

## Asian Credit Strategy

## Asia credit weekly spotlight (week of 22-28 February)

Emerging Markets

## Asia HY ex China property underperformed, lower rates

This week, Asia IG/HY widened 3bp/23bp WoW to 107bp/498bp, respectively. Spread widening in Asia IG was mainly due to rates movement and led by Indo IG (+8bp WoW to 151bp), followed by India IG (+5bp WoW to 136bp) and China IG (+3bp WoW to 110bp). In the Asia HY space, India HY (+49bp WoW to 472bp) underperformed the most, followed by Macau gaming, mainly due to profit-taking from strong performance in previous weeks. China HY property outperformed within HY space, tightening 75bp WoW to 2,500bp, led by Future Land and Longfor. Asia financials overall widened 3bp WoW to 103bp, while bank capital bonds tightened 3bp WoW to 120bp level due to strong performance of BNKEA. This, with lower rates, generated a positive total return of +0.13%. For WoW spread performance, see Exhibit 15 and “Relative value in charts”.

For valuation, both IG and HY is at the historical tight from spread perspective. However, the carry yields look attractive at 5.5%/8.0% for Asia IG and Asia HY ex China property. We still prefer HY over IG given stable credit fundamentals and strong technicals.

## LTM default rate by count at 7.5%

We did not see any default cases this week, and the LTM default rate by amount/count remained unchanged at 20.8%/7.5%.

## US\$1.6bn fixed USD supply this week

This week saw US\$1.6bn fixed USD issuance from financial senior bond.

## Sector highlight: what has happened

**Asia financial:** [Bank of East Asia: Credit investor luncheon key takeaways.](#)

**Asia tech:** 111 domestic games approved by China regulator in Feb; Baidu's 4Q23 result. Ant Group outbid Citadel for Credit Suisse's investment bank venture in China. Japan govt' to provide additional USD4.9bn subsidies to TSMC, per Bloomberg.

**Macau gaming:** Macau's Legislative Assembly approved the first reading on illegal gaming bill draft: increase max jail sentences (from max 3yrs to 1-8yrs range). Xi'an and Qingdao were added to city list where people can apply for IVS visa to HK and Macau.

**China Industrials:** H&H repurchased US\$21.2mn of 5.625% '24 note. After the repurchase, the remaining outstanding of the notes will be US\$53.4mn. China Hongqiao proposed to issue RMB1bn 2yr MTN with initial guidance set at 3.6% - 4.3%.

**China property:** MoHURD asked local gov't to design their housing development plans and announce the 2024 plans by Apr 30. Vanke is in discussion to extend maturities of its non-standard debt, which had previously extended in Dec'23 by 3months per Reorg. Wanda signed two 364-day loans to refinance its loans due in 1H24 per media reports.

**India corporates:** **Vedanta Limited:** debt at the parent level will likely reduce by US\$3bn over next 3yrs. **Greenko Energy's** board approved to acquire Sikkim state gov't's c.60% stake in 1,200-megawatt Teesta hydropower project (already 34.31% owned by Greenko). ReNew is to sell solar energy projects with estimated c. US\$241mn.

**Indo corporates:** Mineral Industri Indonesia (MINDID) to acquire 14% stake in PT Vale Indonesia (PTVI); its total stake will be 34% post transaction. Indika Energy completed the 100% stake sale of its subsidiary Multi Tambangjaya Utama (MUTU) for US\$203mn.

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**Refer to important disclosures on page 28 to 30.**

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Global Emerging Markets | Corporate Credit  
Asia

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HY: High Yield

IG: Investment Grade

LTM: last 12 months

MoF: Ministry of Finance

MOHURD: Ministry of Housing and Urban-Rural

Development

NFRA: National Financial Regulatory Administration

WoW: week over week

IVS: Individual Visit Scheme

# Individual sector update

## China property

**Market & Policy:** NBS reported that the primary/ secondary home prices of 70 cities declined in a slower pace in Jan'24, down by 0.3%/1% MoM. MoHURD asked local governments to design their housing development plans based on the local population changes and prevent property market fluctuations. Local governments will need to announce their 2024 housing plans before April 30, 2024 and the 2025 plans by March 31, 2025. Guiyang has filed 2 batches of white-list projects to commercial banks and 3 projects in the first batch have received totaled RMB205mn loans, and Shanxi province has filed the first batch which includes 114 projects. Greentown/ Country Garden has about 49/ over 100 projects included in white-list respectively. **Fund raising/ asset sale:** Dalian Wanda signed two 364-day loan agreements to refinance its loans due in 1H24 per media reports. Vanke sold its 6.2% stake in Shenzhen High-tech Investment to Shenzhen SASAC for over RMB1bn. Furthermore, the company is reportedly in discussions to sell its redevelopment project in Shenzhen to SASAC. **Others:** Vanke is in discussion to extend maturities of its non-standard debt, which had previously extended in Dec'23 by three months per Reorg. The offshore bondholders of China South City plan to sue the company's SOE shareholder. Zhongliang's offshore restructuring plan has been sanctioned by court. Powerlong has launched an offshore restructuring plan. Country Garden & Dafa received winding-up petitions in Hong Kong. R&F launched a consent solicitation on its USD notes to amend terms related to sale of assets in London. Moody's withdrew some developers' rating, i.e., China SCE, Logan, Ronshine and Zhenro.

## Asia financial

### Key takeaways from BNKEA luncheon with credit investor

On Feb. 29, we held a luncheon with Bank of East Asia on its 2023 annual result. Overall, we maintain our constructive view of BNKEA's capital bonds, mainly because we believe their high capital ratios have a sustainable basis. The redemption probability remains high, in our view, given the expected further improvement in fundamentals and the bank's commitment to keeping a good track record in the USD bond market. For details on the luncheon, please see the report here: [Bank of East Asia: Credit investor luncheon key takeaways: strong capitalization sustainable.](#)

## Asia technology

on the policy side, China ordered online platforms such as Meituan and Didi Chuxing to bolster protection for gig workers per media reports; separately, China's regulator approved 111 domestic games in Feb, v/s 115 approvals in Jan. On earnings side, Baidu announced 4Q23 results with revenue at RMB35bn (+6%YoY) supported by core business (+7% YoY). 4Q23 EBITDA came at RMB9.1bn (+10% YoY) with EBITDA margin at 25.9% (+1% vs. 24.9% in 4Q22). Gross leverage decreased on lower debt and improving EBITDA. The company reported net cash of RMB129bn as of Dec'23, vs. 101.6n as of FY22. On news front, Ant Group outbid Citadel Securities for Credit Suisse's investment bank venture in China per Bloomberg; separately, Alibaba revealed government ownership in more than 12 business units. Alibaba's e-commerce platform Daraz for South Asia plans to lay off workers in a bid to streamline operations, per media reports. The Japanese government will provide an additional JPY732bn (c. USD4.86 billion) in subsidies for TSMC to expand its plant in the country per Bloomberg. SK Hynix-backed Kioxia Holdings and Western Digital will restart merger talks in April per media reports.

## Macau gaming

Jan 2024 visitation was 2.86mn, down 3% MoM & at 84% of Jan 2019 level. Mainland/ HK/ others accounted for 72%/ 19%/ 9% of the total visitation. China State Council has added two more cities – Xi'an and Qingdao – to the list of cities where people can apply for Individual Visit Scheme (IVS) visas to Macau and Hong Kong. The number of IVS-

eligible places thus increased to 51 from 49 previously. Macau's Legislative Assembly approved the first reading on the draft of illegal gaming bill. The key component of the proposal was to increase the max jail sentences (from max of 3yrs to the range of 1 to 8yrs).

## India Corporates

**Vedanta Limited (VEDL)** hosted an analyst day where the company reiterated debt reduction commitment for the parent holding company (Vedanta Resources). Specifically, company mentioned that the debt at the parent level will likely be pared down by USD 3bn over the next 3 years (USD1.5bn could be achieved via brand fees and regular dividend income). Separately, company also updated on (i) proposed demerger - company is awaiting SEBI's NOC. Post delisting, each of the businesses will have the flexibility to create its own capital structure. (ii) Brand fees - while this can be hiked up to 5% without shareholder approval, this is not being actively considered. (iii) Semiconductor venture - discussion with the government to get its application approved remains ongoing. We maintain our Neutral rating on balanced risk-reward. In the India renewable space, **Greenko Energy Holdings** announced that its board has approved to exercise right of first refusal to acquire Sikkim state government's c. 60% stake in 1,200-megawatt Teesta hydropower project hit by floods in Oct'23. Greenko currently owns 34.31% in the project. And Bloomberg reported that ReNew is in talks with Singapore's Sembcorp to sell solar energy projects totaling 350 megawatts (MW), with the deal estimated to be valued at c. USD241mn of enterprise value. Lastly, Reliance Industries (RIL) announced forming strategic joint venture with Walt Disney Co. (Disney) to combine the businesses of Viacom18 (RIL owned) and Star India (Disney owned).

## Indo Corporates

PT Vale Indonesia (PTVI) announced that **Mineral Industri Indonesia (MINDID)**, Vale Canada Limited (VCL) and Sumitomo Metal Mining (SMM) signed a share sale and purchase agreement for acquisition of 14% stake in PTVI from VCL & SMM. MINDID's stake will increase to 34% post the transaction. The agreement signing is a crucial step for PTVI to fulfill its divestment obligations, as required by the Mineral and Coal Mining Law and a necessary prerequisite for extending PTVI's Contract of Work through a Special Mining Business License (IUPK). **Indika Energy** announced that it completed the 100% stake sale of its subsidiary Multi Tambangjaya Utama (MUTU) to Petrindo with total transaction value of USD203mn.

## Returns

### Asia HY ex China property underperformed, lower rates

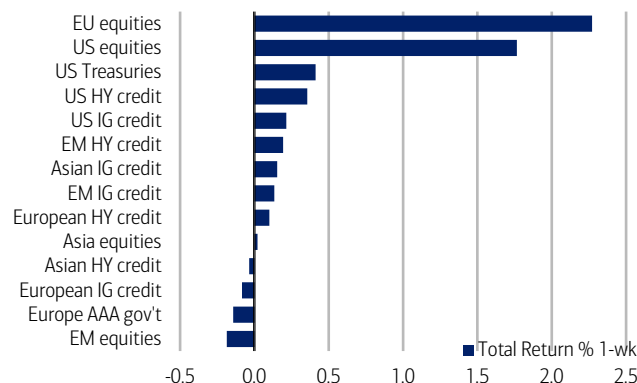
This week, Asia IG/HY widened 3bp/23bp WoW to 107bp/498bp, respectively. Spread widening in Asia IG was mainly due to rates movement and led by Indo IG (+8bp WoW to 151bp), followed by India IG (+5bp WoW to 136bp) and China IG (+3bp WoW to 110bp). In the Asia HY space, India HY (+49bp WoW to 472bp) underperformed the most, followed by Macau gaming, mainly due to profit-taking from strong performance in previous weeks. China HY property outperformed within HY space, tightening 75bp WoW to 2,500bp, led by Future Land and Longfor. Asia financials overall widened 3bp WoW to 103bp, while bank capital bonds tightened 3bp WoW to 120bp level due to strong performance of BNKEA. This, with lower rates, generated a positive total return of +0.13% for overall Asia credit, -0.04% for Asia HY and +0.15% for Asia IG. For WoW spread performance, see Exhibit 15 and section of "Relative value in charts".

In terms of valuation, both IG and HY is trading at the historical tight from spread perspective. However, the carry yields look attractive at 5.5%/8.0% for Asia IG and Asia HY ex China property. We still prefer HY over IG given stable credit fundamentals and strong technicals.



**Exhibit 1: Weekly global returns**

WoW, European equities led weekly return performance; within credit, US treasuries outperformed, followed by US HY and US IG; EM equities underperformed the most

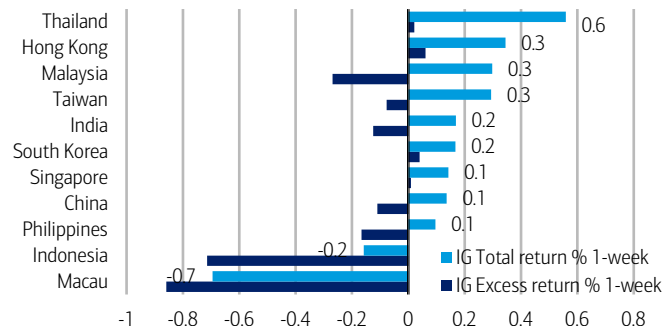


Source: ICE Data Indices, LLC., Bloomberg

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**Exhibit 3: Asian high-grade weekly returns by country and region**

WoW, most regions saw positive total return; Thailand IG topped, followed by Hong Kong IG and Malaysia IG; Macau IG underperformed

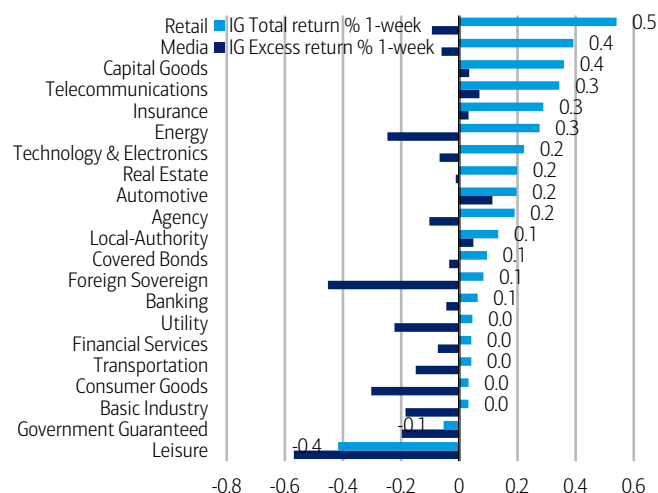


Source: ICE Data Indices, LLC. (Used ACIG index)

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**Exhibit 5: Asian high-grade weekly returns by sector**

WoW, retail led the performance, followed by media and capital goods; leisure bottomed

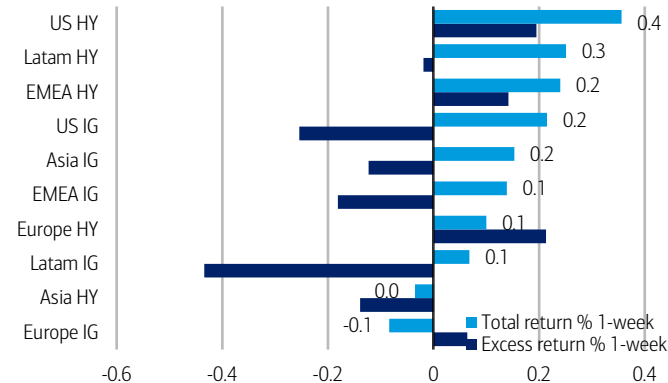


Source: ICE Data Indices, LLC. (Used ADIG index)

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**Exhibit 2: Global credit weekly returns**

WoW, HY outperformed IG in general, except for Asia; US HY outperformed, followed by Latam HY and EMEA HY; European IG underperformed the most

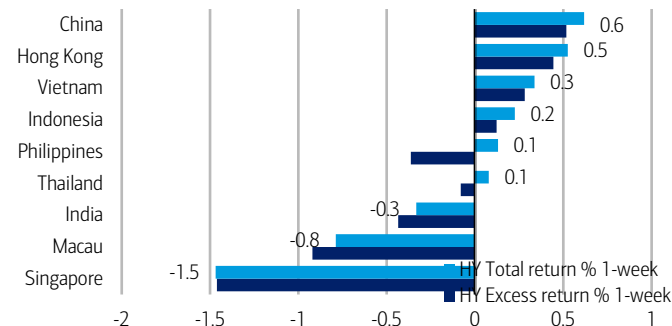


Source: ICE Data Indices, LLC.

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**Exhibit 4: Asian high-yield weekly returns by country and region**

WoW, China HY outperformed the most, followed by Hong Kong and Vietnam; Singapore HY bottomed

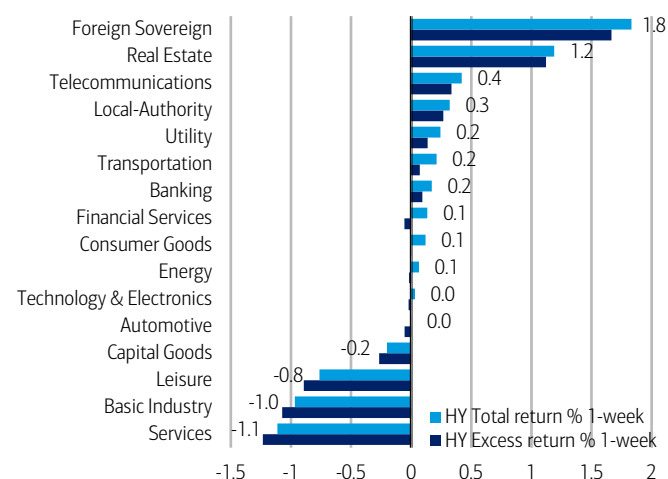


Source: ICE Data Indices, LLC. (Used ACHY index)

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**Exhibit 6: Asian high-yield weekly returns by sector**

WoW, foreign sovereign capital goods led the performance, followed by real estate and telecom; services underperformed the most, followed by basic industry



Source: ICE Data Indices, LLC. (Used ADHY index)

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# Valuation

**Weekly spread changes:** This week, Asia IG/HY widened 3bp/23bp WoW to 107bp/498bp, respectively. Spread widening in Asia IG was mainly due to rates movement and led by Indo IG (+8bp WoW to 151bp), followed by India IG (+5bp WoW to 136bp) and China IG (+3bp WoW to 110bp). In the Asia HY space, India HY (+49bp WoW to 472bp) underperformed the most, followed by Macau gaming, mainly due to profit-taking from strong performance in previous weeks. China HY property outperformed within HY space, tightening 75bp WoW to 2,500bp, led by Future Land and Longfor. Asia financials overall widened 3bp WoW to 103bp, while bank capital bonds tightened 3bp WoW to 120bp level due to strong performance of BNKEA. For WoW spread performance, see Exhibit 15 and section of “Relative value in charts”.

