

## 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

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!

- *Flows were light this morning. New issue SUMIBKs tightened c2bps. Asian IG AMC/Bank T2 were well bid, CCAMCL'29, ORIEAS'29 tightened 1-2bps. CDBFLC'30 widened c2bps.*
- *LASUDE: Sale of commercial properties to China Resources Longdation at HKD540mn. LASUDE'26 was unchanged this morning. See below.*
- *GRWALL: China Great Wall AMC announced to fully redeem USD388mn GRWALL 3.95 PERP 31 Jul'24. GRWALLs were unchanged to -0.2pt this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, on the new issues, NAB priced a 3-yr floating-rated bond at SOFR+83. CINDBK and CHINAM both priced a 3-yr floating-rated bond at SOFR+55 and SOFR+54, respectively. The new KORGAS '29 tightened 8bps. The new CATLIF '34 tightened 5bps from last close. In Chinese IGs, HAOHUA '28/TENCNT '30/BABA '31 tightened 3-4bps. MEITUA/WB 30s tightened 2-3bps. In financials, CDBFLC '30 widened 15bps from last Fri close, and the bond widened another 2bps this morning after CDBFLC announced that CDB is not in any commitment to sell its stakes in CDBFLC. In EU AT1s, HSBC 8 Perp/ UBS 9.25 Perp/ STANLN 6 Perp were 0.1-0.3pt higher. On the other hand, SOCGEN 8.5 Perp/ INTNED 3.375 Perp were down 0.1-0.2pt. In HK, PCPDC/LIHHK 26s were 0.5pt higher. NWDEVLS were traded in balanced two-way flows among PBs and closed unchanged to 0.2pt lower. HYSAN '35 was 1.5pts lower. Chinese properties were mixed. VNKRL 25/29 were up 0.5pt. CSCHCN 24s were 0.6-0.9pt higher. LNGFOR 27/29/32, on the other hand, declined 0.7-1.5pts after gaining 3.6-4.3pts last Fri. Outside properties, GWFOOD 25/30 were 0.5-0.8pt higher. XINAOG '27 was up 0.3pt. EHICAR '27 lowered 0.4pt. In Macau gaming, SANLTD '30/STCITY '25 were 0.3-0.4pt higher. In Indonesia, MDLNIJ 25/27 were another 0.8-3.7pts higher after gaining 2.0-9.5pts last week. LPKRIJ '25 was 0.5pt higher. ICBPIJ 51/52 were 1.5-1.6pts lower. In India, VEDLN '26 was 0.6pt higher. ADSEZs/ADTINs/ADGREGs were down 0.2-0.8pt. Elsewhere, GLPSP Perps were another 1.2-2.4pts lower after declining 0.8-1.7pts on last Fri.

**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

The SOE Perps and quality LGFVs (both USD and CNH) were better bid. SPICPT/COFCHK Perps were up 0.1pt despite higher rates. In LGFVs, QDJZWD/GZGETH/NJYZSO 27s were 0.1pt higher. GSELEC '24/GSHIAV '25 were up 0.3pt. WFURCD '24 was 0.5pt higher. CPDEV 25/26/Perp and BCDHGR '26 were 0.1-0.2pt lower. The high beta names were also under better buying from RM clients. CWAHK '26 was up 0.3pt. SUNSHG '26 was down 0.1pt.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
MDLNIJ 5 04/30/27	38.2	3.7	GLPSP 4.6 PERP	60.6	-2.4
CSCHCN 9 06/26/24	28.3	0.9	TAISEM 1 3/4 04/23/28	89.0	-1.9
GWFOOD 3.258 10/29/30	77.2	0.8	ICBPIJ 4.805 04/27/52	81.4	-1.6
MDLNIJ 5 06/30/25	49.7	0.8	HYSAN 3.55 06/16/35	78.3	-1.5
CSCHCN 9 04/12/24	28.3	0.7	LNGFOR 3.85 01/13/32	64.6	-1.5

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.62%), Dow (+0.41%) and Nasdaq (+0.84%) remained strong on Tuesday. US May'24 JOLTs job openings increased to 8.14mn from 7.92mn and was higher than the expectation of 7.96mn. Euro-zone Jun'24 CPI was +2.5% yoy, in line with expectation. UST yield retreated yesterday, 2/5/10/30 yield reached 4.74%/4.39%/4.43%/4.60%.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ LASUDE: Sale of commercial properties to China Resources Longdation at HKD540mn

A JV between Lai Sun Development (LASUDE) and its parent Lai Sun Garment sold the shopping mall and parking spaces in Alto Residences (the Properties) in Tseung Kwan O to China Resources Longdation at HKD540mn on an "as is" basis. The seller will guarantee the buyer that the net rental income derived from the Properties less than no less than HKD33mn each year of the period of 2 years from 1 Aug'24 to 31 Jul'26, failing which the seller will pay the shortfall to the buyer. The JV expects to record of a loss HKD307mn from the disposal, subject to final audit and adjustment.

