

## CMBI Credit Commentary

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

- *Markets were quiet this morning partly due to Japan holiday. New issue LYURBN'26 slightly down. CHILOV'33 tightened c5bps as rates rose. TMT sector was weak and AMCs were unchanged despite CSRC meeting with developers.*
- **COGARD:** *Our reflections after COGARD's. See below.*
- **CAPG:** *Extended RSA fee deadline to 31 Aug. See below.*

#### ❖ Trading desk comments 交易台市场观点

Asia ex-JP IG space was traded on a cautious and quiet tone as market awaited for US CPI data on Thursday night. The recent new CHILOV 33s opened lower at \$99.9 but then stayed at \$99.95/\$100 for the rest of the day. On secondary front, Chinese SOEs such as SINOCH/SINOPE 31s were unchanged to 2bps tighter. TMT benchmarks were unchanged to 1bp wider amid balanced mixed flows. Whilst the high-beta TMTs such as MEITUA/WB 30s grinded 2-3bps tighter. In financials, Chinese bank T2s such as ICBCAS/CCB were under better selling. BCHINA/CINDBK 29s widened 1-3bps. In AMC space, HRINTH curve was traded unchanged to 0.5pt lower (10-15bps wider). Chinese properties remained sluggish. FUTLANs/FTLNHDs dropped 3.25-6.25pts. COGARD 24s dropped 3-3.5pts to close at single-digit, while the rest of the COGARDs closed 1-3.5pts lower. Last night, COGARD announced that it expects to record a net loss of up to RMB55bn(USD7.63bn) for 1H23. Media also reported COGARD has arranged CICC as financial advisor for onshore bond restructuring. See below for comments. LNGFORs declined 2-3pts. CSCHCN 24s/GRNCH 25s were down 1-1.5pts. Whist SHUIONs were among the exception to be traded 1-2pts higher. In industrials, FOSUNIs/WESCHIs lowered 0.5-3.5pts. Macau gaming papers such as SANLTD/STCITY/WYNMAC 28-30s gained 0.5-0.75pt. Indian space was quiet. VEDLN 24-26s were up 0.25pt. Indonesian names LPKRIJ/LMRTSP 24-26s were marked down 1-2pts. The long-end of ICBPIJs were marked 2pts higher. Elsewhere, GLPCHI 24s/26s edged 1.5pts lower.

The LGFV/Perp spaces were largely stable. In LGFVs, flows were light with market attention mostly on property weakness. There were some small better buying in high-yielding/high-beta papers. Shandong/Sichuan names such as CDCOMM/QDHTCO 24s were indicated around 0.125pt higher. KMRLGP 3.9 '24 was bid up 0.25pt. SOE perps such as CHSCOI 3.4 Perp/CHCOMU 3.425 Perp were marked 0.25pt higher. RLCONS/CHPWCN Perps grinded 0.125pt higher. In HK Corp perps, LIFUNG/PEAKRN Perps were traded 0.15-0.25pt higher.

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

**Cyrena Ng, CPA 吴倩莹**  
 (852) 3900 0801  
 cyrenang@cmbi.com.hk

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

## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SHUION 5 3/4 11/12/23	87.3	2.6	FTLNHD 4.8 12/15/24	35.6	-6.3
ICBPIJ 4.745 06/09/51	75.0	2.1	FUTLAN 6 08/12/24	48.9	-5.2
ICBPIJ 4.805 04/27/52	75.0	1.8	ROADKG 6 09/04/25	43.0	-5.1
SHUION 5 1/2 03/03/25	55.9	0.9	DALWAN 7 1/4 01/29/24	41.4	-4.9
SANLTD 4 3/8 06/18/30	88.7	0.7	FTLNHD 4 1/2 05/02/26	23.4	-4.0

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.03%), Dow (+0.15%) and Nasdaq (+0.12%) closed higher on Thursday as Jul CPI was +3.2% yoy and lower than expectation of +3.3% yoy, while the latest CPI rebounded from +3% yoy in Jun'23 and was first yoy increase since Jun'22. The latest initial jobless claim was 248k, higher than expectation of 230k and 227k in last week. The US treasury yields rallied higher yesterday, 2/5/10/30 yield reached at 4.82%/4.21%/4.09%/4.24%, respectively.

## ❖ Desk analyst comments 分析员市场观点

## ➤ COGARD: Our reflections after COGARD's

**COGARD's "another" profit warning" and reflections**

Last night, COAGRD issued a 4-page [press release](#) on profit warning and its reflections. Compared with the press release on 31 Jul'23, the profit warning last night was more specific with an expected net loss ranging from RMB45-55bn. COGARD also mentioned the self-rescue measures including the cumulative financial support of HKD6.6bn from controlling shareholder. Additionally, COGARD mentioned commitments including ensuring delivery, reflections such as excessive investments in lower tier cities, insufficient deleveraging, etc. and consideration of adopting various debt management measures.

