

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

- *Markets were strong this morning. Asian IG space tightened 2-4bps with two way flows. LGFV/AT1 were under better buying while we saw profit taking by noon time.*
- **DALWAN:** *Media reported that Dalian Wanda's initial proposal to delay the repayment of pre-IPO investments was rejected. DALWANs down 0.1 to 3pts this morning. See below.*
- **Chinese Properties:** *Weaker contracted sales in Oct'23 and revival plans of at least RMB1tn (cUSD137bn). VNKRLs rose 0.2 to 1.25pts, LNGFORs were up to 0.8pt higher while FUTLANs/FLTNHDs were unchanged. See below.*

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

Cyrena Ng, CPA 吳蒨瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

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

❖ Trading desk comments 交易台市场观点

Yesterday, Asia ex-JP IG space was active with two way flows. High coupon EU AT1s continued to be sought after, UBS 9.25 Perp, SOCGEN 10 Perp and BNP 8.5 Perp rose c1pt. Chinese AT1s were stable. ICBCAS 3.58 Perp, CINDBK Perp were unchanged. In AMC sector, CCAMCLs, ORIEASs and GRWALLs all moved up to 1.25pts higher, HRINTHs were unchanged to 0.15pt higher. Benchmark TMTs TENCNT/BABA were unchanged to 1-2bps tighter while high-beta names WB/LENOVO/MEITUA were under better selling, widened 2-3bps. Chinese SOEs remained firm, HAOHUA/SINCH 30-31s tightened c1bps. HK Corp Perps were weak. NWDEVL/NWSZF/LEEMAN Perps were down 0.25 to 0.5pts. IG developers LNGFORs, VNKRLs were unchanged to down 1.5pts. In Macau gaming sector, SJMHOLs moved -0.1 to +0.2pt post reporting stronger 3Q23 results as expected. MGMCHIs and WYNMACs rose 0.1 to 1.1pts. In SEA, ADANEM'30 were up 5pts after announcement of USD120mn tender offer, ADANEM'31 also climbed 3.1pts.

LGFV/SOE Perp spaces were also active with a strong market sentiment. High-yielding LGFVs ($\geq 7\%$) such as GZINFU'24, property related CPDEVs, ZHHFGRs were chased by onshore RMs and were up to 0.4pt higher. Despite the stronger tone, we saw more profit takings into rally and dealer bids in some names that had weaker technicals, such as HZFYCT/ ZHZHCC/ HACLSP, as well as some low-yielding ($\leq 6\%$) SOE perps.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ADANEM 3.949 02/12/30	77.6	5.0	YLLGSP 5 1/8 05/20/26	55.2	-2.8
CHNTHI 1.828 11/09/25	99.7	4.2	VNKRLE 3.975 11/09/27	57.7	-1.5
ADANEM 3.867 07/22/31	70.7	3.1	DALWAN 7 1/4 01/29/24	66.1	-1.4
AIA 4 1/2 03/16/46	83.5	2.2	VNKRLE 3.15 05/12/25	78.7	-1.3
TAISEM 4 1/2 04/22/52	88.4	2.1	LNGFOR 4 1/2 01/16/28	48.1	-1.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.91%), Dow (+1.43%) and Nasdaq (+2.37%) rallied on Tuesday post lower-than-expected Oct CPI. The US Oct CPI rose 3.2% yoy, down from +3.7% yoy in Sep and lower than the expectation of +3.3%. Euro-zone 3Q23 GDP was +0.1% yoy, same with the expectation. The UST yield remained stable yesterday, 2/5/10/30 yield reached 4.80%/4.42%/4.44%/4.61%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ DALWAN: Rejection of initial proposal of repayment delay

Media reported that the pre-IPO investors of Zhuhai Wanda Commercial Management (ZWCM) rejected the initial proposal to delay the repayment of pre-IPO investments. The initial proposal is to repay the pre-IPO investments over 4 years and 20% and Dalian Wanda Commercial Management (DWCM) will offer 20% ZWCM stakes as collateral. As per the media report, DWCM is also exploring tapping private credit lines by pledging its stake in ZWCM as collateral. DALWANs down 0.1 to 3pts this morning.

