

CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2023

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "[The Asset Asian G3 Bond Benchmark Review 2024](#)". Thank you for your support!

- *New issue NOMURA'27/34 tightened c5bps, NOMURA floater tightened c15bps. KORGAS'29 tightened c5bps. Recent issued CATLIF'34 and BBLTB'34 were 2-3bps wider. Front-end IG names were active this morning.*
- *LMRTSP: Tender offer and consent solicitation for LMRTSP 7.5 02/09/26 with upsized 8-year IDR4.5tn amortizing term loan facility. LMRTSP'26 rose 5pts post the tender offer announcement. See below for comments.*
- *BTSDf: H&H International signed 3-yr CNH term loan facility of up to equivalent USD150mn for refinancing. BTSDf'26 was unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, SOFTBK priced the USD400mn 5-yr, USD500mn 7-yr bonds at par to yield 6.75%, 7% respectively. MIZUHO priced the USD800mn 6NC5, USD700mn 11NC10 bonds at T+108, T+130 respectively. MITCO priced a USD500mn 5-yr bond at T+75. KORGAS priced a USD500mn 5-yr bond at T+77. The new issues MQGAU 5.272 '27 tightened 2bps from RO (T+75) and MQGAU Float 07/02/27 tightened 6bps from RO (SOFR+92). The new BBLTB 34s tightened 10bps from RO (T+140) on RM/PB chasing. CATLIF 34s opened 5bps wider from RO (T+170) but closed 8bps tighter to T+162 under PB buying. SWIRE 29s tightened 5bps from RO (T+95). On the secondary front, LGENSOs tightened 2-4bps. BNKEA 34s tightened 3bps. In Chinese IGs, HAOHUA/TENCNT/WB 30s were 1-3bps tighter. In financials, BCHINA/CMINLE 24-27s were unchanged to 2bps tighter. The new GRWALL '28 was 0.1pt lower while the new GRWALL 7.15 Perp closed unchanged. ORIEAS '29/CCAMCL '26 tightened 1-2bps. In AT1s, KBANK/KTBTB Perps were 0.1-0.2pt lower. BNP/SOCGEN Perps closed unchanged to 0.1pt higher with mixed two-way flows. In HK, NWDEVL Perps/27-31s were 0.4-1.5pts higher following NWD's S&P to sell its 30% stakes in Qianhai commercial complex to CTF. See our comments on [27 Jun'24](#). Chinese properties were firm. VNKRL 25/29 were up 0.4-0.5pt. CSCHCNs were up 0.3-0.6pt. In Macau gaming, MPEL '29/SANLTD '30 were 0.4-0.6pt higher, STCITY '28 was 0.3pt lower. In Indonesia, LMRTSP '26 rose 4.9pts following LMIRT's another tender offer and consent solicitation for its o/s USD148.55mn LMRTSP 7.5 '26. See comments below. LPKRIJ '26 was 1.1pts higher. MDLNIJ 25/27 gained 1.7-4.8pts. ICBPIJs/BRAUIJs were

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

0.4-0.8pt lower. The long-end of INDONs were down 0.2-0.5pt. In India, ADGREGs/GRNKENS were down 0.3-0.5pt.

In SOE perps, the new HUANEN Perp closed unchanged to 0.1pt higher. COFCHK 3.1 Perp was up 0.2pt, CHSCOI 3.4 Perp was down 0.1pt. In high-beta IG names and LGFVs, the flows were driven by rebalancing ahead of half-end from AMs, whilst RMs/ HFs were inclined to deploy cash across the quality and the high-yielding names. GRPCIN '26/ZHONAN '25 were 0.1pt higher. CHMEDA '30 increased 0.4pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LMRTSP 8.096 PERP	53.6	8.9	BRAUIJ 2 10/15/28	27.2	-0.8
LMRTSP 7 1/2 02/09/26	98.3	4.9	ADGREG 6.7 03/12/42	93.5	-0.5
MDLNIJ 5 06/30/25	48.7	4.8	INDON 5 1/4 01/08/47	98.3	-0.5
MDLNIJ 5 04/30/27	34.2	1.7	ICBPIJ 4.745 06/09/51	82.7	-0.5
NWDEVL 4 1/8 PERP	60.6	1.5	INDON 5.45 09/20/52	99.5	-0.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.09%), Dow (+0.09%) and Nasdaq (+0.30%) rallied higher on Thursday. US 1Q24 GDP rose 1.4% qoq, higher than the expectation of +1.3% qoq. The latest US initial jobless claim was +233k, lower than the expectation of +236k. UST yield retreated yesterday, 2/5/10/30 yield reached 4.70%/4.29%/4.29%/4.43%.