**Asia credit spread pick-up against US:** In the past week, Asia IG slightly outperformed US IG, but Asia HY underperformed US HY. The pick-up of Asia IG over US IG 5- to 7-year corps tightened 1bp WoW to 4bp (below the 5-year average of 38bp). The pick-up of Asia HY over US HY widened 26bp WoW to 167bp (below the 5-year average of 457bp). A further breakdown shows that the pick-up of Asia non-China HY over US HY widened 35bp WoW to 61bp (below the 5-year average of 153bp), and the pick-up of China non-property HY (corporate) over US HY widened 19bp WoW to 266bp (now below the 5-year average of 353bp).

## Exhibit 7: Asian high-grade corporate spread history

WoW, Asia IG widened 3bp to 107bp, below 5-year average of 160bp

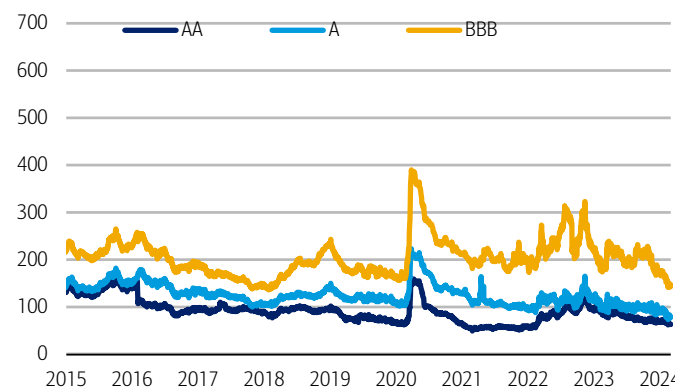


Source: ICE Data Indices, LLC. (Used ACIG index)

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## Exhibit 8: Asian high-grade spreads by rating category

WoW, Asia AA remained unchanged at 63bp, Asia A widened 3bp to 79bp, and Asia BBB +4bp to 147bp



Source: ICE Data Indices, LLC. (Used ACIG index)

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## Exhibit 9: Asian high-yield corporate spread history

WoW, Asia HY widened 23bp to 498bp, below 5-year average of 888bp

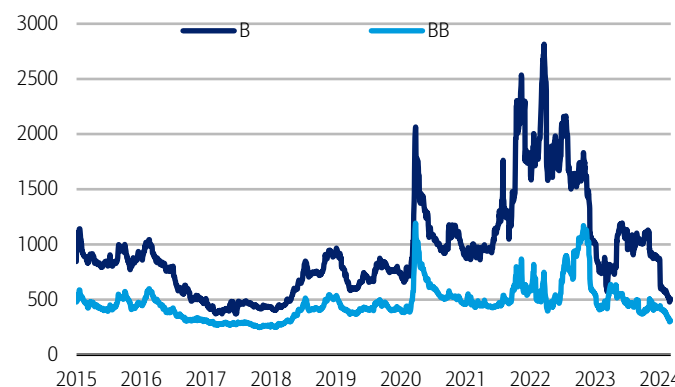


Source: ICE Data Indices, LLC. (Used ACHY index)

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## Exhibit 10: Asian high-yield spreads by rating category

WoW, Asia BB widened 6bp to 310bp, and Asia B +22bp to 507bp



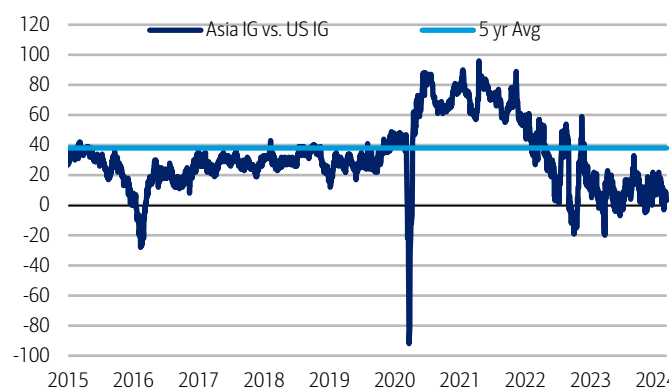
Source: ICE Data Indices, LLC. (Used ACHY index)

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**Exhibit 11: Asian corporate high-grade spreads vs. US IG (5-7yr)**

WoW, the pick-up of Asia IG over US IG (5-7yr) tightened 1bp to 4bp, below 5-year average of 38bp



Source: ICE Data Indices, LLC

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**Exhibit 12: Asian corporate high-yield spreads vs. US HY**

WoW, the pick-up of Asia HY over US HY widened 26bp to 167bp, below the 5-year average of 457bp



Source: ICE Data Indices, LLC

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**Exhibit 13: Asian high-yield excl. China property spread history**

WoW, Asia HY excl. China prop (incl. financial) widened 24bp to 358bp, below 5-year average of 581bp



Source: ICE Data Indices, LLC

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**Exhibit 14: Asian HY excl. China property spreads vs. US HY**

WoW, the pick-up of Asia HY excluding China property (including financial) over US HY widened 27bp to 27bp, below 5-year average of 145bp



Source: ICE Data Indices, LLC

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**Exhibit 15: Summary of spread changes**

WoW, both Asia IG and HY spread widened; in Asia IG, Indo widened most, followed by India and China; in Asia HY, India and Macau widened, while China and Indo tightened; In financial space bank tier 2 and AT1 tightened

|                              | Current spread | WoW change | MTD change | YTD change |
|------------------------------|----------------|------------|------------|------------|
| <b>Overall</b>               |                |            |            |            |
| Asia IG                      | 107            | 3          | -15        | -15        |
| AA                           | 63             | 0          | -8         | -6         |
| A                            | 79             | 3          | -13        | -12        |
| BBB                          | 147            | 4          | -19        | -23        |
| Asia HY                      | 498            | 23         | -93        | -151       |
| BB                           | 310            | 6          | -71        | -134       |
| B                            | 507            | 22         | -71        | -118       |
| Asia HY excl. China property | 358            | 24         | -93        | -117       |

**By country/region**

|           |     |   |     |     |
|-----------|-----|---|-----|-----|
| <b>IG</b> |     |   |     |     |
| China     | 110 | 3 | -17 | -21 |
| Hong Kong | 104 | 0 | -17 | -16 |
| Korea     | 79  | 0 | -12 | -7  |

**Exhibit 15: Summary of spread changes**

WoW, both Asia IG and HY spread widened; in Asia IG, Indo widened most, followed by India and China; in Asia HY, India and Macau widened, while China and Indo tightened; In financial space bank tier 2 and AT1 tightened

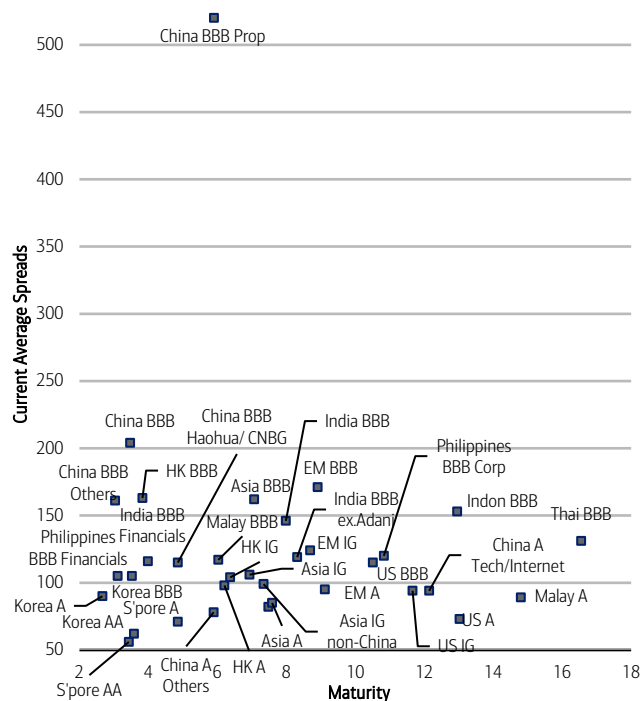
|                       | Current spread | WoW change | MTD change | YTD change |
|-----------------------|----------------|------------|------------|------------|
| Singapore             | 69             | 1          | -9         | -8         |
| Indonesia             | 151            | 8          | -17        | -4         |
| India                 | 136            | 5          | -18        | -20        |
| <b>HY</b>             |                |            |            |            |
| China                 | 721            | -1         | -77        | -343       |
| Indonesia             | 311            | -3         | -79        | -122       |
| India                 | 472            | 49         | -130       | -67        |
| Macau                 | 273            | 34         | -64        | -64        |
| <b>By sector</b>      |                |            |            |            |
| China HY property     | 2500           | -75        | -107       | -520       |
| China non-property HY | 597            | 16         | -128       | -408       |
| BAT                   | 93             | 0          | -18        | -28        |
| China oil majors      | 63             | 5          | -14        | -8         |
| <b>Asia financial</b> |                |            |            |            |
| Overall               | 103            | 3          | -20        | -20        |
| Bank senior           | 61             | 4          | -11        | -4         |
| NBFI senior           | 116            | 3          | -21        | -21        |
| Bank Tier 2           | 121            | -3         | -24        | -24        |
| Bank AT1              | 120            | -3         | -39        | -59        |

Source: ICE Data Indices, LLC, BofA Global Research

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**Exhibit 16: Asia Corp spreads and duration by country and rating (IG)**

Within the same ratings, China BBB and Hong Kong BBB look attractive in IG universe

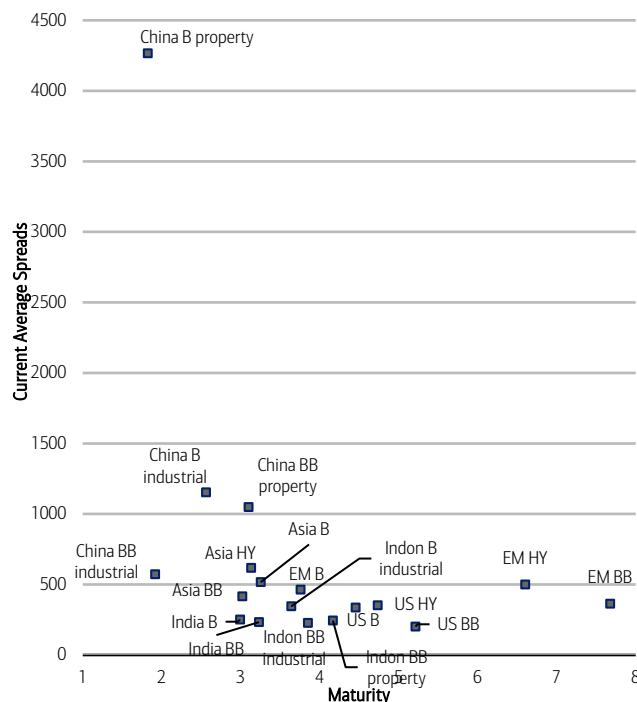


Source: ICE Data Indices, LLC

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**Exhibit 17: Asia Corp spreads and duration by country and rating (HY)**

Within the same ratings, China HY stands out as cheap in HY universe



Source: ICE Data Indices, LLC

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## Curve: 10yr part most expensive

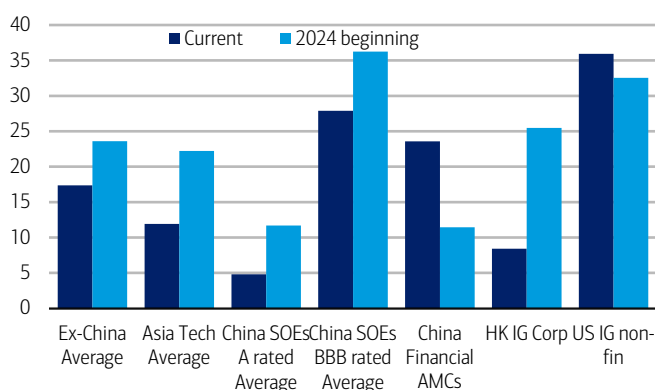
Year-to-date, both 5s10s and 10s30s credit curve of Asia IG have flattened in most sectors as investors adding duration, 6-17bps for 5s10s and 2-8bps for 10s30s depending on sectors. The exceptions are China AMCs and 10s30s curve of HK IG corps seeing steeper curves, which were distorted by corporates buy-back of longer-dated bonds. Among sectors, China BBB SOEs has the steepest 5s10s curve, followed by China AMCs, Asia ex China, and Asia tech, while China A SOEs and Hong Kong IG are relatively flat. For 10s30s, Indon quasi and Thai complex have the steepest curves, followed by China SOEs, Asia tech is in line with US, while China AMCs is flat, and HK IG still has inverted curve.

For US IG non-financial credit, the credit curves flattened significantly through out mid-January but re-steepened in February as investors rotating out of the back end in the secondary market and more 30yr supply in the primary market. That said, the US IG spread curves, especially 10s30s remain near the historical flat levels. The US IG credit team believes that the curves should remain flat unless long-term interest rates decline materially, which is unlikely in the near term. See [Situation Room: No escape from flatland 12 February 2024](#).

Comparing to US, the 5s10s curve in Asia is much flatter than that of US IG non-fin. For 10s30s, Asia ex China IG China BBB SOEs are steeper than US, while Asia tech and China A SOEs are in-line with US. With this, the 10yr is the most expensive part of the curve versus US. See our report on Asia credit curve [Asian Credit Strategy: What we like and don't post curve flattening 26 February 2024](#).

### Exhibit 18: 5-10 year credit curve\* of Asia IG Credit, vs. US IG non-fin

YTD 2024, we saw flattening of 5s10s credit curve, now flatter than US IG non-financial

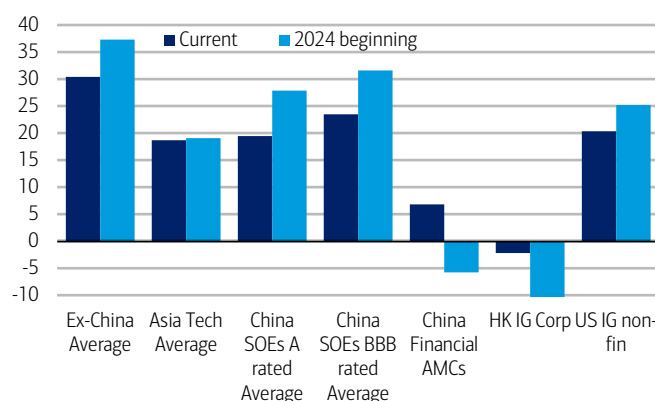


Source: Bloomberg, as of Feb 28, 2024; ICE

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### Exhibit 19: 10-30 year credit curve\* of Asia IG Credit, vs. US IG non-fin

YTD 2024, we saw flattening of 10s30s credit curve, but still steeper than US for non-China and China BBB SOEs



Source: Bloomberg, as of Feb 28, 2024; ICE

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**Exhibit 20: 5-10 years and 10-30 years curve for Asia issuers**

Both the 5s10s and 10s30s IG spread curves have flattened since the beginning of the year, except China AMCs and 10s30s of Hong Kong IG corp

