

## CMBI Credit Commentary

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

- *New issue SHNHAN'34 widened 3bps and MUFG'30/35 widened 2-3bps this morning. Front end SOE/bank T2/leasing names were continued to be better sold. TENCNTs were well bid and TENCNT'28-30 tightened c1bps. Short-dated LGFVs were under better selling.*
- **FRESHK:** *FV of new 3-yr USD bonds to be low-mid 6%. FRESHKs were unchanged to 0.1pt higher this morning. See below.*
- **MPEL and STCITY/STDCTY:** *MPEL's FV of new 8NC3 USD bonds to be high 7%. Studio City announced tender offer for STCITY 6 07/15/25. MPELs and STCITY/STDCTY were unchanged this morning. See below.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space was mixed. In SG, SIASP '34 tightened 2bps. In KR, DAESECs/SAMTOTs/KOROILs were 2-5bps tighter whilst HYUCAPs/HYNMTRs closed unchanged to 1bp wider. In Chinese IGs, HAOHUA/TENCNT 28-30s were unchanged to 2bps tighter. In financials, the big-four bank T2s such as BCHINAs/ICBCASs were better sold and widened 2-3bps. NANYAN/DAHSIN/SHCMBK/BNKEA T2s were 3-5bps tighter. In Chinese leasing/AMC spaces, BOCAVI 28-33s edged 1-3bps tighter. ORIEAS '27/CCAMCL '28 tightened 3-4bps. In Asian AT1s, BBLTB/WSTP Perps were unchanged to 0.1pt higher thanks to PB buying, but SUMIBK Perp was better offered by AMs and closed 0.2pt lower. Meanwhile EU AT1s remained soft. INTNED 8 Perp/BNP 8 Perp/UBS 7.75 Perp were 0.2pt lower. HK names performed mixed. HYSAN 4.1 Perp was 0.9pt higher and HYSAN 4.85 Perp was up 0.5pt after Hysan announced the partial tender offer for its USD850mn HYSAN 4.1 Perp at 92.25. LASUDE '26 moved 1.4pts higher. Lai Sun Development announced to sell 10% of office tower AIA Central to AIA Group for HKD1.42bn. CSIPRO '25 was up 0.7pt. On the other hand, NWDEVL Perps and 27-30s lowered 0.2-1.3pts. Chinese properties were also mixed. LNGFOR '29 rose 1.2pts. VNKRL/GEMDAL/ROADKG 24s were up 0.6-0.8pt. However, FUTLAN/FTLNHD 24-26s were 0.3-1.3pts lower. Outside properties, H&H International announced a tap of USD120.2mn on its BTSD 13.5 06/26/26. BTSD '26 was 0.2pt lower. HILOHO '24 declined 3pts after gaining 2.4pts on last Fri. CHIOIL '26 was another 1.4pts higher after gaining 0.8pt on last Fri. Macau gaming names were quiet. MPELs/WYNMACs were down 0.2-0.3pt. In Indian space, ADSEZs/ADANEMs/ADGREGs were 0.3-0.7pt lower. Indonesian names such as KIJAIJ '27/MEDCIJ '28 were down 0.4-0.5pt.

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On the new issues, PUTSTA priced a USD265mn 3-yr bond at par to yield 7.4%. The flows were skewed to better selling in the low-yielding LGFVs/SOE perps. The 5-6% LGFVs such as HZCONI/BJCONS 26s were up 0.2-0.3pt. In Guangzhou names, GUAMET '30 was 0.5pt lower, GZDZCD '25 was down 0.1pt. CPDEV/ZHHFGR 26s were down 0.1pt. In SOE perps, CHPWCN Perps were up 0.1pt, whilst CHSCOI/COFCHK Perps were 0.1-0.3pt lower. Elsewhere, the utility names CWAHK '26/HNINTL '30/HUANEN '31 were up 0.3-0.5pt. The insurance names GRPCIN/ZHONAN 26s were down 0.1pt.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CHIOIL 4.7 06/30/26	87.4	1.4	HILHOH 9 3/4 11/18/24	61.6	-3.0
LASUDE 5 07/28/26	61.9	1.4	FTLNHD 4 5/8 10/15/25	42.2	-1.3
LNGFOR 3.95 09/16/29	56.0	1.2	NWDEVL 4 3/4 01/23/27	89.5	-1.3
HYSAN 4.1 PERP	92.3	0.9	NWDEVL 4 1/8 PERP	57.7	-1.2
ROADKG 6.7 09/30/24	59.0	0.8	NWDEVL 6 1/4 PERP	54.4	-1.1

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.04%), Dow (-0.03%) and Nasdaq (+0.03%) were mixed on Monday. Crude oil continued to rally higher that Brent/WTI crude oil reached USD90.5/86.4 per barrel. UST yields ramped up yesterday, 2/5/10/30 yield reached 4.78%/4.43%/4.42%/4.55%.

