

## CMBI Credit Commentary

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

- *Flows from onshore were active this morning. High-yielding LGFVs with 8% yield and quality names at low-6% were butter buying from onshore buyers. HRINTH curve down 0.5-1.5pts and CCAMCLs were 2-5bps wider. AT1s were also weak as rate rallied higher.*
- **CHNAAR:** *CALC commences a tender offer to repurchase its two outstanding USD bonds. CHNAARs were unchanged this morning. See below.*
- **DALWAN:** *Media reported that Dalian Wanda prepared funds for 11 Sept put of RMB3.8bn domestic bonds and the company expected to obtain domestic regulatory approval for Zhuhai Wanda IPO as soon as next month. DALWANs rose 0.25 to 1pt this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, the Chinese TMT/SOE benchmarks such as TENCNT/HAOHUA 30s were unchanged to 2bp wider. The BBB-rated TMTs performed mixed. MEITUA 30s/XIAOMI 31s widened 5bps. On the other hand, LENOVO 30s edged 5bps tighter after S&P's one-notch upgrade to 'BBB'. In financials, AMCs were traded softer. HRINTH 29s/30s were traded 1-1.5pts lower (15-20bps wider). Chinese AT1s were firm. Thai/SG AT1s were well-bid despite light flows. BNKEA 5.875 Perp/BNKEA 5.825 Perp were marked 1.5-1.75pts higher. HK Corp perps performed mixed. LIFUNG/HYSAN Perps were indicated 0.25-1pt higher while NWDEVL 5.125 Perp/NWDEVL 4.125 Perp were marked 2.5-3.5pts lower. Profit taking emerged in HK/Chinese properties. SHUION 23-26s declined 1.5-5pts across the curve, YLLGSP 24s/26s down 1.25-2.25pts, FUTLANs/FTLNHDs down 3-5pts, LNGFORs down 2-3.5pts and DALWANs down 3-4pts lower, despite the report on regulatory approval for Zhuhai Wanda IPO would come soon. AGILEs/CHINSCs/GRNLGRs were down 0.5-1.5pts, and COGARDs were 0.5-1pt lower despite COGARD cured the missed coupons totaled USD22.5mn. In industrials, WESCHI '26 was traded 1.25pts lower post Fitch's one notch downgrade to 'BB-'. FOSUNIs/TAISEMs lowered 0.5-1pt. Macau gaming names were muted. In Indian space, VEDLNs were quoted down 0.25-0.75pt. Indonesian SOEs PLNIs/PERTIJs were marked 0.5-1pt lower. Elsewhere, GLPCHI 24s were down 1.25pts.

Higher-yielding LGFVs remained generally sought-after. We saw bids for LGFVs such as CCUDIH '24/YYCCIG '26/DFINVH '25 which very few clients looked at. CPDEV '26 were marked 1.5pts lower to close at high-70s. The front-end of Shandong/Chongqing names performed mixed. CQLGST/SHUGRP 24s were indicated 0.25pt higher. However, CQNANA/SHDOIS 24s were quoted 0.25pt lower. The low-6% quality names remained better bid, mainly driven by demand from investors with RMB funding, thanks to attractive relative value on the FX-hedged basis. The were loose bonds on

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recent 26s issues were slowly absorbed. Against a stronger onshore rates backdrop, the quality SOE perps were also under better buying flows from RM and street short covering. HAOHUA 3.35 Perp/HUADIA 3.375 Perp were quoted 0.1pt higher. Elsewhere, FRESHK 25s/26s were marked 0.75pt lower. Whilst ZHONAN 25s/26s were indicated 0.15pt higher.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
BNKEA 5 7/8 PERP	87.1	1.8	FTLNHD 4 1/2 05/02/26	32.4	-5.0
BNKEA 5.825 PERP	81.7	1.6	SHUION 5 1/2 06/29/26	48.0	-4.8
CHGRAU 9.109 PERP	52.0	1.3	SHUION 5 1/2 03/03/25	57.8	-4.6
HUAHK 5 04/28/25	94.0	1.0	FUTLAN 4.45 07/13/25	36.6	-4.3
YYCCIG 3.48 11/24/26	87.0	1.0	DALWAN 7 1/4 01/29/24	63.4	-4.0

