

CMBI Credit Commentary

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

- *Markets overall showed two-way balanced this morning. There was demand on high quality SOE perps and LGFV names while weak names were skewed to better selling.*
- **AGILE:** *Launched the third share placement since Nov'22 to ease liquidity pressure. AGILEs were down -2 to up 1.5pts this morning. See below.*
- **FOSUNI:** *Media reported that Fosun unit is in advanced talks for RMB12bn (cUSD1.8bn) with ICBC-led lenders. FOSUNIs were -0.5 to +0.25pt by mid-day.*

❖ Trading desk comments 交易台市场观点

Yesterday, China IG space turned a touch softer with IG active names broadly widened 3-5bps. Financials space was mixed. AMCs closed a touch weaker, with HRINTH curve under better selling. Bank capital bonds and leasing names like CITLTD/ICBCIL were unchanged to 2bps tighter. T2 benchmark CCBs still closed 2-10bps tighter. TMTs underperformed with benchmarks showed better selling, as BABA/TENCNT 10y widened 3-8bps. On the other hand, BIDU/XIAOMI curve ended 5-9bps tighter on the day. In IG properties, LNGFORs retraced 1-2pts lower while VNKRLs were stable. In China HY space, property bonds were broadly down 1-4pts with more profit taking flows after the strong performance YTD. SINOCEs/COGARDS dropped another 2-3pts to trade between low-60s to mid-70s. FUTLANs/FTLNHDs fell 3-6pts. CIFIHGs were 2.5-3.5pts lower to low-30s along with the weaker performance of its onshore bonds fall. Media report that CIFI expected to get CBICL guarantee letter despite it would downsize the onshore bond offering to RMB1.5bn from RMB2bn. Elsewhere, less liquid GRNLGR 24s were marked 5-9pts higher to close at around 60 level. CHINSCs fell 1-5pts across the curve. In industrial space, FOSUNIs were down 0.5-1.5pts. Macau gaming names like MGMCHIs/ SANLTDs were unchanged to 0.5pt lower. HK Corp perps kept outperforming with CPDEV/NWDEVL Perps were another 1-5pts higher. India space performed mixed. VEDLNs were marked 0.5-2pts higher whilst AZUPOE lowered 1-2pts on the day amid news that its FY22 results have delayed again due to disagreements with auditor EY. AZUPOE 24s/25s first had a brief fall of 5-6pts after lunch on the news, but were marked back to last EOD and closed at around 88/91 and 78/81 respectively. In Indonesian HYs, LMRTSPs were traded 1-2pts further higher. On Tuesday new issue front, EXIMBK announced to print single 10y tranche, and HYUELE presented new 3/5/10y with IPTs at T+280/315/360, respectively. On secondary side, we still saw good demand on EIBKOR 5-10y which traded 3-5bps tighter. New POHANG came in a strong tone as spreads tightened 20-25bps, 3/5y tranches had active two-ways while 10y were relatively muted given small issuance. Into noon, POHANG retraced 3-5bps with some more profit taking at tight, and closed 15-20bps tighter by EOD. New SUNTOG came at CT2+180 and

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

Cyrena Ng, CPA 吳倩瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

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

traded 10bps better amid bank-book buying and the bond hovered around T+170 for the rest of the day.

In the LGFV/ SOE PERPS/ AT1 space, tone remained fairly upbeat for high-grade names but felt slower, with flows turning more balanced two way thanks to profit taking selling from RM, as valuations gradually approached rich levels in eyes of some NBRM and HF. That said, deployment demand from banks and NBRM remained overall solid primarily in high-grade names and to a lesser extent higher-beta names that offered a yield pickup. Meanwhile leveraged accounts that were aggressive buyers last week took a breather following the tightening in yields. Overall, SOEs were quiet and closed unchanged. CNOOC/SINOPE tightened 2-4bps. AT1s were largely firm with ICBCAS edged 5bps tighter, BOCOHK/CIMWLB perps showed active two-way flows.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GRNLGR 6 3/4 06/25/24	60.7	9.4	FTLNHD 4 1/2 05/02/26	73.6	-5.8
CPDEV 5 3/4 PERP	83.0	4.8	FTLNHD 4 5/8 10/15/25	76.6	-4.9
MSFLCZ 3.15 03/10/24	91.8	2.6	GRNLGR 6 1/8 04/22/25	52.5	-4.4
CHIOLI 6 3/8 10/29/43	98.8	2.5	CHINSC 7 3/8 04/09/24	56.5	-4.3
GRNLGR 5.6 11/13/24	58.5	2.4	CHINSC 7 1/4 04/19/23	73.2	-3.9

