

CMBI Credit Commentary

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

- *Markets were quiet this morning. Asian IG space overall tightened 2-3bps. LGFV was firmer than last week and we saw buying interests on Shandong names. SOE Perps were weak with c0.25pt down.*
- **SINOCL:** *launched the consent solicitation for SINOCL 6.25 06/22/23 to extend maturity for 6 years, defer coupon payment and cut coupon rate. SINOCLs were stable this morning. See below.*
- **DALWAN:** *Clarified rumors on the acquisition by China Resources, Wanda Plaza sale and operation data fraud; Media reported it prepares to securitize malls to raise cash. DALWANs rose 4.5 to 10pts this morning.*

❖ Trading desk comments 交易台市场观点

Last Thursday, overnight rates widened 5-15bps across the curve. The new KNBZMK 28s/33s tightened 5-10bps from the RO levels, while other recent new issues such as CKHH/BOCAVI closed 1-2bps tighter with mixed two-way flows. In Chinese SOEs, the front end of HAOHUAs performed mixed amid two-way flows. CHGDNU/CHRAIL/SINOPE/CNOOC/CHCONS were under better buying. TMT benchmarks BABA/TENCNT were under better selling. The BBB TMTs such as LENOVO/MEITUA widened 4-6bps. In Korea/Japan space, SKONKR/HYUELE/SUMIFL were better bid. Chinese properties remained weak. LNGFORs were quoted 0.75-1.5pts lower. DALWANs declined another 0.5-1pt to close 2-6pts lower WoW. Dalian Wanda Commercial Management denied the recent rumors such as fudging operating statistics, selling 20 plazas, being sold to China Resources, etc. CHINSCs/FUTLANs/FTLNHDs were traded down 1-2pts. CENCHI/GRNLGR 23s/24s lowered 0.5-2pts. Macau gaming names such as MGMCHIs/MPELs/WYNMACs were traded 0.5-1pt lower. In industrials, HILOHO'24/EHICAR'26 were marked down 1.75pts-2pts. In Indian space, VEDLNs and GRNKENS were bid up 0.25-0.5pt. Indonesian names MEDCIJs/LMRTSPs drifted 0.25-0.75pt lower. Elsewhere, GLPCHI 24s/26s rebounded 3.25-4.75pts.

LGFVs, sentiment on Kunming/Yunnan complex stabilized yet selling flows turned to names from other beta regions, i.e. city-level Shandong/Chongqing/Jiangxi/Henan papers, particularly to those front-end papers that offered little upside anyway. There was hectic selling flows in the morning, but eventually most papers managed to be absorbed by onshore banks. YUNINV '25 was indicated 2.5pts lower at high-80s. SOE Perps and Chinese AT1s were also under selling pressure. BOCOM 3.8 Perp/ICBCAS 3.2 Perp closed around 0.15-0.3pt lower as rates crept up again, whilst targets of cash parking demand in 23s callable papers from mainly insurance accounts retreated to around 6%. Elsewhere in HK corp perps, NWDEVL Perps were indicated 0.5-1pt higher.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GLPCHI 4.974 02/26/24	84.8	4.7	YUNINV 6 1/2 03/02/25	85.0	-2.5
GLPCHI 2.95 03/29/26	57.9	3.3	EHICAR 7 09/21/26	57.5	-2.1
ROADKG 5 1/8 07/26/26	42.6	0.9	FTLNHD 4.8 12/15/24	59.3	-2.0
PCGIHD 4 3/4 10/28/24	95.3	0.8	GRNLGR 5.6 11/13/24	33.0	-2.0
NWDEVL 6.15 PERP	87.8	0.8	CHINSC 7 3/8 04/09/24	32.4	-1.8

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.30%), Dow (+1.00%) and Nasdaq (+2.19%) were amid buoyant sentiment and boosted by tech companies. About US debt ceiling, the Democrats and the Republican had reached a deal and ready to move to Congress for vote. US Apr PCE index rose 0.4% mom and was higher than expectation of +0.3% mom. The latest initial jobless claim was +229k, lower than expectation of +250k. The US treasury overall rose on last Friday, the 2/5/10/30 yield reached 3.96%/3.80%/3.92%/3.54%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ SINOCL: Launched the consent solicitation for SINOCL 6.25 06/22/23

