

## CMBI Credit Commentary

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

- *The risk-on sentiment in Asia IG space continued. Chinese IG benchmarks were 2-5bps tighter. MEITUA/WB 30s grinded 5-10bps tighter. Chinese/HK properties performed well. GEMDAL/CHJMAO/PINGRE gained 2.6-3.7pts. SHUION/YLLGSP 24-26s were up 1.7-2.8pts. In LGFVs, CPDEV 25/26 were up another 1.1-1.3pts by noon.*
- **Chinese Properties:** *China is drafting a white list of 50 developers eligible for financing. VNKRLs gained 1-3pts, LNGFOR'28 jumped 4.5pts and FUTLANs/FTLNHDs 25s were up 1.5pts. See below.*
- **NWDEVL:** *NWD completed the disposal of NWS shares and received consideration of HKD21.7bn. We believe that NWDEVL is ready for the tender offers and repurchases of its USD bonds/perps. NWDEVL perps gained 0.5pts while the rest of NWDEVLs were unchanged.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space remained firm. Chinese SOE/TMT benchmarks were better bid. SINOCH/TENCNT 30-31s were 1-3bps tighter. The high-beta TMTs MEITUA/WB 30s were traded in mixed two-way flows and closed 2-4bps tighter. In financials, Chinese/HK bank T2s performed mixed with better buying on DAHSIN/SHCMBK 33s vs better selling on CCB/BCHINA 29-32s. Chinese AT1s CINDBK 4.8 Perp/ICBCAS 3.2 Perp were 0.1-0.3pt higher. EU AT1s SOCGEN 10 Perp/UBS 9.25 Perp remained well-bid above par by PBs/Prop desks in Asia time zone. In AMC space, the front end of CCAMCL were under better buying, whilst HRINTH 25-27s closed unchanged to 10bps wider. Elsewhere, JP papers SMBCAC 28/33 tightened 2-4bps. HK Corp space performed well. BNKEA 5.825 Perp/PEAKRN 5.35 Perp/NWDEVL 4.8 Perp were up 0.4-0.5pt. Chinese/HK properties performed strongly. Media reported that Chinese regulators were drafting a list of 50 developers (both private and state-owned) eligible for a range of financing. Longfor, Seazen and Vanke are amongst the names could be included in the whitelist. VNKRL 25-27s jumped 3.5-6.2pts. LNGFORs were 3.7-4.2pts higher. FUTLAN/FTLNHD 24-26s were up 1.0-3.6pts. See below for comments. GEMDAL '24/CHJMAO '29 closed 2.3-4.9pts higher. ROADKG '24 rallied 8.7pts and the rest of ROADKGs gained 1.9-4.9pts, post the announcement of asset disposals for RMB4.4bn (cUSD609.8mn). DALWAN/PINGRE 24-26s moved 0.6-0.7pt higher. SHUION '25/YLLGSP '24 were up 0.5pt. Industrials were mixed. FOSUNI 26/27 gained another 0.5-2pts. ANTOIL '25/TSINGH '23 were 0.6-0.7pt lower. In Macau gaming names, MPEL/WYNMAC 27-29s were up 0.5pt. Indian space was quiet. Indonesian space was mixed. LPKRIJ '25/KIJAIJ '27 were 0.4-0.7pt higher, whilst BUMAIJ '26 lowered 0.5pt. Elsewhere, GLPCHI 24/26 gained 2.2pts.

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The LGFV/Perp spaces had a quiet session. The flows were balanced two-way in the 24-25s LGFVs. More holders took profit and trimmed some risks, especially on aggressive dealer bid opportunities. QDJZWD '24 was 0.6pt higher whilst KMRLGP '24 declined 0.8pt. In Guangzhou LGFVs, GZINFU/GZDZCD papers were down 0.3pt. Meanwhile the 26-28s LGFVs remained well-demanded by Chinese accounts. CQNANA 26s were 0.1-0.3pt higher. Elsewhere, CPDEV Perp gained another 1.3pts while CPDEV 25/26 were 0.2pt higher. SOE perps were better bid. We saw the higher-yielding papers were still well-supported despite seemingly softer marginal demands, partially thanks to short squeezes in selected names. CHPWCN 4.25 Perp/CHSCOI 3.4 Perp were up 0.1-0.2pt. FRESHK 25s were 0.4pt higher.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ROADKG 6.7 09/30/24	77.9	8.7	KMRLGP 3.9 12/12/24	89.8	-0.8
VNKRLE 3.975 11/09/27	65.7	6.2	TSINGH 5 3/8 01/31/23	40.2	-0.7
VNKRLE 3 1/2 11/12/29	59.0	5.7	ANTOIL 8 3/4 01/26/25	93.1	-0.6
ROADKG 6 09/04/25	51.9	4.9	GRNLGR 7 3/4 03/03/30	7.1	-0.6
GEMDAL 4.95 08/12/24	39.2	4.9	PERTIJ 5 5/8 05/20/43	89.3	-0.5

