

**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**

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- *Asian IG leasing/bank T2 were under better selling this morning. GRWALL PERP was well bid. Time China sounded out more details on its debt restructuring. See comments below.*
- *H&H: Another early repayment of USD term loan. BTSDF'26 was unchanged this morning. See comments below.*
- *ROADKG: Paid USD bonds amortization of USD178mn as scheduled. See comments below.*

**❖ Trading desk comments 交易平台市场观点**

Yesterday, Asia IG space was skewed to better selling amid mixed flows. The new CCAMCL 27/30 were 2-3bps wider. ORIEAS '29 and widened 1bp. HRINTH 25-30s/GRWALL 28-30s were 3-5bps tighter (unchanged to 0.1pt higher). BCLMHK Float 27 tightened 1bp amid active two-way flows. In Chinese SOEs/TMTs, HAOHUA 28-30s were 2-3bps wider. The long-end of CNOOCs/COSLs/SHPORTs/SINOPEs were under better selling and closed unchanged to 8bps wider (unchanged to 0.5pt lower). TENCNT/BABA 30-31s widened 2-3bps as well. In regional financials, DAHSIN/BNKEA/OCBCSP/MQGAU T2s were 1-2bps wider. In EU AT1s, HSBC/UBS/SOGEN Perps were 0.1-0.3pt lower. In KR, WOORIB priced a USD550mn NC5 Perp at par to yield 6.375% and the AT1 closed 0.3pt higher above par. In JP, MITHCC priced a USD500mn 5.25-yr bond at CT5+110. FUKOKU Perp/SUMILF Perp/NIPLIF '53 were up 0.1-0.3pt. In HK, HKINTL priced a USD1bn 3-yr green bond at CT3+12. BTSDF '26 was 0.1pt higher. H&H disclosed it has prepaid another USD168mn of existing USD term loan. In Chinese properties, ROADKG 28-30s rebounded 3.1-4.2pts after lowering 2.6-7.9pts on Wed. ROADKG Perps rose 1.2-1.8pts and closed 1.6-2.3pts higher WTD. FUTLAN/FTLNHD 24-26s were 0.5-1.1pts higher. SHUION 24-26s were 0.4-0.6pt higher. VNKRL 27/29, on the other hand, were 0.5-0.7pt lower. Outside properties, EHICAR 26/27 dropped 1.2-1.8pts and closed 3.5-3.9pts lower WTD. In Macau gaming, STCITY/SANLTD/WYNMAC 27-30s were 0.3-0.7pt lower. In Indonesia, MDLNIJ 25/27 lowered another 2.2-3.2pts and closed 2.4-3.5pts lower WTD. In India, VEDLN 26-28s were up 0.3-0.5pt.

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In LGFVs/SOE perps/high beta spaces, the flows were light. Among the low-yielding LGFVs, SZEXPR '26/NJYZSO '27 were up 0.1pt. SECGRP 24/25 were unchanged to 0.1pt higher, following S&P revised its outlook to stable from negative. Among the high yielding LGFVs, BCDHGR '26 was 0.8pt higher. GXCMIN/YNPOWE 25s were up 0.2pt. In SOE perps, CHPWCN 4.25 Perp/CHCOMU 3.425 Perp/COFCHK 3.1 Perp were up 0.1-0.3pt. In the high beta names, CWAHK '26 was 0.5pt higher. ZHONAN '25/GRPCIN '26 were up 0.1pt.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ROADKG 6.7 03/30/28	57.0	4.2	MDLNIJ 5 06/30/25	44.0	-3.2
ROADKG 5.9 09/05/28	46.8	3.8	MDLNIJ 5 04/30/27	33.5	-2.2
ROADKG 5 1/8 01/26/30	38.4	3.6	EHICAR 12 09/26/27	87.1	-1.8
ROADKG 5.2 07/12/29	39.9	3.4	EHICAR 7 09/21/26	81.5	-1.2
ROADKG 6 03/04/29	42.0	3.1	BABA 4.4 12/06/57	80.9	-1.0

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.78%), Dow (-1.29%) and Nasdaq (-0.70%) retreated on Thursday. The latest US initial jobless claim was +243k, higher than the expectation of +229k. UST yields rallied higher yesterday, 2/5/10/30 yield reached 4.46%/4.11%/4.20%/4.41%.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ BTSDf: Another early repayment of USD term loan

**Table 1: H&H International bond profile**

Bond	Ask px	YTM (ask, %)	Amt o/s (USDmn)	Bond rating (M/S/F)
BTSDf 13.5 06/26/26	107.13	9.38	300	Ba3/BB/-

Source: Bloomberg.

At 107.1, BTSDf 13.5 06/26/26, H&H International (BTSDf)'s only o/s USD bond, is trading at YTM of 9.4%. We are neutral on BTSDf 13.5 06/26/26 on valuation. The increase in finance cost coupled with decline in infant milk formula sales would weigh on its profitability prospect. However, we take comfort with its improving access to different funding channels and lengthened debt maturity profile after the exchange and concurrent new issue in Jun'23.

H&H International (BTSDf) provided operational and financial updates for 1H24. BTSDf expects to report yoy decrease in adjusted EBITDA and net profits, while the adjusted EBITDA margin to maintain at mid-to-high teens level. The decline in profitability is due to decline in baby nutrition and care segment sales, one-off product portfolio restructuring costs in North American market, and increase in finance costs.

