

CMBI Credit Commentary

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

- *Property sector was quiet this morning after yesterday's rally. COGARD said it has paid due 7 Aug'23 coupon of COGARD 4.2'26 and COGARD 4.8'30 within grace period while COGARs were unchanged. Media reported Zhuhai Wanda conducted IPO pricing roadshow in HK. DALWANs down 1.5-3.5pts by mid-day.*
- **GRNLGR:** Another round of consent solicitation to extend the maturities by 4 years. See below.
- **Asia ex-JP USD bonds issuance:** 8M23 gross issuance down 26.8% yoy to USD98.5bn. See below.

❖ Trading desk comments 交易台市场观点

Asia IG space was firm yesterday. The Chinese TMT/SOE benchmarks such as TENCNT/HAOHUA 30s grinded 2-5bps tighter. The high beta TMTs such as MEITUA/WB 30s tightened 10-20bps. In financials, AMCs were under better buying. HRINTH 25-27s were traded 1-2pts higher (20-50bps tighter) on RM chasing. GRWALL 29/Perp were also traded up 1pt. CCAMCLs edged 5-10bps tighter. HK IGs were better offered with some profit taking flows. HKLSP/HKAA 33s widened 3bps. HK Corp space continued to move higher. NWDEVL Perps, on the other hand, gained another 2.25-4.5pts. NWSZF 5.75 Perp were quoted 1.25pts higher. HYSAN/NANFUN Perps were bid up 1-3pts. CKPH Perp was among the exception to be marked 1pt lower. HK/Chinese properties performed strongly. YLLGSP 24s/26s jumped 3-7pts and HPDLF 24s/26s were up 2.5pts. FUTLANs/FTLNHDs closed another 3.25-5.75pts higher. CSCHCNs gained 4-5.5pts. CHJMAOs/ROADKGs were traded up 1.25-5.75pts. COGARs/CHINSCs were 1.25-3.75pts higher. In industrials, FOSUNs were traded 1.5-3pts higher. ANTOILs/EHICARs were quoted up 0.75-1.5pts. Macau gaming was muted. In Indian space, VEDLNs were up 1-1.5pts. Indonesian space was mixed. MEDCIJs/LPKRIJs were indicated 0.5-1pt higher. Whilst ICBPIJ 31s/32s were marked down 1-1.5pts. Elsewhere, GLPCHI 24s/26s were up 1pt.

The LGFV flows turned to all buying thanks to a sentiment boost from China's new supportive policies in real-estate sector. Shandong/Chongqing papers such as SHDOIS 23s/CQNANA 26s were marked 0.15pt higher, HKIQCL 25s/SHGUOH 26s were indicated 0.15-0.2pt higher. CPDEV 25/Perp gained 2.5-3pts to close 6-7pts higher over the past week. CPDEV '26 was marked 5.5pts higher at high-70s. The demand for LGFV bonds remained robust, thanks also to a favorable onshore rates outlook that boosted buying not only in the usual high-yielding names but also in the 6%-handle papers. The valuation of these papers looks rich relative to USD funding costs but still attractive for those with RMB on the liability side from a FX-hedged perspective, after the recent yield compression in onshore LGFV papers/new

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issues. The recent new quality 26s LGFVs were particularly sought-after as they provided both attractive yields in FX-hedged terms and also a high coupon rate for carry. Elsewhere, FRESHK/SUNSHG 24-26s were marked 0.5-0.8pt higher with buying from AMs, although some profit taking/selling flows emerged from PBs and HFs/AMs in the PM session.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
YLLGSP 5 1/8 05/20/26	71.7	6.9	PINGRE 3.45 07/29/26	66.2	-1.8
GEMDAL 4.95 08/12/24	44.5	6.6	ICBPIJ 3.398 06/09/31	82.5	-1.5
FUTLAN 6 08/12/24	64.4	5.8	CHIOLI 6 3/8 10/29/43	96.5	-1.1
ROADKG 5 1/8 07/26/26	41.6	5.7	CKPH 3.8 PERP	61.9	-0.9
CSCHCN 9 06/26/24	51.0	5.5	ICBPIJ 3.541 04/27/32	82.6	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – US stock markets closed yesterday. China Caixin Aug service PMI was 51.8, down from 54 in Jul and was lower than the expectation of 53.5. WTI/Brent crude oil rose to the highest level since Nov'22 at USD86/89 per barrel on prospect of OPEC+ extend supply cut. US treasury yields were unchanged due to public holiday, 2/5/10/30 yield stayed at 4.87%/4.29%/4.18%/4.29%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ GRNLGR: Another round of consent solicitation to extend the maturities by 4 years

