

CMBI Credit Commentary

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

- *Chinese TMTs were two-way traded. BNKEA T2 and SHCMBK T2 were well bid. Chinese properties were weak. DALWANs were unchanged to down 2.5pts and CPDEVs down 0.25pt.*
- **FRESHK:** *Stable FY23 results and accessible to low-cost onshore funds. FRESHKs were unchanged this morning. We maintain the buy recommendation on FRESHK'25 and initiate a buy recommendation on FRESHK'26. Meanwhile, we are neutral on the CBs. See below.*
- **VNRKLE:** *Media reported China Vanke received supports from insurance institutions to adjust debt maturity of part of its non-standard debts. VNRKLEs were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, overnight rates widened 5-7bps post the higher-than-expected CPI. On the primary front, AVIILC priced USD500mn 3-yr bond at CT2+62 (CT3+87.5). The new AVIILC 27s tightened c12bps from RO despite profit taking at T+50 area. The new ANZ 5.731 '34 tightened 3bps from Tue close. In KR, HYUELE/DAESEC/SAMTOT 27-29s tightened 1-3bps. In AU, NAB/MQGAU/WSTP/CBAAU T2s closed 1-2bps tighter. In Chinese IGs, HAOHUA/TENCNT 28-30s were 1-3bps tighter. The high beta TMTs such as XIAOMI/WB 30s tightened 2-4bps. There were loose bonds coming out on the front-end of leasing names such as BOCAVIs. These papers closed unchanged to 2bps tighter. BNKEA T2s tightened 5-10bps while BNKEA Perps were up another 0.2-0.4pt. In AT1s, BOCO HK Perp was 0.1pt higher, whilst Thai name BBLTB Perp was better offered by PBs and declined 0.1pt. Meanwhile EU AT1s such as BACR/BNP/INTNED Perps were another 0.2-0.5pt higher from the last Asia closes, under buying from PBs/Prop desks. In HK, NWDEVL/HYSAN Perps were up another 0.4-0.9pt under buying from AMs/PBs, and closed 1.5-2.5pts higher WTD. Chinese properties were mixed. DALWAN 24-26s rose 3.6-5.0pts. Media reported the sale of its Tianjin Jizhou District Wanda Plaza Commercial. VNRKLEs were up 0.4-0.8pt after gaining 0.9-4.5pts on Tue. GEMDAL '24 was up another 0.8pt and closed 6pts higher WTD. FUTLANs/FTLNHDs and LNGFORs were up 0.4-0.6pt. However, ROADKG 24-26s slumped 2.9-12.7pts and its perps lowered 1.8-3.1pts. The market appears to increasingly concern of its upcoming maturities. In industrials, HILOHO '24 was up another 1.2pts and closed 5.5pts higher WTD. WESCHI '26 was up 0.5pt. Macau gaming names such as SANLTDs/MPELs were up 0.2-0.7pt. Indian space was quiet, VEDLNs were up 0.2-0.3pt. Indonesian name APLNIJ '24 was down 0.8pt.

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In the property-related LGFVs, CPDEVs/BCDHGRs were under better buying and closed another 0.1-0.2pt higher. The non-property high-beta names remained sought after as well. CWAHK '26 was 0.7pt higher, and FRESHKs were up 0.2pt. The tone turned more constructive in the low-beta/low-yielding LGFVs and SOE perps, with decent two-way flows on the sub-6% yielding papers among RMs. The quality LGFVs YWSOAO '25/HZCONI '26/GZGETH '27 were up 0.1pt. Shandong names JNHTE 24s/QDJZWD 25s were also 0.1-0.2pt higher. SOE perps were mixed. CHPWCN 3.08 Perp/HUADIA 3.375 Perp/RLCONS 3.97 Perp were up 0.1pt, whilst CHPWCN 3.45 Perp/HUADIA 4 Perp were down 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
DALWAN 11 02/13/26	71.1	5.0	ROADKG 5.9 03/05/25	49.9	-12.7
DALWAN 11 01/20/25	81.4	4.0	ROADKG 6 09/04/25	39.6	-12.1
DALWAN 7 1/4 12/29/24	88.9	3.6	ROADKG 6.7 09/30/24	68.7	-11.2
HILHOHO 9 3/4 11/18/24	75.9	1.2	ROADKG 5 1/8 07/26/26	25.1	-4.3
NWDEVL 5 1/4 PERP	70.4	0.9	ROADKG 7.95 PERP	18.4	-3.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.12%), Dow (+0.61%) and Nasdaq (+1.54%) rebounded on Tuesday. US Feb'24 CPI rose 3.2% yoy, higher than the expectation of +3.1% yoy. UST yields rallied higher yesterday, 2/5/10/30 yield reached 4.58%/4.15%/4.16%/4.31%.

