CMB INTERNATIONAL 招銀国际

Fixed Income
Credit Commentary

23 Mar 2026

CMBI Credit Commentary

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

- *Yankee and JP AT1s and insurance subs lost 1.0-1.5pts this morning. We saw better selling on JP FRNs and corporate names like NTT, as well as TW lifers NSINTW/SHIKON. Asian IG space overall widened 2-5bps. GLPSP Perps leaked 1.4-1.6pts.*
- ***EHICAR**: Exchange offer and concurrent exit consent for EHICAR 7 09/21/26. EHICARs were unchanged this morning. See below.*
- ***HONGQI:** Stronger cash position and improved debt structure; Maintain neutral on HONGQIs. HONGQI 28s were unchanged this morning. See below.*

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❖ Trading desk comments 交易台市场观点

Last Friday, GLPSPs/GLPCHI 29 led the space and recovered 3.1-4.8pts. See our comments on 19 Mar'26 regarding GLP's denial of market rumors. For the rest of the SE Asian space, ACPM Perps were unchanged to 0.2pt lower. SMCGL Perps/MEDCIJ 26-30s were 0.5pt lower to 0.1pt higher. In Greater China space, ZHOSHK 28 was 0.4pt weaker. FOUSNI 26-29 were unchanged to 0.3pt lower. Media reported that Fosun raised USD500mn refinancing loan despite loss warning for the FY25 results. In HK, the NWDEVL/VDNWDL complex were overall 0.2-1.4pts higher, except that NWDEVL 5.25 Perp dropped 3.5pts. Media reported that NWD is considering an USD4bn share offering to help meet debt payments and the Cheng family will keep control of the company. LASUDE 26 edged 0.3pt higher, though Lai Sun Development warned of a wider loss in 1H26, partly hurt by loss on sale of an asset and FV losses on investment properties. In Chinese properties, VNKRLE 27 edged 0.4pt higher, while VNKRLE 29 was 0.1pt lower. Vanke announced that a subsidiary's existing bank loan of RMB1.654bn has been extended by one year, with guarantee arrangements remaining unchanged. FUTLAN 28/FTLNHD 26-29 were 0.2pt lower to 0.2pt higher. LNGFOR 27-32 were down by 0.2-0.8pt. In JP space, RESLIF 6.875 Perp leaked 0.2pt. Yankee AT1s bounced back by up to 0.6pt at Asia open, driven by PB buyers topping up the new HSBC 6.75/HSBC 7 Perps and prop desks reloading selective risk papers, but eventually the space retraced 0.1-0.3pt from intraday high. In the Middle East, ARAMCO 30-31s lost 0.5-0.6pt, and ARAMCO 35-56s lost 1.0-1.3pts. BSFRs were unchanged to 0.2pt lower. LGFVs were a touch firmer as flows geared towards small better buying thanks to persistent demand from RMs.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change
GLPCHI 7 3/4 04/30/29	**77.6**	**4.8**
GLPSP 9 3/4 05/20/28	**80.2**	**4.7**
GLPSP 4 1/2 PERP	**49.7**	**3.9**
GLPSP 4.6 PERP	**45.9**	**3.1**
TSINGH 6 1/2 01/31/28	**87.9**	**1.2**

Top Underperformers	Price	Change
NWDEVL 5 1/4 PERP	**78.9**	**-3.5**
SUMIBK 6.184 07/13/43	**104.5**	**-2.0**
SUMIBK 5.796 07/08/46	**96.3**	**-1.8**
TACHEM 5.65 07/05/44	**97.2**	**-1.8**
BHP 5 3/4 09/05/55	**99.3**	**-1.8**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-1.51%), Dow (-0.96%) and Nasdaq (-2.01%) were lower on last Friday. UST yield was higher on last Friday. 2/5/10/30 year yield was at 3.88%/4.01%/4.39%/4.96%.

❖ Desk Analyst Comments 分析员市场观点

➢ EHICAR: Exchange offer and concurrent exit consent for EHICAR 7 09/21/26

Table 1: Bond profile of EHICARs

Security name	ISIN	Amt o/s (USD mn)	Ask px	YTM
EHICAR 7 09/21/26	XS2384059122	269.03	64.3	124.2%
EHICAR 12 09/26/27	XS2782510049	325	53.2	65.4%

Source: Bloomberg.