Greenland launches consent solicitation on its 9 USD bonds with outstanding amount totaled cUSD3bn. It proposes to (i) extend the maturity date of each of the bond by 4 years from the original maturity date; (ii) postpone the dates scheduled for redemption of 5% of outstanding principal by 3 years on GRNLGR 6.75'25, GRNLGR 6.75'26, GRNLGR 7.25'27 and GRNLGR 5.875'26; (iii) for each of the bond, PIK interest of 1% per annum above the current interest rate on any interest payment date falling between 1 Jul'23 to 30 Jun'25 (both inclusive) will be paid; and (iv) to waive any default that may occur or may have occurred relating to the proposed amendments for all of the bonds.

Recalled that Greenland has completed consent solicitation in respect of these bonds in Nov'22 to extend the maturities by 1-2 years. It has also completed two specified asset sales in late 2022 and early 2023. Still, the company has not pay interest or redemption on some of the bonds. In last two months, Greenland suspended trading in GRNLGR 6.75'24 due to failure to pay redemption of 5% principal, as well as GRNLGR 5.875'26 and GRNLGR 7.25'27 due to non-payment of interests. Greenland may consider to launch a scheme if the consent is not consummated as alternative debt restructuring plan.

On the other hand, Greenland's property sales for 2023YTD is less likely to provide sufficient support for the interest or principal repayment. For 7M23, Greenland's contract sales recorded 14% yoy decrease compared to 7M22, ranked the 10th in terms of sales growth among 35 developers under our radar.

Bond	Amt o/s (USDmn)	ISIN	New maturity	Scheduled 5% principal redemption date	New 5% principal redemption date
GRNLGR 6.75 06/25/24	398.14	XS2016768439	06/25/28	-	-
GRNLGR 5.6 11/13/24	328.74	XS2076775233	11/13/28	-	-
GRNLGR 6.25 12/16/24	25.54	XS2188664929	12/16/28	-	-
GRNLGR 5.9 02/12/25	256.92	XS1760383577	02/12/29	-	-
GRNLGR 6.125 04/22/25	360.45	XS2207192191	04/22/29	-	-
GRNLGR 6.75 09/26/25	475.47	XS2055399054	09/26/29	09/26/23	09/26/26
GRNLGR 6.75 03/03/26	299.35	XS2108075784	03/03/30	03/03/24	03/03/27
GRNLGR 7.25 01/22/27	246.0	XS2207192605	01/22/31	01/22/25	01/22/28
GRNLGR 5.875 07/03/26	598.5	XS1081321595	07/03/30	07/03/24	07/03/27
Total	2,989.1				

