

CMBI Credit Commentary

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

- *China HY space weakness continued with international real money trimming Chinese property exposure. SUNAC/TPHL/ZHPRHK marked down 3-5pts while CENCHI/KWGPRO/FUTLAN/SHIMAO generally down 1-3pts.*
- *GZRFPR: Guangzhou R&F announced USD 104mn fund to settle its proposed tender offer for Jan '22 Notes. We estimate upfront cash of USD18.8 for Option A tender notes and USD3.5 for Option B. See below for more.*
- *LPKRIJ: Lippo Karawaci posted strong 4Q21 marketing sales of IDR 1.08tn (174% yoy growth) with sales at hold co. level increasing to 75% from 62% in FY20. In FY22, company guided a conservative marketing sales growth target of 5%. See below for more.*

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❖ Trading desk comments 交易台市场观点

Yesterday, China HY property sector recovered a bit in the morning session with price up 0.5-1pts but started to trade down in the afternoon with international real money selling on Chinese property names. TPHL was skewed to better selling and curve down 4-5pts, while CENCHI also down 3-4pts. Names such as KWGPRO/COGARD/GRNLGR fell 1-2pts, but SHIMAO/AGILE/CHINSC/PWRLNG remained relatively stable. In industrial space, CHIGRA/WESCHI saw light selling and prices down slightly.

IG market remained relatively soft, benchmark yield spread widened 2-3bps. SOE names like HAOHUA/SINOPE dropped with spread 3-5bps wider. In TMT sector, name such as TENCNT/BABA were skewed to selling and closed slightly down. In addition, market sentiment diverged on SFHOLD taps yesterday. We saw strong demands on 5Y with spread 6-7bps tighter to T5+114/113, but 10Y was skewed to better selling and spread widened to T10+161/157.

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➤ Yesterday's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
RONXIN 7.35 12/15/23	35.6	1.1	TPHL 6.6 03/02/23	51.4	-8.3
CIFIHG 6 07/16/25	92.2	1.0	CENCHI 6 7/8 08/08/22	60.4	-7.4
LVGEM 12 03/10/23	71.3	1.0	TPHL 6 3/4 07/16/23	51.5	-7.3
GWFOOD 3.258 10/29/30	74.2	0.8	CENCHI 7 1/4 08/13/24	48.3	-7.0
JD 4 1/8 01/14/50	103.7	0.8	TPHL 5.55 06/04/24	49.8	-6.9

➤ Macro News Recap 宏观新闻回顾

Macro – The S&P500 and Dow Jones Industrial Average rose for the first time in days, led by a rebound in shares of technology companies, as Federal Reserve chairman Jerome Powell reiterated the central bank's effort to corral inflation. The S&P advance (0.9%), Nasdaq (1.4%), Dow (0.5%). In addition, energy stocks climbed 3.4%, coinciding with Brent crude prices hitting the highest settlement more than 1.5%. U.S. Treasury yield curve edged down slightly last night. The yield on the benchmark 10Y Treasury note fell to 1.75%. The 1/5/30Y yields dropped to 0.46/1.51/2.08% respectively.

➤ Desk analyst comments 分析员市场观点

➤ GZRFRP: Tender Offer Results of Jan '22 Notes

Guangzhou R&F announced USD 104mn fund to settle purchase price, accrued interest and consent fee of its proposed tender offer, lower than its previous expectation of USD 300mn. The company also announced respective maximum acceptance amount for both tender offer Option A and Option B.

After proration, for each USD 100 notional principal:

- Option A valid tender will receive upfront cash of USD 18.8 (incl. USD 18.1 cash principal repayment + USD 0.61 accrued interest + USD 0.1 consent fee). Option A upfront cash is significantly higher than Option B as tendered notes for option A in excess of its maximum acceptance amount is rolled over to Option B.
- Option B valid tender will receive upfront cash of USD 3.5 (incl. USD 3.3 cash principal repayment + USD 0.1 accrued interest + USD 0.1 consent fee).

After cancellation, USD608.6mn notes will remain outstanding. For each 100 old notes, noteholders tendered for option A will receive 78.7 new notes (100 minus 18.1 cash principal repayment and 3.2 haircut), while as noteholders tendered for option B will receive 96.7 new notes (100 minus 3.3 cash principal repayment).

<https://www.cmbi.com/article/6256.html?lang=en>

➤ **LPKRIJ: Posted strong FY21 marketing sales growth with conservative FY22 target**

Lippo Karawaci posted strong 4Q21 marketing sales of IDR 1.08tn (174% yoy growth), continuing its positive momentum from the first 3 quarters. In FY21, Company achieved IDR 4.96tn sales with 86% yoy growth, beating its upward revised guidance by 18%. The rapid growth is supported by company's strategic focus on affordable landed projects. Marketing sales at hold co. level also increased to 75% from 62% in FY20, which somewhat relieves company's cash outflow issues at hold co. level, in our view.

Company guided a conservative marketing sales growth target of 5% in FY22 with slightly lower contribution from hold co. level of 73%. Company expect marketing sales in FY22 will be supported by new launches of affordable landed residential units, wider market penetration into the higher income segment and mid-rise apartments, and increased demand for high-rise inventory units.

➤ **Offshore Asia New Issues (Priced)**

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
Chongqing International Logistics Hub Park Construction	USD 37.5	3	5.3%	5.3%	-/-/-
Beijing Gas Singapore Capital Corp	USD 500	3	1.875%	1.97%	A3/-/A
Link Real Estate Investment Trust	USD 600	10	2.75%	2.86%	A2/A/-
HKT Capital No.6 Ltd	USD 650	10	3%	3.009%	Baa2/BBB/-

➤ **Offshore Asia New Issues (Pipeline)**

Issuer	Currency	Size (mn)	Tenor	IPG	Issue Rating (M/S/F)
Xin Yue Co Ltd	USD	-	5	-	-/-/A+
Jiangsu Dieshiqiao Home Textile Industry Group Co Ltd	USD	-	3	3%	-/-/-
Chengdu Jingkai Guotou Investment Group Co	USD	-	2.9	-	Ba2/-/-

➤ **Onshore China conditions and color**

- Regarding onshore primary issuances, there were 96 credit bonds issued yesterday with an amount of RMB111bn. As for Month-to-date, 557 credit bonds were issued with a total amount of RMB571bn raised, representing a 26.2% yoy increase
- **[LZINVE]** downgraded to Ba2; outlook remains negative – Moody's
- **[RDHGCL]** banks fund needed for full redemption of 10.5% senior notes due January 2022
- **[TSIGTF]** completes redemption of USD 300mn offshore bonds due 10 January

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