

CMBI Credit Commentary

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

- *Flows were mixed this morning. Long-end IG names were under better selling while front names were being chased. SOE Perps were also under better buying. IG benchmarks BABA/TENCNT were unchanged.*
- **CSCHCN:** *Consent solicitation to extend the maturities of five USD bonds 3 years to 2027-2028. CSCHCNs were unchanged to 1pt lower this morning. See below.*
- **NWDEVL:** *Slightly increased the accepted amount of tender offer to USD610.3mn. NWDEVLs were unchanged to 0.8pt lower this morning. See below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, overnight UST 10yr yield tightened 15bps to 4.22%. In Chinese SOE/TMT benchmarks, BABA/SINOPE 30-31s were unchanged to 3bps tighter. The belly of CHCONSs/CHGRIDs and the longer-dated CNOOC/TENCNT papers were under better buying, whilst SINOCH 24-26s widened 3bps. The high beta TMTs were traded in active two-way flows and MEITUA/LENOVO/WB/XIAOMI 30s were unchanged to 2bps tighter. In financials, Chinese bank T2s such as BCHINA/BOCOHK/CCB 24-26s were under better selling from profit taking. Chinese AT1s ICBCAS 3.2 Perp/BOCOHK 3.725 Perp were up 0.1pt. EU AT1s HSBC/STANLN Perps were up 0.5-0.7pt. In HK Corp space, CKPH/CKINF Perps were up 0.5-1.1pts. NWDEVL were unchanged to 0.2pt higher. See below for comments on the results of the tender offer of NWD. HK/Chinese properties moved lower. SHUION 25/26 were 0.4-1.4pts lower. CSCHCN 24s were unchanged to 1.4pts lower. CSCHCN announced a consent solicitation to seek around five-year term-out for all its five USD bonds due-2024s. See below for comments. FUTLAN/FTLNHD 24-26s and LNGFOR 28-32s lowered 0.8-1.7pts. COGARDS declined 0.5-1pt. Industrials were mixed. AACTEC 26/31 were up 0.4-0.8pt, whilst ANTOIL '25/WESCHI '26 were down 1-1.2pts. Macau gaming names SANLTD/STCITY 29-31s were 0.3-0.6pt higher. In Indian space, ADANEMs/ADANIGs/ADSEZs and VEDLNs were up 0.4-0.7pt. In Indonesian space, BUMAIJ '26 closed 1.5pts higher at low-90s. Media reported BUMAIJ was seeking to raise IDR1.5tn(cUSD97.2mn) through domestic bonds offering.

In the LGFV/Perp space, the market sentiment remained upbeat. On the new issue front, the new USD500mn 2yr GZGETH that priced at par to yield 6.3%, increased around 0.3pt from par and was traded around 6.1% handle on the back of RM top-up demands. The quality LGFV names HZCONI/YWSOAO 25s were 0.1pt higher and continued to traded stable in the range from 6.3%

to 5.8%, while the loose bonds were mostly coming out of short-dated 24s issues. Meanwhile there were buying interests in double-digit yielding LGFV names, and these papers remained afloat. SHGUOH/HKIQCL 25-26s were up 0.1-0.3pt. Elsewhere, SOE perps remained firm supported by buying flows from RMs/PBs. CHSCOI/RLCONS/CHMETL Perps were unchanged to 0.1pt higher amid active two-way flows.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
BUMAIJ 7 3/4 02/10/26	94.2	1.5	ROADKG 5.9 03/05/25	56.3	-7.7
PLNIJ 6.15 05/21/48	96.0	1.4	ROADKG 6 09/04/25	48.4	-5.6
CZONCC 3 01/19/24	99.6	1.4	LNGFOR 4 1/2 01/16/28	55.5	-1.7
CKPH 3 1/2 PERP	59.2	1.1	WESCHI 4.95 07/08/26	73.4	-1.5
ROADKG 7 PERP	21.6	1.0	CSCHCN 9 10/09/24	20.7	-1.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.54%), Dow (-0.11%) and Nasdaq (-0.84%) fell on Monday after previous days' rally. China official composite PMI of Nov'23 was 51.6, rose from 50.4 in Oct'23. China Caixin services PMI of Nov'23 was 51.5, higher than the expectation of 50.7. The UST yields rebounded yesterday, the 2/5/10/30 yield reached 4.64%/4.23%/4.28%/4.43%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ CSCHCN: Consent solicitation to extend maturities of five USD bonds 3-years to 2027-2028

