

**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**

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- *Markets were largely stable. LUSOIB priced 10NC5 T2 bonds at par to yield at 7.2% and was under better buying this morning. Another new issue Korea SOE KORGAS 28s priced at T+88 and stayed range-bound around RO. The front end of HRINTHs remained better sold. NWDEVL Perps were marked down 0.5pt.*
- **LASUDE:** *To refinance HKD3.2bn loan for the construction of Hong Kong Ocean Park Marriott Hotel. Debt repayments will then be concentrated in 2025-26 and no imminent refinancing pressure in coming 12 months. See below.*
- **DALWAN:** *Wanda Group Overseas has closed a USD221.5mn 364-day loan to refinance the USD275mn loan maturing today. DALWANs jumped 4-7pts across the curve yesterday post the media report, and were unchanged to -0.25pt this morning.*

**❖ Trading desk comments 交易台市场观点**

Yesterday, Asia ex-JP IG space had a constructive session. The new NACF 28s, priced at T+98, opened 3bps inside RO but the early gain was soon erased as flows turned to better selling and closed 3bps wider than RO. Away from the primary front, IG spreads in general tightened 2-5bps. The other recent new issues CKHH/AIA 28/33s edged 2-3bps tighter. In Chinese SOEs, HAOHUA curve tightened 5-8bps from Monday wide with RM buying. TMT benchmark BABA/TENCNT papers grinded 2-3bps tighter after widening 5bps on Monday. In financials, AMC space was skewed to better selling. The front-end of HRINTH curve was better offered, while other peers were relatively quiet. Leasing paper BOCAVI 28/33s widened 2-4bps. KR/SG space were still subdued, with the front end of SOE/Bank T2s remained heavy. UOBSP/HYNMTR/CNOOC/KOROIL/OCBCSP/POHANG/WOORIB 26-32s were skewed to better selling. Chinese properties were mixed. DALWANs jumped 4-7pts across the curve, post media reported Wanda Group Overseas secured a USD221.5mn 364D loan to refinance USD275mn loan maturing on Wed with the balance to be repaid. LNGFORs gained 0.5-2pts. However, SINOCEs declined 0.5-1.5pts, post Moody's downgraded Sino-Ocean Group's ratings to Caa1 from B3 with outlook negative. CENCHIs/AGILEs moved 1.25-2.25pts lower. Moody's downgraded

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CCRE's CFR to Ca from Caa2 and outlook remained negative. Industrials EHICARs/ANTOILs were 0.25-0.5pt lower. Macau gaming names MGMCHIs/MPELs were traded 0.5-1pt higher. Indian space were firm. VEDLNs closed 1.25-1.75pts higher. GRNKENS/RPVINs were bid up 0.5pt. Indonesian name MEDCIJs/INDYIJs were better bid.

Market focus was on the NWS headline in HK Corp space. NWS announced a privatization offer from CTFH, a deal from which NWDEVL will receive net proceeds of around USD2.3bn upon completion. NWDEVL Perps closed 2.5-3.5pts higher. Other than NWDEVL, we saw some spillover buying in HYSAN 4.85 FFL Perp next callable in Aug. NANFUN 5 Perp/PEAKRN 5.35 Perp were indicated 0.5pt higher. On the other hand, there were clients trying to offload other FFL Perps such as CKPH/LIFUNG Perps. LGFVs remained sluggish despite a bit of pickup in buying interests, as quality 23s-25s papers continued to reprice gradually towards low-to-mid-6%. KMRLGPs were better-offered ahead of EoH snapshot. SOE Perps had mixed two-way flows skewed to slightly better selling. That said, the bids remained fairly resilient.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
DALWAN 6 7/8 07/23/23	93.6	7.1	CCAMCL 5 02/08/48	76.8	-1.8
DALWAN 7 1/4 01/29/24	65.4	6.2	CHINSC 7 3/8 04/09/24	33.6	-1.4
DALWAN 11 02/13/26	47.3	4.1	AGILE 5 3/4 01/02/25	36.4	-1.3
NWDEVL 4 1/8 07/18/29	82.5	3.5	SHUION 5 1/2 06/29/26	74.7	-1.3
NWDEVL 5 1/4 PERP	89.2	2.7	AGILE 5 1/2 04/21/25	30.4	-1.3

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+1.15%), Dow (+0.63%) and Nasdaq (+1.65%) rebounded yesterday. Economic data soothed investor worries about imminent recession. U.S. consumer confidence increased to 109.7 in Jun from 102.5 in May, highest level in past 12-18 months. The US treasury yields rose yesterday, the 2/5/10/30 yield reached at 4.74%/4.02%/3.77%/3.84%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ LASUDE: To refinance HKD3.2bn loan for the construction of Hong Kong Ocean Park Marriott Hotel

Lai Sun Development is seeking HKD3.2bn 4-year guaranteed secured term loan to refinance the HKD3.6bn amortizing secured loan due in 16 Sep. The loan was obtained in 2019 to refinance a loan for the construction of Hong Kong Ocean Park Marriott Hotel. The collaterals of the new loan include shares in some of the Lai Sun group companies and other assets. The hotel could not be mortgaged as the land is owned by the HK government.

After the above refinancing, majority of Lai Sun's bank loans will be due in 2025-26. The USD bond LASUDE 5 07/28/26 of USD500mn will also be due in 2026, while the other two HKD bonds totaled cUSD49mn will be due in 2026 and 2029. The refinancing pressure will then be concentrated in 2025-26, and there is no imminent refinancing need in coming 12 months.

On the property sales, Lai Sun has started the pre-sale of Bal Residence in Kwun Tong in Feb. As of today, only 7 out of 56 units launched for sale were sold, and 100 units are not yet launched for sale. The response is not as popular as other first-hand apartments started pre-sale in the same period. Lai Sun has another project

in Yuen Long with 112 units that has already obtained pre-sale permit in Jan. This project is not yet launched for pre-sale amid the relatively weak sentiment in property market after the short rebound in 1Q23.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Korea Gas Corp	500	5yr	4.875%	4.916%	Aa2/AA/AA-
Luso International Banking	350	10NC5	7.2%	7.2%	-
Mitsubishi Corp	500	5yr	5.0%	5.03%	A2/A
NongHyup Bank	600	5yr	4.875%	4.95%	A1/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 129 credit bonds issued yesterday with an amount of RMB91bn. As for month-to-date, 1,669 credit bonds were issued with a total amount of RMB1,495bn raised, representing a 4.5% yoy increase
- Media reported that China's local government were found to have added new hidden debts of RMB41.5bn (cUSD5.7bn) and inflated fiscal revenue of RMB86.1bn (cUSD11.9bn)
- **[AZUPOE]** Azure Power is unlikely to publish its FY22 audited results by 15 July deadline set by NYSE
- **[CENCHI]** Moody's downgraded Central China Real Estate to Ca from Caa2, outlook remains negative
- **[DALWAN]** Wanda Group Overseas has closed a USD221.5mn 364-day loan to refinance the USD275mn loan maturing today
- **[EHOUSE]** E-House AHG collapsed after one of the largest bondholders and one of the first to join the AHG acceded to the RSA, close to 70% of the scheme creditors acceded to the RSA as of 27 Jun
- **[MOLAND]** Modern Land (China) 1H22 revenue plunged 74.7% yoy to RMB2.42bn (cUSD334.5mn) amid property sales slump
- **[SINOCE]** Moody's downgraded Sino-Ocean to Caa1 from B3, outlook changed to negative from ratings under review
- **[VNKRLE]** S&P affirmed China Vanke's BBB+ rating on stabilizing sales and strong financing capability, outlook stable

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