

## 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 CCB'27 widened 1bps, MATSEL'34 tightened 3bps this morning. Light flows in Asian IG space, front-end China SOE/TMT were under better selling.*
- *VNKRLE: Profit warning for the upcoming 1H24 results. Maintain neutral view on VNKRLE. VNKRLEs down 1-1.5pts post profit warning. See below.*
- *SHUION: Media reported that Shui On Land got RMB4bn loan from CMB. The facility is backed by Shanghai Xintiandi project. SHUIONs rebounded 2-2.5pt post the news.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, the new CHINAM Floater 27s widened 2bps from RO (SOFR+54). ANZ Floater 27s closed 3bps tighter from RO (SOFR+68) despite heavy profit taking flows. KRA'27 tightened 6bps from RO (T+85). HYUELE 27/29/31 were 2-4bps tighter. LGENSOs/HYNMTRs widened 1-3bps. In Chinese IGs, the long end of CHGRIDs/CITLTDs/BABAs were 0.4-0.9pt lower. HAOHUA '30/BABA '27/TENCNT '30 tightened 2bps. WB/LENOVO 30s were 1-2bps tighter. In financials, HRINTH 25-27s were 0.3-0.5pt higher (18-25bps tighter). CCAMCL '27 tightened 2bp. CCAMCL/ORIEAS 29s were unchanged to 2bps wider. CCAMCL was reported to raise new bonds of USD1bn. In AT1s, CINDBK/ BBLTB/ KBANK Perps were 0.1-0.2pt higher. In EU AT1s, BACR/SOCGEN Perps were 0.1-0.3pt higher. In HK, CKHH/AIA 34s tightened 3-6bps. NWDEVL Perps were 1.3-2.5pts higher, NWDEVL 27-30s were up 0.3-1.0pt. CSIPRO '25/LIHHK '26 were 0.8-0.9pt higher. Chinese properties were firm. SHUION 24/25/26 moved 2.3-2.7pts higher following media report on Shui On's secured loans of RMB6-7bn against Shanghai Xintiandi and Wuhan Tiandi. GEMDAL '24 was 0.8pt higher. LNGFOR 27-32s were up 0.3-0.6pt. Outside properties, EHICAR '26 was up 0.3pt. In Macau gaming, STCITYs/MPeLs were up 0.2-0.5pt. In India, UPLLIN 28/30/Perp rose another 0.5-1.0pt after gaining 1.2-1.9pts on Mon. ADANEMs/ADGREGs were 0.2-0.8pt higher. GRNKENS were up 0.2-0.4pt following media report that Greenko will deploy NaBFID loans to prepay over USD1bn USD bonds maturing in 2025. In Indonesia, MDLNIJ 25/27 were down 0.4-0.7pt. GARUDA '31 was 0.4pt higher.

**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

In LGFVs, the high-yielding names were under better buying. LIANYU '25 rose 0.3pt. JIMOTM '26 was 0.2pt higher. KNMIDI '25/KMRLGP '24 were up 0.1pt. CPDEV 26/ Perp and BCDHGR '26 were 0.1pt higher. There were deployment buying interests in the quality LGFVs and high beta IG names. CDCOMM '27/GZINFU '26 were 0.1pt higher. In the high beta names, HXCEME/ GRPCIN 26s closed 0.1-0.3pt higher. ZHONAN '26 was up 0.1pt. In SOE perps, CHPWCN 4.25 Perp was up 0.2pt, CHPWCN 3.45 Perp/SPICPT 3.45 Perp were down 0.1pt.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SHUION 6.15 08/24/24	96.4	2.7	TAISEM 2 1/4 04/23/31	84.9	-1.4
SHUION 5 1/2 06/29/26	72.7	2.5	CITLTD 5.07 04/18/48	90.0	-0.9
NWDEVL 4 1/8 PERP	63.7	2.5	MDLNIJ 5 06/30/25	49.6	-0.7
SHUION 5 1/2 03/03/25	83.2	2.3	MDLNIJ 5 04/30/27	39.4	-0.5
NWDEVL 5 1/4 PERP	84.3	1.7	BABA 4.4 12/06/57	80.8	-0.5