Early consent fee 0.1pts

Base consent fee 0.05pts

Early consent fee deadline 18 Sep'23

Voting deadline 22 Sep'23

Noteholder meetings 26 Sep'23

Amendment effective date No later than 28 Sep'23

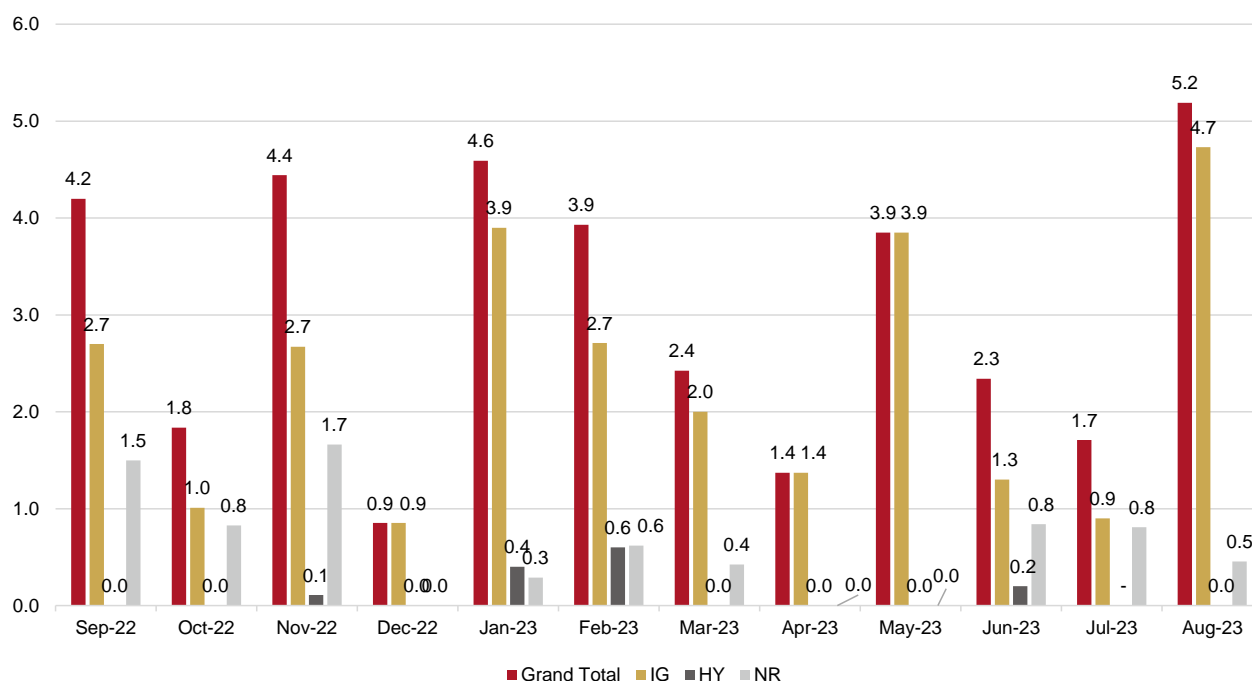
Source: Company filing.

➤ Asia ex-JP USD bonds issuance: 8M23 gross issuance down 26.8% yoy to USD98.5bn

The gross issuance of Asia ex-JP USD bond issuance in 8M23 was USD98.5bn, down 26.8% yoy from USD134.6bn in 8M22, the yoy decline narrowed from 29.6% in 7M23. On a brighter side, the gross issuance in Aug'23 increased 8.3% yoy to USD10.8bn from USD9.9bn in Aug'22. Aug'23 is the first month recorded yoy issuance growth YTD. During Aug'23, China (USD5.2bn), Philippines (USD4.2bn) and India (USD0.9bn) are amongst the largest contributors to the issuance and IGs accounted for 87.6% of the gross issuance. By sector, financials remained to be the largest issuers with total issuance amount of USD8.61bn.

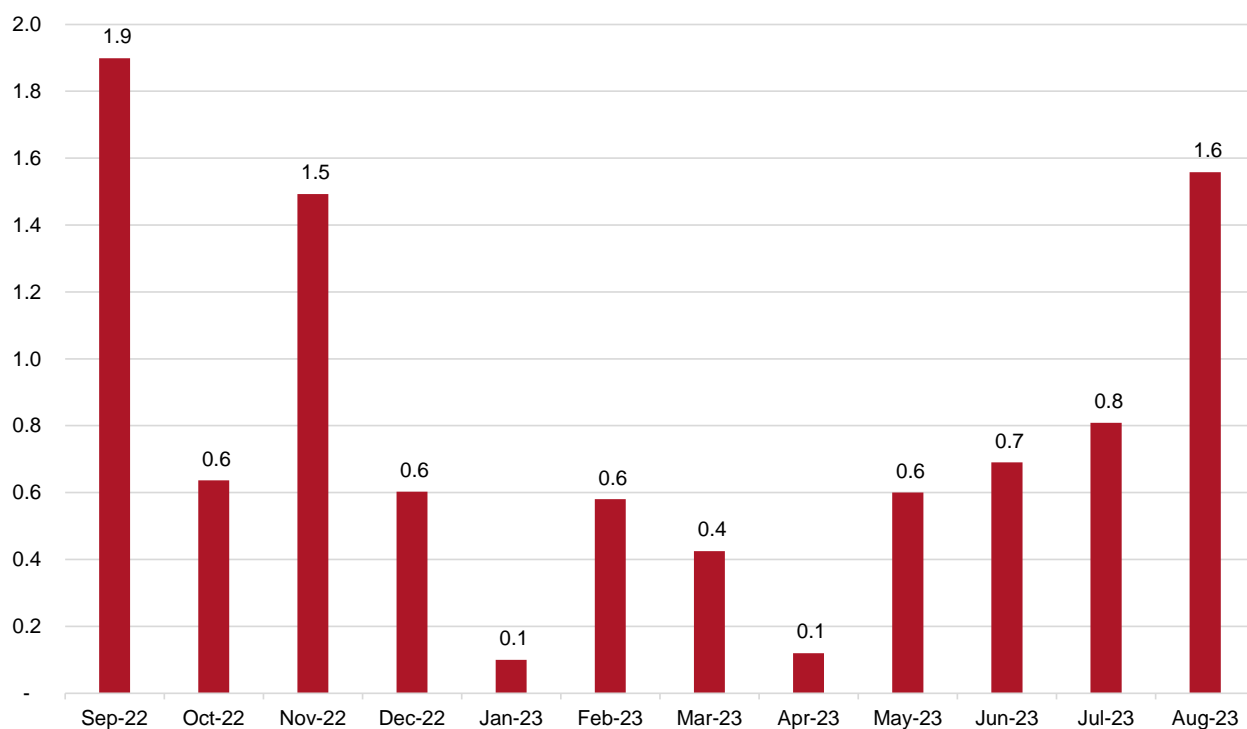
Since PBOC tighten the rules for commercial banks to invest in Free Trade Zone bond (FTZ bond) in May'23, LGFVs have to shy away from FTZ issuance, and returned to USD bond market for offshore financing. The new issues from LGFVs has continuously increased since May'23. We expect to see USD bonds issued by LGFV to pick up from the low level during Jan-Apr'23.

