

## CMBI Credit Commentary

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

- *Market was stable this morning. New issue EXIMTH'29 tightened 2bps and PINGIN'34 was c7bps tighter. Asian IG space was unchanged. Hangzhou cancelled all home purchase restrictions, GRNCH/LNGFOR/FUTLAN were unchanged to 0.5pt higher.*
- *VNKRLE: Auction of Shenzhen plot with a starting price of RMB2.2bn. VNKRLEs were unchanged to 0.3pt higher this morning. See below.*
- *LMRTSP: Lippo Malls Indonesia Retail Trust commenced exchange offer for LMRTSP 7.25'24; obtained IDR1.5trn (cUSD93mn) term loan facility. LMRTSP'24 rose 2pts and LMRTSP'26 moved 0.2pt higher this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, on the new issues, CHEVBK priced a USD550mn 3-yr floating-rate bond at SOFR+52. BOCAVI 30s tightened around 2bps to CT5+85 area. HIGHWY 27s tightened 3bps from the RO (CT2+40/CT3+60) under PB buying. KR secondary space was firm amid active flows. HYNMTR/HYUELE/POHANG 27s/29s tightened 1-2bps. DAESEC '29/HLINSU '32 were 2-3bps tighter. Chinese IGs were soft. BABA/TENCNT/HAOHUA 30-31s were better sold and widened 1-2bps. In the high beta TMTs, LENOVO/MEITUA 28-30s were 1-3bps wider. In financials, BOCAVI 28s/33s tightened 1-3bps after widening 2-3bps on Tue. Chinese AMCs such as CCAMCL/ORIEAS/HRINTH 26-30s closed unchanged to 2bps wider. BNKEA/ DAHSIN T2s also widened 1-2bps. EU AT1s remained upbeat. The new NWG 8.125 Perp NC10, gained around 1.2pt from the RO at par and closed at 101/101.25 area. BNP 8 Perp/HSBC 6 Perp/UBS 3.375 Perp were 0.3-0.5pt higher. HK space was mixed. The recent new CKHH 29s/34s widened 2bps while AIA 34s closed unchanged to 1bp tighter amid PB buying. LIFUNG Perp/NWDEVL '27 moved 0.7-0.9pt higher. In Chinese properties, LNGFOR '32/SHUION '25 were up 0.3-0.7pt. On the other hand, ROADKG 7.75 Perp lowered 1.6pts and its 24-26s were down 0.3-0.5pt. Media reported Road King had appointed JPM as its financial advisor to formulate potential offshore liability management measures. CHJMAO '29 declined 1.2pts. Industrials were mixed. ANTOIL '25 was 0.4pt higher. WESCHI '26 declined 0.5pt. Moody's downgraded the corporate family rating of West China by one notch to B1. Macau gaming names such as SANLTDs/STCITYs were 0.1-0.5pt higher. In India, VEDLN 26-28s dropped 0.8-1.1pts. In Indonesia, APLNIJ '24 increased another 1.0pt and closed 5.3pts higher WTD. LPKRIJ 25/26 were unchanged to 0.2pt higher.

The LGFVs/SOE perps/high-beta spaces were firm. Flow wise, we continued to see cross-border RM deployment demand in quality LGFVs (particularly in

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CNH where investors longed for assets), and also in high-yielding SOE property papers. CPDEV 25/26/Perp and ZHHFGR 25/Perp moved another 0.1-0.4pt higher. In the 5-6% LGFVs, CHDUIN '26/GDCOMM '27/GUAMET '30 were 0.2-0.3pt higher. In SOE perps, CHPWCN 3.08 Perp/SPICPT 3.45 Perp were up 0.1pt. In the high beta names, SUNSHG/GRPCIN 26s were up 0.1-0.2pt.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
APLNIJ 5.95 06/02/24	85.3	1.0	ROADKG 7 3/4 PERP	13.3	-1.6
LIFUNG 5 1/4 PERP	44.6	0.9	CHJMAO 4 1/4 07/23/29	70.8	-1.2
SOFTBK 6 7/8 PERP	98.0	0.8	VEDLN 13 7/8 12/09/28	91.6	-1.1
NWDEVL 4 3/4 01/23/27	84.0	0.7	VEDLN 13 7/8 01/21/27	94.9	-1.1
LNGFOR 3.85 01/13/32	56.7	0.7	GRNLGR 7 1/4 12/16/28	8.5	-1.0

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.03%), Dow (+0.44%) and Nasdaq (-0.18%) continued to be mixed on Wednesday. China Apr'24 export/import increased 1.5%/8.4% yoy, higher than the expectation of +1.0%/5.4% yoy. UST yields rallied higher yesterday, 2/5/10/30 yield were 4.84%/4.50%/4.48%/4.64%.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ VNKRL: Auction of Shenzhen plot with a starting price of RMB2.2bn

On 8 May'24, China Vanke listed its plot in Shenzhen Bay Super Headquarters Base for auction via Shenzhen Public Resources Trading Center with starting auction price of cRMB2.2bn (cUSD310mn). The auction will effect from 18 May'24 to 27 May'24. The plot was acquired by Vanke in Dec'17 for cRMB3.1bn (cUSD435mn) and was originally planned for Vanke's own office building. The sale of this plot, if successfully goes ahead, would enhance Vanke's financial flexibility for debt repayment in 2024.