Recalled that pre-IPO investors acquired 21.2% stakes in ZWCM for RMB38bn (cUSD5.2bn) in Jul-Aug'21. We estimate that DWCM will have to redeem the pre-IPO investments for cRMB46bn (cUSD6.3bn) should the ZWCM IPO fail to be completed by FYE23. As discussed before, we expect that DWCM will be able to avoid the redemption of majority of the pre-IPO investments by FYE23 as the waiver or amendment of the put option is in the interests of the pre-IPO investors, DWCM and Zhuhai Wanda. The tug-of-war could be hinged on the percentage of stakes to be offered to pre-IPO investors. We expect a compromise to be reached despite that could mean DWCM ownership in ZWCM will further reduce. Another key to persuade pre-IPO investors is to ring-fence the operations of DWCM and Zhuhai Wanda from those of Dalian Wanda Group.

➤ Chinese Properties: Weaker contracted sales in Oct'23

In Oct, the traditional peak months China real estate market, the 34 Chinese developers under our radar reported contracted sales totaled RMB248.6bn in Oct'23, decreased 5.0% mom from RMB261.6bn in Sep'23. The yoy decline of contracted sales in Oct'23 was 31.8%, widened from 28.1% yoy in Sep'23. In 10M23, the aggregate contracted sales of 34 developers were RMB2,816.2bn, down 20.1% yoy from RMB3,526.4bn in 10M22, compared to yoy decline of 18.8% in 9M23.

There were 5 developers under our radar achieved yoy contracted sales growth in 10M23. The outperformers in 10M23 are YUEXIU (RMB121.0bn, +33% yoy), CRHZCH (RMB261.9bn, +14% yoy) and CHIOLI (RMB264.1bn, +14% yoy). The underperformers are distressed developers such as RONXIN (RMB14.5bn, -74% yoy), TPHL (RMB12.8bn, -65% yoy) and ZHPRHK (RMB13.8bn, -53% yoy).

Nationwide, the commercial housing sales declined 10.7% yoy in 10M23 to RMB9,716bn, compared with a decline of 10.4% yoy in 9M23. In Oct'23, the commercial housing sales amount was 14.4% lower than Sep'23. The packaged supportive measures implemented in Aug and Sep did not reverse the negative yoy growth of China real estate market.

Separately, media reported China's plan to provide low-cost funding of at least RMB1tn (cUSD137bn) to support "Three Major Projects", i.e. affordable housing, urban village renovation and public infrastructure. The theme of "Three Major Projects" appeared multiple times in official meetings this year, including the Politburo Meetings in Apr'23 and Jul'23, and Central Financial Work Conference in Oct'23. The special loans and pledged supplemental lending are also the options under consideration.

PBOC will provide medium-to-long term and low-cost funding by phases to support the "Three Major Projects". The details will be announced as soon as this month. Pledged supplemental lending was introduced in 2014 to provide low cost funding to shanty town redeveloper. We believe that state-owned developers will be the major beneficiaries of the plan given they are more actively engaged in affordable housing and urban village renovation.

Starting from Sep'23, local governments are gradually relaxing the home purchase restrictions. In Oct'23, the National People's Congress approved to raise the general fiscal deficit ratio for 2023 from 3% to 3.8% of GDP. Additionally, the central government will issue bonds of RMB1tn in 4Q23, and will direct the proceeds to local governments in 2023 and 2024 for the development of public infrastructure and economic growth-driven projects locally. We expect China government to launch more supportive measures including LPR cut and cancellation of purchase restrictions in high-tier cities to facilitate the market's recovery.

