

## 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.

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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

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