

## CMBI Credit Commentary

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

- *Markets kept silent and waited for FOMC decision. Low-yielding mid-4% AT1s underperformed, ICBCAS 3.2%/BCHINA 3.6% were marked 0.1pt lower and short covering showed in some selective T2s and 2yr SOEs as rates edged up in the morning.*
- **CHFOTN:** *Media reported that a group holding more than 25% China Fortune Land Development USD4.56bn offshore public bonds intends to vote against the company's offshore debt restructuring proposal. CHFOTN'24/25 were unchanged to +0.5pt while CHFOTN'22 -0.25pt this morning.*
- **FOSUNI:** *Fosun International sold around 226.2mn New China Life Insurance H shares for HKD489mn and its unit Fosun Hi-tech sold 2.5mn Yuyuan Mart A shares for RMB17.5mn yesterday. FOSUNI'24/25 down 0.5-1.5pts by mid-day after consecutive fall in previous days.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, IG space was rather muted due to low participation rate in Japan and UK holidays. In financials space, AMCs were unchanged to 0.25pt lower. AT1s space marked 0.1-0.25pt lower given UST yield staying high, with more low-prints emerging on NC25/26 benchmarks. Other spread financial names were skewed to slightly better buying amid limited flows. TMTs narrowed a bit, with BIDU/TENCENT/LENOVO tightened 3-6bps. IG property sector weakened 0.125pt. China HY space was lackluster with investors remained cautious ahead of FOMC meeting this week. Property sector was soft, in line with the sell-off in equities. COGARDS dropped 1.5-3pts on marginal selling, following soft equity performance. CIFIHGs also closed 1-2pts lower despite onshore CBICL-guaranteed bonds issue of up to RMB1.2bn MTN. Front-end AGILEs/KWGPROs firmed up 1-2pts. GRNLGR'23 were 2pts higher with some more buying interests emerged. Elsewhere, CHFOTNs were traded up 0.5pt, quoted at low-10s, after China Fortune Land Development announced the offshore debt-restructuring proposal last Friday. In industrial space, FOSUNIs first climbed 1-2pts but ended 1.5-5pts lower than previous day, on lack of clarity over its talks with Beijing SASAC. In gaming space, WYNMACs/MPELs/SANLTDs were down 1-3pts. Away from China, Indian and Indonesian HYs were around 0.5-1pt lower with mostly longer-dated bonds under selling pressure. Renewable names underperformed, GRNKENS/RPVINs were down 0.5-1.5pts.

The LGFV/SOE spaces were extremely quiet to start the week with no live UST cash until Asia close, and ahead of a packed central bank calendar (FOMC Wed night, BOJ and BOE Thu). The LGFV space was still solid on the back of consistent RM demand, quality 23-25s papers were generally unchanged despite a new high on CT2. Sentiment were very cautious as the

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

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

**CMBI Fixed Income**  
 fis@cmbi.com.hk

majority of two-way flows were in short-dated liquidity management papers, whilst longer-dated bonds leaked a touch amid a soft tone. The two LGFV new issues, SYSTIO 5.2 25 held on around reoffer quite well thanks to seemingly solid primary allot technicals, whilst XIANGY 5.7 25 saw little traction. Elsewhere, selling pressure nonetheless was still heavy in selected SOE perps/ AT1s. Outright traded bullet papers' cash prices were grinding lower throughout the day. Spreads were generally 2-3bps wider on 10yr benchmarks, and liquidity on bullet papers were rather thin.

### ➤ Last trading day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GRNLGR 6 3/4 09/26/23	46.3	2.3	AMTDGC 5 09/08/25	40.1	-6.8
PEAKRN 5.35 PERP	74.7	1.6	FOSUNI 6.85 07/02/24	44.6	-4.9
CHEDRP 2 1/2 12/01/25	46.6	1.4	FOSUNI 5 05/18/26	34.5	-3.8
AGILE 5 3/4 01/02/25	44.3	1.3	FOSUNI 5.05 01/27/27	34.5	-3.4
ROADKG 7 3/4 PERP	33.6	1.2	XINHUZ 11 06/06/25	94.4	-3.2

