

CMBI Credit Commentary

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

- *New issues CKHH'29 tightened 3bps while CKHH'34 widened 3bps. CKHH curve widened c5bps this morning. Korea names were under better buying and tightened up to 2bps. Flows on LGFV were active two-way. New issue LYURBN'26 was unchanged.*
- **ROADKG:** *Completed sale of Chinese toll roads. ROADKGs were unchanged to 0.5pt higher this morning. See below.*
- **FUTLAN/FTLNHD:** *S&P downgraded Seazen to B and maintained negative outlook. FUTLAN/FTLNHD were unchanged to down 0.4pt this morning.*

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❖ Trading desk comments 交易台市场观点

Yesterday, CKHH priced a USD1bn 5-yr green bond and a USD1bn 10-yr bond at T+80 and T+100, respectively. CKHH curve widened 2-5bps and we saw selling flows on CKHH, mainly on its existing 33s. Chinese IGs were under better buying. HAOHUA 29-30s were unchanged to 2bps tighter. TENCNT 29-31s tightened 1-2bps. MEITUA/XIAOMI 30s tightened 2-3bps. In financials, the front end of BOCAVIs were sought-after by some cash parking interests and closed unchanged to 2bps tighter. In Chinese AMCs, CCAMCL 27-31s were better bid and tightened 1-3bps. In AT1s, Chinese names were still under better buying with yields trading around high-5% despite the media report of US drafting sanctions against Chinese banks aiding Russia. BOCOHK/BOCOM/CINDBK Perps were unchanged to 0.1pt higher, whereas ICBCAS 3.2 Perp was 0.1pt lower. In EU AT1s, UBS 7.75 Perp/UBS 9.25 Perp/BACR 9.625 Perp/HSBC 6 Perp were up 0.3-0.8pt. In KR, the recent new LGELEC 27s/29s closed 2-3bps tighter. DAESSEC/DFHOLD 26-29s tightened 3-5bps. In JP, SMBCACs were 1-2bps tighter. In HK, NWDEVL Perps moved 0.9-2.4pts higher under one way buying from PBs/HFs, after the fall of 3-5pts over the last week. LIHHK 25-26s were down 0.8-1.4pts. PCPDC '26 was 0.6pt lower. Chinese properties were firm. ROADKG 24-26s increased 1.8-3.9pts and its perps gained 0.6-1.3pts. China Merchants Expressway Network & Technology Holdings announced the completion of sales of Chinese toll roads. See comments below. FUTLAN/FTLNHD 24-26s were up another 1.0-3.0pts and closed 1.5-3.5pts higher WTD. LNGFOR 28-32s were moved up 0.9-1.1pts. YXREIT '26 and CHIOLIs were up 0.3-0.5pt. In industrials, ANTOIL '25 was 0.7pt higher whilst HILOHO '24 was down 0.4pt. CHIOIL '26 was down 0.2pt after the decline of 1.7pts on Mon. Macau gaming names were quiet. MPEL 25-27s were up 0.4pt. In Indian space, VEDLN 26-28s were up 0.5-0.7pt. Indonesian name APLNIJ '24 was 0.9pt higher. LMRTSP 24/26 were down 0.2pt.

LGFVs were largely stable amid active two-way flows from mainly offshore AMs/Prop desks, and the low yielding names were gradually being repriced towards 6%. BJSTAT '25/HZCONI '25/SYSTIO '27 were up 0.1pt, whilst GZGETH 25/27 were down 0.1pt. CPDEV 25/26/Perp were 0.1-0.2pt higher under better buying flows from RMs. In perps, CHINLP Perp was up 0.1pt. COFCHK/CHPWCN Perps were up 0.1pt, whereas SPICPT Perp was down 0.2pt. In the high beta names, ZHONAN/SUNSHG 25-26s were up 0.1-0.2pt. HUANEN '31 was another 0.3pt higher, whereas HNINTL '30 was down 0.9pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ROADKG 6.7 09/30/24	54.6	3.9	LIHHK 4.8 06/18/26	86.0	-1.4
FTLNHD 4 5/8 10/15/25	46.2	3.0	HNINTL 2 5/8 02/20/30	85.9	-0.9
NWDEVL 6.15 PERP	83.3	2.4	LIHHK 4 1/2 06/26/25	92.8	-0.8
ROADKG 6 09/04/25	30.7	2.3	AGILE 6.05 10/13/25	16.5	-0.7
ROADKG 5.9 03/05/25	35.9	2.0	PCPDC 5 1/8 06/18/26	83.5	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.20%), Dow (+0.69%) and Nasdaq (+1.59%) rallied higher on Tuesday. US Market manufacturing/service PMI in Apr'24 was 49.9/50.9, lower than the expectation of 52.0/52.0. UST yield were stable yesterday, 2/5/10/30 yield reached 4.86%/4.63%/4.61%/4.73%.