❖ Macro News Recap 宏观新闻回顾

Macro – U.S. stock markets rebounded yesterday, S&P (+0.70%), Dow (+0.56%) and Nasdaq (+1.01%) rose up, though Fed officials expressed hawkish comments about interest rate. China Dec'22 new loans was RMB1.4tn, higher than the market forecast of RMB1.1tn. Dec'22 M2 supply increased 11.8% yoy, lower than expectation of +12.2% yoy. The U.S. treasury yields overall edged up on Monday. The 2/5/10/30 yields curves were bear steepened to 4.24%/3.72%/3.61%/3.74%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ Agile launched the third share placement since Nov'22 to ease liquidity pressure

Agile Group has signed an agreement to raise net proceeds of cHKD489.2mn (USD62.3mn) through a share placement. This is to cure the missed 2 Jan'23 USD coupon on its USD500mn 5.75% due-25 bonds within the 30 days grace period as announced by the company last week. The coupon miss, is the second time Agile missed the offshore coupon after the first time happened in Nov'22 for its HKD2.4bn 7% due-26 exchangeable bonds. The first coupon miss was cured within the grace period with another share placement in Dec'22.

We note Agile has been making good on offshore payments so far and it does not able offshore bonds maturing in 2023. The recent funding exercises help but reflect its tight liquidity. This is the third share placement launched by Agile since Nov'22. It has completed first share placement of HKD783mn on 23 Nov'22 and the second of HKD617.2mn on 20 Dec'22. Moreover, Agile also raised HKD495mn on 9 Dec'22 by selling 3.42% stake in its property management service unit, A-Living Smart City Services.

Recalled that AGILE chose to defer the coupon of its 8.375 PERP on 4 Dec'22. On top of this coupon deferral of cUSD29.3mn, Agile will be facing 5 more coupon due in 1H23, USD72.5mn in total. Besides, the 6.875 PERP will have coupon step up clause from 6.875% to 9.216% starting from Mar'23. The key for Agile remains to be sales recovery and ability to open new funding avenue such as CBICL guaranteed bonds. We consider AGILEs fairly priced at the moment and will closely monitor if it can successfully access new funding sources. See below for the coupon amount due:

Offshore (USD mn)	Principal o/s amt	Coupon due	Coupon amt	Status
AGILE 7.75 PERP	200	Nov'22	7.8	Paid
AGILE 7 11/24/26	310	Nov'22	10.9	Paid within grace period
AGILE 8.375 PERP	700	Dec'22	29.3	Deferred
AGILE 5.75 01/02/25	500	Jan'23	14.4	Within grace period
AGILE 7.875 PERP	500	Jan'23	19.7	
AGILE 6.875 PERP	500	Mar'23	17.2	
AGILE 5.5 04/21/25	314	Apr'23	8.6	
AGILE 6.05 10/13/25	483	Apr'23	14.6	
AGILE 5.5 05/17/26	450	May'23	12.4	

Source: Bloomberg

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Export-Import Bank of India	1000	10yr	5.5%	T+190	Baa3/BBB-/BBB-
Macquarie Bank	1000	10yr	6.798%	T+320	Baa3/BBB/BBB+
Mongolia	450	5yr	8.65%	8.95%	-/B/B
SK Hynix	750/750	3/10yr	6.25%/6.5%	T+240//310	Baa2/BBB-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
ICBC Hong Kong Branch	USD	-	3yr	T+110	A1/-/-
ICBC Dubai Branch	USD	-	3yr	SOFR+140	A1/-/-
Saudi Arabia	USD	-	5/10.5/30yr	T+140/170/210	A1/-/A

➤ News and market color

- Regarding onshore primary issuances, there were 86 credit bonds issued yesterday with an amount of RMB91bn. As for Month-to-date, 394 credit bonds were issued with a total amount of RMB362bn raised, representing a 7.9% yoy decrease
- [CIFIHG]** Media reported that CIFI expects to get CBICL guarantee letter this week for planned onshore bonds of which issuance size is up to RMB1.5bn
- [CRHZCH]** China Resources Land signs HKD3.5bn five-year term loan facility letter
- [FOSUNI]** Media reported that Fosun unit is in advanced talks for RMB12bn (cUSD1.8bn) with ICBC-led lenders
- [FUTLAN]** Seazen Holdings completed payment of RMB2.3bn for onshore, offshore bonds in 4Q22
- [JIAYUA]** Jiayuan International reaches no settlement with petitioner as of 10 Jan'23
- [MONMIN]** Mongolian Mining to invest USD40mn for 50% of local gold miner Erdene Mongol
- [ZENENT]** Moody's withdrawn Zensun ratings due to insufficient information

Tel: 852 3761 8867/ 852 3657 6291

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.