

CMBI Credit Commentary

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

- *Markets were cautious and quiet before CPI and FOMC meeting. The recent new issues HKAA, BOCAVI were under better selling. HRINTHs were down 0.25 to 0.5pt while TMTs were unchanged. In LGFV, Yiwu names continued to be active due to YWSOAO's new issue mandate.*
- **RSMACA:** *Consent solicitation ahead of shares transfer to a Xiamen SOE. RSMACA'25 were unchanged this morning. See below.*
- **BTSDf:** *announced results for exchange offer and consent solicitation. BTSDf'24 rose c6.5pts since the offer announced and was 0.25pt higher this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, the sentiment on Asia ex JP remained cautious ahead of US CPI data on Tuesday. The recent new issues such as CKHHs/HKINTLs hovered around unchanged to 2bps tighter. In Chinese SOEs, HAOHUA/SINOPE 30s tightened 2-3bps. TMT benchmarks TENCNT 28-30s closed flat to 1bp tighter with active two-way flows. The high-beta TMTs were under better buying. MEITUA 30s tightened 7bps to close at T+279, while LENOVO/XIAOMI 30s were relatively quiet. In financials, HRINTH curve was better-offered across the curve but closed unchanged. The front-end of bank/leasing papers were skewed to better selling. The Chinese AT1s were better-offered while the European AT1s STANLN Perps were bid up 0.5-1pt. Elsewhere in Korean space, bank senior papers such as WOORIBs/KEBHNBS closed unchanged to 2bps tighter and Korean corps HYUELE/HYNMTR/KOHNPW remained under better buying. The Chinese properties were weaker. DALWANs dropped 2.5-3.5pts across the curve post media reported share freeze on Zhuhai Wanda Commercial Management by Beijing Financial Court. LNGFORs/SINOCEs were weighed down 1-2.5pts. CHINSCs declined 1.25-3.25pts. COGARDs/FUTLANs/FTLNHDs were traded 1-2pts lower. AGILEs/GRNLGRs lowered 0.5-1pt. Industrials performed softly. FOSUNs were quoted 0.5pt lower. ANTOIL '25 lowered 1.5pts. Macau gaming papers MPEL/STCITY/SANLTD 25-28s moved 0.5-1pt lower. Indian space was a bit mixed. VEDLNs gained 0.5-1.25pts. AZUPOEs were marked down 0.25-1.25pts. Indonesian names MEDCIJs were bid up 0.25-0.5pt. INDYIJ '25/SAKAEI '24 were down 0.25pt.

The LGFV space had a very active session, led by the front-end papers particularly YWSOAO '23 after its primary mandate announcement. AMs continued to trim 23s issues whilst RMs picked these bonds up. We also saw decent two-way flows on high-beta/headline names among onshore/offshore RMs. Shandong names QDJZWD/SHGUPH 25s were indicated 0.1pt higher. Meanwhile in quality names, HZCONI 2.95 '26 was traded stable at low-90s with robust buying support. KMRLGP 24s were marked 4pts lower at mid-

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

80s. Away from LGFVs, SOE Perps remained under selling pressure, perhaps from leveraged accounts. Market sidelined ahead of key CPI print and FOMC, which will likely shape the short to medium term funding cost outlook. In HK Corp perps, NWDEVL Perps were up 0.5-1.5pts and LIFUNG 5.25 Perps were better bid.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
UPLIN 5 1/4 PERP	81.3	3.6	KMRLGP 3.9 12/12/24	83.7	-3.8
AACTEC 3 3/4 06/02/31	71.1	2.1	DALWAN 7 1/4 01/29/24	57.6	-3.5
NWDEVL 4.8 PERP	57.2	1.3	DALWAN 11 02/13/26	40.8	-3.2
VEDLN 9 1/4 04/23/26	73.8	1.2	DALWAN 6 7/8 07/23/23	86.5	-3.1
VEDLN 6 1/8 08/09/24	73.6	1.1	CHINSC 7 3/8 04/09/24	40.2	-3.0

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.93%), Dow (+0.56%) and Nasdaq (+1.53%) continued to rally higher and were led by tech sector on Monday. New York Fed's survey about May CPI showed that the market expects the CPI to be +4.1% yoy. Crude oil price retreated. WTI and Brent oil prices were down c4% to USD67 and USD72 per barrel. The US treasury slightly down yesterday, the 2/5/10/30 yield reached 4.55%/3.89%/3.73%/3.87%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ RSMACA: Consent solicitation ahead of shares transfer to a Xiamen SOE

