

## CMBI Credit Commentary

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

- *Markets were quiet before long holiday in China. Front-end IG names were under better buying. Bank T2s, CHILOV'33 and TMT benchmarks tightened 2-5bps. LGFV flows skewed to better selling but short-dated papers were still under better buying.*
- **HRINTH:** *Sizeable buyback continues. HRINTHs were unchanged to 0.2pt higher. See below.*
- **PINGRE:** *Moody's placed Ping An Real Estate's Baa2 and Ping An Real Estate Capital's Baa3 issuer rating on review for downgrade. PINGREs moved -0.5 to +0.25pt this morning.*

#### ❖ Trading desk comments 交易台市场观点

UST 10yr yields widened 5bps to 4.61% overnight. Yesterday, the new KOLAHO 25s closed 1-2bps tighter at T+68, despite some profit taking flows. The new ANZ FRN 25s were traded in active two-way flows and hovered unchanged at RO. In Chinese financials, AMCs were firm. HRINTHs were traded unchanged to 0.25pt higher. CCAMCL 24s/25s/27s/31s grinded 3-5bps tighter. See below for comments for further sizeable repurchases of HRINTHs. The high-beta TMTs were under better buying. LENOVO/MEITUA 30s edged 2-5bps tighter. In Chinese SOEs, HAOHUA 27-28s were under small selling while the curve was unchanged. There was demand in the front-end of SINOPE/CNPCCH/ CMHI/CICCHK papers. CHILOV 33s edged 3bps tighter to T+132/130. HK/Chinese properties remained weak. LNGFOR 27-32s moved 2.75-3.25pts lower. ROADKGs/FTLNHDs dropped 1-3pts. GRNCH 25s/CHINSC 24s were 2.5-3.25pts lower. SHUION/YLLGSP 24-26s were down 1.25-2.25pts. PINGREs were among the exceptions to be traded 1-3pts higher with some dip buying. Moody's placed ratings of Ping An Real Estate and Ping An Real Estate Capital on review for downgrade. In industrials AACTECs were 0.3-0.6pt higher. In Macau gaming names, WYNMAC/SANLTD 26-28s were up 0.25-0.5pt. In Indian space, ADSEZ 24s/31s were up 0.5-1pt, after the company announced a partial tender offer to purchase up to USD195mn of its outstanding due-2024s. VEDLNs were unchanged to 0.5pt lower, despite Moody's one notch downgrade. Indonesian names LPKRIJs/LMRTSPs were down 0.5pt. APLNIJ 24s were 6pts higher to close at 77.5, post media reported the developer has completed the sale of its mall units for cUSD92.9mn to partially repay its debts.

The LGFVs performed mixed amid light flows heading into quarter end. HZCONI '25/QDHTCO '24 were 0.125pt higher. We also saw more profit taking flows from RMs in the richly valued =<7% LGFV papers. Whereas selected higher-yielding issues continued to be well-bid under scattered

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buying. GSHIAV 3.5 '24/CQLGST 5.3 '24 were up 0.3-0.4pt. Whilst CQNANA 26s were 0.1pt lower. Elsewhere, SOE perps were traded stable at low-to-mid-6%. The two-way flows were skewed to better buying. CHPWCN 3.55 Perp/CHCOMU 3.425 Perp were up 0.1-0.2pt. FRESHK 2.5 '25 was 0.2pt higher. However, ZHONAN/SUNSHG 26s were 0.125pt lower.