❖ Desk analyst comments 分析员市场观点

➤ ROADKG: Completed sale of Chinese toll roads

On 23 Apr'24, China Merchants Expressway Network & Technology Holdings announced the completion of acquisition of 100% stake in Road King (China) Infrastructure Limited on 22 Apr'24 for a consideration of RMB4.4bn (cUSD609.8mn). Road King (China) holds 40-49% interest of four Chinese toll roads and was 75% indirectly owned by Road King Infrastructure. The acquisition was first announced in Nov'23. The attributable cash dividend to be upstreamed to Road King, after the repayment of project loans of cUSD107mn, should be cUSD338mn. We expect a major part of sale proceeds to be used for the repayment of syndicated loans of cUSD240mn maturing in 2H24, ahead of the maturity of ROADKG 6.7 09/30/24 (o/s USD358.8mn).

In Jan'24, Road King Infrastructure repurchased USD281.7mn of three of its USD bonds with internal resources via SPV. That said, we are concerned about the high refinancing pressure under the backdrop of weak property sales. In 3M24, Road King's contracted sales decreased 66% yoy to RMB5.1bn from RMB15bn in 3M23 as per CRIC. On 9 Apr'24, media reported that Road King is mulling to sell its shareholding in Indonesian toll roads with estimated valuation of cUSD1bn. The valuation of Indonesia toll road and timetable remain highly uncertain, especially these toll roads could only achieve cash flow breakeven by 2025.

During 9-12 Apr'24, Road King's Chairman reduced its holding of ROADKG'24 to USD3.5mn from USD12.5mn after Road King was downgraded two notches by Moody's to Caa2. We suspect that the sales reflected the Chairman failure to top up margin call related to the rating downgrade. Hence, further support or bond purchases from the Chairman may be limited. As we discussed before, we expect liability management exercises from Roadking. We are neutral on ROADKGs and believe that the current valuation has priced in an impending liability management exercise.

Security Name	ISIN	o/s amount (USD mn)	Ask Price	YTM (Ask)	Coupon reset	Rating (M/S/F)
ROADKG 6.7 09/30/24	XS2057076387	358.8	50.6	236.5	-	Caa3/-/-
ROADKG 5.9 03/05/25	XS2127855711	215.1	34.0	186.7	-	Caa3/-/-
ROADKG 6 09/04/25	XS2223762209	297.9	27.7	135.5	-	Caa3/-/-
ROADKG 5.2 01/12/26	XS2281039771	500.0	20.7	131.5	-	Caa3/-/-
ROADKG 5 ½ 07/26/26	XS2356173406	500.0	19.9	101.2	-	Caa3/-/-
ROADKG 7.95 PERP	XS1567389728	300.0	10.2	76.8	-	Caa3/-/-
ROADKG 7 ¾ PERP	XS2079096884	300.0	12.5	77.6	5yrUST+6.003%	Caa3/-/-
ROADKG 7 PERP	XS1635996603	300.0	9.1	75.9	-	Caa3/-/-

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
CK Hutchison International	1000/1000	5/10yr	5.375%/5.5%	T+80/100	A2/A/A-
Linyi City Construction Investment Group	100	2yr	6.8%	6.8%	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Indika Energy	USD	-	5NC2	8.875%	Ba3/-/BB-
Korea Expressway Corporation	USD	-	3/5yr	-	-/-/-
Korea Ocean Business Corp	USD	-	3/5yr	T+95/105	Aa2/-/AA-
Nanning Communications Investment Group	USD	-	3yr	7.5%	-/-/BBB-

➤ News and market color

- Regarding onshore primary issuances, there were 145 credit bonds issued yesterday with an amount of RMB159bn. As for month-to-date, 1,474 credit bonds were issued with a total amount of RMB1,428bn raised, representing a 4.5% yoy decrease
- **[FOSUNI]** Fosun owned healthcare business Luz Saude scrapped Lisbon IPO on adverse market conditions
- **[FUTLAN]** S&P downgraded Seazen to B and maintained negative outlook
- **[HONGQI]** S&P affirmed China Hongqiao BB- rating with stable outlook
- **[LMRTSP]** Media reported that LMIRT has started approaching holders of its two USD bonds to conduct an informal identification exercise and sound them out on the likely terms for a potential exchange offer
- **[VNKRLE]** China Vanke announced to schedule redemption of its RMB2bn onshore MTN on 29 Apr

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