#### ❖ Desk analyst comments 分析员市场观点

##### ➤ FRESHK: FV of new 3-yr USD bonds to be low-mid 6%

We consider the FV of new 3-yr FRESHK to be low-mid 6% vs IPT of CT3+250bps (i.e. 7.1%), taking cues from YTM of FRESH'25 and '26 at 5.8% and 6.1%, respectively, as well as the relatively flat yield curve for the leasing company space. We like the fundamental story of FRESHK in view of its diversified leasing asset base and its smooth access to low-cost onshore funding. The successful USD issue will resume its offshore funding access and lengthen its debt maturity profile. This will also considerably relieve the refinancing pressure of FRESHK 0 06/15/26, the o/s CB of USD250mn puttable in Jun'24 at 106.15. We have buy recommendations on FRESHK'25 and '26 and turned neutral on the CBs. Please read our comments in the daily on [14 Mar'24](#) and [2024 Asia Credit Outlook](#) for more detailed discussions.

Security Name	ISIN	o/s amount (USD mn)	Ask Price	YTM (Ask)	Mod Dur	YTP (Ask)	YTP (Ask)	Rating (M/S/F)
FRESHK 4 ¼ 10/26/26	XS2393797530	300	95.6	6.1%	2.3	-	-	-/BBB-/-
FRESHK 3 ¾ 02/18/25	XS2109200050	300	98.0	5.8%	0.8	-	-	-/BBB-/-
FRESHK 0 06/15/26 CB	XS2349508866	250	104.9	2.4%	0.2	6.9%	6/15/2024	-/-/-
FRESHK 2 ½ 07/08/25 CB	XS2193653818	300	101.6	1.2%	1.2	1.2%	-	-/-/-

Source: Bloomberg.

##### ➤ MPEL: FV of new 8NC3 USD bonds to be high 7%

Melco Resort Finance Limited (Melco) announced USD new issuance on 8 Apr'24. We consider the FV of the new 8-yr USD bonds to be high 7% vs IPT of 7.75-7.785%, taking cues from the MPEL curve. Melco will use the proceeds from new issuance to partial repay the 2020 credit facilities. As per Melco, the maturity of the 2020 credit facilities of USD1.92bn has been extended 2 years to 29 Apr'27. The current outstanding amount of the 2020 credit facilities is USD903mn.

Table 1: MPEL FY23 results

USD mn	2019	2022	2023	Change vs. 2019	Change vs. 2022
Revenue	5,737	1,350	3,775	-34.2%	179.7%
-Gaming revenues	4,977	1,076	3,077	-38.2%	185.9%
-Other revenues	760	274	698	-8.2%	155.1%
Gross Profit	2,099	287	1,413	-32.7%	393.0%
Adjusted EBITDA	1,574	-63	962	-38.9%	-
Gross Margin	36.59%	21.22%	37.42%		
Adjusted EBITDA Margin	27.44%	-4.63%	25.48%		
	<b>Dec'19</b>	<b>Dec'22</b>	<b>Dec'23</b>		
Cash	1,395	1,813	1,311	-6.0%	-27.7%
ST Debt	73	370	55	-24.7%	-85.1%
LT Debt	4,744	8,344	7,714	62.6%	-7.6%
Total Debt	4,817	8,714	7,769	61.3%	-10.8%
Net debt (debt - all cash)	3,422	6,902	6,458	88.7%	-6.4%
Cash/ST debts	19.1x	4.9x	23.8x		

Source: Company fillings.

