

CMBI Credit Commentary

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

- *Markets were quiet this morning. In Asian IG space, new issue SBIIN'28 tightened c2bps to T+143 from T+145 issue spread. Benchmark names like BABA, TENCNT and SINOCH overall narrowed 2-3bps. LGFV sector was quiet with few buying demands on high yield names.*
- **EVERRE:** *Extended RSA deadline by 3 weeks to 18 May. See below.*
- **SHUION:** *Issued RMB4.4bn CMBS at a coupon rate of 3.9% to repay debts. SHUIONs rose 0.25 to 0.5pt this morning. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space was largely stable. UST 2y yield widened 12bps to 4.07% on Thu, following firmer-than-expected labor market and inflation data. On the primary front, SMBC Aviation priced USD650mn 5Y at T+200 on Wed. New SMBCAC 28s grinded tighter in the PM session and closed at T+193/+191. Other recent new issues were relatively firm. New CKHH 28s/33s edged 1-2bps tighter and BOCAVI 33s also tightened 2bps. Chinese SOEs were better bid. HAOHUA curve were pushed 2-5bps tighter. In TMTs, we saw street pushing benchmark papers. TENCNT 28s-31s tightened for 2-7bps. High-beta TMTs such as LENOVO/MEITUA widened another 5bps. In financials, the front-end papers were better-offered. We saw better selling on bank senior/T2/leasing 23-25s. Chinese properties were mixed. SINOCEs bounced 0.5-3.5pts. COGARD/CHINSC 25s/26s closed 0.5-1pt higher. On the other hand, AGILEs/CIFIHGs were down 0.5-2pts. ROADKG perps dropped 1-2pts. Away from properties, FOSUNIs/EHICARs moved 0.25-0.5pt higher across the curve. Macau gaming names MPELs/STCITYs/WYNMACs were 0.5pt higher. In Indian space, VEDLNs were up 0.25-1.25pts. Renewables such as GRNKENS/RPVINs grinded 0.5pt higher. Indonesian names MEDCIJs/INDYIJs edged 0.25-0.5pt higher. Elsewhere, GLPCHI 24s/26s were indicated 0.5-1.5pts higher while rest of GLPCHIs/GLPSPs closed roughly unchanged. GLPSP confirmed the FY22 result announcement and investor updates on 5 May'23. MONMIN '24 lowered 1pt post the termination of the tender and exchange offer, as well as the concurrent new issue for its 9.25% due-2024.

The LGFV/Perp/Asia AT1 spaces were hectic. In LGFV space, bonds were simply too scarce or too rich that clients finally turned their eyes onto other names such as ZHHFGR 2.8 25/WFUCRD 2.6 24. Again, strong deployment need was met with too few bonds in the space. There were also some inquiries on SHRIHG/CHADEC. That said, as valuations had grinded up to such rich levels, more loose bonds across names yielding mid-5% to 7% came out from some onshore bank mandates and PB holders. In most cases, these loose bonds were easily digested as Chinese clients aimed to deploy ahead of Labour Day long holiday. Similarly in SOE Perps, more AMs took

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吳蓓瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

Jerry Wang 王世超
(852) 3761 8919
jerrywang@cmbi.com.hk

profit at low-5%. Whilst digestion was tougher here given the rich yield (onshore 1y interbank USD funding around 5.45%), bids remained resilient as dealers tend to cross bonds to funds that were not subject to funding cost issue. Elsewhere in AT1s, Chinese bank names were largely stable skewed to small better buying. Whilst HSBC/STANLN perps recovered by around 0.25pt following improvement in macro sentiment.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SINOCE 6 07/30/24	40.8	3.6	ROADKG 7 PERP	49.1	-2.1
GRNLGR 6 3/4 06/25/24	40.7	2.1	AGILE 5 1/2 04/21/25	46.1	-1.9
SINOCE 2.7 01/13/25	33.4	1.9	COGARD 5 5/8 01/14/30	44.0	-1.4
GLPCHI 4.974 02/26/24	82.8	1.6	HADIL 2.15 01/14/26	89.0	-1.4
SINOCE 5.95 02/04/27	25.9	1.3	ROADKG 7.95 PERP	53.6	-1.3

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.96%), Dow (+1.57%) and Nasdaq (+2.43%) rebounded and boosted by better than expectation 1Q23 performance of tech companies like Meta and Microsoft. U.S. 1Q23 GDP growth rate was +1.1% QoQ, weaker than expectation of +2.0% QoQ. U.S. latest initial jobless claim was +230k, lower than expectation of +248k. The U.S. treasury yields continued to increase yesterday, 2/5/10/30 yields reached 4.07%/3.60%/3.53%/3.76%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ EVERRE: Extended RSA deadline by 3 weeks to 18 May

China Evergrande extended the deadline for the creditors to consent its RSA by 3 weeks to 18 May. As of 27 Apr, holders of more than: (i) 77% of Class A debts, (ii) 30% of Class C debts, (iii) 91% of SJ Notes, and (iv) 64% of TJ debts have acceded to the respective RSA. In addition, SJ Notes holders are now entitled to the consent fee via the TJ Scheme, so that consent fee of 0.25% of the outstanding principal to be paid in PIK is available to relevant holders under all the schemes. The approval threshold is 75% by value of respective schemes. The approval of Class A is not conditional upon that of Class C, and vice versa. That said, we believe that the restructuring of Class A has to be bundled with that of Class C practically. That means the company still need pay more effort in getting support from Class C and TJ creditors to effect the RSA.