### ➤ Macro News Recap 宏观新闻回顾

**Macro** – U.S. stock markets recorded a rebound on Monday. The S&P (+0.69%), Dow (+0.64%) and Nasdaq (+0.77%) moved higher as the markets appropriately recovered from the panic due to higher than expectation Aug'22 CPI, though the markets expect there is a 75bps hike at least in Wednesday and the interest rate will reach around 4% by the end of year. The U.S. home builder sentiment index from NAHB falls for ninth month consecutively in Sep'22 as the mortgage cost increased. The U.S. treasury yields kept ascending yesterday, the yields curves were inverted that 2/5/10/30 yield reaching 3.95%/3.69%/3.49%/3.52%, respectively.

### ❖ Desk analyst comments 分析员市场观点

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

Issuer/Guarantor	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Licheng International Development Co., Ltd.	USD110	3yr	6.3%	6.3%	-/-/-
Guangxi Liuzhou Dongcheng Investment Development Group Co., Ltd.	USD30	3yr	7.5%	7.5%	-/-/-

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

Issuer/Guarantor	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
Tianjin Rail Transit Urban Development Co., Ltd.	USD	-	364d	6.3%	-/-/-
Jiangsu Liyang High-tech Zone Holding Group Co., Ltd.	USD	-	3yr	6.4%	-/-/-

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 64 credit bonds issued yesterday with an amount of RMB60bn. As for Month-to-date, 762 credit bonds were issued with a total amount of RMB758bn raised, representing a 20.8% yoy decrease
- **[AVIILC]** AVIC International Leasing announced to redeem all USD200m outstanding guaranteed perpetual capital notes on 23 Oct
- **[BUMIILJ]** Bumi Resources proposed a EGM to seek shareholders' approval to issue up to 200bn shares through Non-Preemptive Rights Issuance to increase capital around USD2.24bn based on last closing price
- **[CHFOTN]** Media reported that a group holding more than 25% China Fortune Land Development USD4.56bn offshore public bonds intends to vote against the company's offshore debt restructuring proposal
- **[COGARD]** S&P downgraded the long-term issuer credit rating of Country Garden to BB from BB+ and gave negative outlook; Country Garden's unit scheduled the interest payment for its RMB2bn 4.38% bonds on 26 Sep
- **[FOSUNI]** Fosun International sold around 226.2mn New China Life Insurance H shares for HKD489mn and its unit Fosun Hi-tech sold 2.5mn Yuyuan Mart A shares for RMB17.5mn; The company paid HKD14.8mn in share repurchase
- **[GRNLGR]** Media reported that Greenland Holdings has paid the first installment of 15% principal (USD45mn) due 15 Sep'22 on its extended, originally USD300mn syndicated loan; Its next looming offshore maturity is USD200mn 5.75% bonds due 26 Sep'22
- **[JINKE]** The holders of Jinke Property's RMB800mn bonds 21JinkedichanSCP004 agreed to extend the payment date for principal about 270days to 16 Jun'23
- **[KAISAG]** Media reported that Kaisa offshore bondholders group offered up to USD2bn to acquire company's stalled housing projects at 20%-25% discount to facilitate completion
- **[LIFUNG]** Moody's downgraded Li & Fung senior unsecured ratings to Ba1 and assigned Ba1 CFR
- **[SFHOLD]** S.F. Holding unit receives CSRC approval over up to RMB2bn corporate bond offering
- **[SHIMAO]** The bondholders of 19Shimao01 (o/s RMB1bn, 4.3% coupon) agreed to postpone accrued 2021-2022 interest repayment to 2023; The bondholders of 15Shimao02 (o/s RMB534mn, 4.15% coupon) plans to hold meeting around 10 Oct to consider payment adjustment for it
- **[SKYFAM]** Skyfame Realty auditor PwC resigns after considering factors including professional risks associated with audit and the level of audit fees. Separately, the first creditors' meeting will be held on 28 Sep'22

CMB International Global Markets Limited

*Fixed Income Department*

Tel: 852 3761 8867/ 852 3657 6291

[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.