| Tickers                             | Credit Ratings (M/S/F) | 5-10                     |                                 |                             |                             | 10-30                    |                                 |                             |                             |
|-------------------------------------|------------------------|--------------------------|---------------------------------|-----------------------------|-----------------------------|--------------------------|---------------------------------|-----------------------------|-----------------------------|
|                                     |                        | Current G-Spd diff. (bp) | 2024 beginning G-Spd diff. (bp) | WoW change G-Spd diff. (bp) | YTD change G-Spd diff. (bp) | Current G-Spd diff. (bp) | 2024 beginning G-Spd diff. (bp) | WoW change G-Spd diff. (bp) | YTD change G-Spd diff. (bp) |
| RILIN                               | Baa2/BBB+/NA           | 11                       | 19                              | 2                           | (8)                         | 13                       | 27                              | 0                           | (14)                        |
| ADSEZ                               | Baa3/BBB-/BBB-         | 2                        | 8                               | (3)                         | (5)                         |                          |                                 |                             |                             |
| POWFIN                              | Baa3/NA/BBB-           | 19                       | 23                              | 2                           | (4)                         |                          |                                 |                             |                             |
| ICBPIJ                              | Baa3/NA/BBB-           |                          |                                 |                             |                             | 38                       | 41                              | 1                           | (3)                         |
| FRIDPT                              | Baa3/NA/BBB-           | 37                       | 51                              | 3                           | (14)                        | 51                       | 52                              | 1                           | (1)                         |
| PERTIJ                              | Baa2/NA/BBB            | 11                       | 9                               | 4                           | 2                           | 40                       | 31                              | (1)                         | 9                           |
| PLNIJ                               | Baa2/NA/BBB            | 25                       | 21                              | 3                           | 4                           | 46                       | 51                              | 6                           | (6)                         |
| PETMK                               | A2/A-/NA               | 12                       | 22                              | 1                           | (10)                        | 14                       | 17                              | 1                           | (4)                         |
| PTTGC                               | Baa3/BBB/BBB           |                          |                                 |                             |                             | 19                       | 35                              | (2)                         | (17)                        |
| TOPTB                               | Baa3/BBB/NA            | 22                       | 36                              | (1)                         | (14)                        | 25                       | 44                              | (9)                         | (19)                        |
| <b>Ex-China Average</b>             |                        | <b>17</b>                | <b>24</b>                       | <b>1</b>                    | <b>(6)</b>                  | <b>30</b>                | <b>37</b>                       | <b>(0)</b>                  | <b>(7)</b>                  |
| BABA                                | A1/A+/A+               | 14                       | 18                              | 0                           | (4)                         | 36                       | 36                              | 4                           | (1)                         |
| TENCNT                              | A1/A+/A+               | 25                       | 42                              | 2                           | (17)                        | 31                       | 34                              | 3                           | (2)                         |
| TAISEM                              | Aa3/AA-/NA             | (3)                      | 6                               | 0                           | (9)                         | (11)                     | (13)                            | (3)                         | 2                           |
| <b>Asia Tech Average</b>            |                        | <b>12</b>                | <b>22</b>                       | <b>1</b>                    | <b>(10)</b>                 | <b>19</b>                | <b>19</b>                       | <b>(0)</b>                  | <b>(5)</b>                  |
| CKHH                                | A2/A/A-                | 8                        | 25                              | 3                           | (17)                        | (2)                      | (17)                            | (4)                         | 15                          |
| <b>HK IG average</b>                |                        | <b>8</b>                 | <b>25</b>                       | <b>3</b>                    | <b>(17)</b>                 | <b>(2)</b>               | <b>(17)</b>                     | <b>(4)</b>                  | <b>15</b>                   |
| SINOPE                              | A1/A+/NA               | (12)                     | (0)                             | (1)                         | (11)                        | 27                       | 37                              | 1                           | (9)                         |
| CNPCCH                              | A1/A+/A+               |                          |                                 |                             |                             | 25                       | 38                              | (2)                         | (13)                        |
| CNOOC                               | A1/A+/NA               | 27                       | 29                              | 4                           | (2)                         | (6)                      | 6                               | (3)                         | (12)                        |
| CHGRID                              | A1/A+/NA               | (6)                      | 10                              | 0                           | (16)                        | 20                       | 22                              | (0)                         | (2)                         |
| YANTZE                              | A1/NA/A+               | 10                       | 8                               | 0                           | 2                           | 31                       | 37                              | 7                           | (6)                         |
| <b>China SOEs A rated Average</b>   |                        | <b>5</b>                 | <b>12</b>                       | <b>1</b>                    | <b>(7)</b>                  | <b>19</b>                | <b>28</b>                       | <b>1</b>                    | <b>(8)</b>                  |
| BEIENT                              | Baa1/NR/A              |                          |                                 |                             |                             | 11                       | 20                              | (5)                         | (9)                         |
| CITLTD                              | A3/BBB+/NA             | 28                       | 36                              | 0                           | (8)                         |                          |                                 |                             |                             |
| HAOHUA                              | Baa2/NA/A              |                          |                                 |                             |                             | 36                       | 43                              | (1)                         | (8)                         |
| <b>China SOEs BBB rated Average</b> |                        | <b>28</b>                | <b>36</b>                       | <b>0</b>                    | <b>(8)</b>                  | <b>23</b>                | <b>32</b>                       | <b>(3)</b>                  | <b>(8)</b>                  |
| HRINTH                              | Ba2/NA/BBB *-          | 24                       | 11                              | 2                           | 12                          | 7                        | (6)                             | 2                           | 13                          |
| <b>China Financial AMCs</b>         |                        | <b>24</b>                | <b>11</b>                       | <b>2</b>                    | <b>12</b>                   | <b>7</b>                 | <b>(6)</b>                      | <b>2</b>                    | <b>13</b>                   |

Source: Bloomberg, as of Feb 28, 2024

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## Supply

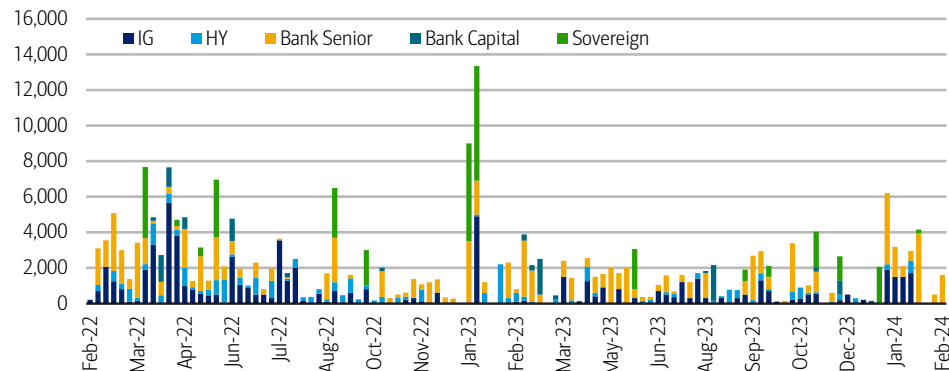
This week saw supply of US\$1.6bn (+220% WoW), all of which came from financial sector. In addition, there was US\$135mn USD floating note issued by a Chinese leasing company this week. Note that we only track issuance larger than US\$100mn and maturity/call/put longer than one and a half years.

## New issue to highlight

In financial sector, Tianfeng Securities Co., Ltd. (Bond ticker: TIANFS, not covered) issued a 2-year senior bond with outstanding of USD 300mn. The issuance yield is 6.8% with Fitch rating at BBB-. The issuer has two USD bonds due in 2024 with total amount of USD 540mn. In Philippine banking sector, Metropolitan Bank & Trust Co (Bond ticker: MBTPM, not covered) issued USD 1bn USD senior bonds with 5-year tranche and 10-year tranche priced at 110bp and 130bp for T-spread. The issuer only has one USD bond outstanding (Baa2 by Moody's) with size at USD500mn and maturity in Jan'26.

**Exhibit 21: Asian USD fixed bond weekly supply, US\$mn**

US\$1.6bn supply this week (Feb 22 to 28), all from financial sector



Source: Bloomberg, BofA Global Research

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**Exhibit 22: Bond performance: Newly issued Asian USD bonds in the past one month**

The price of newly issued bonds (in the past one month) down 0.1ppt from the issue price (median); yield +4bp (median); spread tightened 21bp (median)

| Issuers                     | Bond             | Issue date | Tranche US\$mn | Country   | Price | Issue Yield % | Spread | As of Feb 28, 2024 |         |        | Change from issue date |            |             |
|-----------------------------|------------------|------------|----------------|-----------|-------|---------------|--------|--------------------|---------|--------|------------------------|------------|-------------|
|                             |                  |            |                |           |       |               |        | Price              | Yield % | Spread | Price %                | Yield (bp) | Spread (bp) |
| Shinhan Card Co. Ltd.       | SHINCA 5.5 '29   | 22-Feb-24  | 300            | Korea     | 99.7  | 5.58          | 125    | 100.5              | 5.39    | 110    | 0.8%                   | -18        | -15         |
| Korea Housing Finance       | KHFC 4.875 '27   | 20-Feb-24  | 500            | Korea     | 99.8  | 4.94          | 58     | 99.9               | 4.90    | 45     | 0.1%                   | -4         | -13         |
| China Ping An Insurance     | PINGIN 5.25 '27  | 7-Feb-24   | 200            | Hong Kong | 99.9  | 5.30          | 110    | 99.8               | 5.34    | 89     | -0.1%                  | 4          | -21         |
| Korea Development Bank      | KDB 4.625 '27    | 6-Feb-24   | 1750           | Korea     | 99.8  | 4.68          | 66     | 99.3               | 4.87    | 43     | -0.5%                  | 19         | -23         |
| Korea Development Bank      | KDB 4.5 '29      | 6-Feb-24   | 1250           | Korea     | 99.6  | 4.60          | 78     | 98.8               | 4.77    | 48     | -0.8%                  | 18         | -30         |
| Hong Kong Government        | HKINTL 4.625 '26 | 6-Feb-24   | 200            | Hong Kong | 99.8  | 4.75          | 30     | 99.6               | 4.83    | 15     | -0.1%                  | 8          | -15         |
| HDFC Bank Ltd.              | HDFCB 5.196 '27  | 6-Feb-24   | 300            | India     | 100.0 | 5.20          | 100    | 99.4               | 5.43    | 98     | -0.6%                  | 23         | -2          |
| HDFC Bank Ltd.              | HDFCB 5.18 '29   | 6-Feb-24   | 450            | India     | 100.0 | 5.18          | 113    | 99.3               | 5.33    | 104    | -0.7%                  | 15         | -9          |
| Huatong International Int'l | QDHTCO 6.8 '27   | 31-Jan-24  | 280            | China     | 100.0 | 6.80          | 282    | 100.1              | 6.74    | 230    | 0.1%                   | -6         | -52         |
| Science City Guangzhou      | GZDZCD 6.8 '25   | 31-Jan-24  | 400            | China     | 100.0 | 6.80          | 259    | 100.5              | 6.41    | 173    | 0.5%                   | -39        | -86         |
| Ji'an Chengtong Holding     | JNCCIH 7.5 '27   | 30-Jan-24  | 173.6          | China     | 100.0 | 7.50          | 338    | 100.4              | 7.33    | 288    | 0.4%                   | -17        | -50         |
| <b>Average</b>              |                  |            |                |           |       |               |        |                    |         |        | <b>-0.1%</b>           | <b>4</b>   | <b>-21</b>  |

Source: Bloomberg, BofA Global Research

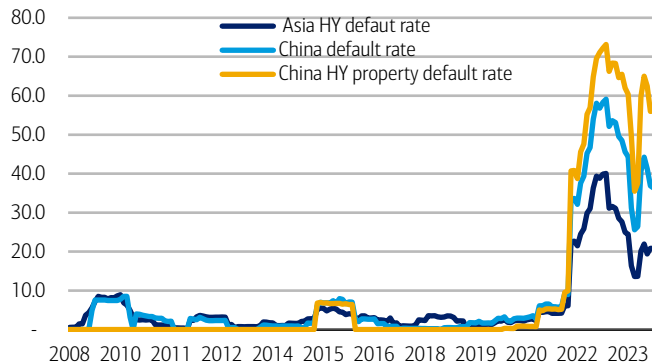
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## Defaults

We did not see default in China property this week. As a result, the LTM default rate by amount/count remained unchanged at 20.8%/7.5% for Asia HY, 36.3%/14.6% for China HY and 56%/28.6% for China HY property, respectively. YTD24, Vedanta and Lippo Malls were added in our default list on completion of LME and the tender offer early in the year.

**Exhibit 23: LTM default rate by amount: Asia vs. China vs. China HY property**

As of 29 February, Asia HY: 20.8%, China HY: 36.3%; China HY property: 56.1%

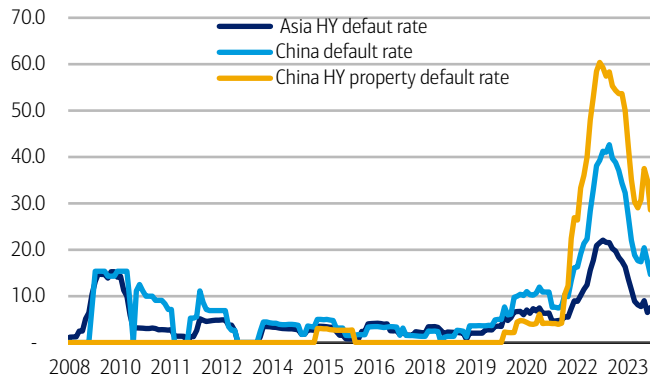


Source: BofA Global Research

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**Exhibit 24: LTM default rate by count: Asia vs. China vs. China HY property**

As of 29 February, Asia HY: 7.5%; China HY: 14.6%; China HY property: 28.6%



Source: BofA Global Research

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**Exhibit 25: Asian default cases (index and non-index) since 2022**

Since 2022, we have seen US\$104bn default in Asia corporate space, among which US\$80bn is index-eligible; dominated by China property

| Month  | Ticker | Issuer Name                       | Country | Type Of Default   | # of Bonds | Amt (US\$m) | Include in the index or not |
|--------|--------|-----------------------------------|---------|---|------------|-------------|-----------------------------|
| Jan-22 | SHXREG | Xiang Sheng Overseas Ltd          | China   | Distressed Exchange                                     | 1          | 275         | N                           |
| Jan-22 | GZRFPR | Guangzhou R&F                     | China   | Distressed Exchange                                     | 1          | 725         | Y                           |
| Jan-22 | RISSUN | RiseSun Real Estate               | China   | Distressed Exchange                                     | 1          | 500         | Y                           |
| Jan-22 | DAFAPG | Dafa property                     | China   | Distressed Exchange                                     | 1          | 185         | N                           |
| Jan-22 | YUZHOU | Yuzhou Group                      | China   | Distressed Exchange                                     | 2          | 582         | Y                           |
| Feb-22 | YIDCHL | Yida China Holdings               | China   | Distressed exchange                                     | 1          | 191         | N                           |
| Feb-22 | SUNSHI | Yango Group                       | China   | Missed interest payment and cross default               | 5          | 1,497       | Y                           |
| Feb-22 | GUOPRO | Glory Land                        | China   | Distressed Exchange                                     | 1          | 324         | Y                           |
| Mar-22 | DAFAPG | Dafa property                     | China   | Missed interest payment and cross default               | 1          | 360         | Y                           |
| Mar-22 | YUZHOU | Yuzhou Group                      | China   | Missed interest payment and cross default               | 10         | 4,854       | Y                           |
| Mar-22 | GUOPRO | Glory Land                        | China   | Missed interest payment and principal                   | 1          | 5           | Y                           |
| Mar-22 | JINGRU | Jingrui Holdings                  | China   | Distressed exchange                                     | 1          | 190         | N                           |
| Mar-22 | ZHPRHK | Zhenro property                   | China   | Distressed Exchange                                     | 1          | 300         | Y                           |
| Mar-22 | YANGOG | Fujian Yango                      | China   | Missed interest payment (cross defaulted earlier)       | 2          | 406         | N                           |
| Mar-22 | SHNSUN | Shinsun Holdings                  | China   | Missed interest payment and cross default               | 3          | 486         | N                           |
| Mar-22 | REDPRO | Redco Properties                  | China   | Distressed Exchange                                     | 1          | 321         | Y                           |
| Apr-22 | ZHPRHK | Zhenro property                   | China   | Missed interest payment and cross default               | 6          | 1,963       | Y                           |
| Apr-22 | GWTH   | Golden Wheel                      | China   | Completed debt restructuring                            | 1          | 178         | Y                           |
| Apr-22 | EHOUSE | E-House (China) Enterprise        | China   | Missed interest payment and cross default               | 2          | 600         | Y                           |
| May-22 | BJHKWY | Beijing Hongkun Weiye Real Estate | China   | Missed interest payment                                 | 1          | 193         | N                           |
| May-22 | SUNAC  | Sunac China                       | China   | Missed interest payment and cross default               | 12         | 7,762       | Y                           |
| May-22 | ZHLGHD | Zhongliang Holdings               | China   | Distressed Exchange                                     | 1          | 450         | Y                           |
| May-22 | DTGRHD | Datang Group                      | China   | Distressed Exchange                                     | 1          | 300         | N                           |
| Jun-22 | JIAZHO | Zhongnan Construction             | China   | Distressed Exchange                                     | 1          | 73          | Y                           |
| Jun-22 | LEAHOL | Leading Holdings Group Ltd        | China   | Distressed Exchange                                     | 1          | 119         | N                           |
| Jun-22 | GRNLGR | Greenland                         | China   | Distressed Exchange                                     | 1          | 500         | Y                           |
| Jun-22 | JINGRU | Jingrui Holdings                  | China   | Missed interest payment and cross default               | 2          | 610         | Y                           |
| Jun-22 | SKYFAM | Skyfame Realty                    | China   | cross default   | 2          | 566         | Y                           |
| Jul-22 | SHIMAO | Shimao Group                      | China   | Missed interest and principal payment and cross default | 8          | 5,720       | Y                           |
| Jul-22 | RONXIN | Roshine China                     | China   | Missed interest payment and cross default               | 5          | 2,072       | Y                           |
| Jul-22 | PWRLNG | Powerlong                         | China   | Distressed Exchange                                     | 1          | 300         | Y                           |
| Jul-22 | GZRFPR | Guangzhou R&F                     | China   | Distressed Exchange                                     | 9          | 4,360       | Y                           |
| Jul-22 | SUNKWP | Sunkwan Properties Group          | China   | Distressed Exchange                                     | 1          | 210         | N                           |
| Jul-22 | XIN    | Xinyuan                           | China   | Missed interest and principal payment and cross default | 2          | 531         | Y                           |
| Jul-22 | SHXREG | Xiang Sheng Overseas Ltd          | China   | Missed interest payment                                 | 1          | 134         | N                           |
| Jul-22 | HUIJHK | Huijing Holdings Co Ltd           | China   | Distressed Exchange                                     | 1          | 107         | N                           |
| Jul-22 | HKJFPC | Junfa Property                    | China   | Missed interest payment                                 | 1          | 237         | N                           |
| Jul-22 | CSCHCN | China South City                  | China   | Distressed Exchange                                     | 3          | 1,341       | Y                           |
| Aug-22 | LOGPH  | Logan Group                       | China   | Missed interest payment and cross default               | 10         | 3,209       | Y                           |