BTSDf has been active in managing its debt maturity profile via tender offer and market repurchases of its USD bonds, and early repayment of term loans. Recalled that BTSDf redeemed BTSDf 5.625 10/24/24 in full of USD53.4mn in Mar'24, early repaid USD term loan of USD235mn on 29 Apr'24 and USD168mn on 16 Jul'24, which scheduled to be due Jun'25. The two USD term loan repayments reduced the outstanding balance to USD581mn. During 1H24, BTSDf issued 3-year 7.5% RMB500mn (cUSD69mn) bonds and re-tapped BTSDf 13.5 06/26/26 for USD120mn. Also, it has drawn down RMB term loan facility of cUSD150mn and obtained commitment refinancing facility of USD560mn in Jul'24. As of 30 Jun'24, it had RMB2.4bn (cUSD330mn) cash on hand.

**Table 2: Management prelim assessment on 1H24 financials**

	1H24 guidance	1H24 guidance (HKDmn)	1H23
Adjusted EBITDA	10-20% decline	1,047-1,178	HKD1,309mn
Adjusted EBITDA margin	Mid-to-high teens	-	18.8%
Reported net profit	45-55% decline	274-334	HKD608mn
Adjusted net profit	30-40% decline	308-359	HKD513.4mn

Source: Company filling, CMBI Research.

➤ **ROADKG: Paid USD bonds amortization of USD178mn as scheduled**

Security Name	o/s amt. (USD mn)	Paid amt. (USD mn)	To be called in Aug'24	Jul'24 (Paid)	Mar'27	Mar'28	Sep'28	Mar'29	Jul'29	Jan'30
ROADKG 6.7 03/30/28	224.9	65.3	18	22.5%	12.5%	65%	-	-	-	-
ROADKG 5.9 09/05/28	164.8	18.3	3	10%	10%	-	80%	-	-	-
ROADKG 6 03/04/29	158.6	17.6	3	10%	10%	-	10%	70%	-	-
ROADKG 5.2 07/12/29	437.7	38.1	3	8%	8%	-	5%	-	82%	-
ROADKG 5.125 01/26/30	444.6	38.7	3	8%	8%	-	5%	-	-	82%
Total	1,430.7	178.0	30							

Source: Company filling.

Road King repaid USD178mn amortization of five extended USD bonds as scheduled. In its Jun'24 tender offer and consent solicitation, Road King proposed to extend maturity of the five USD bonds which were originally due 2024-2026 for 3.5 years and schedule amortizations for the bonds. In early Jul'24, Road King acquired sufficient support for the consent solicitation. After the repayment of first amortization, Road King will redeem another USD30mn for the five bonds on 15 Aug'24. Compared with other Chinese developers' liability management exercise, we consider Road King's plan is more friendly in view of the high proportion of early repayment. ROADKGs rallied 4-12pts since Jun'24 when the tender offer and consent solicitation were proposed.

➤ **TPHL: Haircut up to 70% in principal amount in offshore restructuring**

Times China proposed three options to offshore creditors of USD2.9bn in principal outstanding with haircut in principal in proposed restructuring. It plans to place the 6 USD bonds totaled USD2.65bn in principal and USD/HKD syndicated loan totaled cUSD250mn in one voting class. The proposed restructuring will be implemented by way of a scheme of arrangement. Consent fee may be provided to the creditors supporting the RSA.

According to the news report, the three options are: (1) 70% haircut on principal, and 30% via a new 3.5-year bonds with upfront cash payment; (2) 55% of the debt to be swapped into MCBs, and 45% to be swapped into a new 7-year bonds, implying 50-60% haircut under the conversion price of HKD6 per share; (3) 100% of the debt to be swapped into a new 8-year bonds without haircut, and Times China will have the option to extend the maturity for a maximum of two years. These are largely in line with the high level proposed restructuring terms disclosed by Time China on 28 Jun'24.

Meanwhile, AHG agreed to have the Chairman to retain 30.1% stake in the company post restructuring, who currently owned 59.23% stake. Times China aims to launch the RSA before 31 Jul'24, that will be the date of the adjourned High Court hearing of winding-up petition against the company. On 28 Jun'24, Times China said it has reached an agreement in principle on high level with AHG holding more than 25%. Separately, the contract sales of Times China continued to decline in 6M24 to RMB4.3bn, compared with RMB9.4bn in 1H23, representing 55% decrease yoy.

## ➤ 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

- [BTSDFI] H&H International prepaid USD168mn of existing USD term loan on 16 Jul'24
- [FUTLAN/FTLNHD] Media reported that Seazen has prepared enough cash for repayment of USD250mn FUTLAN 6'24
- [LOGPH] Media reported that Logan is likely to revise CSA amid Corniche cash flow shortfall
- [SECGRP] S&P affirmed Shanghai Electric BBB ratings and revised the outlook to stable from negative
- [VEDLN] Media reported that Vedanta's INR80bn QIP got bids for INR230bn
- [VNRKLE] China Vanke secured RMB14.7bn 4-year loans from banks
- [YUEXIU] Yuexiu Property subsidiary secured HKD700mn short-term loan facility

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