In addition to the sale of Alto Residences, it announced a few asset disposals totaled cUSD240mn over the last 3 months, including the sale of 10% stakes in AIA Central, a grade A office tower in Central, HK, for HKD1.42bn (cUSD181.5mn), the sale of interest in Guangzhou International Golf Club for USD14.8mn and the sale of non-residential properties and parking spaces in Wyler Centre II in Kwai Chung for HKD80mn (cUSD10.2mn). LASUDE also secured shareholders' approval for the sale of residential properties at the 18th and 19th floors of the May Tower II in Hong Kong and two parking spaces for HKD215.8mn (cUSD27.6mn) on 22 May'24. LASUDE is also exploring options for further non-core asset disposal, including a shopping mall in HK and partial disposal of its Leadernall project (near Gherkin). The development of Leadernall will likely be self-funded.

As per our recent discussions with LASUDE, its major maturities in 2024 are largely dealt with. The next major maturity will be the project loans of cHKD600-700mn due in Jul'24. The o/s of amortizing loans will reduce to below HK400mn, sufficiently covered by its remaining saleable resources of the project. The loan of GBP60mn on the London project was rolled in Apr'24 for 1 year. We understand the proceeds from recent asset sales will be used for paying down revolving loans to cut interest expenses which could help improve its profitability.

Over the coming 1-2 years, sales resources in HK and China is cHKD1.2-1.3bn and cHKD1.5bn. The saleable resources of these are sufficient to cover remaining project loans. LASUDE has a residential project in Kwun Tong, Bal Residence, is currently on sale. After the launch of pre-sales in Feb'23, 76 units were sold among 118 units available for sale and there are another 38 units not yet put up on sale. As per LASUDE, the sale momentum improved notably after the HK government removed the anti-speculation measures. On the other hand, LASUDE expects to launch the sales of Tai Kei Leng project in Yuen Long in Aug'24.

Looking ahead, LASUDE will face more lumpy refinancing requirements in 2025-26. It has HKD6.6bn (cUSD839mn) bank loans will be due in 2025-26. The USD bond LASUDE 5 07/28/26 of USD500mn and HKD bond LASUDE 4.9 11/10/26 of HKD180mn (cUSD23mn) will also be due in 2026. Progresses in property sales and further asset disposals will be the key for the refinancing of LASUDE'26.

Bond	O/s amt (USDmn)	Px	YTM (% ask)
LASUDE 5 07/28/26	500	67.31	26.58

Source: Bloomberg.

### ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
ANZ Bank New Zealand Ltd	USD	500	10NC5	T+180	A3/A/-
China Citic Bank London	300	3yr	5.987%	SOFR+55	-/A/-
China Merchants Bank Sydney	400	3yr	5.977%	SOFR+54	A2/-/-
National Australia Bank	500	5yr	6.267%	SOFR+83	Aa2/AA/-
Sumitomo Mitsui Financial Group	750/900/1350	5/7/10yr	5.316%/5.424% /5.558%	T+93/103/113	A1/A/-
Sumitomo Mitsui Financial Group	500	5yr	6.607%	SOFR+117	A1/A/-
Sumitomo Mitsui Financial Group	1000	20yr	5.836%	T+113	A2/BBB+/-

### ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Deqing Construction&Development	USD	-	3yr	6.0%	-/-
Samvardhana Motherson	USD	-	5yr	T+175	Baa3/-/BBB-
Taizhou Urban Construction	USD	-	3yr	5.8%	-/-/BBB

### ➤ News and market color

- Regarding onshore primary issuances, there were 57 credit bonds issued yesterday with an amount of RMB63bn. As for Month-to-date, 97 credit bonds were issued with a total amount of RMB99bn raised
- **[CHFOTN]** China Fortune Land Development chairman proposes to purchase up to RMB11mn share
- **[COGO]** Fitch affirmed China Overseas Grand Oceans at BBB with stable outlook
- **[DALWAN]** Dalian Wanda Commercial Management's 22DalianwandaMTN001 noteholders exercised RMB750mn put option

- **[GRWALL]** China Great Wall AMC announced to fully redeem USD388mn GRWALL 3.95 PERP 31 Jul'24
- **[LMRTSP]** Fitch placed Lippo Malls CCC rating on Watch Negative
- **[POHANG]** Media reported that POSCO intends to double revenue and quadruple operating profit by 2030 by providing materials for rechargeable batteries and next-generation industries
- **[VNKRLE]** China Vanke secured RMB6.7bn loans from Bank of Communications
- **[ZHPRHK]** Zhenro Properties extended longstop date of RSA to 14 Jul'24

*Fixed Income Department*

Tel: 852 3657 6235/ 852 3900 0801

[fis@cmbi.com.hk](mailto:fis@cmbi.com.hk)

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

## Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

## Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

### Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.,) of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended, and may not be furnished to

any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.