Table 1: Details of consent solicitation

Security Name	o/s amt (USD mn)	ISIN	Early consent fee (pt)	Late consent fee (pt)	Principal amount of notes after capitalization of accrued interest	
					Per USD100 principal amount	Total
CSCHCN 9 04/12/24	289	XS2085883119	0.5	0.15	103.175	298
CSCHCN 9 06/26/24	287	XS2120092882	0.5	0.15	104.325	300
CSCHCN 9 07/20/24	235	XS1720216388	0.5	0.15	100.725	237
CSCHCN 9 10/09/24	203	XS2238030162	0.5	0.15	102.5	208
CSCHCN 9 12/11/24	333	XS2227909640	0.5	0.15	101.7	339
	1,347					1,381

Early expiration date 11 Dec'23

Expiration date 13 Dec'23

Payment date 19 Dec'23

Keepwell provider SZCDG

Source: Company fillings.

China South City (CSC) announced the consent solicitation to extend maturities of its five USD bonds (totaled USD1.347bn) for 33-39 months to Jan'27-Mar'28. The proposed extension is shorter than our expectation of 5 years. While the coupon will be halved from 9% to 4.5% for all bonds, coupon will remain in cash instead of PIK as that of many other peers after debt restructuring. The early consent and consent fee will be 0.5 and 0.15pt for consents validly tendered before 11 Dec'23 and 13 Dec'23, respectively. CSC's largest shareholder Shenzhen SEZ Construction and Development Group (SZCDG) will continue to provide keepwell agreement for the extended bonds.

So far, we have seen a strong willingness for CSC to avoid default, and the cash recovery of its USD bonds has been speedier and higher than bonds of its peers which went through and are going through debt restructuring. CSC had repaid principal of USD213mn (equivalent to 13.9% of total o/s amount) since completion of the consent solicitation in Jul'22 when the company extended the maturities of its five USD bonds (totaled USD1.565bn) for 20 months to Apr'24-Dec'24. The principal repayments include cUSD50mn amortization in Oct-Nov'23, i.e. 5% amortization of CSCHCN 9 06/26/24 of USD17.3mn, 5% amortization of CSCHCN 9 07/20/24 of cUSD13.8mn and 5% amortization of CSCHCN 9 12/11/24 of USD18.5mn.

We were surprised that CSC failed to pay the coupon of CSCHCN 9 07/20/24 of cUSD11mn on 20 Nov'23. As discussed before, the coupon missed is somewhat related to the failure of drawing down syndicated loans arranged with the assistance from SZCDG earlier this year as creditors are cautious of CSC's offshore repayment obligations in 2024. We understand RMB2.4bn of the RMB6bn syndicated loans remain undrawn.

That said, CSC paid the amortization of USD13.8mn) prior to missed coupon of cUSD11mn reflects that CSC had tried hard to repay. That is also echoed by the cash instead of PIK coupon of the term-out bonds. We also believe that the rush to solicit consent for maturity extension is to avoid default prior to the 30-day grace period of the missed coupon expiring on 20 Dec'23. The consent solicitation of maturity extension without hair-cut and debt to equity swap also reflect that CSC remains highly motivated to maintain its operations as a going concern.

