

## CMBI Credit Commentary

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

- *Markets were more active this morning than previous days. In Asian IG space, New issue SMBCAC'28 tightened c5bps to T+195bps. We saw buyers on AMC sector and recent issued CKHH, AIA. LGFV were continued to be chased with limited supply. SOE Perp and China AT1 were quiet while EU AT1 such as HSBC slightly rebounded as sentiment recovered.*
- *JIAYUA: Exchange offer terminated to proceed with the scheme. JIAYUAs are quoted at c7-10pts this morning. See below.*
- *GLPSP/GLPCHI: GLPSP/GLPCHI down 3-4pts over the past 2 days on the rumours of failure to file FY22 financials on time. As per our discussions with GLPSP, it would file the FY22 financials in the first week of May. GLPSP/GLPCHI were unchanged to -0.5pts this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space was traded on a soft tone with spreads widened 2-3bps amid overnight rates retreated 8-15bps. UST 2y yields fell below 4% and 10y yields declined to 3.4%. New BOCAVI 33s tightened 4bps (from RO at T+160), and stayed around T+155/157 for most of the day. The front-end of IGs remained under better selling given rates volatility. In China SOEs/TMTs, benchmark papers TENCNT/BABA/HAOHUA widened 2-5bps. BBB TMTs MEITUA/XIAOMI were unchanged to better buying. In financials, AMCs were under better selling. HRINTH curve closed 0.5pt lower (5-12bps wider). In non-China space, Korea/SG bank T2s were better-offered. KDB/MUFG/SUMIFL/KHFC/OCBCSP closed unchanged to 2bps wider. Away from IGs, GLPCHIs/GLPSPs plunged 4-7pts on the rumours of failure to file FY22 financials on time but recovered to 1-4pts lower before close. As per our discussions with GLPSP, it will file the FY22 results and update credit investors in the first week of May. Chinese properties performed mixed with light flows. SINOCEs grinded 0.25-1.25pts higher from the recent lows. DALWANs/COGARDs/ROADKGs, on the other hand, edged 0.5-1pt lower. AGILEs/GRNLGRs were down 0.5-1.25pts. Non-property space also performed mixed. FOSUNIs/HAIDILs were indicated 0.5pt higher. However, WESCHIs/TAISEMs were traded down 0.75-1.5pts and HILOHOs/EHICARs lowered 0.25-0.5pt. Macau gaming names such as SANLTDs/MPELs/WYNMACs were marked down 0.5-1pt. In India space, VEDLNs were bid up around 0.5pt. Indonesian names were rather muted. LMRTSPs 26s/MEDCIJ 27s were down 0.25pt.

In the LGFV/Perp/Asia AT1 spaces, activities remained lackluster overall amid broadly weakening sentiment. LGFVs still had balanced two-way flows in quality names, as buyers would rather switch positions without much conviction against the prevailing "rich valuation vs scarcity" backdrop. Whilst supply of bonds continued to rely on sporadic selling from mandate

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rebalancing. High-beta LGFVs such as CNSHAN/ZHANLO/SHGUOH remained sought-after by RMs/PBs particularly on the front end space, thanks to their relatively higher yields. And the 7%+ POE Perps names were also well-bid, following the same theme. NANFUN 5 Perp was indicated 0.5pt higher. SOE Perps and Chinese AT1s stayed stable within a tight range as we saw hurdle levels were almost homogeneous among local investors. Papers yielding 5.5%-5.6% were under better buying whilst selling would emerge inside 5.4%. AT1s stood largely firm amid light mixed two-way flows. BCHINA/ICBCAS perps were bid up 0.125pt. However, HSBC/STANLN AT1s were marked down 0.25-0.75pt, with selling mainly coming from PB during Asia hours.

#### ❖ Last Trading Day's Top Movers

| Top Performers        | Price | Change | Top Underperformers   | Price | Change |
|-----------------------|-------|--------|-----------------------|-------|--------|
| SINOCE 3 1/4 05/05/26 | 31.4  | 1.3    | GLPCHI 4.974 02/26/24 | 81.2  | -3.9   |
| SINOCE 6.946 PERP     | 18.0  | 1.1    | ROADKG 5.2 01/12/26   | 62.5  | -1.9   |
| NANFUN 5 PERP         | 77.3  | 1.0    | GLPCHI 2.95 03/29/26  | 63.0  | -1.9   |
| BJAFHO 1.9 03/23/26   | 90.1  | 0.9    | WESCHI 4.95 07/08/26  | 79.2  | -1.5   |
| H Aidil 2.15 01/14/26 | 89.5  | 0.6    | APLNij 5.95 06/02/24  | 43.8  | -1.3   |

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.38%), Dow (-0.68%) and Nasdaq (+0.47%) were mixed yesterday, mainly dragged by financials sector due to worries about First Republic Bank's deposit slump and possible bankrupt. Argentina government announced to start to pay for Chinese imports in Yuan rather than U.S. dollars. The U.S. treasury yields overall edged up yesterday, 2/5/10/30 yields reached 3.90%/3.46%/3.43%/3.70%, respectively.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ JIAYUA: Exchange offer terminated to proceed with the scheme

Jiayuan announced the termination of the exchange offer for its 6 offshore USD bonds with an outstanding amount totalled USD1.3bn and the plan to proceed with the scheme. The exchange offer was launched in Aug'22, it has extended the deadline for 11 times with deadline on 8 May. The company required the bondholders to sign RSA as a back-up to effect the scheme in case it fails to secure the minimum acceptance amount from each of the bonds. An instruction fee of USD0.25 will be paid for holder who entered into the RSA by 9 May on restructuring effective date.