❖ Desk analyst comments 分析员市场观点

➤ LMRTSP: Tender offer and consent solicitation for LMRTSP 7.5 02/09/26

Lippo Mall (LMIRT) commenced a tender offer and concurrent consent solicitation for LMRTSP 7.5 02/09/26 with an outstanding amount of USD148.6mn. The tender offer will be conducted via an unmodified Dutch auction. The minimum purchase price is USD93.5, similar to the price at close of 93.38 at 26 Jun. Additional consent fee of USD0.5 will be provided to bondholders tendered their bonds as they are deemed to deliver the consent. Bondholders can also choose to deliver consent and receive the consent fee of USD0.5, without tendering their bonds.

Concurrently, LMIRT is soliciting consents from the holders of LMRTSP 7.5 02/09/26 to remove quite a few of restrictive covenants such as the limitation on indebtedness and preferred stock, restricted payments, asset sales, and some of the events of default clauses. The deadline of the tender offer and consent will be 11 Jul'24.

The tender offer, including the consent fee and accrued interests, are to be financed with the 8-year secured amortizing term loan facility up to IDR4.5tn (cUSD274mn). This facility, granted on 28 May'24, was upsized from IDR2.5tn. LMIRT had utilized IDR2.315tn (cUSD141mn) to repay its existing SGD denominated secured bank loans. Therefore, IDR2.185tn (cUSD133mn) is available for the settlement of the tender offer and consent. LMIRT can purchase up to USD135mn in principal amount of LMRTSP 7.5 02/09/26 at the minimum purchase price of USD94 including the consent fee and the accrued interests, as per our estimate.

The upsize of credit facility shows LMIRT is still able to refinance its debt obligations from banks. LMIRT said the aggregate leverage ratio was 45.0-45.2% on 25 Jun which marginally exceeds the limit mainly due to the 3.5% depreciation of the IDR against SGD. According to MAS, this is not considered as a breach of the limit as currency depreciation is beyond of the control of LMIRT. However, LMIRT should not incur additional borrowing as per MAS. As a result, there is no room for LMIRT to obtain incremental financing.

We are neutral on LMRTSP 7.5 02/09/26 and recommended investors to take profit from the bond given the less appealing valuation after the price rally and thin trading liquidity. LMIRT has two perps denominated in SGD outstanding, the cumulative distribution of them amounted to cUSD15.2mn has been skipped since Mar'23. There are dividend stopper provisions under the terms of perpetual securities. LMIRT, 47.45% stakes owned by Lippo Karawaci, does not have cross default trigger to the latter.