Subsequent to weeks of market talks and meetings with investors, EHi finally launched the exchange for EHICAR 7 09/21/26. As widely reported in media, the upfront repayment will be 10pts, plus exchange and consent fee of 0.2pt. The remaining 90% will be exchanged into a 3.5NC2 bond due Oct'29 with a coupon rate of 10% and amortization totaling 29.5% of the new principal amount throughout the life of the new bond starting from Dec'26. The exchange will be subject to a minimum acceptance of 85% outstanding principal amount of USD266.03mn. The new 3.5NC bond will have customary high yield covenant package in line with existing 2026 and 2027 bonds (such as the incurrence test of FCCR of 2.5x). The approval threshold for the exit consent, aiming at eliminating non-monetary restrictive covenants and events of default, is 50% of the principal amount. Holders tender the bond will be deemed to have provide their exit consent. The expiration date of the exchange offer and exit consent will be on 30 Mar'26. See Table 2 for details of the exchange.

The exchange, if successfully goes ahead, will effectively extend the maturity of EHICAR 7 09/21/26 for around 3 years. Hence, the new maturity will be behind that of EHICAR 12 09/26/27, EHi's only other outstanding USD bond. As per our discussions with EHi, EHICAR 12 09/26/27 is excluded from this round of liability management exercise (LME) because EHi is subject to the constraint of available NDRC quota of USD400mn which will expire in mid Apr'26. Hence, we believe that EHi may come to the market for a consensual LME for EHICAR 12 09/26/27 next year.

Assuming discount rates of 12-18%, we estimate that NPV for EHICAR 7 09/21/26 to mid-80 to md-90, based on the current exchange offer. Indeed, we maintain our view that the current valuations of EHICARs have priced in too much downside for a non-distressed credit even though EHi's deleveraging has been slower than our expectation in the course of active car acquisitions. We maintain buy on EHICARs.

Table 2: Summary of the exchange offer and exit consent

Exchange notes	EHICAR 7 09/21/26
Upfront payment (pts)	10.0
New bonds	Remaining 90pts to be exchanged into a new 3.5yr bond due Oct'29
Exchange and consent fee (pt)	0.2
Accrued interests	to be paid in cash
Consent fee	0.2
Upfront cash	10.0
Coupon	10%
Amortization schedule	
14-Dec-26	7.5%
14-Jun-27	2.0%
14-Dec-27	5.0%
14-Jun-28	5.0%
14-Dec-28	5.0%
14-Jun-29	5.0%
14-Oct-29	70.5%
Total	100%
Important dates	
Announcement date	23-Mar-26
Exchange expiration date	30-Mar-26
New maturity	14-Oct-29
Minimum acceptable/consent threshold (% of outstanding principal amount)	
Exchange	85%
Consent	50%

Source: Company filling.

- **HONGQI: Stronger cash position and improved debt structure; Maintain neutral on HONGQIs**

China Hongqiao (HONGQI) reported a 4.0% yoy increase in FY25 revenue to RMB162.4bn, driven by higher selling prices of aluminum alloy and aluminum fabrication products, as well as higher sales volume of alumina products. Gross profit decreased 1.6% yoy to RMB41.5bn, with GP margin declined to 25.6% from 27.0% in FY24. The margin compression was primarily driven by lower GPM of alumina products (from lower selling prices) and weaker GPM of aluminum fabrication products (from lower capacity utilization and the abolition of the export tax rebate on deep-processed products), partially offset by higher GPM of aluminum alloy products on higher selling prices. EBIT rose 4.9% yoy to RMB35.3bn, supported by higher revenue and improved operational efficiencies.

As of Dec’25, HONGQI had cash and cash equivalents of RMB51.2bn, up 14.3% from Dec’24, driven by operating cash inflow of RMB39.0bn in FY25. Capex fell 15.5% yoy to RMB10.7bn. Management guided FY26 capex at RMB15bn on renewable projects (RMB5-6bn), Yunnan relocation (RMB2bn), downstream aluminum processing (RMB2bn), and routine maintenance and upgrade (RMB5bn), subject to adjustment based on market conditions. As per HONGQI, the Yunnan relocation project remains on track, and is continuously reviewing production costs and electricity stability in Shandong and Yunnan to calibrate the pace of relocation. Currently, HONGQI does not have overseas expansion plan. In view of the strong operating cash inflow generation, we expect that HONGQI will continue to fund its capex through internal cash flows.

Net debts were down 16.8% to RMB24.3bn as of Dec'25, as the stronger cash balance more than offset higher total debt. Total debts/EBITDA edged up slightly to 1.8x, while net debts/EBITDA improved to 0.6x. Cash/ST debts rose to 1.8x. Total debts/total assets declined to 42.2% as of Dec'25, below management's target range of 45-46%. Debt structure also improved meaningfully. LT debts represented 62% of total debts as of Dec'25, up from 39% of the total as of Dec'24. Average funding cost declined by 4bps to c4.3% in FY25.

