

CMBI Credit Commentary

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

- **CIFIHG'23** slumped ~14pts and **CIFIHG'24** down ~6pt this morning as the company request S&P to withdrawn its B+ rating. COGARs were dragged down by the spillover while we saw some short coverings on it. LGFVs were sold by offshore customers to raise money like previous days.
 - **SUNKWP**: Consent solicitation for SUNKWP 12.25 07/17/23 to delay the mandatory redemption of USD12.6mn by 3 months to Jan'23. See below.
 - **JIA YUA**: Jiayuan further extended deadlines for exchange and RSA to 19 and 20 Oct'22, respectively. JIAYUAs price were unchanged this morning.
- ❖ **Trading desk comments 交易平台市场观点**

Yesterday, China IGs was mixed against the backdrop of macro volatility and limited flows as onshore investors were still off. Financials space generally showed a lack of buying despite improved macro sentiments. AMCs were skewed to better selling with HRINTHs slightly retreated 0.5pt after gaining 2pts yesterday. GRWALLs/CCAMCLs also weakened 3-5bps. TMT space broadly tightened 5-10bps, with select benchmarks such as TENCNT/TAISEM/BABA, trading tighter on short covering. We saw small buying on selected short-dated papers but overall most of the space remained better offered. IG properties were still mixed, LNGFORs further fell 1-3pts whilst YUEXIUs were roughly 0.5-1pt higher. SINOCE 25s up 1-2pts whilst other SINOCEs broadly down 1-2pts. On China HY space, COGARs dropped 1-2pts on RM/PB selling. The liquid COGARD 8%'24 was weighed down a bit by CIFI, but found support at low-40s. CIFIHG were unchanged to 0.5pt lower. S&P withdrew the 'B+' long-term issuer credit rating at the company's request. Elsewhere, CENCHIs were down 1-2pts. In non-property space, gaming names notably outperformed, with better buying from RM and Prop. MPELs/SJMHOls/WYNMACs were traded another 1-2.5pts higher. In industrial space, FOSUNI 24-26s were indicated up 0.5-1pt. HONGQI'26 was up 2.5pts. Away from China, Indian renewables were marked up 2pts. VEDLNs moved 1-3.5pts higher after VRL secured USD250mn loans from two Indian banks, i.e. USD150/100mn from UBI/Canara Bank respectively. GRNKENS/RPVINs were also indicated 0.5-1.5pts higher, post S&P upgraded Greenko Energy to BB- from B+ with a stable outlook. Indonesia HY was unchanged to 50c higher but still no significant demand. In Philippines, PHILIP 5Y/10.5Y/25Y was priced at T+120/T+185/6.1% level, respectively 35/35/45bps lower from the IPG.

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吳蓓瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

Jerry Wang 王世超
(852) 3761 8919
jerrywang@cmbi.com.hk

The LGFV/SOE Perp spaces had some technical reversal bounce in macro risks but the spaces were only stable as the majority of buyers remained out on onshore holiday. Flows were overall light and dominated by cash-raising selling from global and offshore Chinese RM, mainly in front end LGFVs as bid liquidity was rather thin, with only a few offshore clients parking cash in short dated papers at discounted levels. For the moment, market sentiment remains rather cautious despite a firmer macro tone, with clients still biased to sell as a result of fund flows and duration view. Nonetheless with valuations back to more reasonable levels now, should the rates and FX backdrop hang in here until onshore return next week, it may be more tactically optimistic in the very near term.

➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VEDLN 6 1/8 08/09/24	62.1	3.4	NWDEVL 6 1/4 PERP	78.1	-4.0
MPEL 5 3/4 07/21/28	67.6	2.9	NWSZF 4 1/4 06/27/29	82.4	-3.3
EAGRUY 7 1/2 05/01/25	78.8	2.8	CPDEV 4.65 01/19/26	75.5	-3.0
MPEL 5 5/8 07/17/27	70.6	2.6	LNGFOR 3.95 09/16/29	64.1	-2.8
WYNMAC 5 1/8 12/15/29	68.6	2.5	COGARD 3 1/8 10/22/25	31.8	-1.9