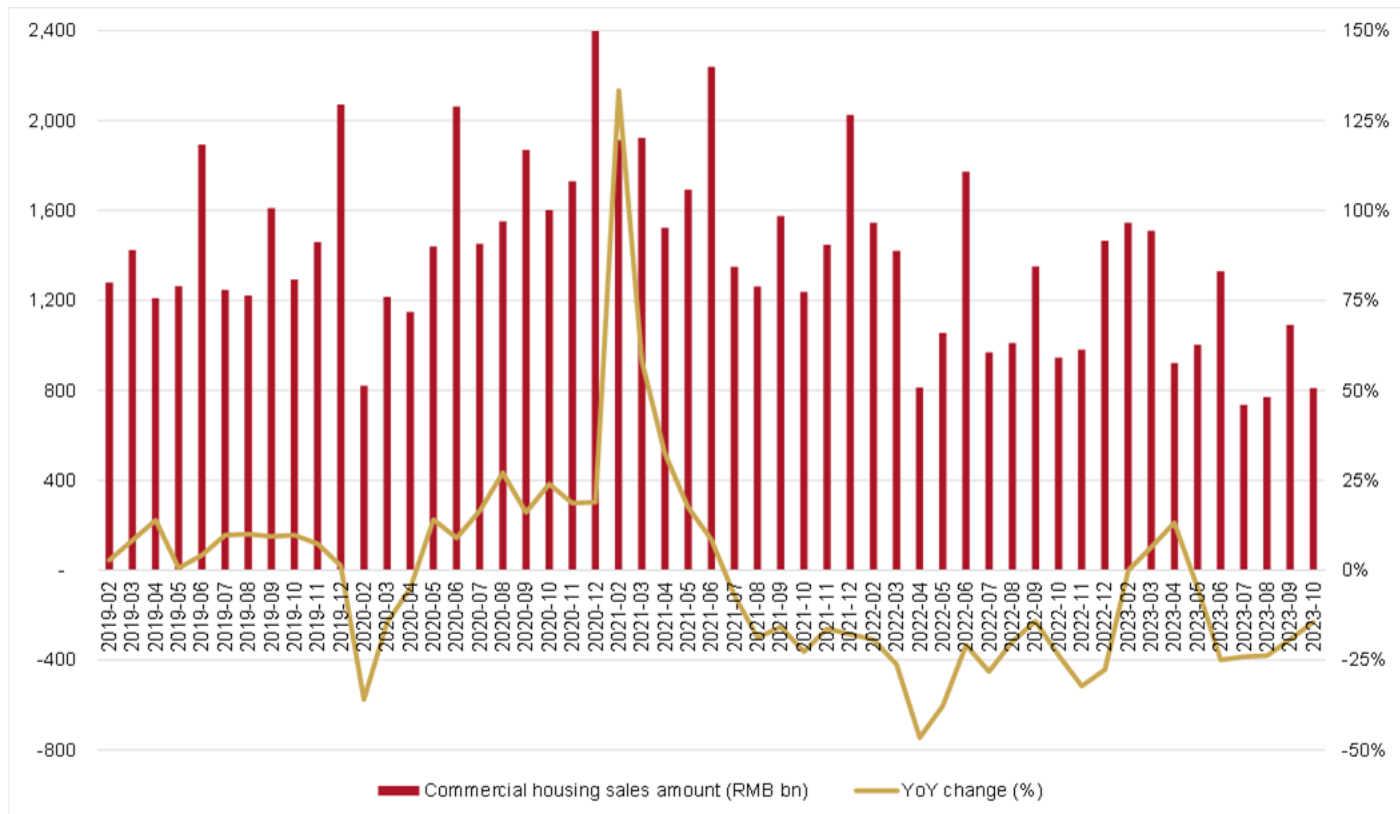
Regarding property sales, our major concern has been on the demand side as the potential homebuyers remains skeptical on the property market and economic outlook. That said, We should see some yoy pick-up in contracted sales in 4Q23 in view of the low base figures in 4Q22 and more supportive policies coming into effect.

