

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 2023"](#). Thank you for your time. Your support will mean a lot to us.

- *Markets were stable this morning. New issues HTSC'26 widened 7bps, GSCCOR'28 and CCAMCL'27 were unchanged. We saw buyers on TMT sector and TENCEN/BABA tightened 1-2bps. LGFV/SOE perps were two-way balanced with few flows.*
- **CAPG:** *Hosted a creditor call yesterday. The restructuring considerations remain the same and more creditor's support is needed. See below.*
- **VEDLN:** *Media reported that Vedanta promoter entity Twin Star could raise USD500mn via sale of 160mn shares in Vedanta at INR258.5 each through block deals. VEDLN'24/25 rose 2.5 pts and VEDLN'26 down 0.25pt this morning.*

❖ Trading desk comments 交易台市场观点

Asia ex-JP IG had a relatively soft session with light flows. The new CCAMCL 27s widened 1bp, and hovered at T+156/155 (10bps tighter than RO) for the whole day. The other new issue GSCCOR 28s closed unchanged at T+128/127. In HK space, HKLSP 33s widened by 3bps. Chinese SOEs were better-offered. HAOHUAs were unchanged to 2bp wider. TMT benchmarks TENCNT 30s/BABA 31s edged 2-5bps wider. The high beta TMTs such as MEITUA/XIAOMI/WB 30s widened 5-9bps. In financials, AMCs were under better selling. HRINTH curve was traded 0.5-2pts lower. Leasing papers BOCAVI 28s/33s edged 1-3bps wider. Short-dated Chinese AT1s were well bid by RMs. The non-Chinese names HSBC/STANLN AT1s were slightly firmer amid two-way flows. Thai names such as KBANK AT1s were quoted 0.125-0.25pt higher. Chinese properties lowered in general. COGARD 24s slumped 7.5pts, and rest of the curve dropped 1.75-4.25pts. DALWAN '24 plunged 6.5pts to close at 54, while rest of DALWANs/LNGFORs/ROADKGs fell 3.5-4.5pts. FUTLANs/FTLNHDs were traded 1.5-2.5pts lower. On the other hand, CSCHCN 9 '24/GRNLGR 5.9 '25 were bid 1pt higher. Industrials CARINC/HILOHO 24s were marked 0.5-0.75pt higher. Macau gaming papers SANLTDs/STCITYs were quoted 0.5-0.75pt lower. In Indian space, VEDLNs lowered 0.5-1.25pts. Indonesian SOEs PERTIJs/PLNIJs were down 0.5-1.5pts.

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

Cyrena Ng, CPA 吳蒨瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

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

The LGFV/Perp space were traded in a overall consolidation mode yesterday. CPDEV 5.75 Perp closed around 1pt lower with small selling. HFs/Prop desks took profit on this highest-cash-price paper within the CPDEV curve, while RM buyers re-emerged on the low-cash-price 25s later when sentiment stabilized. The rest of LGFV space remained roughly stable. There were some cash parking interests in 23s/24s issues at mid-6% or above. In SOE perps, there were some profit taking flows on c24 papers such as HUADIA/CHALUM Perps. CHPWCN/CHMETL Perps grinded a touch tighter towards 6% after some loose bonds were absorbed by a few street prints this week. Meanwhile RMs were deploying cash in short-dated c23 papers (and c1H24 issues) in SOE Perps. However, HK Perps remained better offered by PBs. NWDEVL perps were marked around 0.25pt lower.