**Exhibit 25: Asian default cases (index and non-index) since 2022**

Since 2022, we have seen US\$104bn default in Asia corporate space, among which US\$80bn is index-eligible; dominated by China property

| Month  | Ticker | Issuer Name                                 | Country   | Type Of Default   | # of Bonds | Amt (US\$m) | Include in the index or not |
|--------|--------|---|-----------|---|------------|-------------|-----------------------------|
| Aug-22 | REDSUN | Redsun property                             | China     | Missed interest payment and cross default                   | 3          | 1,055       | Y                           |
| Aug-22 | JIAYUA | Jiayuan International Group Ltd             | China     | Missed interest payment and cross default                   | 3          | 776         | Y                           |
| Aug-22 | HONGSL | Hong Seng Ltd                               | China     | Missed interest payment and principal                       | 1          | 275         | Y                           |
| Aug-22 | FRETAI | Future Retail                               | India     | Missed interest payment                                     | 1          | 500         | Y                           |
| Sep-22 | YCINTL | Yincheng International Holding              | China     | Distressed Exchange   | 1          | 115         | N                           |
| Sep-22 | KWGPPO | KWG Group Holding                           | China     | Distressed Exchange   | 3          | 1,600       | Y                           |
| Oct-22 | GZFYRE | Guangzhou Fineland Real Estate              | China     | Missed interest payment                                     | 1          | 340         | Y                           |
| Oct-22 | CIFIHG | CIFI Holdings Group                         | China     | Cross default   | 8          | 3,680       | Y                           |
| Oct-22 | LSEAGN | Landsea Green Management Ltd                | China     | Distressed Exchange   | 1          | 119         | N                           |
| Oct-22 | HLBCNH | Helenbergh China Holding                    | China     | Distressed Exchange   | 1          | 350         | Y                           |
| Oct-22 | SINOCL | Sino-Ocean Capital                          | China     | Distressed Exchange   | 1          | 282         | N                           |
| Oct-22 | GONGLG | Ganglong China Property                     | China     | Distressed Exchange   | 1          | 158         | N                           |
| Nov-22 | SUNKWP | Sunkwan Properties Group                    | China     | Missed payment and cross default                            | 2          | 362         | N                           |
| Nov-22 | RISSUN | RiseSun Real Estate                         | China     | Distressed Exchange   | 2          | 741         | N                           |
| Nov-22 | JIAZHO | Jiangsu Zhongnan Construction               | China     | Missed interest payment                                     | 1          | 250         | Y                           |
| Nov-22 | GWTH   | Golden Wheel                                | China     | Missed interest payment                                     | 1          | 470         | N                           |
| Nov-22 | ZHLGHD | Zhongliang Holdings                         | China     | Distressed Exchange   | 3          | 898         | N                           |
| Dec-22 | GRNLGR | Greenland                                   | China     | Distressed Exchange   | 8          | 2,702       | Y                           |
| Dec-22 | DEXICN | Dexin China Holdings                        | China     | Missed interest payment and principal                       | 1          | 348         | Y                           |
| Dec-22 | JINKE  | Jinke Properties                            | China     | Missed interest payment                                     | 1          | 325         | Y                           |
| Dec-22 | REDPRO | Redco Properties                            | China     | Suspended payment   | 1          | 252         | Y                           |
| Dec-22 | JYGMHD | JY Grandmark                                | China     | Distressed Exchange   | 1          | 152         | N                           |
| Dec-22 | YESTAR | Yestar Healthcare                           | China     | Missed interest payment and principal                       | 1          | 198         | N                           |
| Dec-22 | KJIAJ  | Kawasan Jababeka                            | Indonesia | Distressed Exchange   | 1          | 300         | Y                           |
| Jan-23 | TPHL   | Times China                                 | China     | Suspended payment   | 6          | 2,650       | Y                           |
| Jan-23 | HUIJHK | Huijing Holdings Co Ltd                     | China     | Missed interest payment                                     | 1          | 108         | N                           |
| Feb-23 | SRAILT | SriLankan Airlines                          | Sri Lanka | Missed interest payment                                     | 1          | 175         | N                           |
| Mar-23 | YCINTL | Yincheng International                      | China     | Missed interest payment and principal; cross default        | 2          | 211         | N                           |
| Apr-23 | CENCHI | Central China                               | China     | Distressed Exchange   | 2          | 630         | Y                           |
| Apr-23 | HYDOO  | Guangdong-Hongkong Greater Bay Area Holding | China     | Distressed Exchange   | 2          | 379         | N                           |
| May-23 | KWGPPO | KWG Group Holding                           | China     | Missed interest payment and principal; cross default        | 7          | 2,525       | Y                           |
| May-23 | DTGRHD | Datang Group                                | China     | Missed interest payment and principal                       | 1          | 284         | N                           |
| Jun-23 | CENCHI | Central China                               | China     | Suspend payment   | 3          | 849         | Y                           |
| Jun-23 | LEAHOL | Leading Holdings Group Ltd                  | China     | Missed interest payment and principal                       | 1          | 119         | N                           |
| Jul-23 | PWRLNG | Powerlong                                   | China     | Distressed Exchange   | 1          | 420         | Y                           |
| Aug-23 | SINOCE | Sino Ocean Group                            | China     | Distressed Exchange (coupon extension)                      | 3          | 1,798       | Y                           |
| Sep-23 | SINOCE | Sino Ocean Group                            | China     | Suspend payment   | 3          | 1,320       | Y                           |
| Oct-23 | CHINSC | China SCE Group                             | China     | Cross default triggered by missed payment of a syn loan     | 4          | 1,800       | Y                           |
| Oct-23 | COGARD | Country Garden                              | China     | Cross default triggered by missed payment of HKD 470mn debt | 15         | 9,913       | Y                           |
| Nov-23 | DALWAN | Wanda properties                            | China     | Distressed Exchange   | 1          | 600         | Y                           |
| Nov-23 | PWRLNG | Powerlong                                   | China     | Missed interest payment and cross default                   | 2          | 1,035       | Y                           |
| Dec-23 | MOLAND | Modern Land China                           | China     | Distressed Exchange   | 5          | 1606        | N                           |
| Jan-24 | VEDLN  | Vedanta Resources                           | India     | Distressed Exchange   | 4          | 3751        | Y                           |
| Jan-24 | LMRTSP | LMIRT Capital                               | Indonesia | Distressed Exchange   | 1          | 188         | Y                           |

Source: BofA Global Research

Note: For companies included in the index, the number only accounts for the No. of bond, and outstanding amounts which are index-eligible.

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**Exhibit 26: Distressed exchange offers from Chinese developers**

Recently proposed exchange offer/ extension and summary of key features

|                 |        |                              |                              |            |   |   | Amt of Bond subject to exchange |            |
|-----------------|--------|------------------------------|------------------------------|------------|---|---|---------------------------------|------------|
| Completion Date | Ticker | Terms                        | Incentive                    | Coupon Cut | Upfront Payment   | New bond                                    | /extension (USD mn)             | Status     |
| Oct-21          | XIN    | Exchange offer               | 1.0%                         | N          | Option 1: 5%<br>Option 2: 0%  | Option 1: 95%<br>Option 2: 100%             | 229                             | Completed  |
| Oct-21          | MOLAND | Maturity Extension           | 0.10%                        | N          | 35%   | N/A   | 250                             | Terminated |
| Nov-21          | SUNSHI | Exchange offer               | 2.50%                        | N          | 0%  | 100%  | 747                             | Completed  |
| Nov-21          | KAISAG | Exchange offer               | 2.50%                        | N          | 0%  | 100%  | 400                             | Terminated |
| Jan-22          | GZRFPR | Maturity Extension           | 0.10%                        | N          | Option 1: 83%;<br>Option 2: half of bonds tendered to be purchased at par | N/A   | 725                             | Completed  |
| Jan-22          | RISSUN | Exchange offer               | 2.5%/1.5%*                   | N          | 5%  | 95%   | 780                             | Terminated |
| Jan-22          | DAFAPG | Exchange offer               | 1%                           | N          | 4%  | 96%   | 185                             | Completed  |
| Jan-22          | YUZHOU | Exchange offer               | 1%                           | N/Y**      | 5%  | 95%   | 582                             | Completed  |
| Mar-22          | YIDCHL | Maturity Extension           | US\$4.6mn***                 | Y          | 0%  | N/A   | 191                             | Completed  |
| Feb-22          | GUOPRO | Exchange offer               | 2.0%                         | N          | 0%  | 105.13%                                     | 324                             | Completed  |
| Mar-22          | ZHPRHK | Consent Solicitation on perp | 1.75%                        | N          | 0%  | N/A   | 200                             | Completed  |
| Mar-22          | ZHPRHK | Exchange offer               | 1%/ 0.5% *                   | N/Y**      | 0%  | 100%  | 1050                            | Completed  |
| Mar-22          | JINGRU | Exchange offer               | Option 1: 0%<br>Option 2: 1% | N          | Option 1: 0%<br>Option 2: 5%  | Option 1: 100%<br>Option 2: 95%             | 190                             | Completed  |
| Mar-22          | REDPRO | Exchange offer               | 1.0%                         | N          | 0%  | 100%  | 652                             | Completed  |
| May-22          | ZHLGHD | Exchange offer               | 1.0%                         | N          | 0%  | 100%  | 729                             | Completed  |
| Jun-22          | DTGRHD | Exchange offer               | 0.0%                         | N          | 0%  | 100%  | 300                             | Completed  |
| Jun-22          | JIAZHO | Exchange offer               | 1.0%                         | N/Y**      | 5%  | 95%   | 223                             | Completed  |
| Jun-22          | GRNLGR | Maturity Extension           | 1%/ 0.5%*                    | N          | 10%   | N/A   | 500                             | Completed  |
| Jun-22          | LEAHOL | Exchange offer               | 0.0%                         | N          | 0%  | 100%  | 150                             | Completed  |
| Jul-22          | GZRFPR | Exchange offer               | 0.5%                         | N/Y**      | 0%  | 100%  | 5060                            | Completed  |
| Jul-22          | HUIJHK | Exchange offer               | 0.0%                         | N          | 0%  | 100%  | 107                             | Completed  |
| Jul-22          | PWRLNG | Exchange offer               | 1.0%                         | N          | 5%/0%   | 95%/100%                                    | 450                             | Completed  |
| Jul-22          | SUNKWP | Exchange offer               | 0.0%                         | N          | 0%  | 100%  | 210                             | Completed  |
| Jul-22          | CSCHCN | Maturity Extension           | 1%/ 0.5%*                    | N          | 0%  | N/A   | 1566                            | Completed  |
| Aug-22          | JIAYUA | Exchange offer               | 0.25%                        | Y          | 0%  | 100%  | 1305                            | Terminated |
| Sep-22          | YCINTL | Exchange offer               | 0.0%                         | N          | 0%  | 100%  | 110                             | Completed  |
| Sep-22          | KWGPRO | Exchange offer               | 0.5%                         | N          | 5% for '22 notes,<br>0% for the '23 note                                  | 95% for '22 notes,<br>100% for the '23 note | 1600                            | Completed  |
| Oct-22          | LSEAGN | Exchange offer               | 0.5%                         | N          | 10%   | 90%   | 169                             | Completed  |
| Oct-22          | SINOCL | Maturity Extension           | 0.0%                         | N          | 0%  | 100%  | 247                             | Completed  |
| Oct-22          | HLBCNH | Exchange offer               | 0.25%                        | Y          | 0%  | 100%  | 350                             | Completed  |
| Oct-22          | GNGLNG | Exchange offer               | 0.0%                         | N          | 0%  | 100%  | 158                             | Completed  |
| Nov-22          | HLBCNH | Exchange offer               | 0.0%                         | Y          | 0%  | 100%  | 270                             | Completed  |
| Nov-22          | GRNLGR | Maturity Extension           | 0.5%/ 0.25%*                 | Y          | 5%  | N/A   | 3182                            | Completed  |
| Nov-22          | DEXICN | Exchange offer               | 0.5%                         | Y          | 2.5%  | 97.5%                                       | 348                             | Completed  |
| Dec-22          | JYGMHD | Exchange offer               | 0.0%                         | N          | 0%  | 100%  | 152                             | Completed  |
| Feb-23          | YCINTL | Exchange offer               | 0.0%                         | N          | 0%  | 100%  | 96                              | Terminated |
| Apr-23          | CENCHI | Exchange offer               | 0.5%                         | N          | 0%  | 100%  | 897                             | Completed  |
| Apr-23          | HYDOO  | Exchange offer               | 0.0%                         | Y          | 0%  | 101%/ 100%                                  | 379                             | Completed  |
| Jun-23          | XIN    | Exchange offer               | 0.5%/0.3%*                   | Y          | 0%  | 100%  | 660                             | Completed  |
| Jun-23          | PWRLNG | Exchange offer               | 0.25%                        | N          | 0%  | 100%  | 479                             | Completed  |
| Jun-23          | SINOCL | Maturity Extension           | 0.0%                         | Y          | 0%  | 100%  | 497                             | Completed  |
| Aug-23          | GZFYRE | Exchange offer               | 0.2%                         | Y          | 0%  | 100%  | 340                             | Terminated |
| Aug-23          | ZENSUN | Exchange offer               | 0.0%                         | Y          | 0%  | 100%  | 113                             | Completed  |
| Sept-23         | GRNLGR | Maturity Extension           | 0.1%/0.05%*                  | Y          | 0%  | 100%  | 2989                            | Completed  |
| Oct-23          | RISSUN | Maturity Extension           | 0.1%                         | Y          | 0%  | 100%  | 731                             | Completed  |
| Oct-23          | HYDOO  | Maturity Extension           | 0.0%                         | Y          | 0.1%  | 99.9%                                       | 440                             | Completed  |
| Nov-23          | DALWAN | Maturity Extension           | 1%/0.25%*                    | N          | 0%  | 100%  | 600                             | Completed  |
| Nov-23          | MOLAND | Consent Solicitation         | 0.2%/ 0.002%                 | N/A        | 0%  | N/A   | 1610                            | Completed  |
| Dec-23          | CSCHCN | Maturity Extension           | 0.5%/0.15%                   | Y          | 0%  | 100%  | 1347                            | Completed  |

Note

\*before/after early expiration date

\*\* coupon cut different for different bonds in exchange

\*\*\*:US\$1.15 in 10 business days after the Effective Time and US\$3.45mn on 6/30/2022

Source: Company announcements



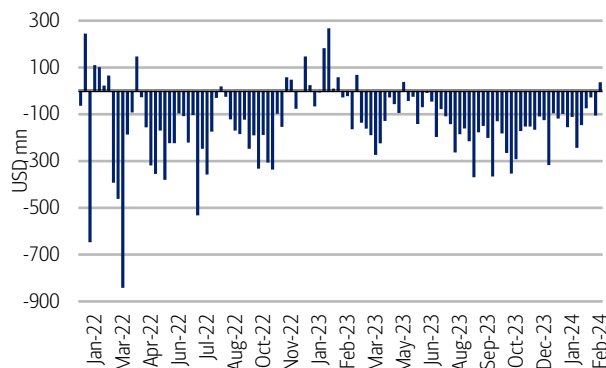
## Fund flows

Based on EPFR, from 22 to 27 Feb, Asia excluding Japan (AxJ) hard currency funds saw inflow of US\$37mn (+0.15% of assets under management-AUM), the first time since May'23. The all-EM hard currency funds saw outflow of US\$242mn, moderating from US\$1.1bn in the previous week. For US funds, IG funds saw inflow slow down to US\$482mn, from US\$2.8bn in the previous week. Meanwhile, US HY funds saw outflow of US\$460mn, vs. inflow of US\$696mn in the previous week.

In YTD24, US HY funds saw the biggest inflows of +2.0% (as a percentage of AUM at the beginning of the year), and US IG funds saw inflows of +1.9%. However, AxJ hard currency saw outflows of -3.4%, and EM hard funds saw outflows of -1.7%.

### Exhibit 27: Asia excl. Japan (AxJ) hard currency fund flows, USD mn

AxJ hard currency funds saw inflow at US\$37mn this week (from 22 to 27 Feb), the first time since May'23

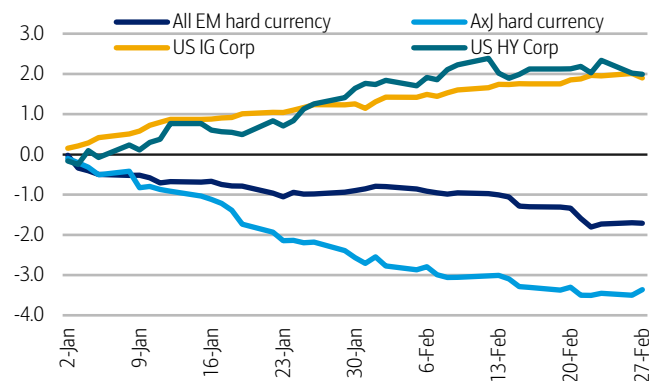


Source: EPFR

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### Exhibit 28: 2024 YTD cumulative fund flows as % of AUM

In YTD 2024, US HY funds saw inflow of +2.0% of AUM, and US IG funds saw inflow of +1.9%; however, AxJ hard currency saw outflow of -3.4% and EM hard currency saw outflow of -1.7%



Source: EPFR

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## Top 10 and bottom 10 performers

### Exhibit 29: Top 10 & bottom 10 performer over the past week

Top 10 and bottom 10 performers in Asia market (ADOL index)

| Top 10 performer   | Total Return (weekly) | Bottom 10 performer | Total Return (weekly) |
|--------------------|-----------------------|---------------------|-----------------------|
| FTLNHD 4.625% 2025 | 20.35%                | VNKRLE 3.5% 2029    | -5.93%                |
| FTLNHD 4.5% 2026   | 8.67%                 | GLPSP 4.5% 2026     | -5.22%                |
| LNGFOR 4.5% 2028   | 6.24%                 | VEDLN 9.25% 2026    | -4.86%                |
| LNGFOR 3.95% 2029  | 6.20%                 | VNKRLE 3.975% 2027  | -3.97%                |
| PKSTAN 7.875% 2036 | 6.09%                 | VNKRLE 3.15% 2025   | -3.77%                |
| ROADKG 6% 2025     | 5.58%                 | GLPSP 3.875% 2025   | -2.52%                |
| YLLGSP 5.125% 2026 | 4.20%                 | GLPSP 4.6% 2027     | -2.50%                |
| HYSAN 4.1% 2025    | 4.20%                 | WESCHI 4.95% 2026   | -2.40%                |
| LNGFOR 3.85% 2032  | 3.87%                 | STCITY 6.5% 2028    | -1.93%                |
| PAKWNP 7.5% 2031   | 3.49%                 | STCITY 5% 2029      | -1.92%                |

Source: ICE Data Indices, LLC. (Data as at 28 February, 2024)

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**Exhibit 30: Top 10 corporate and bank performers over the last week and YTD on total return basis (by category)**