#### ❖ Last Trading Day's Top Movers

| Top Performers        | Price | Change | Top Underperformers   | Price | Change |
|-----------------------|-------|--------|-----------------------|-------|--------|
| APLNIJ 5.95 06/02/24  | 76.8  | 6.0    | GRNCH 5.65 07/13/25   | 82.7  | -3.3   |
| CHGRAU 9.109 PERP     | 96.6  | 4.9    | LNGFOR 3 3/8 04/13/27 | 59.8  | -3.3   |
| CHIGRA 9 1/8 01/30/24 | 92.1  | 3.9    | LNGFOR 4 1/2 01/16/28 | 57.5  | -3.1   |
| PINGRE 2 3/4 07/29/24 | 79.0  | 3.1    | LNGFOR 3.85 01/13/32  | 44.0  | -3.1   |
| PINGRE 3 1/4 06/23/25 | 63.2  | 1.6    | LNGFOR 3.95 09/16/29  | 49.5  | -2.9   |

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.02%), Dow (-0.20%) and Nasdaq (+0.22%) were mixed on Wednesday. Oil price rallied to the highest level since 2H22 that Brent/WTI crude oil price reached USD94.3/93.7 per barrel as tight supply. US durable goods orders increased 0.2% mom in Aug, compared to the market expectation of -0.5% mom. The UST yields continued to rally higher yesterday, 2/5/10/30 yield reached at 5.10%/4.67%/4.61%/4.73%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

- **HRINTH: Further buy-back of USD163mn long-dated bonds post Moody's review for downgrade**
- **HRINTH: Sizeable buyback continues**

Further to announcements on 19 Sep and 21 Sep, Huarong announced another sizeable bond repurchases totaled USD163.05mn in principal amount on 27 Sep. The repurchases remain targeting on longer dated bonds with lower cash prices. Except for the repurchases of HRINTH 5.5 04/27/47 of USD21.554mn which could be conducted over a longer period, we believe that the remaining repurchases of USD141.5mn had been conducted since 21 Sep. So far, Huarong announced bond repurchases and cancellations totaled USD741.7mn equivalent although we would not be surprised if Huarong has repurchased other bonds but the amount is yet to hit the disclosure threshold. According to the listing rules of HKEX, issuers have to disclose redemptions and cancellations exceeding 10% and every subsequent 5% interval of issues as soon as possible.

As discussed before, the sizeable and continuous repurchases of longer-dated bonds signal Huarong's confidence on its near-term liquidity ahead of the maturity of HRINTH 2.125 09/30/2 (o/s USD600mn) on 30 Sep'23. Additionally, the sizeable repurchases of bonds at discounts will help cut net debts and improve its capital adequacy. We estimate Huarong's exceptional profit on bond repurchases to be cUSD175mn (cRMB1.3bn). This compared with net losses of RMB6bn in 1H23 and total equity of RMB39bn as at Jun'23.

We believe that these repurchases will continue to support the near-term performance of HRINTHs and papers of other AMCs. HRINTHs have been our top picks of the sector. We also like GRWALL 3.95 Perp (callable 07/31/24) after the recent price correction and CCAMCL 4.4 Perp (callable 03/11/26 as a low beta play. Please

refer to our previous comments on Huarong published on [20 Sep](#), [22 Sep](#) and [26 Sep](#). HRINTHs were unchanged to 0.2pt higher.