➤ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets slightly down on Wednesday. The S&P (-0.20%), Dow (-0.14%) and Nasdaq (-0.25%) ended two-day rebound as the back of the Fed officials' hawkish comments about striking inflation. The U.S. ADP data showed business added 208k jobs in Sep, better than the market expectation of 200k. OPEC+ agreed to deduct the crude oil production by 2mn barrels/day from Nov'22, WTI and Brent price reached 88 and 94 level. The U.S. treasury yields rose yesterday and the yields curves bear steepened that 2/5/10/30 yield reaching 4.15%/3.96%/3.76%/3.78%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ SUNKWP: Consent solicitation for SUNKWP 12.25 07/17/23

Sunkwan property proposed a consent solicitation relating to SUNKWP 12.25 07/17/23 (o/s USD222.36mn) to postpone the mandatory redemption date of USD12.56mn principal from 18 Oct'22 to 18 Jan'23. The bonds were newly issued as a result of Sunkwan's Jul'22 exchange offer about original SUNKWP 12.25 07/21/22 (o/s USD210mn). The USD12.56mn principal which should be redeemed on 18 Oct'22 is the capital interest amount of original bond. Currently, Sunkwan has two USD bonds outstanding: USD222.36mn SUNKWP 12.25 07/17/23 and USD160.2mn SUNKWP 13.5 01/02/23. As of Jun'22, the company had RMB1.2bn (cUSD168mn) cash and cash equivalents.

Details of October consent solicitation and July exchange offer:

Time	Type	Bond	Upfront Cash /Incentive	New Bond	Details
5-Oct-22	Consent solicitation	SUNKWP 12.25 07/17/23	Opt	-	-Postpone the payment due date of USD12.5mn bonds to 18 Jan'23 from 18 Oct'22 -Minimum acceptance level: 75% -Expiration deadline: 11 Oct'22
8-Jul-22	Exchange Offer	SUNKWP 12.25 07/21/22	Opt	SUNKWP 12.25 07/17/23	-Extend the maturity by 364 days to Jul'23 -Minimum acceptance level: 90% -Expiration deadline: 14 Jul'22 -Obtained 99.9% approval

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USDmn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Republic of the Philippines	500	5yr	5.17%	T+120	Baa2/BBB+/BBB
Republic of the Philippines	750	10.5yr	5.609%	T+185	Baa2/BBB+/BBB
Republic of the Philippines	750	25yr	5.95%	6.1%	Baa2/BBB+/BBB

➤ Offshore Asia New Issues (Pipeline)

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

➤ Market conditions and color

- Onshore primary issuances suspend during the National Day Holiday.
- [CIFIHG]** S&P withdrawn CIFI Group's B+ long-term issuer credit rating at the company's request
- [FTHDGR]** Fantasia announced that it has reached an agreement with its major USD bondholders over basic commercial terms to ease the company's debt pressure; The principal and interest payments on its onshore bond 20huayang01 have been unconditionally extended for one year
- [GZRFPR]** Guangzhou R&F announced to sell Vauxhall Square in London for GBP108.2mn (cUSD122.9mn)
- [HUIJHK]** Huijing Holdings announced to postpone the payment date of the FY21 HKD0.248 per share dividend to or before 2023 to maintain liquidity
- [JIAYUA]** Jiayuan International further extended the deadline on exchange offer to 19 Oct; The company suspended interest payment of JIAYUA 12.5 04/08/23 and JIAYUA 13.75 02/18/23
- [KIJAIJ]** Media reported that Jababeka plans to launch a bond exchange offer of its USD300mn KIJAIJ 6.5 10/05/2023 to postpone the maturity date behind the maturity of 5-year USD100mn loan from Mandiri Bank

- **[OCTOWN]** Overseas Chinese Town plans to sell 51% of Shanghai rental property via public tender for at least RMB585m (cUSD82mn)

CMB International Global Markets Limited

Fixed Income Department

Tel: 852 3761 8867/ 852 3657 6291

fis@cmbi.com.hk

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United

States solely to "major US institutional investors", as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.