Sino-Ocean Capital launched the consent solicitation for SINOCL 6.25 06/22/23 which have USD497mn outstanding. Key terms include (1) a maturity extension of 6 years to Jun'29; (2) to pay accrued but unpaid interest from Dec'22 to Jun'23 in cash on Jun'25; (3) cut interest to 5% from 6.25% and payable annually instead of semi-annually; (4) adds a PIK option at 6% for the period from Jun'23 to Jun'28; (5) adds a provision that not less than 5%/15% of the outstanding notes on the amendment effective date will be redeemed and cancelled by Jun'27/Jun'28, respectively.

The consent solicitation is in line with our expectation that its parent company Sino-Ocean is prioritizing the debt repayment at the parent company level, leaving Sino-Ocean Capital, a 49% owned associate, to sort its way to deal with the bond repayment due to the tight liquidity condition. There is no consent fee as incentive. The accrued but unpaid interests is proposed to be paid in Jun'25. These indicate a very tight liquidity condition SINOCL is facing. Furthermore, the PIK option is added for coupon payment from Jun'23 to Jun'28 and SINOCL is likely to elect PIK option, in our view.

Last week, SINOCL received more than 75% bondholders' consent to postpone the accrued interest payment date on SINOCL 6 10/24/23 for c3 months to 31 Jul from 24 Apr. Based on the consent terms for SINOCL 6.25 06/22/23, we would doubt if the company is able to pay the coupon for SINOCL 6 10/24/23 of cUSD8.5mn on 31 Jul even after postponing for c3 months. SINOCLs were stable this morning post consent solicitation announcement.

	Consent	Original terms
Maturity	06/22/29	06/22/23
Accrued but unpaid interests	Payable Jun'25 in cash	Payable Jun'23 in cash
Coupon	5%	6.25%
Coupon payment frequency	Annually	Semi-annually
Coupon payment	Cash/ PIK option at 6% from Jun'23 to Jun'28	Cash
Consent fee	Nil	
Expiration deadline	14 Jun	

	Px (ask)	YTM (ask, %)	Amt o/s (USDmn)
SINOCL 6.25 06/22/23	26.38	4,157.4	497
SINOCL 6 10/24/23	19.90	1,006.7	282.3

Source: Bloomberg, Company's announcement.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ News and market color

- Regarding onshore primary issuances, there were 82 credit bonds issued yesterday with an amount of RMB101bn. As for Month-to-date, 921 credit bonds were issued with a total amount of RMB1,058bn raised, representing a 37.3% yoy increase
- **[ADANIG]** Fitch affirmed Adani Green Energy's Restricted Group 1's USD Notes at BB+ and placed stable outlook
- **[ADNCAP]** Media reported that Adani Capital plans to raise up to INR15bn (cUSD181mn) from PEs, strategic investors
- **[BTSDFI]** Health & Happiness (H&H) International not to proceed with tender offer for outstanding 5.625% senior notes due-2024. Separately, it signed RMB500mn (cUSD70.7mn) 30-month unsecured term loan agreement with CCB for working capital purposes
- **[CIFIHG]** CIFI Group secured bondholder approval to extend the redemption of its RMB2.12bn notes due 2025 puttable 29 May
- **[COGARD]** Media reported that Country Garden wins bid for Foshan city land parcel for RMB2.74bn
- **[DALWAN]** Dalian Wanda Commercial Management clarified rumors about acquisition by China Resources, Wanda Plaza sale and operation data fraud; Media reported it prepares to securitize malls to raise cash
- **[EHOUSE]** E-House appoints chief restructuring officers to speed up offshore revamp
- **[PDD]** PDD's 1Q23 revenue rose 58.2% yoy to RMB37.6bn, operating profit increase 222% yoy to RMB6.9bn

- **[SOFTBK]** Media reported that SoftBank is in talks to invest in up to five Indian startups with USD50-100mn for each target
- **[SUNAC]** Sunac to acquire 51% of project company responsible for Tianjin National Game Village Project development from Greentown for cRMB1.5bn

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