Top 10 corporate and bank performers in this week &amp; YTD

| Issuer                               | Total Return (weekly) | Issuer             | Total Return (YTD2024) |
|--------------------------------------|-----------------------|--------------------|------------------------|
| <b>Investment Grade Corporates</b>   |                       |                    |                        |
| HYSAN 4.1% 2025                      | 4.20%                 | ADSEZ 5% 2041      | 10.99%                 |
| TOPTB 3.75% 2050                     | 2.92%                 | AACTEC 3.75% 2031  | 7.39%                  |
| CHJMAO 3.2% 2026                     | 2.89%                 | ADANEM 3.867% 2031 | 7.37%                  |
| BEIENT 6.375% 2041                   | 2.62%                 | ADTIN 4.25% 2036   | 6.84%                  |
| TOPTB 3.5% 2049                      | 2.45%                 | ADSEZ 3.828% 2032  | 6.58%                  |
| CHIOLI 2.75% 2030                    | 2.07%                 | CHJMAO 3.2% 2026   | 5.87%                  |
| CNOOC 3.3% 2049                      | 1.84%                 | ADANEM 3.949% 2030 | 5.30%                  |
| SINOCH 6.3% 2040                     | 1.83%                 | ADSEZ 3.1% 2031    | 5.10%                  |
| KORGAS 6.25% 2042                    | 1.80%                 | ADINCO 3% 2031     | 4.84%                  |
| RILIN 3.75% 2062                     | 1.78%                 | COGO 2.45% 2026    | 4.41%                  |
| <b>High Yield Corporates</b>         |                       |                    |                        |
| FTLNHD 4.625% 2025                   | 20.35%                | GLPSP 4.6% 2027    | 45.85%                 |
| FTLNHD 4.5% 2026                     | 8.67%                 | GLPSP 4.5% 2026    | 39.02%                 |
| LNGFOR 4.5% 2028                     | 6.24%                 | VEDLN 9.25% 2026   | 37.59%                 |
| LNGFOR 3.95% 2029                    | 6.20%                 | VEDLN 13.875% 2028 | 36.31%                 |
| ROADKG 6% 2025                       | 5.58%                 | GLPSP 3.875% 2025  | 28.91%                 |
| YLLGSP 5.125% 2026                   | 4.20%                 | ROADKG 6% 2025     | 28.87%                 |
| LNGFOR 3.85% 2032                    | 3.87%                 | YLLGSP 5.125% 2026 | 28.52%                 |
| PAKWNP 7.5% 2031                     | 3.49%                 | ROADKG 5.125% 2026 | 26.95%                 |
| CHJMAO 4.25% 2029                    | 2.99%                 | ROADKG 5.9% 2025   | 26.88%                 |
| ROADKG 5.125% 2026                   | 2.97%                 | VEDLN 13.875% 2028 | 24.82%                 |
| <b>Banks / Financial Institution</b> |                       |                    |                        |
| BNKEA 4.875% 2027                    | 2.75%                 | PEAKRN 5.35% 2025  | 11.63%                 |
| TEMASE 2.25% 2051                    | 1.87%                 | BNKEA 5.825% 2025  | 8.72%                  |
| TEMASE 2.75% 2061                    | 1.78%                 | GRWALL 2.375% 2030 | 5.20%                  |
| BNKEA 5.825% 2025                    | 1.75%                 | SUNSHG 4.5% 2026   | 5.09%                  |
| TEMASE 2.5% 2070                     | 1.67%                 | RCBPM 6.5% 2025    | 5.00%                  |
| HKAA 3.5% 2062                       | 1.47%                 | ZHONAN 3.5% 2026   | 4.83%                  |
| HKAA 3.25% 2052                      | 1.46%                 | HRINTH 3.375% 2030 | 4.62%                  |
| AIA 4.875% 2044                      | 1.40%                 | TYANLI 5.25% 2025  | 4.36%                  |
| TEMASE 3.375% 2042                   | 1.40%                 | FRESHK 4.25% 2026  | 4.34%                  |
| TEMASE 2.375% 2041                   | 1.31%                 | HRINTH 4.5% 2029   | 4.31%                  |

Source: ICE Data Indices, LLC. (Data as at 28 February, 2024)

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**Exhibit 31: Bottom 10 corporate and bank performers over the last week and YTD on total return basis (by category)**

Bottom 10 corporate and bank performers this week &amp; YTD

| Issuer                               | Total Return (weekly) | Issuer             | Total Return (YTD2024) |
|--------------------------------------|-----------------------|--------------------|------------------------|
| <b>Investment Grade Corporates</b>   |                       |                    |                        |
| VNKRLE 3.5% 2029                     | -5.93%                | VNKRLE 3.5% 2029   | -19.57%                |
| VNKRLE 3.975% 2027                   | -3.97%                | VNKRLE 3.975% 2027 | -16.57%                |
| VNKRLE 3.15% 2025                    | -3.77%                | VNKRLE 3.15% 2025  | -10.17%                |
| PLNIJ 4% 2050                        | -1.59%                | PLNIJ 4% 2050      | -7.67%                 |
| SANLTD 3.1% 2029                     | -1.31%                | PERTIJ 4.175% 2050 | -7.23%                 |
| SANLTD 4.625% 2030                   | -1.21%                | PLNIJ 4.375% 2050  | -6.78%                 |
| PLNIJ 4.375% 2050                    | -1.13%                | PLNIJ 4.875% 2049  | -6.62%                 |
| PLNIJ 6.25% 2049                     | -1.06%                | PLNIJ 5.25% 2047   | -5.53%                 |
| PLNIJ 4.875% 2049                    | -1.03%                | PERTIJ 4.7% 2049   | -5.38%                 |
| SANLTD 3.5% 2031                     | -1.02%                | PETMK 3.404% 2061  | -5.08%                 |
| <b>High Yield Corporates</b>         |                       |                    |                        |
| GLPSP 4.5% 2026                      | -5.22%                | LNGFOR 3.95% 2029  | -2.12%                 |
| VEDLN 9.25% 2026                     | -4.86%                | LNGFOR 3.85% 2032  | -1.05%                 |
| GLPSP 3.875% 2025                    | -2.52%                | MGMCHI 4.75% 2027  | -0.46%                 |
| GLPSP 4.6% 2027                      | -2.50%                | WYNMAC 5.5% 2026   | 0.21%                  |
| WESCHI 4.95% 2026                    | -2.40%                | UPLLIN 5.25% 2025  | 0.32%                  |
| STCITY 6.5% 2028                     | -1.93%                | PUMAFN 5% 2026     | 0.60%                  |
| STCITY 5% 2029                       | -1.92%                | MGMCHI 5.25% 2025  | 0.66%                  |
| VEDLN 13.875% 2028                   | -1.61%                | MPEL 5.25% 2026    | 0.67%                  |
| VEDLN 13.875% 2028                   | -1.34%                | JSTLIN 3.95% 2027  | 0.84%                  |
| MPEL 5.75% 2028                      | -1.24%                | MGMCHI 5.875% 2026 | 1.08%                  |
| <b>Banks / Financial Institution</b> |                       |                    |                        |
| SHNHAN 4.375% 2032                   | -0.46%                | TEMASE 2.5% 2070   | -5.93%                 |
| GRWALL 2.375% 2030                   | -0.37%                | EXIMCH 4% 2047     | -5.27%                 |
| EXIMBK 3.25% 2030                    | -0.31%                | HKAA 2.625% 2051   | -4.96%                 |
| POWFIN 3.95% 2030                    | -0.26%                | HKAA 3.25% 2052    | -4.62%                 |
| INRCIN 3.835% 2027                   | -0.25%                | HKAA 3.5% 2062     | -4.47%                 |
| BOCAVI 2.625% 2030                   | -0.23%                | TEMASE 2.25% 2051  | -3.88%                 |
| POWFIN 3.75% 2027                    | -0.22%                | TEMASE 3.375% 2042 | -3.86%                 |
| ICICI 3.8% 2027                      | -0.22%                | TEMASE 2.75% 2061  | -3.40%                 |
| SDIC 3.625% 2027                     | -0.22%                | SDBC 4% 2037       | -3.33%                 |
| BCHINA 3.5% 2027                     | -0.21%                | EIBKOR 2.5% 2041   | -3.25%                 |

Source: ICE Data Indices, LLC. (Data as at 28 February, 2024)

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# Repayment schedule for Asian HY issuers

## Exhibit 32: USD Bond repayment and coupon schedule from Asian HY issuers in the next one month

Total principal (including put) repayment and coupon payment from Asian HY issuers in the next one month is US\$1.9bn

| Sector              | Bond              | Offshore Bond Ticker | Company Name                    | Currency | Payment date | Coupon or Principal | Payment (USD mn) |
|---------------------|-------------------|----------------------|---------------------------------|----------|--------------|---------------------|------------------|
| China property      | GRNLGR 7.75 '30   | GRNLGR               | Greenland                       | USD      | 3-Mar-24     | Coupon              | 12               |
| China property      | SHUION 5.5 '25    | SHUION               | Shui On Land Development        | USD      | 3-Mar-24     | Coupon              | 13               |
| China property      | ROADKG 6 '25      | ROADKG               | Road King Infrastructure        | USD      | 4-Mar-24     | Coupon              | 9                |
| China property      | ROADKG 5.9 '25    | ROADKG               | Road King Infrastructure        | USD      | 5-Mar-24     | Coupon              | 6                |
| China property      | AGILE 13.476 Perp | AGILE                | Agile Property Holding          | USD      | 7-Mar-24     | Coupon              | 34               |
| Macau gaming        | SANLTD 2.55 '27   | SANLTD               | SANDS CHINA LTD                 | USD      | 8-Mar-24     | Coupon              | 9                |
| Macau gaming        | SANLTD 2.55 '27   | SANLTD               | SANDS CHINA LTD                 | USD      | 8-Mar-24     | Coupon              | 0                |
| Macau gaming        | SANLTD 3.1 '29    | SANLTD               | SANDS CHINA LTD                 | USD      | 8-Mar-24     | Coupon              | 10               |
| Macau gaming        | SANLTD 3.1 '29    | SANLTD               | SANDS CHINA LTD                 | USD      | 8-Mar-24     | Coupon              | 0                |
| India HY            | ADANIG 4.375 '24  | ADANIG               | ADANI GREEN ENERGY LTD          | USD      | 8-Mar-24     | Coupon              | 17               |
| China property      | CSCHCN 9 '24      | CSCHCN               | CHINA SOUTH CITY HOLDING        | USD      | 9-Mar-24     | Coupon              | 9                |
| India HY            | VEDLN 13.875 '28  | VEDLN                | VEDANTA RESOURCES               | USD      | 11-Mar-24    | Coupon              | 71               |
| India HY            | SHFLIN 4.4 '24    | SHFLIN               | SHRIRAM FINANCE LTD             | USD      | 13-Mar-24    | Maturity            | 725              |
| India HY            | SHFLIN 4.4 '24    | SHFLIN               | SHRIRAM FINANCE LTD             | USD      | 13-Mar-24    | Coupon              | 16               |
| Indo HY             | CIKLIS 4.95 '26   | CIKLIS               | CIKARANG LISTRINDO PT           | USD      | 14-Mar-24    | Coupon              | 13               |
| China property      | CCLAND 5.2 '25    | CCLAND               | PERFECT POINT VENTURES          | USD      | 20-Mar-24    | Coupon              | 8                |
| China property      | RDHGCL 7.8 '24    | RDHGCL               | Radiance Holding Group          | USD      | 20-Mar-24    | Maturity            | 300              |
| China property      | RDHGCL 7.8 '24    | RDHGCL               | Radiance Holding Group          | USD      | 20-Mar-24    | Coupon              | 12               |
| China HY Industrial | EHICAR 7 '26      | EHICAR               | EH CAR SERVICES LTD             | USD      | 21-Mar-24    | Coupon              | 11               |
| Indo HY             | JPFAIJ 5.375 '26  | JPFAIJ               | JAPFA COMFEED TBK PT            | USD      | 23-Mar-24    | Coupon              | 10               |
| China property      | EXCECP 2.91 '25   | EXCECP               | EXCELLENCE COM MGMT             | USD      | 24-Mar-24    | Coupon              | 1                |
| India HY            | CLRNPW 4.25 '27   | CLRNPW               | CLEAN RENEWABLE POWER           | USD      | 25-Mar-24    | Coupon              | 7                |
| China property      | GRNLGR 7.75 '29   | GRNLGR               | Greenland                       | USD      | 26-Mar-24    | Coupon              | 20               |
| China property      | XINHUI 11 '24     | XINHUI               | Xinhu Zhongbao Co               | USD      | 28-Mar-24    | Coupon              | 28               |
| India HY            | GRNKEN 3.85 '26   | GRNKEN               | GREENKO DUTCH BV                | USD      | 29-Mar-24    | Coupon              | 17               |
| China property      | RISSUN 3 '28      | RISSUN               | Risesun Real Estate Development | USD      | 29-Mar-24    | Coupon              | 3                |
| China property      | RISSUN 3 '28      | RISSUN               | Risesun Real Estate Development | USD      | 29-Mar-24    | Coupon              | 9                |
| China property      | ROADKG 6.7 '24    | ROADKG               | Road King Infrastructure        | USD      | 30-Mar-24    | Coupon              | 12               |
| China property      | SUNAC 6 '25       | SUNAC                | Sunac China Holdings Ltd.       | USD      | 30-Mar-24    | Coupon              | 15               |
| China property      | SUNAC 6.25 '26    | SUNAC                | Sunac China Holdings Ltd.       | USD      | 30-Mar-24    | Coupon              | 16               |
| China property      | SUNAC 6.5 '27     | SUNAC                | Sunac China Holdings Ltd.       | USD      | 30-Mar-24    | Coupon              | 33               |
| China property      | SUNAC 6.75 '28    | SUNAC                | Sunac China Holdings Ltd.       | USD      | 30-Mar-24    | Coupon              | 51               |
| China property      | SUNAC 7 '29       | SUNAC                | Sunac China Holdings Ltd.       | USD      | 30-Mar-24    | Coupon              | 53               |
| China property      | SUNAC 7.25 '30    | SUNAC                | Sunac China Holdings Ltd.       | USD      | 30-Mar-24    | Coupon              | 26               |
| China property      | SUNAC 1 '32       | SUNAC                | Sunac China Holdings Ltd.       | USD      | 30-Mar-24    | Coupon              | 4                |
| Macau gaming        | WYNMAC 4.875 '24  | WYNMAC               | WYNN MACAU LTD                  | USD      | 1-Apr-24     | Coupon              | 15               |
| Macau gaming        | WYNMAC 5.5 '27    | WYNMAC               | WYNN MACAU LTD                  | USD      | 1-Apr-24     | Coupon              | 21               |
| Indo HY             | NICAU 6.5 '24     | NICAU                | NICKEL INDUSTRIES LTD           | USD      | 1-Apr-24     | Coupon              | 8                |
| Indo HY             | NICAU 6.5 '24     | NICAU                | NICKEL INDUSTRIES LTD           | USD      | 1-Apr-24     | Maturity            | 246              |

Source: Bloomberg, BofA Global Research; Note: excluding defaulted Chinese developers

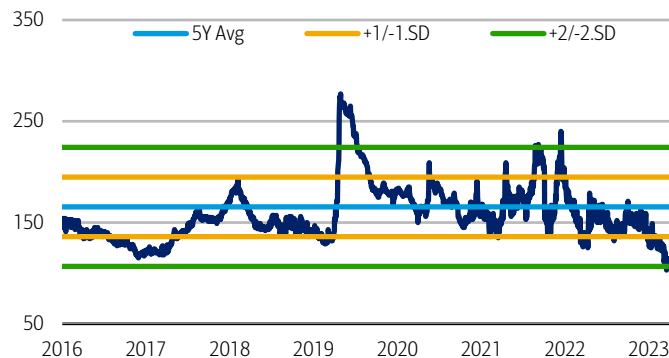
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# Relative value in charts

## By country

### Exhibit 33: China IG spread

WoW, China IG spread widened 3bp to 110bp, below the 5-year average of 165bp



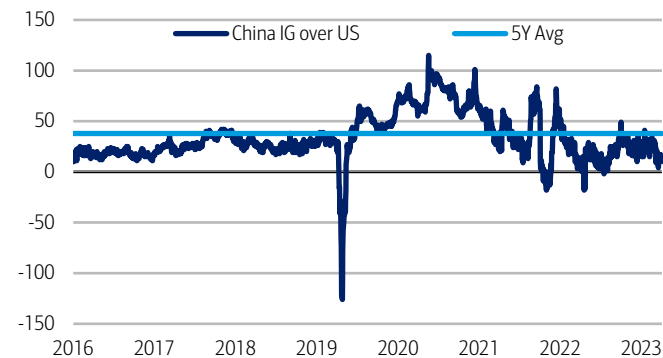
Source: ICE Data Indices, LLC

Note: the spread data is based on ECNI index

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### Exhibit 34: Pick-up of China IG over US IG

WoW, China IG over US IG pick-up tightened 1bp to 12bp, below 5-year average of 38bp



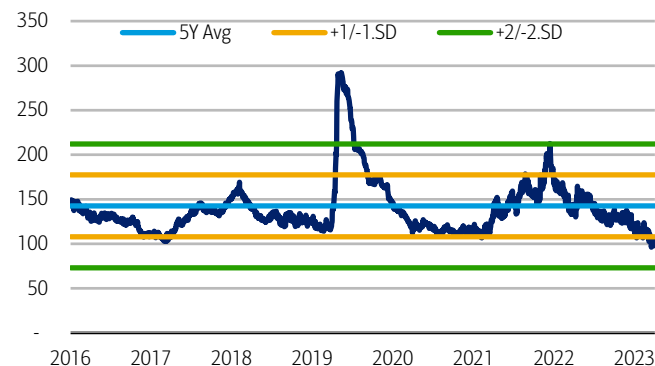
Source: ICE Data Indices, LLC

Note: the spread data is based on ECNI index

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### Exhibit 35: Asia non-China IG spread

