

CMBI Credit Commentary

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

- *Recent new issues INDKOR'28 tightened c2bps. In Asian IG space, we saw buying flows on low beta China SOEs and other due'25/26 bonds. Front-end HRINTHs and GRWALL curve were up to 0.4pt higher.*
- *EVERRE: Scheme meetings postponed without a revised timeline. See below.*
- *CAPG: Resumption of share trading while RSA remains pending. After trading resumption this morning, Aoyuan's shares slumped c72% to HKD0.33 per share at time of writing. Its USD bonds moved -0.1 to +0.2pt this morning. See below.*

❖ Trading desk comments 交易台市场观点

Last Friday, overnight 10yr UST yields widened 8bps to 4.496%. On the new issue front, new INDKOR 28s were priced at CT5+85 and tightened 8bps at close. LGENSO/EIBKOR 28s were also 1-2bps tighter. On the secondary front, HRINTH price action remained to be the market focus post the company's further buyback action on the longer-dated bonds. HRINTHs were 0.5-1.5pts higher. GRWALLs were up 0.5-0.75pt. CCAMCL 24-28s tightened 5-10bps. Chinese bank T2s tightened 1-3bps. Chinese AT1s such as ICBCAS/BCHINA Perps were better offered. The European AT1s such as STANLN 4.3 Perp/HSBC 8 Perp were traded 0.3-0.5pt lower. In Chinese SOEs, HAOHUA curve closed unchanged to 2bps tighter. Chinese TMT benchmarks edged 1bp wider amid two-way balanced flows. The high beta TMTs such as XIAOMI/MEITUA 30s were unchanged to 5bps tighter. HK IGs such as CKHH/HKLS 33s were unchanged to 2bps wider. The high-beta HK perps such as CKPH 3.5 Perp/NWDEVL 4.8 Perp were traded up 0.4-0.6pt under sporadic buying from PBs. HK/Chinese properties were mixed. SHUION '23/YLLGSP '24 were quoted 0.2-0.5pt higher. GEMDAL 24s and VNKRL 25-27s moved 1.25-2.75pts higher. LNGFOR 27-32s gained 1.5-2.5pts. However, CHJMAO '26/DALWAN '24 declined 1.25pts. FUTLANs/FTLNHDs were traded 0.75-1pt lower. In industrials, AACTEC 26s/31s were up 0.5-3.5pts. Macau gaming names such as MPEL/SANLTD 28-30s were traded 0.5-1pt higher. In Indian space, VEDLN 24s/25s were up 1.25-2.75pts. Indonesian names APLNIJs/ICBPIJs were traded 1-1.5pts lower. Elsewhere, GLPCHI 24s/26s were up 0.75-1.25pts.

The LGFV/Perp space had a uneventful session. The flows were light with activities in front-end 23s/24s LGFV papers driven by cash positioning needs. Chongqing/Shandong names remained active. CQNANA 4.56 '26 gained 0.3pt. SHDOIS '24/SHGUOH '25 were better bid. The 6% LGFVs continued to be better bid. YWSOAO '25/GZDZCD '26 were up 0.1-0.15pt. SOE perps performed softly. CHPWCN 4.25 Perp/CHSCOI 4 Perp/HUADIA 4 Perp were down 0.1-0.2pt. FRESHK 25s/26s were up 0.25-0.75pt

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

Cyrena Ng, CPA 吳蔭瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

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

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
AACTEC 3 3/4 06/02/31	70.0	3.4	APLNIJ 5.95 06/02/24	71.8	-1.4
GEMDAL 4.95 08/12/24	47.5	2.7	DALWAN 7 1/4 01/29/24	65.0	-1.3
VEDLN 8.95 03/11/25	73.0	2.7	ICBPIJ 4.745 06/09/51	69.7	-1.2
LNGFOR 3 3/8 04/13/27	64.6	2.4	CHJMAO 3.2 04/09/26	79.8	-1.2
ROADKG 7 PERP	23.1	1.8	ICBPIJ 3.541 04/27/32	80.4	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.23%), Dow (-0.31%) and Nasdaq (-0.09%) were weak on last Friday amid several Fed officials' hawkish comments about future interest rate adjustment pace. US Sep Markit manufacturing/service PMI was 48.9/50.2, compared to the expectation of 48.0/50.6. The UST yields moved slightly lower on Friday, 2/5/10/30 yield reached at 5.10%/4.57%/4.44%/4.53%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ **EVERRE: Scheme meetings postponed without a revised timeline**

China Evergrande postponed the restructuring scheme meetings of itself, Tianji and SJ scheduled today and tomorrow. It considers the current sales of the group were not in line with its expectation, and plans to reassess the terms to meet the creditor's demand. At the same time, it is unable to meet the qualification for the issuance of the new notes under the proposed restructuring, as its principal subsidiary Hengda Real Estate Group is under investigation.