| Ticker  | HRINTH 4<br>1/2 05/29/29 | HRINTH 3<br>7/8 11/13/29 | HRINTH 3 3/8<br>02/24/30 | HRINTH 3<br>5/8 09/30/30 | HRINTH 5.5<br>04/27/47 | HRINTH 4.95<br>11/07/47 | HRINTH 3.8<br>11/07/25 | Total |
|---|--------------------------|--------------------------|--------------------------|--------------------------|------------------------|-------------------------|------------------------|-------|
| Currency                                      | USD                      | USD                      | USD                      | USD                      | USD                    | USD                     | SGD                    |       |
| Issue size (mn)                               | 700                      | 500                      | 700                      | 350                      | 200                    | 700                     | 400                    |       |
| Repurchased amt (mn) as at 19 Sep             | 98.7                     | 52.5                     | 0.0                      | 41.0                     | 0.0                    | 72.3                    | 32.0                   | 287.8 |
| % of issue size                               | 14.1%                    | 10.5%                    | 0.0%                     | 11.7%                    | 0.0%                   | 10.3%                   | 11.0%                  |       |
| Incremental repurchased amt (mn) as at 21 Sep | 7.0                      | 23.0                     | 141.0                    | 32.0                     | 0.0                    | 87.9                    | 0.0                    | 290.9 |
| % of issue size                               | 1.0%                     | 4.6%                     | 20.1%                    | 9.1%                     | 0.0%                   | 12.6%                   | 0.0%                   |       |
| Incremental repurchased amt (mn) as at 27 Sep | 0.0                      | 0.0                      | 108.5                    | 15.0                     | 21.6                   | 18.0                    | 0.0                    | 163.1 |
| % of issue size                               | 0.0%                     | 0.0%                     | 15.5%                    | 4.3%                     | 10.8%                  | 2.6%                    | 0.0%                   |       |
| <b>Total repurchases disclosed (mn)</b>       | 105.7                    | 75.5                     | 249.5                    | 88.0                     | 21.6                   | 178.2                   | 32.0                   | 741.7 |
| % of issue size                               | 15.1%                    | 15.1%                    | 35.6%                    | 25.1%                    | 10.8%                  | 25.5%                   | 11.0%                  |       |
| O/S (mn)                                      | 594.3                    | 424.5                    | 450.5                    | 262.0                    | 178.4                  | 521.8                   | 368.0                  |       |
| Offer price                                   | 80.0                     | 79.2                     | 79.1                     | 79.2                     | 75.1                   | 71.4                    | 87.5                   |       |
| YTM   | 9.1%                     | 8.3%                     | 7.5%                     | 7.5%                     | 7.8%                   | 7.5%                    | 10.6%                  |       |

Source: Bloomberg, 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) |
|---|----------|---------------|-------|---------|----------------------|
| Change Urban Construction and Investment Group Co., Ltd | USD      | 100           | 3yr   | 6.1%    | -/-/A+               |

#### ➤ News and market color

- Regarding onshore primary issuances, there were 58 credit bonds issued yesterday with an amount of RMB32bn. As for Month-to-date, 1,761 credit bonds were issued with a total amount of RMB1,574bn raised, representing a 15.4% yoy increase

- Media reported that China central government asked 12 provincial governments including Tianjin, Yunnan, Guizhou and Chongqing, etc. to report all assets that can be monetized and take measures to repay their debts
- **[APLNIJ]** Agung Podomoro unit sells mall units for cUSD92mn
- **[CARINC]** CAR Inc completed redemption of all outstanding USD155mn CARINC 9.75 03/31/24; Moody's affirmed Car Inc's B3 rating and changed outlook to stable from negative
- **[DFINVH]** Yancheng Oriental Investment & Development issued RMB500mn three-year MTNs at 4.2% coupon to repay debts
- **[EVERRE]** Media reported that Hui Ka Yan is currently under police control. China Evergrande, China Evergrande New Energy Vehicle Group, Evergrande Property Services Group were in share trading halt on the morning of 28 Sep
- **[GRNLGR]** Greenland announced that it obtained requisite majority of votes in consent solicitation for nine offshore bonds totaled USD3.1bn
- **[GSHIAV]** LGFV Gansu Provincial Highway Aviation Tourism Investment Group to issue RMB1.86bn 3.9% due-2026 green bonds
- **[HYUELE]** Media reported that US authorities are expected to extend a waiver exempting SK Hynix and Samsung Electronics from chip trade restrictions related to China
- **[KAISAG]** Kaisa Group's winding-up petition hearing further adjourned to 9 Oct
- **[PINGRE]** Moody's placed Ping An Real Estate's Baa2 and Pingan Real Estate Capital's Baa3 issuer rating on review for downgrade
- **[PTTGC]** Fitch affirmed PTT Global Chemical's AA rating and revised outlook to negative
- **[RISSUN]** Media reported that RiseSun obtained sufficient consents of USD730.6mn offshore bonds for 4.5 year extension from Sep'23
- **[VEDLN]** Media reported that Vedanta Ltd is nearing a deal to spin off its various business into multiple listed entities

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