Table 2: Details of maturity extension

Security Name	New maturity	New coupon	Interest payment dates	Amortization
CSCHCN 9 04/12/24	19 Jan'27	4.5	19 Feb/19 Aug	19 Mar'26 - 3% 19 Aug'26 - 6%
CSCHCN 9 06/26/24	19 May'27	4.5	19 Jun/19 Dec	19 Jan'26 - 3% 19 Jul'26 - 6% 19 Mar'27 - 10%
CSCHCN 9 07/20/24	19 Aug'27	4.5	19 May/19 Nov	19 Dec'25 - 3% 19 Jun'26 - 6% 19 Feb'27 - 10%
CSCHCN 9 10/09/24	19 Dec'27	4.5	19 Mar/19 Sep	19 Sep'25 - 5% 19 May'26 - 8% 19 Oct'26 - 11% 19 May'27 - 15%
CSCHCN 9 12/11/24	19 Mar'28	4.5	19 Apr/19 Oct	19 Jul'25 - 5% 19 Apr'26 - 8% 19 Sep'26 - 11% 19 Apr'27 - 15%
Payment schedule:	USD mn			
2025	34			
2026	172			
2027	968			
2028	207			
Total	1,381			

Source: Company filings.

➤ **NWD: Slightly increased the accepted amount of tender offer to USD610.3mn**

NWD announced the results of tender offer for the 7 bond and perps. The final acceptance amount is USD610.283mn compared with the maximum acceptance amount of USD600mn as per the tender offer announcement dated 23 Nov'23. USD333mn (c55%) out of the accepted amount of USD610.283mn is on NWDEVL 4.125 07/18/29 and NWDEVL 4.5 05/19/30. The focuses of the tender offer are more on the lower cash price and longer-dated bonds. The accepted amount for the 2 perps is relatively small. Out of the tendered amount of USD653.2mn for the 2 perps, NWD only accepted USD101.7mn. This, in our view, reflects NWD's preference to use proceeds from the sales of NWS stakes to cut debts instead of to reduce equity base without the pressure of notably increase in cash coupon.

We still believe that NWD will explore lower-cost alternatives to early redeem its perps with coupon reset and step-up prior to call dates. NWD will repay NWDEVL 4.75 12/05/23 (o/s USD310mn) today. That means, over the coming weeks, NWD will redeem bonds and perps totaled cUSD910mn in principal amount, or cash proceeds of cUSD803mn excluding accrued interests. Recalled that the net proceeds from the sales of NWS stakes are cUSD2.8bn received. We see room for NWD to perform on-market repurchases of its bonds and perps in an opportunistic manner.

Security name	ISIN	o/s before tender (USD mn)	Tender price	Tendered amt (USD mn)	Accepted (USD mn)
NWDEVL 4 3/4 01/23/27	XS1549621586	600	90	188.580	95.779
NWDEVL 5 7/8 06/16/27	XS2488074662	200	91	63.609	28.000
NWDEVL 4 1/8 07/18/29	XS2028401086	950	81	405.040	222.000
NWDEVL 4 1/2 05/19/30	XS2175969125	563	80	209.781	111.000
NWDEVL 3 3/4 01/14/31	XS2282055081	128	76	66.790	51.785
NWDEVL 4 1/8 PERP	XS2348062899	1,200	60	424.115	55.600
NWDEVL 6.15 PERP	XS2435611327	500	88	229.096	46.119
					610.283

Source: Company filings.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Zhejiang Changxing Jingkai Construction & Development Co.	USD	-	3yr	6.5%	-/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 48 credit bonds issued yesterday with an amount of RMB42bn. As for Month-to-date, 100 credit bonds were issued with a total amount of RMB118bn raised, representing a 15.9% yoy decrease
- [CIFIHG]** CIFI Group announced to sell Shandong Dezhou project for RMB221mn

- **[FUTLAN]** Media reported that Seazen will price downsized cRMB850mn CBICL-guaranteed bond this week. The proposed MTN was sized at a maximum of RMB2bn with pricing at 3.5%-4.5%
- **[GLPCHI]** Media reported that GLP China raised RMB430mn new fund based on Chinese assets
- **[LZDCID]** Guangxi Liuzhou Dongcheng Investment Development proposes to offer up to RMB1bn three-year MTNs to repay debts
- **[SMCPM]** San Miguel raised cUSD612mn via issuing preferred shares.
- **[TYLCDI]** Taiyuan Longcheng Development Investment proposes to offer up to RMB1bn extendable MTNs to repay debts
- **[YUNINV]** Yunnan Provincial Investment issued RMB1bn two-year corporate bonds at 3.94% coupon to repay debts

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