It is the second postponement of the scheme meetings, after the respective Courts directed to convene the scheme meetings in Jul. The meetings originally scheduled on 22-23 Aug were delayed to 28 Aug, and then to 25-26 Sep. China Evergrande does not set a revised time for the scheme meetings after the latest postponement.

Recalled that China Evergrande's restructuring involves issuance of new debts and equity-linked instruments conversion. China Evergrande may need to amend the restructuring terms significantly if they are not allowed to issue new debts due to Hengda Real Estate.

The investigation on Hengda Real Estate is still ongoing, it could further delay the restructuring beyond the longstop date on 15 Dec'23. In view of the narratives of the latest press release, we should also expect that the restructuring plan could be revised in an unfavourable manner from a bondholder's perspective.

➤ **CAPG: Resumption of share trading while RSA remains pending**

Aoyuan managed to resume the trading of its shares prior to the delisting timeline on 30 Sep despite its RSA remains pending. The proposed RSA deadline is 31 Aug but there is no update on the restructuring since 10 Aug. The company said it was making good progress on agreeing the form of the relevant documentation and is preparing the relevant court filings. Recalled that there is [two different schemes](#) and approval threshold is 75% for each scheme. On 10 Aug'23, the latest of RSA approval is 75.89% of the outstanding principal amount of its existing bonds. As the claims of USD bonds account for c83% of the ICA scheme, that means approval

of c70% of non USD bondholders in principal amount will be sufficient for the ICA scheme to secure the approval threshold of 75%.

Throughout our discussions with clients, we can feel a lot of push-back for the restructuring plan. That said, we believe that the room for material sweetening is limited, especially after the share trading resumption, Aoyuan is no longer under time pressure to sort out the RSA with creditors. China Aoyuan stocks slumped c72% to HKD0.33 per share at time of writing and CAPGs moved -0.1 to +0.2pt this morning

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Xi'an Aerospace High-Tech Indust Development Group Co., Ltd	100	3yr	7.1%	7.1%	-/-/-

➤ 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 129 credit bonds issued last Friday with an amount of RMB147bn. As for Month-to-date, 1,418 credit bonds were issued with a total amount of RMB1,351bn raised, representing a 26.7% yoy increase
- **[ADEIN]** Media reported that Adani Group is likely to demerge Adani Airports Holdings into a separate entity and get it listed by 2025 or early 2026
- **[BABA]** Media reported that Alibaba's logistics unit Cainiao is planning to raise at least USD1bn in HK IPO. The company plans to file for the IPO as early as this week
- **[CAPG]** China Aoyuan announced that its share will resume trading on 25 Sep
- **[CHIOLI]** Moody's changed China Overseas Land & Investment outlook to negative from stable
- **[CIFIHG]** CIFI Holdings re-scheduled board meeting to approve FY22, 1H23 financial results to 26 Sep
- **[CRHZCH]** Moody's changed China Resources Land outlook to negative from stable
- **[GERL]** Geo Energy Resources secures USD 220m term loan facilities from Bank Mandiri for acquisitions, working capital and other capex requirements
- **[INDYIJ]** Indika Energy repurchased USD29.31mn INDYIJ 5.875 11/09/24, outstanding amount of the notes is USD293.6mn; its unit secured USD50mn credit facility from Bank DBS Indonesia for syndicated loan repayment

- **[REDSUN]** Moody's downgraded Redsun's CFR to Ca and placed negative outlook
- **[SHARAO]** Shangrao City Construction Investment Development received Shanghai bourse approval for RMB2.5bn corporate bond offering
- **[VEDLN]** Media reported that Vedanta Resources' proposed bond restructuring encountered investor resistance

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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