MPEL's new issuance is the first USD bond issuance from the Macau gaming sector since Feb'22. This is a further sign of the sector's resumption to access capital markets with the significant recovery in operating performance. In FY23, MPEL's gaming revenue rose 185.9% to USD3,077mn and adjusted EBITDA turned to positive USD962mn from negative USD63 in FY22. The recovery maintained momentum in 2024 that the cumulative Macau GGR in 1Q24 was MOP57.3bn, increased 65.5% yoy and reached c75% of pre-pandemic level in 1Q19. We expect Macau gaming operator's operating performance to further improve and their ability of external financing to restore.

Separately, Studio City announced the tender offer for STCITY 6 07/15/25 with outstanding amount of USD397mn. The tendered price is 100/97 before 19 Apr'24/6 May'24 and tender cap is USD100mn. The tender offer reflects the improved financial flexibility of Studio City. Within the sector, we continue to prefer **MPEL**, **SJM** and **STCITY/STDCTY** for better risk-return profiles.

Table 2: MPEL and STCITY/STDCTY

Security Name	Amt Out (USD mn)	Ask Price	YTM (Ask)	Rating (M/S/F)
MPEL 4 7/8 06/06/25	1000	97.8	6.9	Ba3/BB-/-
MPEL 5 1/4 04/26/26	500	96.7	7.0	Ba3/BB-/-
MPEL 5 5/8 07/17/27	600	95.9	7.0	Ba3/BB-/-
MPEL 5 3/4 07/21/28	850	95.1	7.1	Ba3/BB-/-
MPEL 5 3/8 12/04/29	1150	91.2	7.3	Ba3/BB-/-
STCITY 6 07/15/25	400	98.8	7.0	B1/B+/-
STDCTY 7 02/15/27	350	100.3	6.9	Ba3/B+/-
STCITY 6 1/2 01/15/28	500	95.4	7.9	B1/B+/-
STCITY 5 01/15/29	1100	88.1	8.0	B1/B+/-

Source: Bloomberg.

## ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Mitsubishi UFJ Financial Group	900/1600	6NC5/11NC10	5.258%/5.426%	T+82/100	A1/A-/A-
Putian State-owned Assets Investment	265	3yr	7.4%	7.4%	-/-/-
Shinhan Bank	500	10yr	5.75%	T+140	Baa1/BBB+/BBB+

## ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
China Development Bank	USD	-	3yr	-	-/A+/-
Far East Horizon	USD	-	3yr	-	-/BBB-/-
Jinan Hi-tech International Investment	USD	-	3yr	6.8%	-/-/BBB
LG Electronics Inc.	USD	-	3/5yr	-	-
Melco Resorts Finance Limited	USD	-	8NC3	-	Ba3/BB-/-
Nippon Life Insurance	USD	-	30NC10	-	A3/A-/-

## ➤ News and market color

- Regarding onshore primary issuances, there were 74 credit bonds issued yesterday with an amount of RMB70bn. As for month-to-date, 230 credit bonds were issued with a total amount of RMB277bn raised, representing a 14.1% yoy decrease
- **[BABA]** Alibaba cut cloud prices for international customers by up to 59%
- **[BTSDf]** H&H International announced to issue USD120.2mn 13.5% senior notes due 2026 to repay existing offshore indebtedness
- **[CHINSC]** China SCE announced CHINSC 7.375 04/09/24 will not be settled upon maturity
- **[CHJMAO]** Media reported that China Jinmao is in talks with banks to refinance an HKD4bn syndicated loan maturing in Jul'24; The company has prepared sufficient funds to repay the USD250mn bonds due on 21 Jun'24
- **[HYSAN]** Hysan Development announced tender offer for USD850mn HYSAN 4.1 PERP at USD92.25 with cap of USD100mn
- **[LASUDE]** Lai Sun Development announced to sell 10% of office tower AIA Central to AIA Group for HKD1.42bn
- **[RDHGCL]** Media reported that Radiance is looking to redeem defaulted USD300mn bonds that were due on 20 Mar'24 as soon as this week. The company said the delay in repayment was due to hurdles in cross-border fund remittance

- **[ROADKG]** Media reported that Road King bondholders receive 30 Mar'24 coupon of USD322.7mn ROADKG 6.7 09/30/24; Road King and CVC Capital are weighing sale of their stakes in toll road assets in Indonesia Regarding onshore primary issuances, there were 74 credit bonds issued yesterday with an amount of RMB70bn. As for month-to-date, 230 credit bonds were issued with a total amount of RMB277bn raised, representing a 14.1% yoy decrease
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