We view HONGQI as having good access to diversified onshore and offshore funding channels. In 2025, HONGQI raised a total of RMB12.6bn via onshore bonds at a weighted average cost of 2.3%, alongside USD600mn in USD bonds and a USD300mn CB offshore. While we are comfortable with HONGQI's overall credit profile, we maintain a neutral on HONGQIs on valuations.

Table 3: Bond profile of HONGQIs

Security Name	ISIN	Amt o/s (USD mn)	Ask px	YTM	Z-spread (bps)	Issue rating (M/S/F)
HONGQI 7.05 01/10/28	XS2968971676	330	103.1	5.2%	142	-/-/BB+
HONGQI 6.925 11/29/28	XS3084116055	270	104.2	5.2%	150	-/BB-/BB+

Source: Bloomberg.

Table 4: HONGQI's key financials

RMB mn	FY24	FY25	Change
Revenue	156,169	162,354	4.0%
Product			
-Aluminum alloy products	*102,434*	*106,096*	*3.6%*
-Alumina	*37,352*	*38,834*	*4.0%*
-Aluminum fabrication products	*15,571*	*16,687*	*7.2%*
Steam	*812*	*737*	*-9.3%*
Gross Profit	42,163	41,505	-1.6%
EBIT	33,610	35,266	4.9%
Finance cost	3,363	3,483	3.6%
PBT	32,797	33,046	0.8%
Operating cash flow	33,983	38,995	14.8%
Capex	12,609	10,657	-15.5%
GP Margin	27.0%	25.6%	-1.4 pct pt
-Aluminum alloy products	*24.6%*	*28.5%*	*3.9 pct pt*
-Alumina	*35.4%*	*22.2%*	*-13.3 pct pt*
-Aluminum fabrication products	*24.4%*	*18.1%*	*-6.3 pct pt*
EBIT Margin	21.5%	21.7%	0.2 pct pt
	Dec'24	**Dec'25**	**Change**
Cash and cash equivalent	44,770	51,187	14.3%
Total debt	73,952	75,453	2.0%

Net debt	29,182	24,265	-16.8%
Total debt/EBITDA	1.7x	1.8x	-
Net debt/EBITDA	0.7x	0.6x	-
Cash/ST debt	1.0x	1.8x	-

Source: Company filling, CMBI FICC Research.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Qingdao Pingdu Holdings	200	3yr	6.5%	6.5%	Unrated

- **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 100 credit bonds issued last Friday with an amount of RMB83bn. As for month-to-date, 1,580 credit bonds were issued with a total amount of RMB1,298bn raised, representing a 14.1% yoy increase
- Trump gave Iran 48-hour ultimatum over Strait of Hormuz
- **[BTSDF]** Health & Happiness invites investors to France site visit in May’26
- **[FOSUNI]** Media reported Fosun obtained USD500mn 3-year refinancing package in multi-currency to refinance its loan of RMB520mn
- **[HONGQI]** China Hongqiao Group revenue rose 4% yoy in FY25 to RMB162.4bn (cUSD23.6bn)
- **[JSTLIN]** JSW steel facility faces potential shutdown on mounting gas shortages amid Iran war
- **[LASUDE]** Lai Sun Development warned a wider loss in 1HFY26 to be HKD1.1-1.2bn (cUSD140.4-153.2mn) compared with a loss of HKD118mn (cUSD15mn) in 1HFY25, partly hurt by loss on sale of an asset and fair value losses on investment properties
- **[LGELEC]** Fitch withdrew LG Electronics’ BBB ratings for commercial reasons
- **[REGH]** Regal REIT agreed to dispose subsidiaries owning Regal Oriental Hotel for HKD1.52bn
- **[RIOLN]** Rio Tinto suspended bauxite mines operations as tropical cyclone strikes Queensland
- **[SINOCH]** Halcyon Agri appealed SGX's rejection of FY25 results extension application

- **[SINOPE]** Sinopec FY25 operating revenue down 9.5% yoy to RMB2.8tn (cUSD403.7bn)
- **[SUMILF]** Sumitomo Life Insurance looks to invest JPY300bn (cUSD1.9bn) in private credit
- **[VEDLN]** Vedanta filed appeal before NCLAT against NCLT's approval of Adani's resolution plan for Jaiprakash Associates
- **[VNKRLE]** China Vanke unit extended RMB1.65bn Industrial Bank loan by one year
- **[ZHHFGR]** Dividend-payment loan to Zhuhai Wanda indirect shareholder PAG drawn down
- **[ZHONAN]** Zhong An Group expected to turn to loss for FY25 to no more than RMB940mn compared to a net profit of RMB218mn in FY24

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