Chinese USD bonds new issuance amount (USD bn)



Source: Dealogic.

China LGFV USD bonds new issuance amount (USD bn)



Source: Dealogic.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
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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)
Commonwealth Bank of Australia/NY	USD	-	2	T+80	Aa3/AA-/A+
Commonwealth Bank of Australia/NY	USD	-	2/5yr	SOFR Equiv/+95	Aa3/AA-/A+
DBS Group Holdings	USD	-	2yr	SOFR Equiv/T+80	Aa2/-/AA-
Mitsubishi HC Finance America LLC	USD	500	5yr	T+165	A3/A/-
Nippon Life Insurance Co.,	USD	-	30NC10	-	A3/A/-
Sumitomo Mitsui Financial Group	USD	-	5/10yr	T+165/185	A1/A/-

➤ News and market color

- Regarding onshore primary issuances, there were 82 credit bonds issued yesterday with an amount of RMB68bn. As for Month-to-date, 178 credit bonds were issued with a total amount of RMB133bn raised, representing a 42.2% yoy decrease
- [BABA]** Alibaba cloud unit weighs raising up to USD2.8bn in pre-IPO funding round
- [CARINC]** S&P affirmed CAR Inc B- ratings and revised outlook to positive from negative
- [COGARD]** Media reported that COGARD said it has paid due 7 Aug'23 coupon of COGARD 4.2'26 and COGARD 4.8'30 within grace period; It proposed extension for seven onshore bonds totaled RMB10.3bn due in 2023/2024; The company completed share issue to Kingboard Holdings for partial offsetting of loan
- [CQLGST]** Chongqing International Logistics Hub Park Construction issued RMB300mn (cUSD41mn) four-year MTNs to repay debts
- [DALWAN]** Zhuhai Wanda Commercial Management conducted IPO pricing roadshow in Hong Kong; Dalian Wanda Commercial Management scheduled RMB210mn interest payment for RMB3.8bn onshore bonds on 11 Sep
- [FRESHK]** Far East Horizon revenue up 3.7% to RMB18.4bn and pre-tax profit rose 9.5% yoy to RMB5bn
- [GRWALL]** Fitch downgraded China Great Wall AMC (International) to BBB+ from A- and maintained negative watch
- [NWDEVL]** New World Development total contracted sales in July, August rose 138.5% yoy to more than RMB4.1bn
- [SUNAC]** Sunac was included in Shanghai-Hong Kong Stock Connect by Shanghai security exchange
- [WESCHI]** Fitch downgraded West China Cement one notch to BB- and placed negative outlook due to its aggressive capex out of China

- **[ZHLGHD]** Zhongliang Holdings announced consenting creditors holding approximately 79% of scheme debts acceded to RSA

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