Table 1: Details of the tender offer

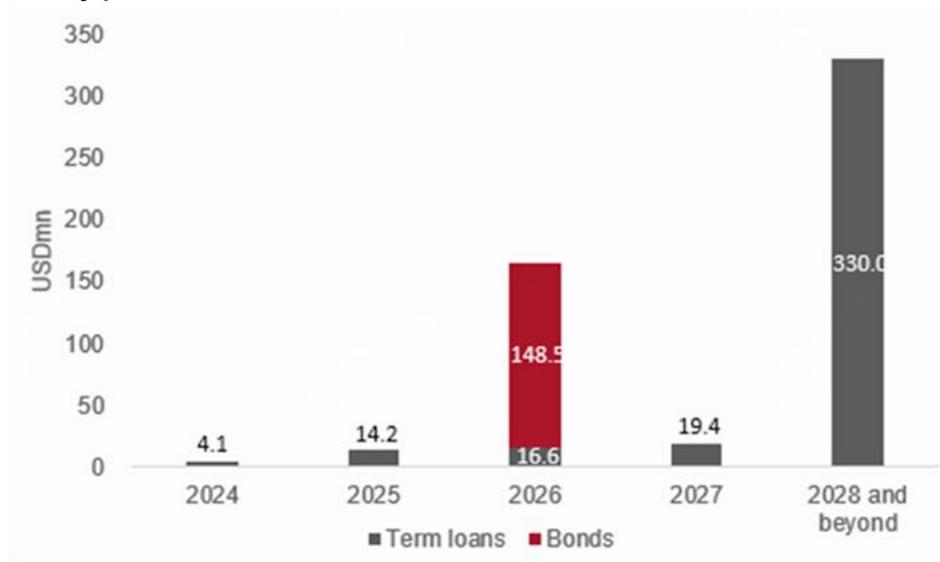
Bond	LMRTSP 7.5 02/09/26
o/s amt	USD148.6mn
Min. purchase px incl. consent fee (USD)	94
Consent fee (USD)	0.5
Minimum participation	80% of the outstanding aggregate principal amount
Deadline	11 Jul'24

Source: Bloomberg.

Table 2: LMIRT's outstanding bonds

	ISIN	o/s amt	Ask px	YTM/YTC (ask, %)
LMRTSP 7.5 02/09/26	XS2295115997	USD148.55mn	98.9	8.24
LMRTSP 6.475 Perp	SG74H800008	SGD102.96mn	43.2	522.56
LMRTSP 8.096 Perp	XS1632471352	SGD86.56mn	55.6	184.31
Total		cUSD288.17mn		

Source: Bloomberg.

Chart 1: Debt maturity profile of LMIRT as at 27 Jun'24

Source: Company filling.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Korea Gas Corp	500	5yr	5.0%	T+77	Aa2/AA/AA-
Mizuho Financial Group	800/700	6NC5/ 11NC10	5.382%/5.594%	T+108/130	A1/A/-
Nomura Holdings	500/1000	3/10yr	5.594%/5.783%	T+110/150	Baa1/BBB+/-

Nomura Holdings	500	3yr	6.59%	SOFR+125	Baa1/BBB+/-
SoftBank Group	400/500	5/7yr	6.75%/7.0%	6.75%/7.0%	-/BB+/-
Takeda Pharmaceutical Co	1100/800/600 /500	10/20/30 /40yr	5.3%/5.65%/5.65%/5.8%	T+105/115/125 /140	Baa1/BBB+/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Woori Bank	USD	-	PNC5	-	-/BBB-/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 98 credit bonds issued yesterday with an amount of RMB47bn. As for month-to-date, 1,815 credit bonds were issued with a total amount of RMB1,669bn raised, representing a 9.7% yoy increase
- **[AZUPOE]** Azure Power Global 1H24 revenue increased 8% yoy to USD134mn
- **[BTSDF]** H&H International signed 3-yr CNH term loan facility of up to equivalent USD150mn for refinancing
- **[COGARD]** Country Garden received share trading resumption guidance from HKEx
- **[GRNKEN]** Media reported that Greenko Group is in talks with REC to borrow up to USD287mn for green project
- **[LNGFOR]** Longfor unit schedules put option exercise for RMB2bn 21Longhu05 bonds on 2-4 Jul'24
- **[MOLAND]** Modern Land (China) received share trading resumption guidance from HKEx
- **[SINOCE]** Sino-Ocean Group faces winding-up petition in HK, the next hearing is scheduled on Sep'24; The company said it had made significant progress on potential offshore debt restructuring
- **[SKYFAM]** Skyfame Realty extended long stop date of proposed restructuring to 31 Mar'25

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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