Chart 1: Contracted sales of developers under our radar

2023 YTD Sales (in RMB mn)																	
Company	CN Name	BBG Ticker	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Trend	Oct'23 MoM Growth	Oct'23 YoY Growth	Oct'23 YTD Sales	Oct'23 YTD Sales Growth
Yuexiu Property	越秀地产	YUEXIU	8,884	13,712	21,237	13,331	12,355	14,108	8,473	9,858	9,976	9,100		-9%	-2%	121,034	13%
China Resources Land	华润置地	CRHZCH	16,020	24,200	38,800	33,010	31,300	26,900	17,190	20,290	26,610	27,580		4%	0%	261,900	4%
China Overseas	中国海外发展	CHIOJI	13,188	27,424	42,987	34,033	29,345	33,199	11,947	18,833	28,071	25,056		11%	-1%	264,083	4%
Hopson	合生创展	HPDLF	1,327	2,193	6,547	1,585	2,323	2,087	1,067	1,177	6,988	1,426		80%	3%	26,720	2%
Poly Real Estate	保利地产	POLYRE	29,545	34,284	50,301	41,695	40,838	40,157	31,002	31,308	36,022	33,113		-8%	-2%	368,265	1%
China Jinmao	中国金茂	CHJMAO	10,000	14,130	20,100	14,402	14,180	13,140	6,368	5,100	12,080	12,500		3%	-5%	122,000	-1%
Greentown	绿城	GRNCH	13,500	17,900	29,900	27,100	20,200	25,600	18,200	18,100	21,800	30,400		33%	-5%	222,700	-3%
Longfor (Attributable)	龙湖集团	LNGFOR	7,220	11,140	15,240	11,260	9,410	11,370	7,600	8,520	9,120	9,340		2%	-1%	100,220	-5%
China Vanke	万科企业	VNKRL	28,630	30,120	42,630	33,470	32,940	36,140	22,050	22,610	32,010	31,830		-1%	-1%	312,430	10%
Greenland Holding*	绿地控股集团*GRNLGR	GRNLGR	9,790	7,710	11,290	6,860	11,940	11,310	6,857	8,563	10,180	7,940		22%	9%	92,440	14%
Powerlong	宝龙地产	PWRLNG	2,040	3,319	3,478	3,123	3,054	2,596	2,031	2,067	1,945	1,629		16%	4%	25,282	27%
Gemdale	金地集团	GEMDAL	9,210	14,790	20,110	15,000	13,230	13,470	10,510	12,510	13,100	11,000		16%	4%	132,930	28%
Agile	雅居乐	AGILE	6,440	6,120	4,250	3,680	4,200	3,540	2,270	2,540	3,170	3,480		10%	-2%	39,690	31%
Future Land	新城控股	FUTLAN/FTLNHD	5,776	7,809	7,920	7,162	7,033	6,700	6,006	6,047	5,740	6,032		5%	3%	66,225	36%
Dexin China	德信中国*	DEXICN	2,340	3,200	2,630	1,390	2,150	1,810	1,030	3,150	1,150	490		57%	84%	19,340	37%
Redsun	弘阳地产	REDSUN/HONGSL	1,109	2,770	3,434	2,189	2,019	1,504	2,011	1,877	1,990	1,202		40%	36%	20,105	38%
Central China Real Estate	建业地产	CENCHI	2,871	2,120	1,237	1,013	1,523	1,260	402	650	720	910		26%	13%	12,706	39%
Sino-Ocean	远洋集团	SINOCE	3,290	5,070	8,190	7,030	5,040	7,040	2,490	1,970	2,570	2,740		7%	21%	45,430	42%
Logan Property*	龙光地产*	LOGPH	1,070	2,190	3,110	3,200	2,490	1,270	1,960	3,490	1,390	1,000		28%	36%	21,170	46%
CIFI Holdings	旭辉集团	CIFIHG	5,020	7,810	8,300	8,300	7,000	5,510	4,700	4,460	5,350	4,370		18%	32%	60,820	46%
Jingrui Holdings	景瑞控股	JINGRU	342	454	442	370	449	405	265	218	207	203		-2%	39%	3,355	47%
Radianse*	金辉控股*	JNHUIG/RDHGCL	1,920	1,750	1,530	3,050	3,230	1,370	1,640	1,800	1,980	2,070		5%	36%	20,340	47%
KWG Property	合景泰富集团	KWGPRO	3,561	4,320	3,850	3,231	2,380	1,730	1,130	880	830	760		-8%	32%	22,672	48%
Yuzhou Properties	禹洲地产	YUZHOU	1,505	1,750	2,150	2,063	2,253	1,952	1,302	1,252	1,202	1,101		-8%	31%	16,530	48%
Zhongliang	中梁控股	ZHLGHD	3,660	4,020	3,750	3,300	3,190	3,110	2,200	2,040	2,380	2,400		1%	36%	30,050	48%
Country Garden (Attributable)	碧桂园	COGARD	22,010	24,850	25,010	22,690	18,200	16,000	12,070	7,980	6,170	6,310		2%	31%	161,290	48%
Shimao*	世茂房产*	SHIMAO	4,510	4,110	6,220	5,010	4,010	4,210	3,050	2,200	2,020	2,240		1%	32%	37,580	49%
Guangzhou R&F*	富力地产	GZRFPR	1,350	2,110	3,910	1,660	1,540	2,970	1,000	980	1,470	1,120		24%	36%	18,110	49%
China SCE	中骏集团控股	CHINSC	3,051	3,809	4,608	2,505	3,102	3,090	2,304	1,199	1,105	1,014		-8%	76%	25,787	49%
Sunac China	融创中国	SUNAC	7,230	10,860	11,180	8,060	7,790	7,020	5,120	4,190	9,570	4,760		50%	31%	75,780	50%
Yanlord	仁恒置地	YLLGSP	905	3,667	3,557	4,220	6,101	2,876	1,634	1,564	1,568	2,054		31%	36%	28,146	52%
Zhenro Properties	正荣地产	ZHPRHK	1,356	1,620	1,811	1,654	1,566	1,674	1,024	1,010	1,090	975		11%	33%	13,780	53%
Times Property	时代中国控股	TPHL	852	1,961	2,638	1,494	1,418	1,080	818	908	850	750		12%	34%	12,769	55%
Ronshine China	融信中国	RONXIN	995	1,334	1,537	2,086	2,029	1,809	947	872	1,171	1,695		35%	32%	14,474	74%

