

CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2024

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "[The Asset Asian G3 Bond Benchmark Review 2024](#)". Thank you for your support!

- *The flows were light and we saw clients sidelined ahead of FOMC. CSCHCN 24s were 0.8-1.0pt higher.*
- **ROADKG:** *Tender offers, maturities extension of 3.5 years for five USD bonds due in 2024-26 with early repayments. ROADKG 24-26s/Perps were unchanged to 0.4pt higher this morning. See below.*
- **CNOOC:** *Commenced cash tender offers on its five outstanding USD bonds for up to USD750mn. CNOOCs were unchanged to 1.6pts higher yesterday and unchanged to 0.5pt lower this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, KORELE/KOROIL/KOHNPW 28s were 1-2bps tighter. LGENSO 26/28 tightened 1bp. OCBSP/SIASP 34s tightened 2bps. JP insurance hybrids such as NIPLIF '54/ASAMLI Perp/FUKOKU Perp closed 0.1-0.3pt higher. In Chinese IGs, CNOOC 28/32/35/37/39 were unchanged to 1.6pts higher (unchanged to 10bps tighter in spreads), following the announcement of tender offers for its bonds. TENCNTs tightened 2-3bps. MEITUA 30s tightened 5bps. In financials, BOCAVI '28/BCHINA '26 were 1-2bps tighter. In AT1s, KBANK 4 Perp/KTBTB 4.4 Perp/ICBCAS 3.2 Perp declined 0.1pt despite some PB buying. In EU AT1s, sentiment remained cautious after the EU election. HSBC 6 Perp/INTNED 3.875 Perp were down 0.2-0.4pt in light of rates widening. In HK, CKINF/CKPH Perps were up 1.3pts. PRUFIN Perp/LASUDE '26 was down 0.9-1.0pt. Chinese properties were firm. LNGFOR '28 was 1.0pt higher. VNKRL 25/27/29 were up 0.3-0.8pt. CSCHCN 24s were 0.9-1.4pts higher. Outside properties, HILOHO '24/HONGQI '25 were 0.2-0.3pt higher. In Macau gaming, STCITYs were down 0.5-0.8pt. In Indonesia, ASRIJ '25 was 1.0pt higher following the developer's announcement of obtaining up-to-IDR3.9tn (USD239.3mn) facility to refinance its due-25s. KIJA '27 was up 0.7pt. LPKRIJ 25/26 increased 0.2-0.4pt. In India, VEDLN 26-28s were 0.2-0.4pt lower.

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The flows were skewed to better buying driven by tactical demands from Chinese AMs in LGFVs and high-beta IG names. In the 5-6% LGFVs, GZGETH/NJYZSO 27s were up 0.1pt. QDJZWD/SHGUOH 25-26s were 0.1-0.2pt higher. KMRLGP '24 was 0.7pt lower. In the high beta names, HUANEN '29/HNINTL '30 were up 0.5-1.4pts. CHMEDA '30 was 0.3pt higher. On the other hand, TIANFS '26 was 0.3pt lower. GRPCIN/ZHONAN 26s were down 0.2pt. In SOE perps, CHSCOI 4 Perp/HUADIA 3.375 Perp were 0.1pt higher.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CNOOC 7 1/2 07/30/39	125.2	1.6	PRUFIN 4 7/8 PERP	87.6	-1.0
CSCHCN 9 10/09/24	24.1	1.4	LASUDE 5 07/28/26	65.9	-0.9
HUANEN 3 12/10/29	90.5	1.4	STCITY 6 1/2 01/15/28	95.3	-0.8
CKPH 3 1/2 PERP	59.8	1.3	KMRLGP 3.9 12/12/24	96.0	-0.7
CKINF 4 PERP	66.3	1.3	PLNIJ 4 3/8 02/05/50	77.5	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.27%), Dow (-0.31%) and Nasdaq (+0.88%) were strong on Tuesday. Markets are waiting for the CPI report and FOMC on Wednesday and expect the central bank to leave the interest rates unchanged. UST yield retreated yesterday, 2/5/10/30 yield was 4.81%/4.41%/4.39%/4.53%.

❖ Desk analyst comments 分析员市场观点

➤ ROADKG: Tender offer, maturities extension of 3.5 years for five USD bonds due in 2024-26 with early repayment

Road King announced tender offers and consent solicitation to extend the maturities of its bonds due in 2024-26. The purchase prices are 25.75-51.5. The tender cap is USD60mn, a maximum of USD30mn will be allocated to the due-24 notes. The tender offers and consent solicitation will expire on 28 Jun'24. Compared with other recent liability management exercises, we consider Road King's relatively friendly in view of the size of tender offers (especially for the 24) and relatively high early repayments in Jul'24.

