high-beta IG names remain better bid, led by the short-squeeze of SUNSHG. BCDHGR/MINMET 26s were also 0.5-0.9pt higher. Meanwhile LGFVs were firm. The 6-7% LGFVs GZINFU/SHGUOH 26s were 0.4-0.5pt higher. The higher-yielding GSHIAV 24-25s were up 0.3-

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0.6pt. CPDEV 25/Perp were up 0.7-1.7pts to close 2-4pts higher WTD. On the other hand, We saw profit taking interests in several weaker Shandong names at high target levels, following media report that SAFE had suspended Shandong LGFVs from issuing new 364-day offshore notes.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VEDLN 6 1/8 08/09/24	73.4	3.4	NWDEVL 4.8 PERP	43.7	-2.2
SHUION 5 1/2 06/29/26	57.3	3.3	NWDEVL 6.15 PERP	81.6	-1.9
SHUION 5 1/2 03/03/25	67.4	2.4	NWDEVL 5 1/4 PERP	67.3	-1.8
CSCHCN 9 06/26/24	29.1	2.2	NWDEVL 6 1/4 PERP	54.5	-1.7
SHUION 6.15 08/24/24	87.1	2.2	CHGRID 4 05/04/47	86.3	-1.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.34%), Dow (+0.03%) and Nasdaq (-0.56%) were mixed on Thursday. US Dec'23 ADP employment was +164k, higher than the expectation of +115k. US latest initial jobless claim was +202k, lower than the expectation of +216k. UST yields moved higher yesterday, 2/5/10/30 yield reached 4.38%/3.97%/3.99%/4.13%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ CIFIHG: Plans to extend the maturities of offshore debts by 2-9 years with five options

CIFI made an update on the holistic solution for the offshore debts. It proposes five options for the creditors to convert their holdings into new USD notes or new USD/RMB loans, including maturity extension with different level of haircut and partial equitization. CIFI targets to deleverage by USD3.3-4bn via the debt restructuring, to be implemented by way of scheme of arrangement.

The amortization for most of the options will be spread over 2-9 years from the restructuring effective date. The coupon rates will be in the range of 2-4%. Most of the options will include interest deferral mechanism where the deferred interest (without any compounding) will be paid in a lump sum together with or after the repayment of the last amortization instalment. All options will be credit enhanced by the same guarantees and security package. Also, consent fee is considered to be provided to the creditors. As of 3 Jan, CIFI is still negotiating with the creditors in relation to the restructuring plan.

CIFI defaulted in Oct'22 and suspended payment of all offshore debts in Nov'22. As of Jun'23, CIFI has offshore interest-bearing liabilities (excluding accrued interest) of cUSD7bn, comprises of senior notes of USD4bn, convertible bonds of HKD1.9bn (cUSD243mn), perpetual securities of USD300mn, unsecured loans of USD2.3bn and project-level debts of USD110.5mn. The cash balance was only RMB19.2bn (cUSD2.7bn) as of Jun'23.

CIFI has IPs of RMB45.6bn (cUSD6.4bn) as of Jun'23, and it plans to dispose IPs and offshore assets to realize RMB12-14bn (cUSD1.7-2.0bn). It also expects to generate RMB104-115bn (cUSD14.7-16.2bn) from the onshore development projects from 2H23 to 2032. The total cumulated cash flow generated for offshore debt repayment is expected to be RMB30-35bn (cUSD4.2-4.9bn). In our view, the estimation on the proceeds from the monetization of IPs and onshore projects development are still hinge on the property market sediment, which we still yet to see a sign of notably recovery.

➤ **ZHPRHK: Obtained 26.97% bondholder's support on RSA so far**

Zhenro had entered into RSA with AHG representing c26.97% of the aggregate outstanding principal amount of its senior notes and perp. Zhenro has 15 senior bonds and 1 perp outstanding with cUSD3.6bn principal amount and the cumulative principals/interests were cUSD4.2bn. In the RSA which was proposed in Nov'23, Zhenro plans to issue four series of new USD notes with tenor of 4-7yr to substitute all of its existing notes without principal hair-cut. Credit enhancements include shares of subsidiaries/receivables, etc. as collaterals for the new bonds, and mandatory redemption upon specified asset disposals, receivables repayments and new project sales.

New Notes	Principal (USD mn)	Tenor (yr)	Maturity	Coupon (Cash/PIK)	Principal of new bonds per USD100 old bonds
Series 1	237	4	1/1/2028	5%/6%	3.36
Series 2	853	5	1/1/2029	5%/6%	20.15
Series 3	1,279	6	1/1/2030	5.5%/6.5%	30.22
Series 4	1,863	7	1/1/2031	6%/7%	44.04
Total	4,232				97.77*

*Note: The gap was USD100mn of Series 1 as consent fee.

Source: Company fillings.

	Scheme Creditors (senior notes holders)	Perpetual Security holders
Consent Fee	1). 0.15% of the aggregate principal amount 2). Pro rata share of the Series 1 New Notes in an aggregate principal amount of USD95mn	1). 0.15% of the principal amount of Perp 2). Pro rata share of the Series 1 New Notes in an aggregate principal amount of USD5mn
Consent Fee Deadline	24 Jan'24 or such later date as may be agreed between the company and the AHG in writing	
Restructuring Effective Date	No later than 30 Jun'24	
Longstop Date	30 Jun'24 or such later date as may be agreed between the company and the AHG in writing	

Source: Company fillings.

In 2023, Zhenro's contracted sales was RMB15.38bn, decreased 39.7% yoy. The company projected it may generate RMB50-60bn cash flow from existing property projects in 2023-2027 and RMB30-35bn cash flow from new property projects in 2027-2030. It also plans to sell IPs in 2024-2028 to raise cRMB5-8bn liquidity.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Export-Import Bank of Korea	800/800/400	3/5/10yr	4.625/4.5/4.625%	T+53/63/73	Aa2/AA/AA-
Jinan Zhangqiu Holding Group	118.8	330d	5.9%	5.907%	-/-/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Hanwha TotalEnergies Petrochemical	USD	-	5/5.5yr	-	Baa1/BBB/-

POSCO	USD	-	3/5yr	-	Baa1/A-/-
SK Hynix	USD	-	3/5yr	-	Baa2/BBB-/BBB

➤ News and market color

- Regarding onshore primary issuances, there were 70 credit bonds issued yesterday with an amount of RMB58bn. As for Month-to-date, 192 credit bonds were issued with a total amount of RMB149bn raised, representing a 61.4% yoy increase
- **[DALWAN]** Media reported that Dalian Wanda prepares funds to make scheduled installment payment for USD bonds due on 5 Jan
- **[JNZQHO]** Jinan Zhangqiu Holding proposes to offer RMB3bn corporate bonds
- **[LMRTSP]** Lippo Malls Indonesia Retail Trust estimates its aggregate leverage ratio increases to 44.3%, lower than the limit of 45%
- **[SJMHO]** Fitch affirmed SJM Holdings' BB- rating and revised outlook to stable from negative
- **[VEDLN]** Vedanta Resources announced results of bondholders' meetings that all amendment resolutions approved
- **[XZETDZ]** Xuzhou Economic and Technology Development Zone State-Owned Assets Management proposes to offer CNY 600m three-year MTNs to repay debts
- **[YLLGSP]** Media reported that Yanlord plans to use a closed syndicated loan of no less than USD200mn to partly redeem its USD376mn 6.8% bonds due-27 in 2024, the remaining amount of the bonds to be repaid from the developer's internal cash
- **[YUNINV]** Yunnan Provincial Investment proposes to offer RMB2bn one-year bills to repay debts

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