WoW, Asia non-China IG widened 2bp to 100bp, below 5-year average of 143bp



Source: ICE Data Indices, LLC

Note: the spread data is based on EMIA index

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### Exhibit 36: Pick-up of China IG over Asia non-China IG

China IG over Asia non-China IG widened 1bp to 10bp, below 5-year average pick-up of 23bp

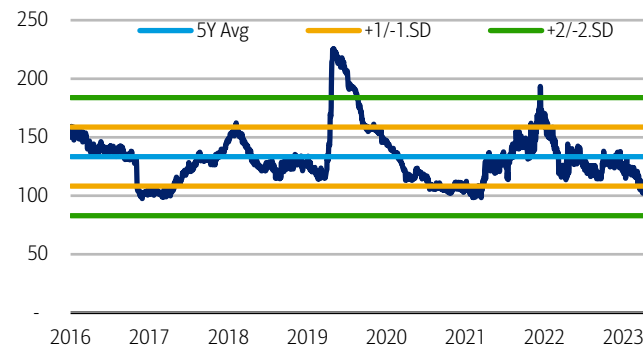


Source: ICE Data Indices, LLC

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### Exhibit 37: Hong Kong IG spread

WoW, Hong Kong IG spread remained unchanged at 104bp, below 5-year average of 139bp

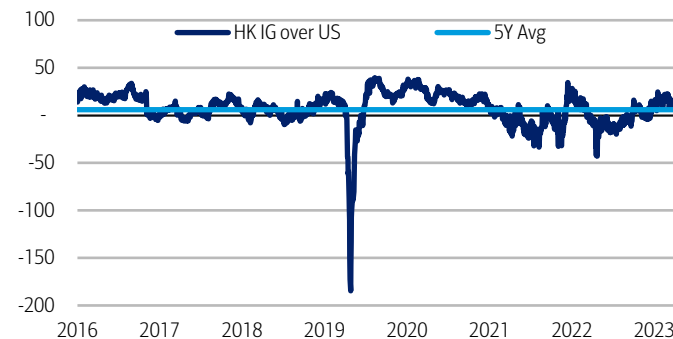


Source: ICE Data Indices, LLC

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### Exhibit 38: Pick-up of Hong Kong IG over US IG

WoW, pick-up of Hong Kong IG over US IG tightened 4bp to 6bp, at 5-year average pick-up of +6bp

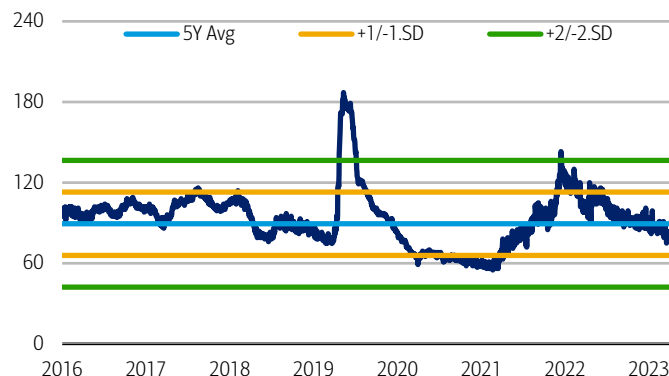


Source: ICE Data Indices, LLC

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**Exhibit 39: Korea IG spread**

WoW, Korea IG spread remained unchanged at 79bp, below the 5-year average of 89bp

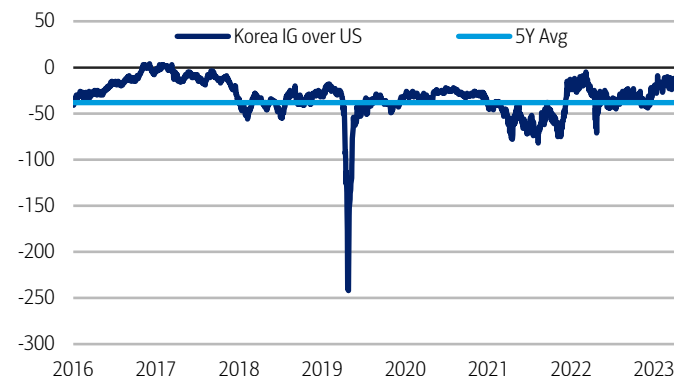


Source: ICE Data Indices, LLC

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**Exhibit 40: Pick-up of Korea IG over US IG**

Korea IG is now trading 19bp tighter than US IG, vs. 5-year average difference of -38bp

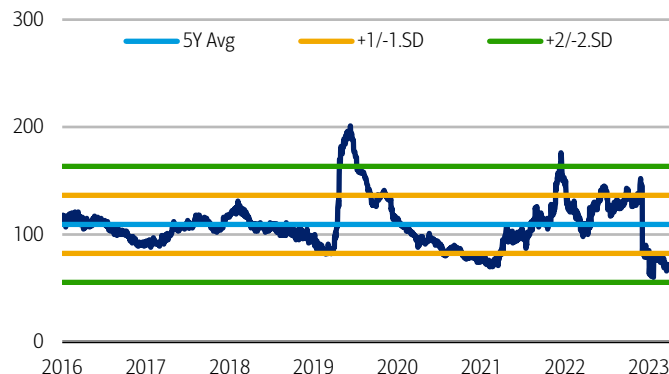


Source: ICE Data Indices, LLC

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**Exhibit 41: Singapore IG spread**

WoW, Singapore IG spread widened 1bp to 69bp, below the 5-year average of 109bp

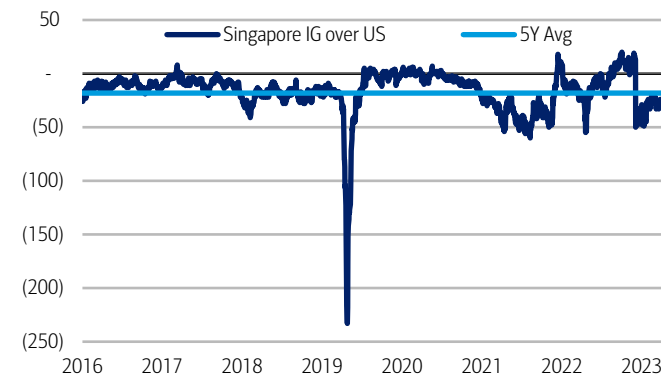


Source: ICE Data Indices, LLC

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**Exhibit 42: Pick-up of Singapore IG over US IG**

WoW, pick-up of Singapore IG is trading 29bp tighter than US IG, vs. 5-year average difference of -18bp

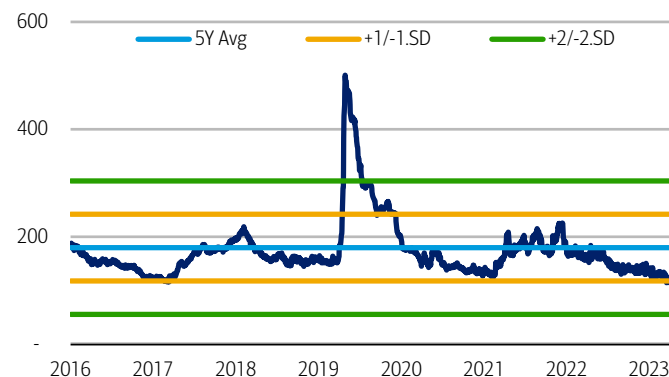


Source: ICE Data Indices, LLC

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**Exhibit 43: Indonesia IG spread**

WoW, Indonesia IG spread widened 8bp to 151bp, below the 5-year average of 223bp

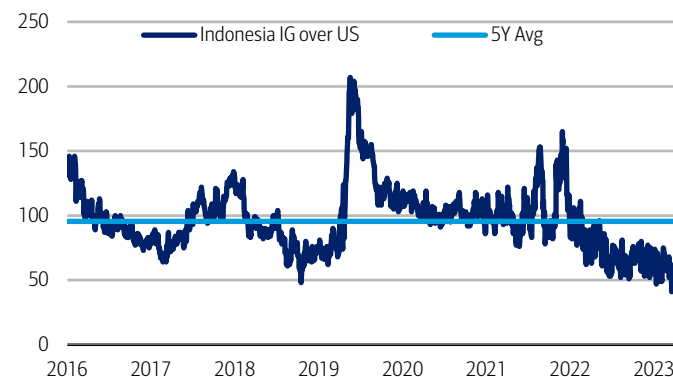


Source: ICE Data Indices, LLC

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**Exhibit 44: Pick-up of Indonesia IG over US IG**

WoW, Indonesia IG over US IG pick-up widened 4bp to 53bp, below the 5-year average of 96bp

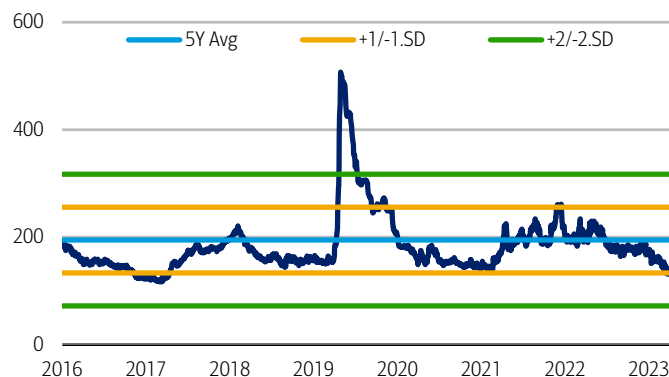


Source: ICE Data Indices, LLC

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**Exhibit 45: India IG spread**

WoW, India IG spread widened 5bp to 136bp, below 5-year average of 195bp

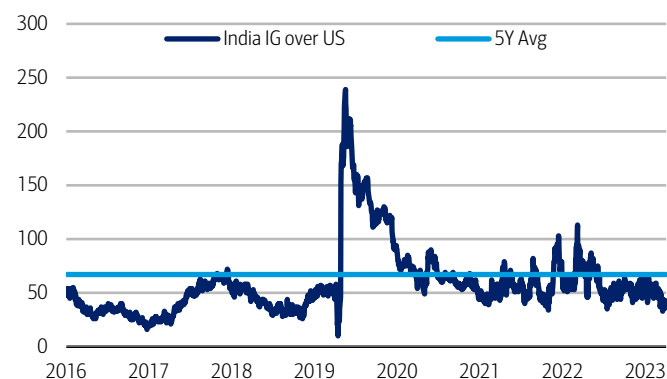


Source: ICE Data Indices, LLC

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**Exhibit 46: Pick-up of India IG over US IG**

WoW, India IG over US IG pick-up widened 1bp to 38bp, below 5-year average of 67bp

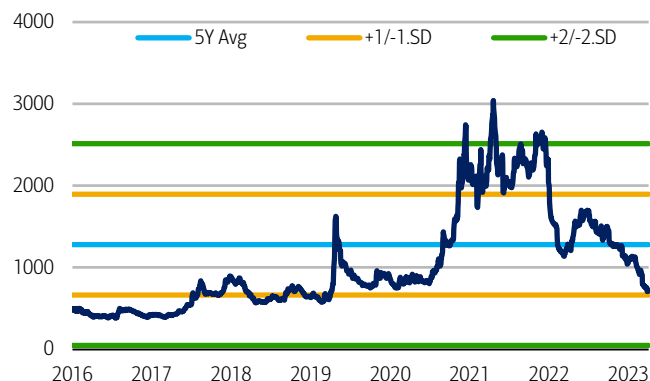


Source: ICE Data Indices, LLC

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**Exhibit 47: China HY spread**

WoW, China HY spread tightened 1bp to 721bp, below the 5-year average of 1,279bp



Source: ICE Data Indices, LLC

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**Exhibit 48: Pick-up of China HY over US HY**

WoW, China HY over US HY widened 2bp to 390bp, below the 5-year average of 851bp

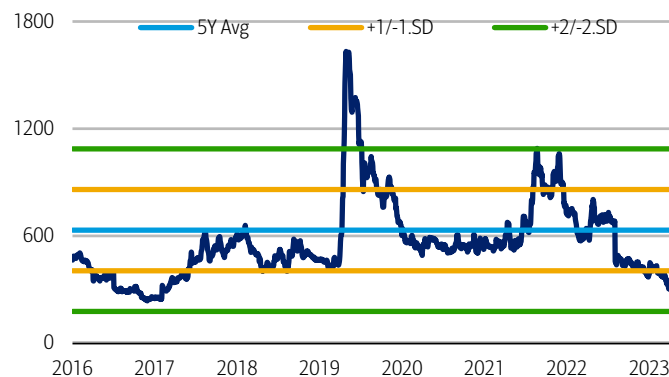


Source: ICE Data Indices, LLC

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**Exhibit 49: Indonesia HY spread**

WoW, Indonesia HY spread tightened 3bp to 311bp, below the 5-year average of 632bp



Source: ICE Data Indices, LLC

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**Exhibit 50: Pick-up of Indonesia HY over US HY**

WoW, Indonesia HY is trading 20bp tighter than US HY, below 5-year average of 204bp

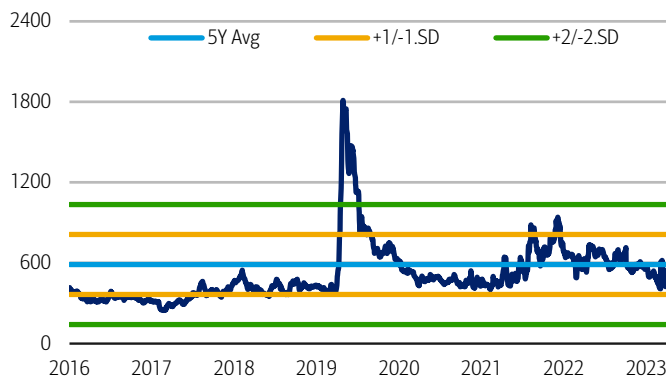


Source: ICE Data Indices, LLC

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**Exhibit 51: India HY spread**

WoW, India HY spread widened 49bp to 472bp, below the 5-year average of 587bp

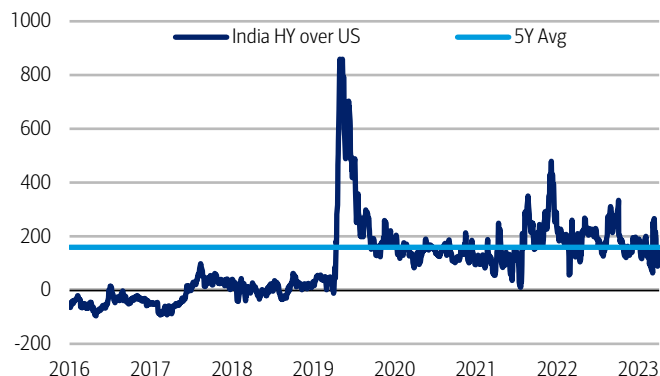


Source: ICE Data Indices, LLC

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**Exhibit 52: Pick-up of India HY over US HY**

WoW, India HY over US HY widened 52bp to 141bp, below the 5-year average of 159bp

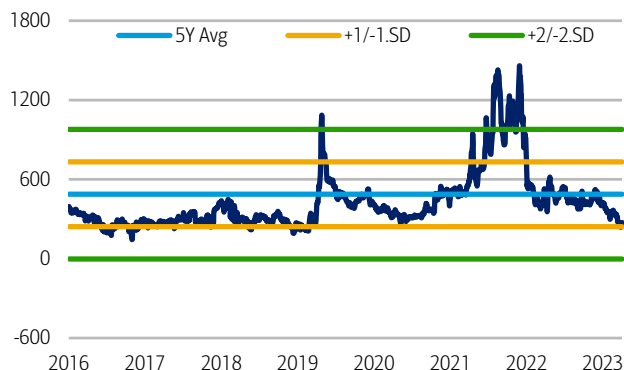


Source: ICE Data Indices, LLC

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**Exhibit 53: Macau HY spread**

WoW, Macau HY spread widened 34bp to 273bp, below 5-year average of 488bp

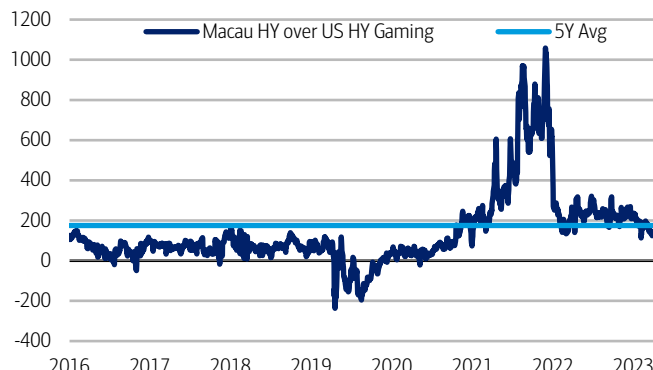


Source: ICE Data Indices, LLC

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**Exhibit 54: Pick-up of Macau HY over US HY Gaming**

WoW, Macau HY over US HY Gaming widened 16bp to 140bp, below the 5-year average of 175bp

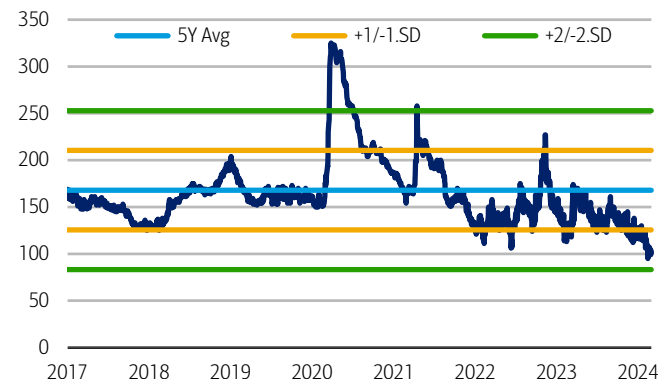


Source: ICE Data Indices, LLC

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**Asia financial vs non-financial corporate****Exhibit 55: Asia financial spread**