We acknowledge that COGARD is amongst one of the developers which have done a lot so far in honouring repayments. As we discussed in [our daily on 26 Jul'23](#), we believe that COGARD has refinanced most of the offshore loan maturities and redemption due FY23. That said, the road ahead remains bumpy as its refinancing pressure remains high.

Name	Outstanding amount (USD mn)	Maturity	Next Put date
COGARD 5.65 09/02/23	546.0	9/2/2023	-
CGREGC 4.33 09/14/25	200.7	9/14/2025	9/14/2023
CGREGC 4.38 09/24/25	279.7	9/24/2025	9/24/2023
GLCONS 4 1/2 10/21/23	68.8	10/21/2023	-
CGREGC 4.15 11/03/25	248.7	11/3/2025	11/3/2023
CGREGC 4.98 11/20/23	138.8	11/20/2023	-
COGARD 4 1/2 12/05/23	382.2	12/5/2023	-
CGREGC 4.88 12/13/24	111.9	12/13/2024	12/13/2023
CGREGC 4 12/13/24	28.0	12/13/2024	12/13/2023

CGREGC 6.3 12/17/25	139.9	12/17/2025	12/17/2023
COGARD 8 01/27/24	1000.0	1/27/2024	-
COGARD 4.95 07/28/26	496.8	7/28/2026	1/28/2024
Total	3641.5		

Source: Bloomberg.

Click [here](#) for full report

#### ➤ CAPG: Extended RSA fee deadline to 31 Aug

China Aoyuan announced on 10 Aug that it has got approvals from bondholders of 75.89% of the outstanding principal amount of its existing bonds for the proposed RSA. Besides, the company decided to further extend the RSA fee deadline from 10 Aug to 31 Aug as it received requests from both ICA and non-ICA creditors for more time to consider the RSA. There are [two different schemes](#) in Aoyuan's RSA, Add Hero scheme (ICA creditors) and Aoyuan Scheme (ICA and non-ICA creditors), and approval threshold is 75% for each scheme. Recalled that on 31 Jul, there were 64.35% of existing bondholders had acceded to the RSA. As the claims of USD bonds account for c83% of the ICA scheme, that means approval of c70% of non USD bondholders in principal amount will be sufficient for the ICA scheme to secure the approval threshold of 75%. We can envisage the priority of Aoyuan is to persuade bank creditors to accede to the RSA over the coming 2 weeks. As ICA claims, accounted for c66% of total claims of ICA and non-ICA, will also vote in the Aoyuan Scheme, securing the approval threshold in ICA scheme would mean a good chance of securing the approval for Aoyuan Scheme, as well as the whole restructuring plan.

As per CAPG's restructuring timetable, the deadline to resume stock trading of China Aoyuan (3883.HK) is 30 Sep and before that, the company has to file schemes then convene hearing of approved schemes for Hong Kong, BVI and Cayman. The time table is tight but we believe that Aoyuan could be able to extend the deadline on the back of progresses in debt restructuring.

#### Table: Timeline of CAPG's offshore restructuring

Date	Event
In or around Aug 2023	Drafting and filing resumption application or request an extension of the deadline
In or around mid to late-Aug 2023	Application for the schemes to be filed with the Hong Kong, BVI and Cayman Courts
In or around Sep 2023 (depending on court availability)	Convening hearing on the schemes for Hong Kong, BVI and Cayman Schemes
29 Sep'23	Deadline for addressing HKEx issues relating to the approval of Aoyuan and Healthy Life resumption applications

Source: Company presentation file

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Linyi City Construction Investment Group Co., Ltd.	310	3yr	7.4%	7.4%	Baa3/-/-

#### ➤ 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 117 credit bonds issued yesterday with an amount of RMB89bn. As for Month-to-date, 665 credit bonds were issued with a total amount of RMB501bn raised, representing a 15.8% yoy decrease
- Media reported that CSRC will hold a meeting on 11 Aug with property companies and investors to discuss the real estate market
- [BABA]** Alibaba 1Q24 revenue up 14% yoy to USD32.5bn and EBITDA up 27% yoy to USD7.2bn
- [COGARD]** Moody's downgraded Country Garden's CFR to Caa1, senior unsecured rating to Caa2 and placed negative outlook
- [LMRTSP]** Lippo Mall said it is in talks with existing local lenders for facilities to refinance due-Nov'23 SGD130mn loans
- [SINOCE]** Sino-Ocean Group extended voting deadline of USD600mn SINOCE 4.75 08/05/29 to 15 Aug
- [ZHPRHK]** Zhenro Properties expects to loss USD220mn in 1H23; it commenced discussion with AHG on key terms of proposal on offshore holistic liability management solutions

*Fixed Income Department*

Tel: 852 3657 6235/ 852 3900 0801

[fis@cmbi.com.hk](mailto: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.