

## 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/SUION '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

**Glenn Ko, CFA 高志和**  
 (852) 3657 6235  
 glennko@cmbi.com.hk

**Cyrena Ng, CPA 吴倩莹**  
 (852) 3900 0801  
 cyrenang@cmbi.com.hk

**Jerry Wang 王世超**  
 (852) 3761 8919  
 jerrywang@cmbi.com.hk

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-/
Westpac Banking Corp	750/750	2/5yr	5.752%/6.142%	SOFR+42/81	Aa2/AA-/

**➤ 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

*Fixed Income Department*

Tel: 852 3657 6235/ 852 3900 0801

[fis@cmbi.com.hk](mailto:fis@cmbi.com.hk)

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

## Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

## Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.