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.07%), Dow (-0.13%) and Nasdaq (+0.14%) were stable on Tuesday. China Jun'24 CPI/PPI was +0.2%/-0.8% yoy, compared with expectation of +0.4%/-0.8% yoy. UST yields rallied higher yesterday, 2/5/10/30 yield reached 4.62%/4.24%/4.30%/4.49%.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ VNKRLE: Profit warning for the upcoming 1H24 results

Security Name	ISIN	Amt Out (USD mn)	Ask Price	YTM (Ask)	Rating (M/S/F)
VNKRLE 3.15 05/12/25	XS2078641888	423	87.0	20.8	B1/BB/B+
VNKRLE 3.975 11/09/27	XS1713193586	1,000	63.9	19.1	B1/BB/B+
VNKRLE 3 ½ 11/12/29	XS2078642183	300	56.5	15.9	B1/BB/B+

Source: Bloomberg.

On 9 Jul'24, China Vanke issued a profit warning with expected net losses attributable to shareholders of RMB7-9bn in 1H24, turned from a net profit of RMB9.9bn in 1H23. The weak performance, largely expected, was mainly due to decline in gross profit of property development segment as a majority of settled projects' lands were acquired before 2022 at higher costs while the project sales were weak in 1H24. Besides, Vanke made impairment provision for certain projects and recorded losses from financial investments and asset disposals. We do not expect China Vanke's operating performance to significantly improve in 2H24 and report net profit attributable to shareholders in FY24 as the nationwide real estate market remains weak.

In 1H24, Vanke reported contracted sales of RMB127.3bn, decreased 37.6% yoy from RMB203.9bn in 1H23. During 1H24, it collected cash of RMB118.6bn from property development, the cash collection ratio was lower than c100% in 1H23.

China Vanke does not have offshore bond maturity in 2H24. In 1H24, the company repaid offshore bonds totaled cUSD1.4bn (incl dim sum bonds of cRMB1.4bn), and other interest-bearing debts totaled cRMB50bn. However, its onshore bond maturity or redemption are more lumpy. In 2H24, Vanke has onshore bond maturities (incl. put) totaled RMB4.3bn (cUSD590mn). In 2025 and 2026, the maturities and put of onshore bonds will be RMB32.6bn (USD4.4bn) and RMB12.4bn (USD1.7bn) in addition to USD bonds of USD423mn maturing in May'25. We take some comfort that Vanke remained accessible to external funds that it borrowed

cRMB60bn from financial institutions in 1H24. However, we are concerned on the refinancing of the onshore bonds without a significant improvement in operating performance, and how the attitude of onshore bondholders on refinancing will affect the full repayments of offshore bonds.

VNKRLEs down 1-1.5pts post the profit warning, we maintain neutral view on VNKRLES. Among Chinese developers, we prefer those focus in tier1/2 cities and have matured IPs and manageable near-term debts, e.g. **Greentown, Jinmao, Longfor, Seazen** and **Yanlord**.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
China Construction Bank Hong Kong Branch Hangzhou Shangcheng District Urban Construction & Comprehensive Development	1000	3yr	5.905%	SOFR+55	A1/-/-
Panasonic Holdings Corp	200	3yr	6.05%	6.05%	-/-/BBB-
	500	10yr	5.302%	T+100	Baa1/A/-/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Korea Ocean Business Corp	USD	-	5yr	SOFR+90	Aa2/-/-
Mitsubishi Corporation	USD	-	10yr	T+120	A2/A/-
Neijiang Road and Bridge Group	USD	-	3yr	7.5%	-/-/-

#### ➤ News and market color

- **[CCAMCL]** Media reported that China Cinda HK plans to issue USD1bn bond with 3-5 year tenor as early as next week
- **[GEMDAL]** Gemdale forecasts RMB3-3.6bn net loss for 1H24
- **[LENOVO]** Lenovo 2Q24 global PC shipments increased 3.7% yoy to 14.7mn units
- **[RSMACA]** Red Star Macalline forecasts RMB1.02-1.38bn net loss for 1H24
- **[SHUION]** Media reported that Shui On Land got RMB4bn loan from CMB. The facility is backed by Shanghai Xintiandi project
- **[SOFTBK]** SoftBank Group completed early redemption of USD1.35bn SOFTBK 4.75 09/19/24

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

[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.