For the five USD bonds due in 2024-26, Road King proposes to extend their maturities by 3.5 years. The early repayment are provided, and to be settled after the tender offers on or around 18 Jul. There will also be amortization for all of the five bonds, see table 2 below for details. In respect of the ROADKG 7.75 Perp, the o/s perps with coupon reset, Road King proposes to delay the first coupon reset date by 3.5 years to 18 May'28, from 18 Nov'24. There will be no principal or coupon cut in the proposal. The extensions of 3.5 years represent the time required Road King expects for business recovery and asset sales.

Meanwhile, there are specified asset disposals designated to fund the amortizations and redemptions, including 80% of the proceeds from Southland residential project in Hong Kong, 80% from Surviving Shanghai Juanqi (residential and commercial project company) equity interest and 50% from Indonesia toll roads. For the consent, it requires 75% vote cast for each of the bonds/perps involved for the proposed amendments to go ahead. the required quorum is two or more persons present and holding at least 66% of outstanding principals amount of the notes.

After the disposal of four expressways in China last year, Road King does not have toll road project in China anymore. Road King does not expect its Indonesia toll roads to generate significant cash flow to support its liquidity in near future. At the same time, Road King said it had received most of the proceeds from the four

expressways in China sold last year. However, the net proceeds attributable to Road King is limited, after the repayments at the project level and sharing with JV partners. We estimated the net proceeds to be cUSD340mn. The maximum consideration for tender offers, consent fee and early repayment in Jukl'24 totaled cUSD250mn. Road King is in discussions with creditors of the syndicated loan due Sep'24 on maturity extension.

We turned neutral on ROADKG 7.75 Perp since Jan'24 in view of the weak property market sediment in China and Hong Kong, the loss of recurring cash flow from toll road operations and lumpy debt maturities. Please refer to our 2024 Credit Outlook. In our opinion, the current valuations of ROADKGs have fairly priced in "long-awaited" liability management exercise of Road King.

Table 1: Summary of tender offer and consent solicitation

Security Name	o/s amount (USD mn)	Purchase price	New maturity	Original coupon reset	New coupon	Consent fee	Px
Tender offer and consent solicitation							
ROADKG 6.7 09/30/24	301.231	51.5	03/30/28	-	-	0.5	52.68
ROADKG 5.9 03/05/25	194.621	38	09/05/28	-	-	0.5	38.87
ROADKG 6 09/04/25	186.385	31.75	03/04/29	-	-	0.5	32.16
ROADKG 5.2 01/12/26	488	26.25	07/12/29	-	-	0.5	27.25
ROADKG 5.125 07/26/26	488	25.75	01/26/30	-	-	0.5	26.52
Consent solicitation only							
ROADKG 7.75 Perp	300	-	-	18 Nov'24	18 May'28	0.5	16.01
Other outstanding FFL perps							
ROADKG 7.95 Perp	300	-	-	-	-	-	13.09
ROADKG 7 Perp	300	-	-	-	-	-	12.07
Total	2,558.237						

Source: Bloomberg, Company filling.

Table 2: Mandatory redemption of the five USD bonds

Security Name	Early repayment	Mar'27	Mar'28	Sep'28	Mar'29	Jul'29	Jan'30
ROADKG 6.7 09/30/24	22.5%	12.5%	65%	-	-	-	-
ROADKG 5.9 03/05/25	10%	10%	-	80%	-	-	-
ROADKG 6 09/04/25	10%	10%	-	10%	70%	-	-
ROADKG 5.2 01/12/26	8%	8%	-	5%	-	82%	-
ROADKG 5.125 07/26/26	8%	8%	-	5%	-	-	82%

Source: Company filling.

➤ 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)
No Offshore Asia New Issues Pipeline Today					

➤ News and market color

- Regarding onshore primary issuances, there were 60 credit bonds issued yesterday with an amount of RMB54bn. As for Month-to-date, 450 credit bonds were issued with a total amount of RMB505bn raised, representing a 6% yoy decrease
- [APLNIJ]** Fitch upgraded Agung Podomoro Land to CCC- as bond redemption reduced refinancing pressure
- [CHNAAR]** Fitch changed the outlook of China Aircraft Leasing Group outlook to negative from stable, BB+ rating affirmed
- [CNBG]** S&P revised the outlook of China National Bluestar to negative from stable on weakening earnings amid industry downturn, BBB rating affirmed
- [DEXICN]** Dexin China has been ordered to be wound up by the Hong Kong Court, Official Receiver was appointed as the provisional liquidator
- [LOGPH]** Logan onshore unit has obtained the requisite bondholder consent within a 30-day grace period to defer some coupon/amortization payment to Mar'25 on its restructured due-Nov'25 onshore bond
- [MEITUA]** Meituan to repurchase Class B ordinary shares in the open market up to USD2bn by current financial resources
- [ZHEBAR]** Hangzhou Shangcheng District Urban Construction & Comprehensive Development plans to issue 3-year USD200mn bond to repay ZHEBAR 2.25 08/12/24 of USD200mn due in Aug'24

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