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.74%), Dow (+0.58%) and Nasdaq (+1.13%) were strong yesterday. The biggest boost was from Microsoft shares that reached a record high and ended up 2%, with former OpenAI CEO joining Microsoft to lead a new advanced AI research team. China keeps LPR unchanged that 1-year LPR at 3.45% and 5-year LPR at 4.2%. The UST yield retreated yesterday, 2/5/10/30 yield reached 4.89%/4.44%/4.42%/4.57%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ Chinese properties: China is drafting a whitelist of 50 developers eligible for financing

Media reported Chinese regulators were drafting a list of 50 developers eligible for a range of financing. The whitelist will include both state-owned and non-state-owned developers. Longfor, Seazen and Vanke are among the names could be included in the list. Those on the list will have support to access bank loans, debt and equity financing.

At the same time, in a meeting held by PBOC, NFRA and CSRC, and attended by financial institutions on 17 Nov, financial institutions were asked to support non-stated-owned developers in financing via bond issuance and equity financing, and to actively serve the construction of the "Three Major Projects". The regulators also require financial institutions to follow "Three No-lowers Principle": (i) the growth rate of real estate loan of the bank is not less than the industry average; (2) the growth rate of loan to non-state-owned developers is not less than the growth rate of the bank's average real estate loan; and (3) the growth rate of residential mortgages loan of non-state-owned developers' properties is not less than the growth rate of bank's average mortgage loan.

We consider the support to be positive but remain skeptical on the timing and implementation of support to the white-listees as long as 50 developers. So far, around 60 developers have defaulted in since 2021 and some of them already completed onshore and offshore debt restructuring exercises. We believe that even if there will be eventually a whitelist and even if the number of listees is 50, that does not mean all of them can avoid

default on the USD bonds. As we have been arguing, the policy objectives of government support is to ensure timely project deliveries and prevent systemic risk in the financial sector.

If the reported supportive policies will be implemented, we believe that the major beneficiaries will be large, non-state-owned developers such as Longfor and Seazen (we increasingly incline to reclassify Vanke to a local SOEs) who remains current on their onshore and offshore obligations. We also believe that “surviving” smaller developers such as Hopson and Yanlord could benefit from the ongoing supportive policies.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Xi'an Port Industrial Co. (SBLC by Postal Saving Bank)	63	35-month	6.1%	6.1%	-/-/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Pioneer Reward Limited (Guaranteed by Huatai Securities)	USD	-	3y	-	-/BBB+/-

#### ➤ News and market color

- Regarding onshore primary issuances, there were 64 credit bonds issued yesterday with an amount of RMB70bn. As for Month-to-date, 976 credit bonds were issued with a total amount of RMB1,003bn raised, representing a 2% yoy increase
- [CENCHI]** An ad hoc group of holders of Central China Real Estate's offshore USD notes have selected PJT Partners as financial advisor in preparation for negotiations regarding its offshore debt restructuring
- [CHINSC]** China SCE delays circular on sale of shopping mall complex in Beijing to on or before 4 Dec
- [HRINTH]** China Huarong to acquire 5.78% stake in China Merchants Expressway Network & Technology Holdings for RMB3bn (cUSD418.6mn)
- [INDYIJ]** Indika Energy repurchased USD33.9mn INDYIJ 8.25 10/22/25, aggregate principal remain outstanding is USD534.1mn
- [LPKRIJ]** Fitch downgraded Lippo Karawaci to CCC+ with negative outlook
- [NWDEVL]** New World Development has completed the disposal of all the NWS shares on 17 Nov and received consideration of HKD21.7bn on 20 Nov. A special dividend of HKD1.59 per share will be paid on 20 Dec
- [SUNAC]** Sunac China restructuring effective date occurred on 20 Nov
- [ZHHFGR]** Zhuhai Huafa Properties proposes to offer up to RMB1bn MTNs to repay debts. YTD, Zhuhai Huafa raised RMB25.2bn in onshore bond markets

- [ZHLGHD] Zhongliang Holdings consenting creditors holding 92% of scheme notes acceded to the RSA

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