❖ Desk analyst comments 分析员市场观点

➤ FRESHK: Stable FY23 results and accessible to low-cost onshore funds

Far East Horizon (FEH) reported stable FY23 results. Its revenue rose 3.8% to RMB38.0bn while EBITDA decreased 3.5% to RMB12.5bn given the sales and distribution expenses rose 30.9% to RMB3.6bn. Its net profit increased 4.8% to RMB6.9bn, benefitting from lower impairment losses in financial and contract assets.

FEH's profitability, asset quality and liquidity profile were largely stable. In FY23, FEH's net interest margin lowered to 4.58% from 4.67% in FY22 as PBOC cut 1/5yr LPR by 20/10bps in 2023. On the other hand, its NPL ratio slightly improved to 1.04% in FY23 from 1.05% in FY22. Its ROA and ROE were 1.98% and 12.99%, compared with 1.93% and 14.13% in FY22. Its net debts were up 1.4% yoy to RMB234.4bn. That said, its gearing ratio slightly improved to 83.62% from 84.89% in FY22. Its assets at risk to equity ratio also improve slightly to 6.11x from 6.62x in 2022 and well within the regulatory requirement of 8.0x.

As of Dec'23, FEH had cash on hand of RMB18.9bn (excl. restricted cash) and short-term debts of RMB132.7bn. The cash/ST debts ratio was 0.14x, compared with 0.13x in Dec'22. However, we take comfort from FEH's continued access to low-cost onshore funding. It issued onshore bonds totaled RMB24.6bn at coupon rates ranging from 3.05% to 5.3% in FY23 and its finance expenses lowered 1.6% yoy to RMB1.04bn from RMB1.05bn in FY22. YTD, FEH had issued three 180d onshore notes totaled RMB3bn at an weighted average coupon of 2.54% and redeemed FRESHK 2.625'24 (USD500mn). We expect FEH's operating performance and asset quality to remain stable in view of its diversified leasing asset base and liquidity profile to remain adequate given its smooth access to low-cost onshore funding. In our opinion, FRESHKs offer more superior risk-return profiles than other Chinese commercial leasing companies such as BOCAVIs, CHNAARs and PINIFLs. We maintain the buy recommendation on FRESHK'25 and initiate a buy recommendation on FRESHK'26. Meanwhile, we are neutral on the CBs. Please read our [2024 Asia Credit Outlook](#) for more detailed discussions.

Security Name	ISIN	o/s amount (USD mn)	Ask Price	YTM (Ask)	Mod Dur	YTP (Ask)	Rating (M/S/F)
FRESHK 4 ¼ 10/26/26	XS2393797530	300	94.2	6.7	2.4	--	-/BBB-/-
FRESHK 3 ¾ 02/18/25	XS2109200050	300	97.1	6.6	0.9	--	-/BBB-/-
FRESHK 0 06/15/26 CB	XS2349508866	250	104.4	2.5	0.3	6.7	-/-/-
FRESHK 2 ½ 07/08/25 CB	XS2193653818	300	102.6	0.5	1.3	0.5	-/-/-

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Hyundai Capital America	USD	-	3/5yr	T+120/140	A3/BBB+/-
Hyundai Capital America	USD	-	3yr	SOFR Equiv.	A3/BBB+/-
Singapore Airlines	USD	-	10yr	T+150	-/-/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 122 credit bonds issued yesterday with an amount of RMB151bn. As for month-to-date, 953 credit bonds were issued with a total amount of RMB875bn raised, representing a 11.1% yoy increase
- [ADGREG]** Adani Green Energy completed full redemption of USD500mn ADGREG 6.25 12/10/24
- [CHFOTN]** China Fortune Land completed amortisation payment due 31 Dec'23 on restructured offshore bonds
- [DALWAN]** Dalian Wanda Commercial Management sold Tianjin Jizhou District Wanda Plaza Commercial
- [GEMDAL]** Gemdale schedules redemption of RMB1.1bn 16Jindi02 bonds on 22 Mar'24
- [GZRFPR]** Guangzhou R&F Properties unit Easy Tactic announced to cancel 21 Mar'24 meetings about consent solicitation for 6.5% cash / 7.5% PIK senior notes
- [LMRTSP]** Lippo Malls Indonesia Retail Trust announced not to pay distribution on SGD140mn Perps
- [VNKRLE]** Media reported China Vanke received supports from insurance institutions to adjust debt maturity of part of its non-standard debts

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