In 1Q24, Vanke's revenue declined 10% yoy to RMB61.6bn and profit attributable to shareholders turned to negative RMB362mn from positive RMB1.4bn in 1Q23. On the other hand, Vanke's liquidity weakened. As of Mar'24, Vanke had cash (excl. restricted cash) of RMB80.8bn and net debts of RMB262.4bn, compared with cash of RMB96.9bn and net debts of RMB246.3bn in Dec'23. Its cash to ST debts decreased to 1.0x from 1.5x in Dec'23 while net gearing increased to 66% from 61% in Dec'23. In the rest of 2024, Vanke faces bond maturities totaled USD1.32bn (cRMB9.5bn). We expect Vanke's liquidity to remain tight given its weak contracted sales. In 4M24, Vanke's contracted sales was RMB78.9bn, decreased 42% yoy from RMB134.9bn in 4M23.

During China Vanke's FY23 AGM on 30 Apr'24, the management said Vanke planned to reduce interest-bearing debts by RMB100bn (cUSD13.9bn) before 2027 and would focus on three main businesses, i.e. real estate developments, property services and apartment rental in the future. Recalled that in Feb'24, Vanke sold its 50% stake in Shanghai Qibao Vanke Plaza for cRMB2.4bn (cUSD330mn) to LINK REIT. Given the sluggish real estate market, we expect Vanke to conduct other asset disposals including IPs and stakes of non-core businesses in 2024 to deleverage. We are neutral on VNKRLs and believe that current valuations especially the longer-dated bonds have priced in the risk of liability management.

#### Vanke's bond maturities in 2024

Security Name	ISIN	Currency	Amt Out (USD mn)	Maturity	Next put date	YTM (Ask)	Ask price
VNKRL 4.2 06/07/24	XS1958532829	USD	600	6/7/2024	-	35.7	97.6
VANKE 3.4 05/20/26	BP5437341	CNY	155	5/20/2026	5/20/2024	4.8	99.9

VANKE 3.19 07/26/26	BQ6570346	CNY	255	7/26/2026	7/26/2024	3.7	98.9
VANKE 3.08 09/06/24	CND10004MHK0	CNY	310	9/6/2024	-	20.2	94.6
Total			1,320				

### Longer-dated VNKRLs

Security Name	ISIN	Currency	Amt Out (USD mn)	Maturity	Next put date	YTM (Ask)	Ask price
VNKRL 3.15 05/12/25	XS2078641888	USD	423	5/12/2025	-	40.3	71.6
VNKRL 3.975 11/09/27	XS1713193586	USD	1000	11/9/2027	-	27.9	48.6
VNKRL 3 ½ 11/12/29	XS2078642183	USD	300	11/12/2029	-	20.4	45.6

Source: Bloomberg.

### ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
China Ping An Insurance	300	10yr	6.125%	T+173	Baa2/-/-
Export Import Bank of Thailand	400	5yr	5.354%	T+85	Baa1/-/BBB+
HSBC	1850/1400	4NC3/8NC7	5.597%/5.733%	T+95/125	A3/A-/A+
Manappuram Finance	300	4yr	7.375%	7.5%	-/BB-/BB-
Security Bank	400	5yr	5.5%	T+110	Baa2/-/-
Westpac Banking Corp	750/750	2/5yr	5.2%/5.05%	T+37.5/60	Aa2/AA-/A-
Westpac Banking Corp	750/750	2/5yr	5.752%/6.142%	SOFR+42/81	Aa2/AA-/A-

### ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Golomt Bank	USD	-	3yr	12.25%	B3/B/-

### ➤ News and market color

- Regarding onshore primary issuances, there were 37 credit bonds issued yesterday with an amount of RMB28bn. As for month-to-date, 144 credit bonds were issued with a total amount of RMB112bn raised, representing a 21.7% yoy increase
- **[CHIOIL]** S&P affirmed China Oil and Gas BB rating with stable outlook
- **[COGARD]** Media reported that Country Garden is seeking assistance from China Bond Insurance to fulfill interest payments for two notes due on 9 May'24
- **[DAFAPG]** DaFa Properties' winding-up petition hearing adjourned to 5 Jun'24
- **[FOSUNI]** Fosun International completed refinancing of USD804mn loan due on 7 May'24
- **[GZRFPR]** Guangzhou R&F Properties completed sale of London property to Cheung Chung Kiu

- **[HYUELE]** Media reported that SK Hynix plans to sell its 49.9% stake in Chinese foundry unit to Wuxi Development
- **[LMRTSP]** Lippo Malls Indonesia Retail Trust commenced exchange offer for LMRTSP 7.25'24; obtained IDR1.5trn (cUSD93mn) term loan facility
- **[NWDEVL]** New World Development signed agreement with China Merchants Shekou for co-development of Northern Metropolis in HK
- **[SOFTBK]** Media reported that SoftBank is in advanced talks to acquire UK-based microchip design company Graphcore
- **[WESCHI]** Moody's downgraded West China Cement's CFR to B1 and maintained negative outlook
- **[WYNMAC]** Wynn Macau 1Q24 revenue rose 66.4% yoy to USD998.6mn and adj. property EBITDAR up 118% yoy to USD339.6mn
- **[XINAOG]** S&P upgraded ENN Natural Gas to BBB, affirmed ENN Energy at BBB+ with stable outlook

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