❖ Last Trading Day's Top Movers

| Top Performers | Price | Change | Top Underperformers | Price | Change |
|-----------------------|-------|--------|-----------------------|-------|--------|
| CSCHCN 9 04/12/24 | 63.9 | 1.3 | COGARD 8 01/27/24 | 26.0 | -7.4 |
| EAGRUY 7 1/2 05/01/25 | 67.6 | 1.3 | DALWAN 7 1/4 01/29/24 | 53.7 | -6.6 |
| KNMIDI 5 1/2 10/09/23 | 94.0 | 1.0 | COGARD 5 1/8 01/17/25 | 16.3 | -4.8 |
| CHJMAO 6 PERP | 89.6 | 1.0 | ROADKG 5 1/8 07/26/26 | 38.0 | -4.6 |
| GRNLGR 5.9 02/12/25 | 14.3 | 1.0 | COGARD 6 1/2 04/08/24 | 19.9 | -4.2 |

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-1.38%), Dow (-0.98%) and Nasdaq (-2.17%) retreated on Wednesday. US Jul ADP jobs was +324k, down from +497k in Jun while was higher than the market expectation of +189k. China Jul Caixin service PMI was 54.1, increased from 53.9 in Jun and was higher than the market expectation of 52.5. The US treasury yields was mixed yesterday, the 2/5/10/30 yield reached at 4.88%/4.24%/4.08%/4.17%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ CAPG: The restructuring considerations remain the same and more creditor's support is needed

Aoyuan hosted a creditors' call yesterday. The call explained the details of the RSA again but no sweetening in restructuring considerations despite some creditors' push back on the substantial haircut on the existing debt obligations. As per the legal advisor, the two schemes (Add Hero and Aoyuan Schemes) reflect the structure of claims against Add Hero (and the subsidiary guarantors) and Aoyuan.

Aoyuan estimated the aggregate outstanding principal and interest accrued of the offshore debts for the schemes as at 30 Sep'23 to be cUSD7.23bn, in which USD4.78bn are ICA debts and USD2.45bn are non-ICA debt. As of yesterday, there are c65% of public bondholders have acceded to the RSA. Therefore Aoyuan still need to secure more support to surpass the 75% approval threshold, given the total claims by public bondholders only represents c82% of the ICA debts and c54% of total offshore debts. Indeed, we are more concerned on whether Aoyuan will be able to secure the approval for non-ICA scheme which is less favourable to ICA scheme, and both schemes are conditional upon each other.

Additionally, the advisors stressed that the deadline to resume trading of its shares (3883.HK) on HKEX will be 30 Sep, they urge creditors to accede to the RSA asap as that would support trading resumption. The consent fee also remains the same, and the voting deadline is extended to 10 Aug. Aoyuan Healthy Life (3662.HK) resumed trading yesterday, share price dropped by 43% to HKD1.06 at close.

➤ Offshore Asia New Issues (Priced)

| Issuer/Guarantor | Size (USD mn) | Tenor | Coupon | Priced | Issue Rating (M/S/F) |
|-------------------|---------------|-------|--------|--------|----------------------|
| Huatai Securities | 800 | 3yr | 5.25% | T+75 | Baa1/-/- |

➤ 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 81 credit bonds issued yesterday with an amount of RMB55bn. As for Month-to-date, 144 credit bonds were issued with a total amount of RMB102bn raised, representing a 29% yoy decrease
- [CIFIHG]** CIFI schedules put option exercise for RMB1.875bn 21Xuhui03 bonds on 4-10 Aug
- [COGARD]** Media reported that Country Garden's unit plans to fully redeem RMB800mn put notes on 12 Aug
- [DALWAN]** Media reported that Dalian Wanda Commercial plans to apply for consumer-related infra REITs, the underlying assets will be Wanda Plazas operated by Zhuhai Wanda Commercial Management
- [FRESHK]** Far East Horizon units propose to offer RMB18bn in asset-backed securities
- [SINOCE]** Sino-Ocean unit received bondholders' approvals on proposals including 30-day grace period for 18Yuanyang01 bonds
- [VEDLN]** Media reported that Vedanta promoter entity Twin Star could raise USD500mn via sale of 160mn shares in Vedanta at INR258.5 each through block deals; JPMorgan is sole broker for the sale
- [XINHUZ]** Xinhua Zhongbao schedules interest payment for RMB1bn bonds on 9 Aug

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

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.