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.42%), Dow (-0.56%) and Nasdaq (-0.08%) were weak on Tuesday. Saudi Arabia and Russia announced to extend the oil output cut for c1.3mn barrels per day till Dec'23. Euro-zone Markit Aug service PMI was 47.9, down from 50.9 in Jul and was lower than the expectation of 48.3. US treasury yields rallied higher yesterday, 2/5/10/30 yield reached at 4.94%/4.37%/4.27%/4.38%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ CHNAAR: CALC commences a tender offer to repurchase its two outstanding USD bonds

China Aircraft Leading Group (CALC) commences a tender offer today to repurchase its CHNAAR 5.5 03/08/24 and CHNAAR 4.85 12/23/24 for cash. The purchase price for CHNAAR 5.5'24 is 98.2 and CHNAAR 4.85'24 is 93.5. The expiration deadline will be on 14 Sep, and the maximum acceptance amount for the two notes will be announced on 15 Sep.

CALC will fund the tender offer through operating cash flow and cash on hand. As at Jun'23, CALC had cash of HKD5.4bn, increased from HKD3.6bn as at Dec'22. Substantial increase in cash balance was attributable to 65.6% increase in EBITDA and operating cash inflow during 1H23 benefited from the strong recovery of global air passenger demand. Meanwhile, the interest expenses for 1H23 increased 42% yoy, due to higher interest rate and 19% increase in total debts. Notable increase in interest expenses during the 1H23 with stronger cash balance could be the catalyst for the company to repurchase the bonds by 0.5-1.3 years earlier than maturities.

The tender offer for the USD bonds is part of the company's strategy to reduce the reliance on offshore financing given the more stable interest rate environment and lower funding cost onshore. In Jun'23, onshore and offshore bonds totaled HKD8.5bn, accounted for 16% of total interest-bearing debts of CALC. The 4 USD bonds totaled HKD2.8bn represents 33% of total bonds outstanding. CHNAARs were unchanged this morning post the tender offer announcement.

Bond	ISIN	Amt o/s (USDmn)	Tender price	Price (ask)	YTM (ask, %)
CHNAAR 5.5 03/08/24	XS1574821143	199.6	98.2	97.90	9.88
CHNAAR 4.85 12/23/24	XS2396615481	91.8	93.5	97.75	6.68
Total		291.4			
Expiration deadline		14 Sep			

Maximum acceptance amount

To be announced on or around 15 Sep

Source: Bloomberg, Company filling.

## ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Commonwealth Bank of Australia/NY	900	2yr	5.499	T+55	Aa3/AA-/A+
Commonwealth Bank of Australia/NY	600/1750	2/5yr	5.975/5.071	SOFR+63/ SOFR MS+92	Aa3/AA-/A+
DBS Group Holdings	750/750	2yr	5.479/5.955	T+53/SOFR+61	Aa2/-/AA-
Mitsubishi HC Finance America LLC	500	5yr	5.807	T+143	A3/A/-
Sumitomo Mitsui Financial Group	1100/900	5/10yr	5.716/5.808	T+135/155	A1/A/-

## ➤ 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 59 credit bonds issued yesterday with an amount of RMB47bn. As for Month-to-date, 233 credit bonds were issued with a total amount of RMB179bn raised, representing a 32.2% yoy decrease
- [BTSDf]** Health & Happiness repurchased USD4.1mn of BTSDf 13.5 06/26/26, outstanding amount of the bonds is USD179.8mn
- [CHNAAR]** China Aircraft Leasing launched tender offers for USD200mn CHNAAR 5.5 03/08/24 and USD100mn CHNAAR 4.85 12/23/24
- [COGARD]** Media reported that Country Garden formally launched a three-year amortizing extension proposal for another six domestic bond tranches payable by 2023
- [DALWAN]** Media reported that Dalian Wanda has prepared funds for 11 Sept put of RMB3.8bn domestic bonds and the company expects to obtain domestic regulatory approval as soon as next month for HK IPO
- [FUTLAN]** Seazen Holdings scheduled interest payment for RMB1bn 22XinchengkongguMTN002 notes on 13 Sep
- [LENOVO]** S&P upgraded Lenovo one notch to BBB and placed stable outlook
- [MONMIN]** Mongolian Mining exchange offer for outstanding MONMIN 9.25 04/15/2024 satisfied minimum acceptance amount

- **[SOFTBK]** Softbank's chip designer Arm Holdings plans to raise up to USD5.23bn in US IPO
- **[VEDLN]** Media reported that Vedanta Resources is in talks with StanChart for up to USD1.3bn loan

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