Red Star Macalline Group (RSM) is soliciting consent from the holders of RSMACA 5.2 08/26/25. In short, the major revisions are to include Xiamen C&D Inc (600153 CG) and Xiamen SASAC as controlling persons and bring the threshold of COC to 29% from 30%. In our view, the consent solicitation is a formality and is similar to the one completed by China South City (CSC) in Jun'22 when SZCDG acquired the controlling stakes from the then largest shareholder of CSC. The "major" difference would be no consent fee in RSM's consent solicitation while CSC offered 0.05pt for the consent. That said, the inclusion of Xiamen C&D Inc. and Xiamen SASAC as controlling persons revealed the very high chance that Xiamen C&D Inc., controlled by Xiamen SASAC, will become the controlling shareholder of RSM soon. The ownership change is obviously beneficial to the holders of RSMACA 5.2 08/26/25 and holder should welcome the change even without any consent fee. At 96.8, RSMACA 5.2 08/26/25 is trading at a YTM of 6.8%. We like the bond and consider this a low-beta and good carry play in view of the SBLC provided by Bank of Shanghai, Beijing Branch. The Xiamen C&D Inc.'s acquisition of controlling stakes in RSM will further enhance our belief that RSMACA 5.2 08/26/25 will be money good.

Recalled that CHE Jianxing, RSM's controlling shareholder, entered into a framework agreement to sell 29.95% of RSM stakes to Xiamen C&D in Jan'23. The agreement was subsequently amended in Apr'23 such that he would sell 23.95% stakes to Xiamen C&D Inc. and 6% to Lianfa Group, a subsidiary of Xiamen C&D Inc. The actual controller of Xiamen C&D is Xiamen Municipal SASAC. According to RSM's FY22 annual report, Che's ownership in RSM was 60.53%. However, according to the consent solicitation memorandum, Che will cease to be the controlling shareholder and his ownership will fall below 30%.

Summary of the consent solicitation:-

- The consent: to include Xiamen C&D Inc (600153 CG) and Xiamen SASAC as a controlling persons and bring the threshold of COC to 29% from 30%.

- Approval threshold: $\geq 50\%$ votes
- Consent fee: no
- Deadline: 16 Jun'23

➤ **BTSDf: announced results for exchange offer and consent solicitation**

H&H announced the results of exchange offer and consent solicitation for its USD269.66mn bond BTSDf 5.625 10/24/24. Bondholders of 69.3% principal amount validly tendered for exchange, repurchase or consent solicitation. Recalled that as for Dec'22, the company had cUSD847mn secured bank loans which will immediately fall due in full if H&H fails to repay or refinanced BTSDf 5.625'24 before 24 Jul'24. The results relieve H&H's pressure on repayment of the bond.

The company expects that final pricing details of new notes will be announced on 13 Jun'23. The minimum coupon of the new notes will be 13.5% and the minimum size will be USD200mn with a maturity of 3 years. Besides, if the issue size is larger than the outstanding amount of BTSDf 5.625'24, the remaining proceeds will be used to partially repay other outstanding debts of the company. See our [comments on 2 Jun'23](#) for more details. BTSDf'24 rose c6.5pts since the offer announced and 0.25pt this morning.

Results	Percentage	Amount (USD mn)
Exchange offer	52.58%	141.79
Repurchase	11.07%	29.86
Consent solicitation	5.65%	15.24
	69.30%	186.89

Source: Company's filling.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
HSBC Holdings PLC	2000	11NC10	6.547%	T+280	Baa1/BBB/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 108 credit bonds issued yesterday with an amount of RMB88bn. As for Month-to-date, 647 credit bonds were issued with a total amount of RMB618bn raised, representing a 45.2% yoy increase
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- **[CAPG]** China Aoyuan reaches standstill agreements with creditors holding USD4bn of offshore debt
- **[COGARD]** Country Garden unit schedules interest payment regarding RMB1.1bn bonds on 15 June
- **[DALWAN]** Media reported that Dalian Wanda's lenders of USD275mn due-28 Jun facility still in the process of internal approvals to roll into a refi facility
- **[DIANCH]** Kunming Dianchi Water Treatment began its fourth attempt to hire an underwriter for its planned RMB1bn bond issuance after three times failure
- **[SINOCE]** Media reported that Sino-Ocean Group offshore bank lenders aim to complete three-month deferral of June payments this week as part of effective 12-month extension
- **[SINOCL]** Sino-Ocean Capital obtained approval from bondholders to extend its RMB800mn due 2024 onshore bonds by four years
- **[XIN]** Xinyuan Real Estate commenced exchange offer for notes due 2023, 2024 to new USD denominated 3% senior notes due 2027
- **[YUEXIU]** Yuexiu Property issued 2 tranche onshore bonds totaled RMB2bn; a 5-year tranche of RMB1bn with a coupon rate of 2.98% and a 10-year tranche of RMB1bn with a coupon rate of 3.63% CMB International Global Markets Limited

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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