WoW, Asia financial spread widened 3bp to 103bp, below the 5-year average of 168bp



Source: ICE Data Indices, LLC

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**Exhibit 56: Pick-up of Asia non-financial corporate over Asia financial**

WoW, Asia non-financial corporate pick-up over Asia financial widened 4bp to 78bp, below the 5-year average of 165bp

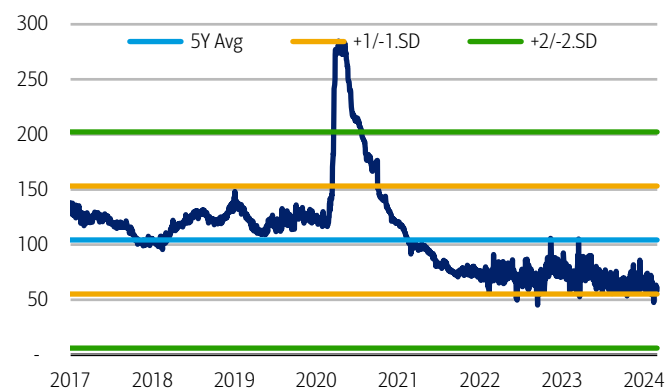


Source: ICE Data Indices, LLC

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**Exhibit 57: Asia bank senior spread**

WoW, Asia bank senior spread widened 4bp to 61bp, below the 5-year average of 104bp



Source: ICE Data Indices, LLC

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**Exhibit 58: Pick-up of Asia A corporate over bank senior**

WoW, Asia A corporate pick-up over bank senior tightened 2bp to 20bp, above the 5-year average of 13bp



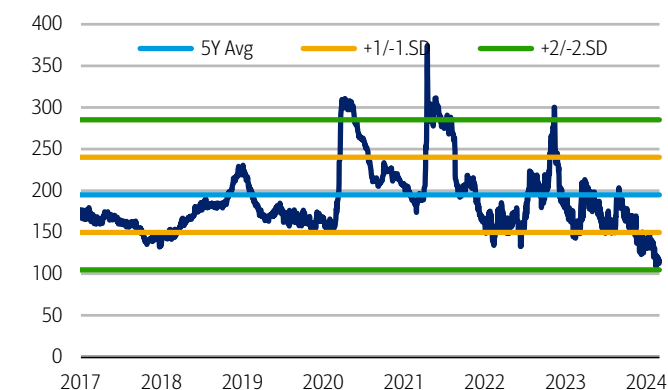
Source: ICE Data Indices, LLC

Note: the average rating of Asia bank senior has been between BBB+ and A- in the past 7yr; depending on weight of China bank senior (A-rated), which is now around 60% of the bank senior

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**Exhibit 59: Asia NBFI senior spread**

WoW, Asia NBFI senior widened 3bp to 116bp, below the 5-year average of 195bp



Source: ICE Data Indices, LLC

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**Exhibit 60: Pick-up of Asia NBFI senior over bank senior**

WoW, Asia NBFI senior pick-up over bank senior tightened 2bp to 55bp, below 5-year average of 91bp

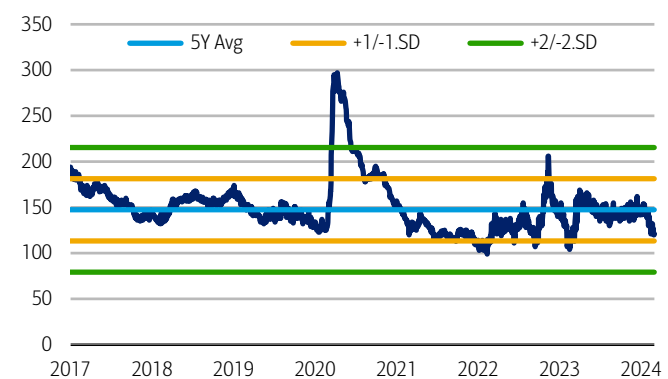


Source: ICE Data Indices, LLC

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**Exhibit 61: Asia bank Tier 2 spread**

WoW, Asia bank Tier 2 spread tightened 3bp to 121bp, below 5-year average of 147bp

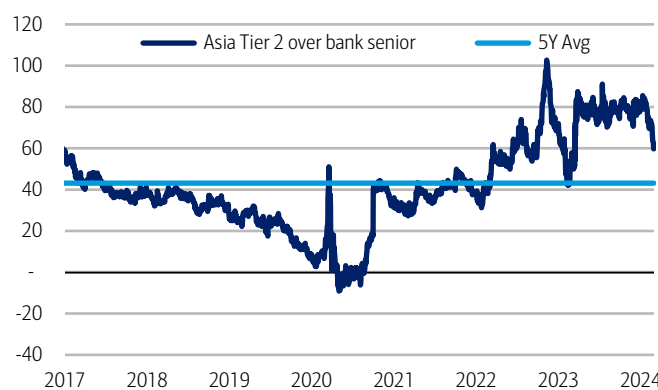


Source: ICE Data Indices, LLC

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**Exhibit 62: Pick-up of Asia Tier 2 over bank senior**

WoW, Asia bank Tier 2 pick-up over bank senior tightened 7bp to 60bp, above the 5-year average of 43bp

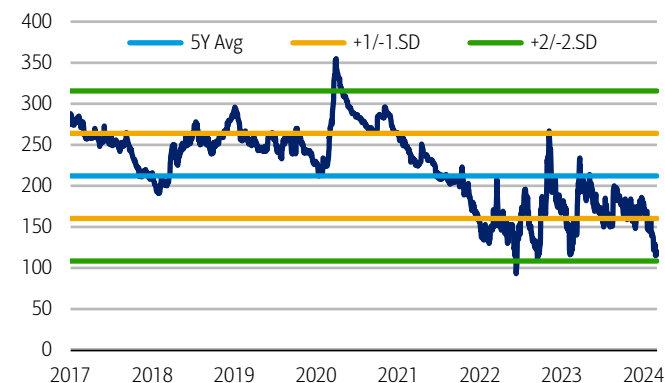


Source: ICE Data Indices, LLC

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**Exhibit 63: Asia bank AT1 spread**

WoW, Asia bank AT1 spread tightened 3bp to 120bp, below the 5-year average of 212bp

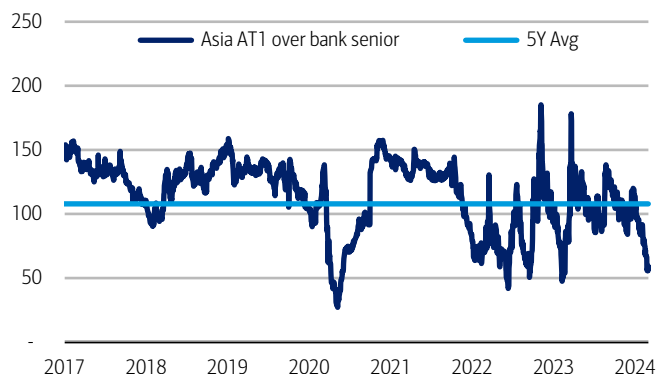


Source: ICE Data Indices, LLC

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**Exhibit 64: Pick-up of Asia AT1 over bank senior**

WoW, Asia AT1 pick-up over bank senior tightened 7bp to 59bp, below the 5-year average of 108bp

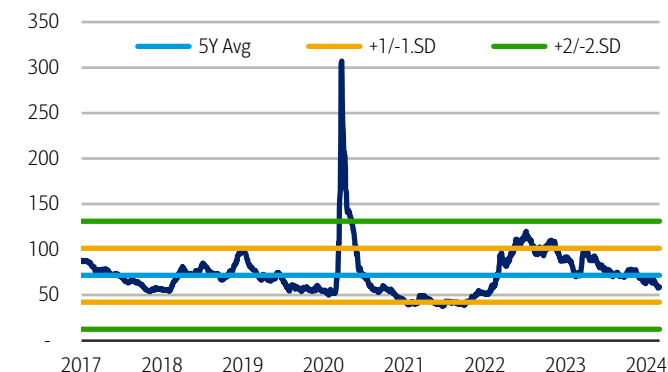


Source: ICE Data Indices, LLC

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**Exhibit 65: Australia bank senior spread**

WoW, Australia bank senior remained unchanged at 59bp, below 5-year average of 72bp

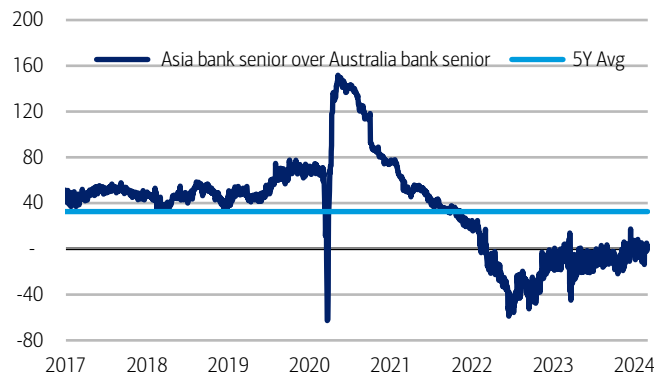


Source: ICE Data Indices, LLC

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**Exhibit 66: Pick-up of Asia bank senior over Australia bank senior**

WoW, the pick-up of Asia bank senior over Australia bank senior widened 5bp to 2bp, vs. 5-year average pick-up of +33bp

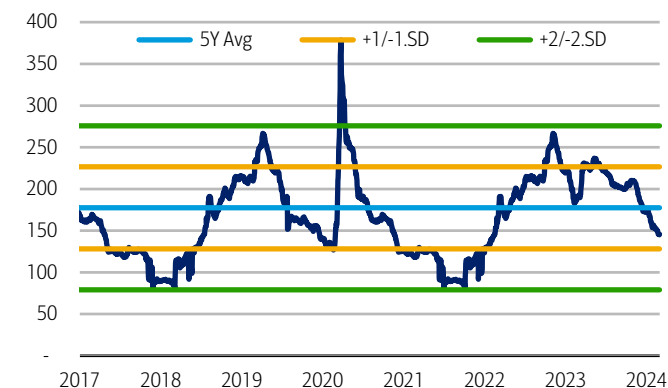


Source: ICE Data Indices, LLC

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**Exhibit 67: Australia bank Tier 2 spread**

WoW, Australia bank Tier 2 tightened 2bp to 146bp, below 5-year average of 177bp

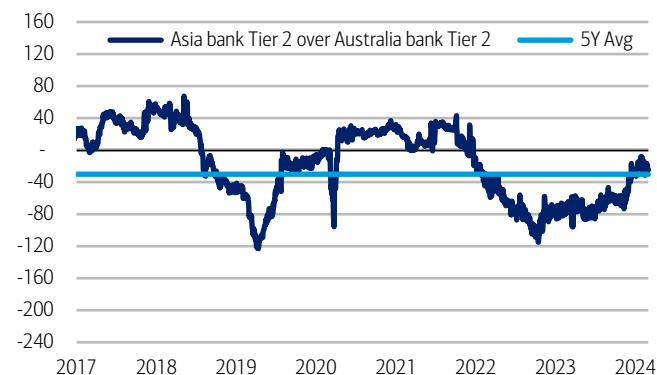


Source: ICE Data Indices, LLC

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**Exhibit 68: Pick-up of Asia bank Tier 2 over Australia bank Tier 2**

Asia bank Tier 2 is now trading 25bp tighter than Australia bank Tier 2, vs. 5-year average of -30bp



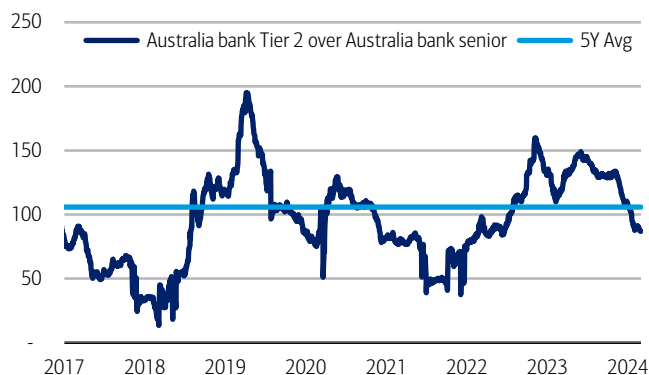
Source: ICE Data Indices, LLC

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**Exhibit 69: Pick-up of Australia bank Tier 2 over Australia bank senior**

WoW, Australia bank Tier 2 pick-up over bank senior tightened 2bp to 87bp, below the 5-year average of 106bp

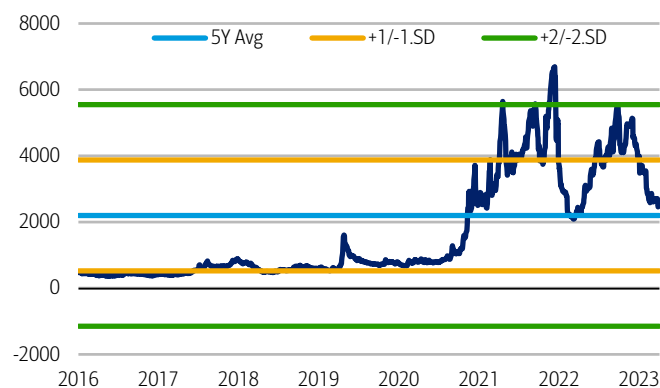


Source: ICE Data Indices, LLC

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**By sector****Exhibit 70: China HY property spread**

WoW, China HY property spread tightened 75bp to 2,500bp, above the 5-year average of 2,200bp



Source: ICE Data Indices, LLC

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**Exhibit 71: Pick-up of China HY property over US HY**

WoW, China HY property over US HY tightened 72bp to 2,169bp, above the 5-year average of 1,772bp

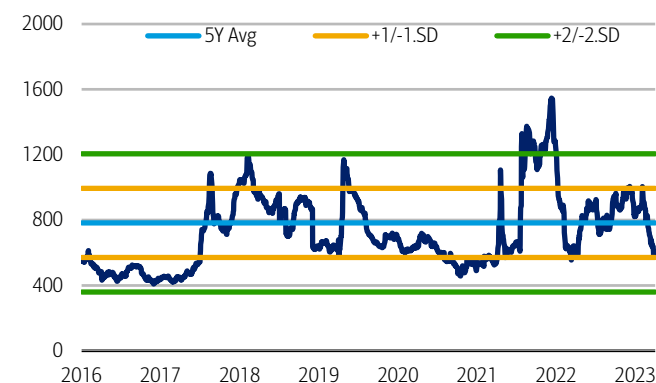


Source: ICE Data Indices, LLC

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**Exhibit 72: China non-property HY (corporate) spread**

WoW, China non-property HY spread (corporate) widened 16bp to 597bp, below the 5-year average of 783bp



Source: ICE Data Indices, LLC

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**Exhibit 73: Pick-up of China non-property HY (corporate) over US HY**

WoW, the pick-up of China non-property HY (corporate) over US HY widened 19bp to 266bp, below the 5-year average of 355bp

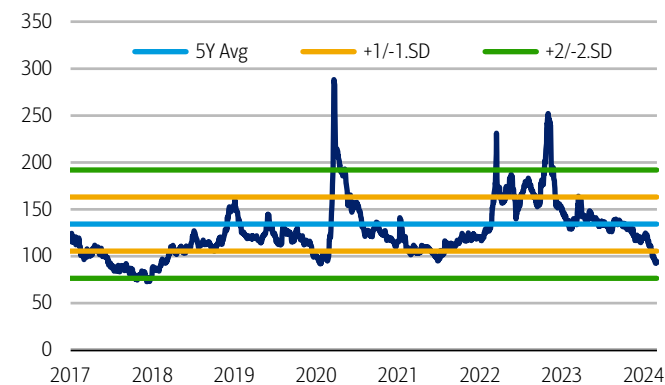


Source: ICE Data Indices, LLC

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**Exhibit 74: BAT (BABA, BIDU, TENCNT) spread**

WoW, China BAT spread remained unchanged at 93bp, below 5-year average of 134bp

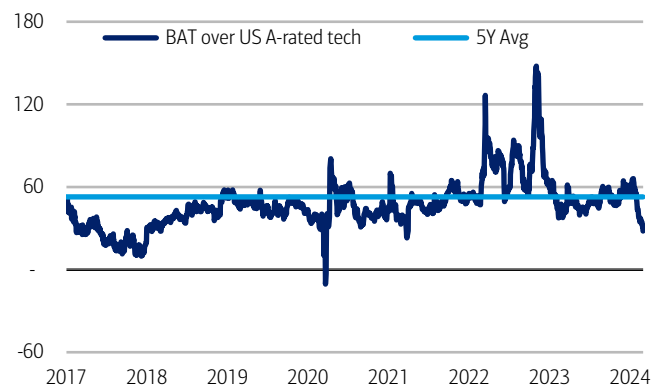


Source: ICE Data Indices, LLC

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**Exhibit 75: Pick-up of BAT over US A-rated tech**

WoW, China BAT over US A-rated tech tightened 6bp to 28bp, below 5-year average of 53bp

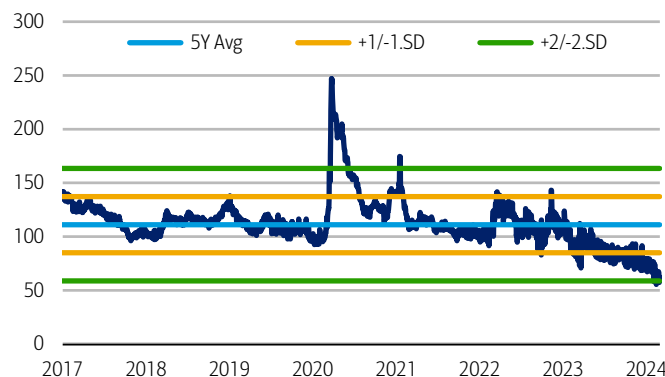


Source: ICE Data Indices, LLC

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**Exhibit 76: China oil major spread**

