

CMBI Credit Commentary

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

- *New CMHI'27 slightly tightened to +128 (RO: +130) and TMT names stayed better bid after strong results from BABA/BIDU. New ZZTRAN'25 saw strong demand with price surging to high-100 due to broad Chinese RM investor base and decent yield pickup over ZCCITY'25/ SLSCCI'25.*
- **GRNLGR:** *announced consent solicitation for GRNLGR 6.75%'22 maturity extension and covenant waiver. GRNLGR curve plunged 10-20pts yesterday, front/long end further marked down to 35/25 level this morning. See below.*
- **MEDCIJ:** *announced tender offer acceptance for USD109.194mn of 2026 notes at 97 and USD49.36mn of 2027 notes at 91.25. See below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, Chinese HY property space was generally weak with profit taking and short-selling kept dragging down prices. Among higher quality names, COGARD dipped 0.5-1pts and CIFIHG/FUTLAN fell 0.25-0.5pt. For the distressed names, PWRLNG slightly slipped 1pt after having lost 10-20pts. With the chatter of an exchange offer, GRNLGR plunged 20pts on the front end, and 10pts on the back end. SUNAC down 0.5pt. SHIMAO fell 1-2pts. Macau gaming sector traded firm. WYNMAC 1pt higher.

Chinese IG spread basically tightened around 4-6bps, with enquiries mainly in the longer end. In financial space, AT1/PERP names rose around 0.5-0.75pt. In AMC space, HRINTH continued to tighten 1pt. The SOE and Leasing names also strong demand in the long end. The TMT names generally tightened under the optimistic market sentiment on Chinese tech names. BIDU/BABA saw strong buying interest in the long end, with their earnings outperformed market expectation. New Issue INDOIS went to recent high levels and ended at T+102.5.

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➤ **Last Trading Day's Top Movers**

Top Performers	Price	Change	Top Underperformers	Price	Change
MGMCHI 4 3/4 02/01/27	82.7	2.8	GRNLGR 6 1/4 12/15/22	43.7	-26.5
ZHLGHD 8 1/2 05/19/22	37.5	1.8	GRNLGR 5.6 11/13/22	50.3	-22.7
WYNMAC 5 1/2 10/01/27	76.7	1.6	GRNLGR 5 3/4 09/26/22	59.7	-21.1
WYNMAC 5 1/2 01/15/26	82.0	1.3	GRNLGR 5.9 02/12/23	39.9	-21.0
LOGPH 7 PERP	16.8	1.1	GRNLGR 6 3/4 06/25/22	72.6	-18.5

❖ **Macro News Recap 宏观新闻回顾**

Macro – U.S. stocks rose after the minutes were published, Treasury yields were steady and the dollar slid. S&P (+1.99%), Nasdaq (+2.68%), and Dow (+1.61%) ended higher. Stocks rebounded after earnings suggested the US economy remains resilient despite inflationary pressures. The S&P 500 extended a bounce from its lowest level in more than a year after retailers lifted forecasts. Earnings from Alibaba Group Holding Ltd. and Baidu Inc. drove a rally in Chinese stocks traded in the US. China's efforts to balance Covid controls and economic growth will remain in focus. Treasury yield slightly retreated, with the 2/5/10/30 yield reaching 2.46/2.70/2.75/2.99% respectively.

❖ **Desk analyst comments 分析员市场观点**

➤ **GRNLGR: Maturity extension and consent solicitation**

Greenland Holding announced the consent solicitation for GRNLGR 6.75%'22 due 25 Jun'22 (o/s USD488mn) to extend maturity to 25 Jun'23 and obtain covenant waiver of event of default relating to this proposed amendments of the Notes. There will be 10pts upfront cash repayment, 0.5/1pt consent fee and payment of accrued interests (c3.4pts) in cash. The wavier includes the covenant to maintain bond listing status and events of default that triggered by the amendment.

Management stated in the investor call that the maturity extension is due to short-term liquidity issue triggered by lock-down in Shanghai and expect to repay the outstanding bonds due in 2H22 when they fall due. The repayment sources are cash collection from onshore and offshore property sales and asset disposal. Greenland has cUSD1.49bn outstanding bonds due in 2H22 and cUSD2.61bn due in or after 2023. We have reservation over Greenland meeting its maturities in 2H22 as the company only expects to receive cUSD200mn from cash collection overseas in 2H22, and there is high uncertainty over property sales recovery under Covid-zero policy in China. GRNLGR curve plunged 10-20pts yesterday, front/long end further marked down to 35/25 level this morning

Please see below for the key terms of the liability management exercise.

Consent solicitation for GRNLGR 6.75 06/25/22

Extended Maturity	25 Jun'23 (1yr extension) with call option
Upfront payment	10pts
Early consent fee	1.0pt
Base consent fee	0.5pt

Necessary quorum	two or more persons representing not less than 66% o/s bonds
Approval threshold	50%
Early consent fee deadline	10 Jun'22 4:00 p.m. London time
Deadline	15 Jun'22 4:00 p.m. London time

➤ **MEDCIJ: Tender offer results of 7.375 '26 and 6.375 '27 USD notes**

Medco announced to accept for tender for principal amount of USD 109.194mn of 2026 notes at USD 97, and USD 49.36mn of 2027 notes at USD 91.25; and both with an additional early tender premium of USD 3 for valid tender on or before 11 May, 2022.

There was an aggregate principal amount of USD 148.29mn of 2027 notes submitting for tender, the proration factor for the Early Tender 2027 Notes was 33.2999% as the tender offers were oversubscribed. The 2027 notes tendered after 11 May 2022 (Early Tender Deadline) will not be accepted. Post tender offer, there will be USD 540.8mn 2026 notes and USD 600.64mn 2027 notes remain outstanding.

We prefer short-end MEDCIJ '25 (YTM~7.6%) and MEDCIJ '26 (YTM~6.9%), as we expect Medco's credit metric will improve amid high oil price. Please see our daily on 29 Apr 2022.

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

Issuer	Size (mn)	Tenor	Coupon	Yield	Issue Rating (M/S/F)
China Merchants Port Holdings	USD500	5	4	T+130	Baa1/BBB/-
Zhangzhou Transportation Development Group	USD300	3	3.125	T+52.5	-/BB+
Mudanjiang City Investment Group	USD100	3	8	8	-/-

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

Issuer/Guarantor	Currency	Size (mn)	Tenor	FPG/IPG	Issue Rating (M/S/F)
Huai'an Development Holdings (Tap of HUAHK 5 04/28/25)	USD	-	3	5	-/-

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 51 credit bonds issued yesterday with an amount of RMB58bn. As for Month-to-date, 775 credit bonds were issued with a total amount of RMB818bn raised, representing a 3.8% yoy decrease.
- **[PWRLNG]** S&P reinstated Powerlong Real Estate rating at B, Outlook Negative
- **[SJMHOL]** SJM Holdings reverts Oceanus Gaming Area to Macau government at end of concession period
- **[YZCOAL]** Yankuang Energy proposes up to USD1.794bn convertible bond offering; Yancoal Australia may receive takeover bid from parent Yankuang

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