To recap, Class A and C creditors under the Group Scheme are entitled to choose between pure debt or debt plus equity-linked instruments packages. SJ and TJ creditors will receive new notes, with a tenor of 4-8 years and 5-8 years respectively. The restructuring effective date is expected to be 1 Oct.

As a part of debt restructuring, China Evergrande has conditionally agreed to purchase Assemble Guard and Flaming Ace from China Evergrande New Energy Vehicles (NEV) for a nominal consideration of RMB2 on 24 Apr. These two companies own 47 projects, primarily residential and property development related. The unaudited net liabilities of the target group was RMB24.8bn (cUSD3.6bn) as at 31 Dec'22, NEV will record a corresponding amount of gain on disposal upon the sale. The disposal of property projects hopefully will provide a clean slate for NEV to focus on the new energy vehicles business in the long run.

➤ **SHUION: issued RMB4.4bn CMBS with 3.9% coupon to repay debts**

Shui On Land issued RMB4.4bn (cUSD636.5mn) CMBS at 3.9% coupon rate for debts repayment and general purposes. The CMBS is backed by THE HUB, a TOD commercial complex located in Shanghai. As of Dec'22, Shui On held RMB11.2bn cash and faced RMB12.3bn ST debts, its cash to ST debts ratio was 0.91x, down from 1.8x in Dec'21. The issuance of CMBS improves Shui On's liquidity condition and the company's nearest matured USD bond is SHUION 5.75'23 with USD500mn o/s amount.

Onshore CMBS is widely used by IP developers in recent years, the total issuance amount is above RMB100bn each year during 2019-2022 and there are RMB17bn CMBS issued in 2023 YTD. Recalled that New World Development issued RMB1bn CMBS with 3.5% coupon in early Apr'23, and Seazen also plans to issue RMB1.32bn green CMBS in 2023 according to its 2022 ESG report.

Name	o/s amount (USD mn)	Asked price	YTM
SHUION 5.75 11/12/23	500	98.26	9.2
SHUION 6.15 08/24/24	500	90.99	13.9
SHUION 5.5 03/03/25	490	87.39	13.5
SHUION 5.5 06/29/26	400	79.72	13.6
Total	1,890		

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
State Bank of India	750	5yr	4.875%	T+145	-/BBB-/BBB-

➤ **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 92 credit bonds issued yesterday with an amount of RMB65bn. As for Month-to-date, 2,024 credit bonds were issued with a total amount of RMB1,976bn raised, representing a 26.5% yoy increase
- **[ADSEZ]** Media reported that Adani is in talks for USD700-800mn financing for green energy projects
- **[CAPG]** China Aoyuan CEO Guo Zi Ning resigns upon reaching retirement age
- **[COGARD]** Media reported that Country Garden obtained CBICL guarantee letters for RMB1.7bn domestic bonds expected to be offered in early May

- **[CHIWIN]** Concord New Energy pays USD 92.6mn to fully redeem all outstanding CHIWIN 10.75 09/24/23
- **[DALWAN]** Fitch placed Wanda Commercial and Wanda HK on rating watch negative
- **[FOSUNI]** Fosun International says litigation filed by Shagang Group on disposal of 60% equity interest in Nanjing Nangang will not affect normal operations
- **[GLPSP]** GLP PTE to release 2022 results and host FI investor call on 5 May
- **[GZRFPR]** Guangzhou R&F Properties to consider up to RMB100bn issue of direct debt financing products, asset securitization products in 2023 at 31 May AGM
- **[HONGQI]** China Hongqiao unit schedules put option exercise for RMB500mn 21Hongqiao02 bonds from 27 April to 4 May
- **[LMRTSP]** Lippo Mall 1Q23 revenue down 3.9% yoy to USD36.6mn, cash balance down 12% yoy to USD74.5mn and leverage ratio down to 42.9% from 44.6% in 4Q22
- **[LPKRIJ]** Lippo Karawaci posts IDR1.1tn (cUSD74.5mn) net profit in 1Q23 on 14% revenue, 30% EBITDA growth
- **[SYNNVX]** Sinochem seeks to revive planned Shanghai IPO for unit Syngenta

CMB International Global Markets Limited

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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