WoW, China oil major spread widened 5bp to 63bp, below 5-year average of 111bp

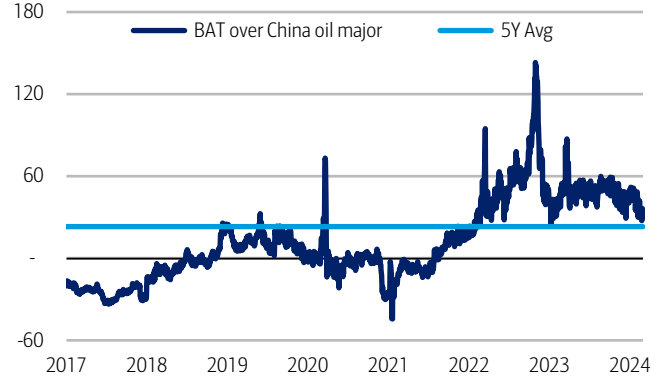


Source: ICE Data Indices, LLC

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**Exhibit 77: Pick-up of BAT over China oil major**

WoW, China BAT over China oil major tightened 5bp to 30bp, above 5-year average of 23bp

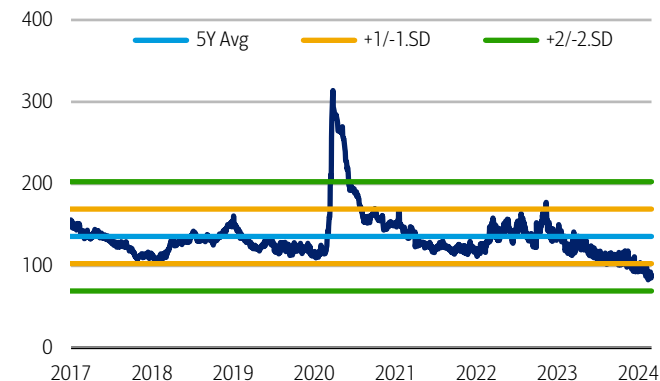


Source: ICE Data Indices, LLC

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**Exhibit 78: Asia IG energy spread**

WoW, Asia IG energy spread widened 4bp to 89bp, below 5-year average of 136bp

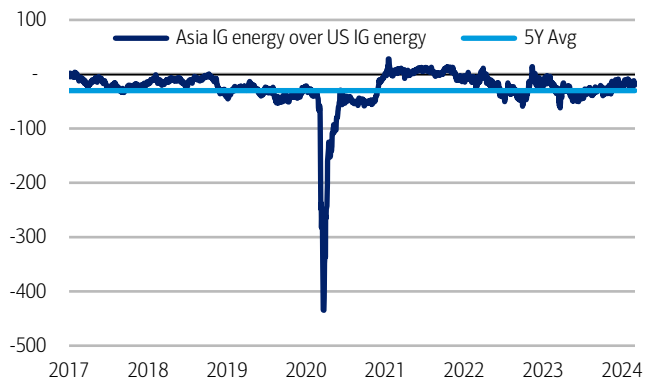


Source: ICE Data Indices, LLC

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**Exhibit 79: Pick-up of Asia IG energy over US IG energy**

WoW, Asia IG energy is trading 19bp tighter than Us IG energy, vs. 5-year average of -30bp

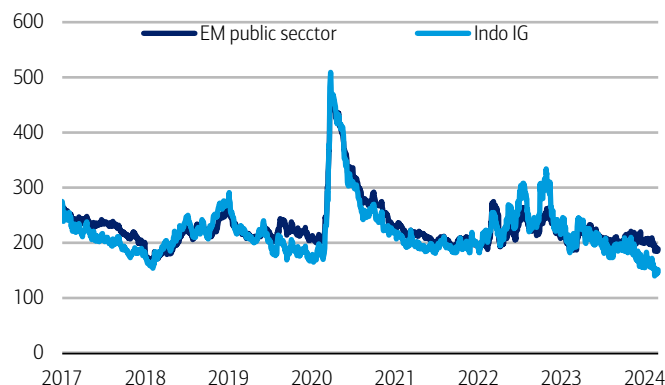


Source: ICE Data Indices, LLC

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**Exhibit 80: Indonesia IG vs. EM public sector spread**

Indonesia IG is trading 38bp tighter than EM public sector issuer



Source: ICE Data Indices, LLC

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## Key events and policy for China property

**Exhibit 81: Summary of key events and policy for property sector**

Key events and policy that drive China HY property spread performance

| Date                      | Key credit events and policy that drive spread performance   |
|---------------------------|--|
| 1-Feb-21                  | China Fortune Land defaulted.  |
| 21-Mar-21                 | Yuzhou announced unexpected profit warning.  |
| 26-May-21                 | Regulator investigated Evergrande for related transactions with Shengjing Bank.  |
| 25-Jul-21                 | Announcement of the education policy; ban companies that teach school curriculums from making profits, raising capital or going public.  |
| 31-Aug-21                 | Evergrande announced 1H21 results, concerns of default risk.   |
| End of Sep' 21            | Evergrande missed coupon payment, Sinic down from 90 to 45pts in a day.  |
| 4-Oct-21                  | Fantasia defaulted on USD bonds.   |
| Mid Oct' 21               | Policy on mortgage easing.   |
| 23-Oct-21                 | Announcement of expansion of property tax pilot project.   |
| Early Nov' 21             | Trust loan defaulted by Kaisa, distressed exchange offer of Yango.   |
| 22-Nov-21                 | China Aoyuan appointed financial advisor to assess capital structure.  |
| 25-Nov-21                 | Kaisa proposed distressed exchange offer.  |
| 6-Dec-21                  | Universal RRR cut announced; effective on 12/15/2021.  |
| 20-Dec-21                 | 5bps 1yr LPR (loan prime rate) cut.  |
| 31-Dec-21                 | Rebalancing of HY index, removal of defaulted issuers (FTHDGR, MOLAND, KAISA, TIANHL/EVERRE).  |
| mid-Dec'21 to mid-Jan '22 | More developers proposed exchange offers; growing concerns on Shimao; equity/debt raising news of Sunac and Country Garden.  |
| 17-Jan-22                 | PBoC cut the 1-year MLF (medium-term lending facility) rate by 10bps.  |
| 19-Jan-22                 | News on easing of presale funds rule.  |
| 20-Jan-22                 | 10bps 1-year LPR (loan prime rate) cut; 5bps 5-year LPR (loan prime rate) cut.   |
| 26-Jan-22                 | News: China financial regulators met several AMCs to discuss about their roles in developers' asset disposal and M&A.  |
| 27-Jan-22                 | Evergrande aims to release its restructuring plan within six months.   |
| 28-Jan-22                 | Hopson announced that PricewaterhouseCoopers (PwC) resigned as the auditor of the company.   |
| 9-Feb-22                  | PBoC and CBIRC announced that loans related to subsidized rental housing constructions will not be subject to real estate loan caps.   |
| 10-Feb-22                 | Nationwide presale funds rule has been established: funds beyond the escrow threshold can be accessible to developers and fund release schedule depends on local government.   |
| Since mid-Feb' 22         | More easing measures rolled out in the property market, incl. lower down payment ratio, lower mortgage rate, relaxation of land auction rules.   |
| Since mid-Feb' 22         | More developers proposed exchange offers, such as Yida, Guorui, Zhenro, Jingrui.   |
| 16-Feb-22                 | Shimao is in discussion with CITIC Trust to extend CNY6bn loans.   |
| 23-Feb-22                 | Shimao has not reached agreement with CITIC Trust on loan extension and may fail to repay its onshore ABN due on May 17.   |
| 28-Feb-22                 | Modern Land proposed offshore bond restructuring plan.   |
| 2-Mar-22                  | Dafa and Shimao appointed financial advisors for the debt restructuring.   |
| 7-Mar-22                  | Yuzhou defaulted on US\$5.7bn due to missed interest payment and cross default.  |
| 17-Mar-22                 | Minister of Finance (MoF), China Banking and Insurance Regulatory Commission (CBIRC), China Securities Regulatory Commission, PBoC and State Administration of Foreign Exchange set out positive tones to support property market in response to State Council's call on March 16. |
| Late Mar' 22              | Several developers announced to delay the audited FY21 results publication.  |
| 25-Mar-22                 | PwC plans to gradually exit auditing Chinese private property developers per REDD.   |

**Exhibit 81: Summary of key events and policy for property sector**

Key events and policy that drive China HY property spread performance

| Date      | Key credit events and policy that drive spread performance  |
|-----------|---|
| 15-Apr-22 | The People's Bank of China (PBoC) announced on April 15 that it would lower the reserve requirement ratio (RRR) by 25bp, effective on April 25.   |
| 12-May-22 | Sunac failed to pay coupon on one of its USD bonds and triggered cross defaults.  |
| 20-May-22 | 5Y LPR (loan prime rate) cut by 15bp to 4.45%; with the lower bound of the mortgage rate cut by 20bp.   |
| 22-Jun-22 | Country Garden was downgraded to Ba1 from Baa3, negative outlook, by Moody's.   |
| 4-Jul-22  | Shimao default on one of its 2022 note, and triggered cross defaults of all its offshore bonds, totaling US\$5.72bn.  |
| 11-Jul-22 | Homebuyers of >35 projects in various cities have announced termination of mortgage repayments due to construction suspension and delay.  |
| 15-Aug-22 | Chinese regulators plan to provide liquidity support to selected developers via state-guaranteed RMB bonds; the list includes Longfor, Gemdale, Country Garden, and CIFI, Seazen, and Sino-Ocean, according to REDD.  |
| 22-Aug-22 | 5-year/1-year LPR is lowered by 15/5bp to 4.3/3.65%.  |
| 22-Sep-22 | Fed increased policy rate by 75bp, and projects a terminal rate close to 5.0% by early 2023   |
| 27-Sep-22 | Media reported that CIFI missed payment on a trust product  |
| 10-Oct-22 | CIFI defaulted on missing CB coupon   |
| 8-Nov-22  | NAFMII & PBoC announced plans to grant RMB250bn financial support to China POE  |
| 11-Nov-22 | China cut the quarantine requirement to 8 days  |
| 14-Nov-22 | China eased the presale regulation: allowing developers to retrieve up to 30% of escrow account fund with bank letter of guarantee.   |
| 15-Nov-22 | PBoC and CBIRC co-announced 16-point to support property sector   |
| 27-Nov-22 | Chinese banks start to offer credit lines to developers   |
| 29-Nov-22 | CSRC relaxed A/H share equity financing for property sector   |
| 7-Dec-22  | China has further eased Covid restrictions, announcing 10 new measures on Dec 7.  |
| 9-Dec-22  | CSRC expands C-REIT pilot to include commercial real estate and regular rental apartments.  |
| 13-Dec-22 | ICBC provides US\$300mn offshore loan to COGARD   |
| 19-Dec-22 | State Council calls for support for cash-strapped developers to boost economic growth   |
| 26-Dec-22 | China downgraded COVID management from Class A to Class B infection, a major COVID policy change; quarantine requirements for inbound travelers will be scrapped from Jan 8   |
| 5-Jan-23  | PBoC loosens mortgage rates for cities with home price declines   |
| 10-Jan-23 | China PBoC and CBIRC urged banks to help high-quality & systemically important developers reduce risks and improve their balance sheets   |
| 20-Feb-23 | CSRC launched a pilot program for real estate private equity investment funds   |
| 17-Mar-23 | The People's Bank of China (PBoC) announced 25bp RRR cut, effective on Mar 27   |
| 21-Mar-23 | Sino-Ocean planned to defer the perp coupon payment   |
| 29-Mar-23 | Sino-Ocean decided to repay the perp coupon   |
| 31-Mar-23 | Sino-Ocean missed amortization of syn loan  |
| 30-Apr-23 | Zhuhai Wanda's IPO exceeded the 6-month expiry period   |
| 20-Jun-23 | China cut 1yr/5yr LPR by 10bp to 3.55%/4.20%  |
| 28-Jun-23 | Dalian Wanda's application for registration of public onshore bonds got suspended by CSRC   |
| 29-Jun-23 | Zhuhai Wanda filed its IPO again  |
| 5-Jul-23  | Sino-Ocean is working with its two SOE shareholders (China Life & Dajia Life) regarding a holistic risk mitigation plan   |
| 11-Jul-23 | PBoC & NFRA have announced: (1) existing loans provided to developers maturing before end-'24 (previously May'23) can be extended for 1 year; (2) banks will not adjust downward the risk classification of loans provided to developers before end-'24 (previously May'23) |
| 14-Jul-23 | Sino-Ocean has not paid the coupon of 2.7% '25 notes due on Jul 13.   |
| 19-Jul-23 | Sino-Ocean seeks a 1-year extension for the RMB2bn onshore bond due Aug 2   |
| 19-Jul-23 | Greenland defaulted on the 6.75% '24 note amortization payment due on June 25   |
| 20-Jul-23 | Dalian Wanda reportedly has a shortfall of US\$200mn on the 6.875% notes (US\$400mn) maturing on Jun 25   |
| 25-Jul-23 | Politburo meeting omitted the phrase "house is for living, not for speculation", and stressed to 1) optimize and adjust property policies; 2) revitalize the outstanding stocks; 3) refurbishment of urban villages in large cities   |
| 26-Jul-23 | Sino-Ocean proposed to extend coupons of 3 USD bonds, and has engaged advisers to explore options for offshore debt   |
| 1-Aug-23  | PBOC said that it will continue to guide banks to lower mortgage rates & down payment ratios for housing purchases in 2H23  |
| 7-Aug-23  | Country Garden missed the coupons of two offshore bonds due on Aug 6 (4.2% '26 & 4.8% '30), and the company is reportedly optimizing its capital arrangements   |
| 11-Aug-23 | Sino-Ocean has received requisite consent to extend coupon of '24 bond by 2 months  |
| 14-Aug-23 | Country Garden plans to extend the RMB3.9bn onshore bond by 3yrs with amortization payment according to Bloomberg   |
| 21-Aug-23 | China cut 1-year LPR by 10bps to 3.45%  |
| 30-Aug-23 | Chinese state banks are proposing to cut interest rates on existing mortgages and deposits  |
| 4-Aug-23  | Many cities have announced loosening of definition of 1st home buyers, following Beijing, Shanghai, Guangzhou, Shenzhen, etc.   |

**Exhibit 81: Summary of key events and policy for property sector**

Key events and policy that drive China HY property spread performance

| Date       | Key credit events and policy that drive spread performance  |
|------------|---|
| 12-Sept-23 | Guangzhou announced to cut the min. down payment ratio to 30% (from 50%)/40% (from 70%) for 2nd home buyers have/ haven't paid off mortgages, and also cut the 1st/2nd home mortgage rate to LPR-10bps (from LPR)/LPR+30bps (from LPR+60bps). |
| 19-Sept-23 | Guangzhou relaxed Home Purchase Restrictions  |
| 26-Sept-23 | China Evergrande is unable to meet qualifications to issue new notes under the proposed restructuring of its offshore debt, and its Chairman has been taken away by police and is currently under police control                              |
| 04-Oct-23  | China SCE unable to repay an instalment of its syndicated loan, which had resulted in an event of default under its USD bonds.  |
| 10-Oct-23  | Country Garden failed to make a HKD470mn due payment, and it expects not to be able to meet all of its offshore payment obligations when due/ within the grace periods.   |
| 6-Nov-23   | Vanke held a call with Shenzhen SASAC and Shenzhen Metro to discuss potential support to Vanke.   |
| 15-Nov-23  | Moody's downgraded Longfor to Ba1 from Baa3, and downgraded Longfor's senior unsecured debt rating to Ba2 from Baa3, with negative outlook  |
| 20-Nov-23  | Sunac has satisfied all the offshore debt restructuring (RSA) conditions.   |
| 23-Nov-23  | Chinese regulators are drawing up a "white list" of 50 developers eligible for funding support, which reportedly includes Country Garden, Sino-Ocean, Cifi, etc.  |
| 04-Jan-24  | Shenzhen rolled out its drafted guidelines on urban village revitalization (UVR) - the second major city following Guangzhou to publish such guidelines   |
| 05-Jan-24  | PBoC and NFRA called for financial support for construction and operation of long-term rental housing   |
| 10-Jan-24  | Vanke briefed creditors about its 2024 repayment plan, and Longfor announced to repay two syndicated loan due in 2025 ahead of schedule   |
| 12-Jan-24  | MoHURD and the NFRA made a joint announcement to support developers' financing, and local government will draw up a list of projects eligible for financing support to be sent to financial institutions per media reports.                   |
| 12-Jan-24  | Guangzhou approved the urban village refurbishment plan, aiming to redevelop 165 urban villages by end-2035   |
| 24-Jan-24  | China to cut RRR by 50bps effective on Feb 5, while 1yr/5yr LPR will keep unchanged at 3.45%/4.2%   |
| 25-Jan-24  | Regulators allow bank loans pledged by developers' commercial properties to be used to repay developers' other loans and bonds. Also, the LTV ratio cannot exceed 70% (vs.50% before) and the tenor of such debt is at most 15 years          |
| 31-Jan-24  | Several cities have filed while-list projects and sent to commercial banks, incl Chongqing filled 304 projects, Nanning filed 107 projects, etc.  |
| 31-Jan-24  | The first batch of specialized loan (about RMB9.1bn) for urban village refurbishment has been issued to 100 projects in Guangzhou, Zhengzhou and some other cities.   |
| 6-Feb-24   | A total of 3,218 projects have been included in the project white-list nationally, of which 84% are POE or mixed-ownership developers' projects.  |
| 6-Feb-24   | Commercial banks have granted RMB18tn loans to 83 projects across 27 cities in the white-list   |

Source: Bloomberg, Media news

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