Source: Company filings, CRIC.

Chart 2: China monthly commercial housing sales amount and YoY change



Source: NBS, Wind.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Jinan Rail Transit Group	210	364d	6.7%	6.7%	-/-/A-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
ABC London Branch	USD	-	3yr	SOFR+105	A1/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 84 credit bonds issued yesterday with an amount of RMB88bn. As for Month-to-date, 666 credit bonds were issued with a total amount of RMB644bn raised, representing a 21.4% yoy decrease

- Media reported that China orders local government to reduce exposure to PPP projects to curb debt risks
- **[BABA]** Media reported that Alibaba Group bought German B2B platform Visable to boost European operations
- **[CAPG]** Media reported that Aoyuan AHG advisor Moelis held a call for urging creditors to vote for offshore plan; Aoyuan talked with domestic bank lenders to extend maturities for up to five years and cut interest-rate
- **[GRNCH]** Greentown issued RMB800mn three-year MTNs at 4.5% coupon rate to fund project development
- **[HKIQCL]** Qingdao City Construction Investment issued RMB1.5bn three-year corporate bonds at 3.28% coupon rate to repay debts
- **[SLSCCI]** Chengdu Airport Xingcheng Investment proposes to offer RMB1.05bn corporate bonds via private placement
- **[YANGZH]** Yangzhou Economic and Technology Development Zone Development proposes to offer RMB200mn three-year MTNs to repay debts
- **[YUNINV]** Yunnan Provincial Investment proposes up to RMB1bn two-year MTNs to repay debts

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

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

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months.

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:

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months

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.