The approval threshold for the scheme is 75% of the total USD1.3bn, a lower hurdle than the exchange offer of 90% of each of the bonds. Jiayuan said it has received c61.9% of the total outstanding principal on 7 Mar, that means it will still need c13% more to meet the scheme threshold. Meanwhile, the company was unable to publish the FY22 results before 31 Mar, its shares trading on HKEX have been suspended since 3 Apr. For 1Q23, the company's contract sales was RMB1.29bn, representing c72% decrease yoy. JIAYUAs were trading at c7-10pts this morning.

#### Summary of key terms of debt restructuring

|                        | O/s (USDmn) | Original coupon | New coupon | Original maturity | New maturity |
|------------------------|-------------|-----------------|------------|-------------------|--------------|
| JIAYUA 11.375 10/29/22 | 99.25       | 11.375%         | 6.5%       | 29-Oct-22         | 29-Jan-25    |
| JIAYUA 12 10/30/22     | 200         | 12.000%         | 6.5%       | 30-Oct-22         | 30-Jan-25    |
| JIAYUA 13 3/4 02/18/23 | 175.715     | 13.750%         | 6.5%       | 18-Feb-23         | 18-May-25    |
| JIAYUA 12 1/2 04/08/23 | 300         | 12.500%         | 6.5%       | 8-Apr-23          | 8-Jul-25     |
| JIAYUA 12 1/2 07/21/23 | 300         | 12.500%         | 6.5%       | 21-Jul-23         | 21-Oct-25    |
| JIAYUA 11 02/17/24     | 230         | 11.000%         | 6.5%       | 17-Feb-24         | 17-May-26    |

|  |                                |
|--|--------------------------------|
| Total  | 1,305                          |
| Scheme approval threshold                          | 75% of total outstanding bonds |
| Instruction fee                                    | USD0.25                        |
| 11 <sup>th</sup> extended instruction fee deadline | 9 May                          |

Source: Company's filing.

### ➤ Offshore Asia New Issues (Priced)

| Issuer/Guarantor                  | Size (USD mn) | Tenor | Coupon | Yield | Issue Rating (M/S/F) |
|-----------------------------------|---------------|-------|--------|-------|----------------------|
| SMBC Aviation Capital Finance DAC | 650           | 5yr   | 5.45%  | T+200 | -/A-/BBB+            |

### ➤ Offshore Asia New Issues (Pipeline)

| Issuer/Guarantor    | Currency | Size (USD mn) | Tenor | Pricing | Issue Rating (M/S/F) |
|---------------------|----------|---------------|-------|---------|----------------------|
| State Bank of India | USD      | -             | 5yr   | T+185   | -/BBB-/BBB-          |

### ➤ News and market color

- Regarding onshore primary issuances, there were 152 credit bonds issued yesterday with an amount of RMB122bn. As for Month-to-date, 1,924 credit bonds were issued with a total amount of RMB1,907bn raised, representing a 29% yoy increase
- **[BABA]** Alibaba Cloud cuts prices of products and services by up to 50%
- **[CHIOLI]** China Overseas Land 1Q23 revenue rises 10.6% yoy to RMB31.9bn
- **[COGARD]** Country Garden schedules put option exercise for rmb500mn 22Bidi01 bonds on 4-10 May
- **[DALWAN]** Media reported that Zhuhai Wanda plans to refile documentation for potential HK IPO
- **[FOSUNI]** Media reported Fosun International unit Fosun Pharma scraps Gland Pharma stake sale plan over valuation differences; the company also delays circular on Nanjing Nangang disposal to on or before 30 June
- **[GLPSP]** Media reported that GLP denied rumors that its FY22 results were delayed
- **[LNGFOR]** Media reported Longfor is in talks for partial refi of HKD15.3bn syndicated loan due Jan'24 for planned full early repayment
- **[MIDEAP]** Midea Real Estate issued domestic MTNs including RMB1bn 3yr tranche with 3.52% coupon and RMB200mn 2yr tranche with 4.5% coupons
- **[MONMIN]** Mongolian Mining Corp terminates exchange, tender offer for 9.25% senior notes due 2024; new notes issue offering also terminated

- **[YGCZCH]** Shandong Energy issues RMB2.5bn notes including RMB500mn 3.18% 3yr tranche and RMB2bn 3.49% 5yr tranche to repay debts

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