

CMBI Credit Commentary**Fixed Income Daily Market Update 固定收益部市场日报**

- *Market remained strong this morning. Asian IG benchmarks tightened 1-3bps. High-beta TMTs tightened c5bps. HRINTHs rose c0.25pt. EU AT1s rose c0.25pt. LGFVs were well bid. NWDEVLs were unchanged to 1.5pts higher.*
- **LPKRIJ:** *More debt reduction from further sale of Siloam stakes. Maintain neutral on valuation. See comments below.*
- **Chinese properties:** *Media reported that China is considering to allow mega cities such as Shanghai and Beijing to relax home restrictions for non-resident buyers. LNGFOR/VNKRLE were unchanged to 1pt higher.*

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

Cyrena Ng, CPA 吳蓓瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space was on risk-on tone after larger than expected rate cut by Fed. CATLIFs/NSINTWs were 3-5bps tighter. LGENSO 29/34 were 5-10bps tighter. KRKPCS 27/29 tightened 10-15bps. In JP insurance hybrids, FUKOKU 6.8 Perp/SUMILF 5.875 Perp/MYLIFE '54 were 0.1-0.4pt higher. In Chinese IGs, HAOHUA 28-30s tightened 3-5bps. BABA/TENCNT 30-31s were 2-3bps tighter. MEITUA/WB 30s were 3-7bps tighter. In financials, BBLTB '33/KBANK '31 were 2-4bps tighter. Chinese AMCs were firm. CCAMCLs/ORIEASs tightened 5-7bps. HRINTHs/GRWALLs were 0.1-0.3pt higher (5-9bps tighter). BOCAVIs were unchanged to 2bps tighter. However, BCLMHK/CMINLE Float 26-27s were under better selling and closed 1-2bps wider. In AT1s, NDAFH priced a USD800mn NC5 Perp at par to yield 6.3%. The recent new BNP 7.375 Perp/UBS 6.85 Perp/INTNED 7.25 Perp were 0.4-1.0pt higher. BMO 6.699 Perp/BMS 4.9 Perp were up 0.2-0.3pt. We saw investors rushed to lock in yield against the lower rate outlook. In HK, NANYAN/BNKEA T2s were 10-15bps tighter. AIAs/CKHHs tightened 3-5bps. NWDEVL 27-31s/Perps were 1.0-2.1pts higher. LIHHK '25/LASUDE '26 were up 0.3-0.4pt. Chinese properties moved higher. SHUION 25-26s rose 2.3-2.6pts and closed 3.5-3.9pts higher WTD. DALWAN 25-26s/VNKRLE 25-29s/LNGFOR 28-32s were also up 0.5-1.3pts. Outside properties, FOSUNI 25-27s/CHIOIL '26 were up 0.2-0.4pt. In Macau gaming, MPELs/SANLTDs/STCITYs/WYNNMACs were 0.3-0.7pt higher. In Indonesia, LPKRIJ '25/26 were 0.5-1.4pts higher. See below for comments. MEDCIJs were up 0.2-0.4pt. In India, UPLLINs were another 1.3-1.5pts higher and closed 1.8-2.2pts higher WTD. ADANEMs/ADSEZs/ADTINs were up another 0.4-0.9pt. VEDLNs were unchanged to 0.2pt higher. See our comments on [19 Sep'24](#). Elsewhere, GLPCHI '26 and GLPSP '25/Perps were 0.8-1.5pts higher.

We saw small better buying flows in LGFVs. CQNXCT priced a USD200mn 3-yr bond at par to yield 6.6%. SRUOHG priced a CNH360mn 3-yr bond at par to yield 5.5%. HZCONI '25/BJAFHO '26/SXCUI '26/GZGETH '27 were 0.1-0.2pt higher. ZHONAN/GRPCIN 26s were down 0.1pt. In SOE perps, COFCHK/CHPWCN Perps were up 0.1pt.

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

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SHUION 5 1/2 06/29/26	74.0	2.6	CITLTD 4.85 03/13/38	93.6	-1.5
SHUION 5 1/2 03/03/25	85.6	2.3	DBJJP 3.749 12/18/48	83.9	-1.4
NWDEVL 8 5/8 02/08/28	88.2	2.1	DBJJP 3.46 04/23/49	79.0	-1.3
NWDEVL 4 1/8 07/18/29	69.8	1.9	CHGDNU 4.8 09/11/48	95.3	-1.3
NWDEVL 4 1/2 05/19/30	68.3	1.7	CHGRID 4 05/04/47	92.0	-1.2

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.70%), Dow (+1.26%) and Nasdaq (+2.51%) were strong on Thursday and S&P, Dow reached historical high levels. The latest US initial jobless claim was +219k, lower than the expectation of +230k. PBOC held 1/5yr LPR unchanged at 3.35%/3.85% as expected. UST yields were mixed yesterday, 2/5/10/30 yield reached 3.59%/3.49%/3.73%/4.06%.

❖ Desk analyst comments 分析员市场观点

➤ LPKRIJ: More debt reduction from further sale of Siloam stakes. Maintain neutral on valuation

Lippo Karawaci (LPKR) sold 18.57% of its stake in Siloam International Hospital (Siloam) for IDR6.9tn (cUSD450mn) in a tender offer launched by CVC's Capital's Sight Investment. After this stakes sale, LPKR's stakes in Siloam further reduced to 29.09% from 47.66%. Sight Investment, on the other hand, raised its stake in Siloam increased to 28.97% from 10.4%. Recalled that Sight Investment acquired 10.4% stakes in Siloam from LPKR in May'24. In aggregate, LPKR sold 28.97%, or half of its shareholdings, in Siloam to Sight Investment for IDR10.8tn (cUSD690mn).

LPKR plans to use part of the proceeds from the latest sale, i.e. IDR3.9tn (cUSD254mn) for debt repayment. This should be more than sufficient to cover the two outstanding USD bonds totaled USD212.3mn. On a pro-forma basis, LPKR would bring its net debts (incl. lease liabilities) down to IDR7.9tn from IDR11.8tn as at Jun'24 and IDR17.6tn as at Dec'23 per our calculation. LPKR's revenue stood at IDR8tn in 1H24 and 1H23, and EBITDA increased by 1% yoy to IDR1.94tn from IDR1.91tn in 1H23. Its profit before tax increased to IDR20.4tn from IDR1.8tn, thanks to an one-off gain of IDR20.7tn from disposal of 10.4% stake in Siloam in May'24. LPKR would have recorded loss before tax of cIDR290bn if excluding the IDR20.7tn one-off gain. That said, its operating cash flow increased to IDR1.7tn in 1H24 from IDR157bn in 1H23, supported by improved collections. LPKR achieved IDR3.4tn marketing sales in 1H24, represented 58% of FY24 marketing sales target.

The further stake sale in Siloam is in line with our expectation. The stakes in Siloam, in our view, is an alternative liquidity source for LPKR. Nonetheless, Siloam contributed 63% of total revenue and EBITDA to LPKR in 1H24. The stake sales reduce the profit contribution from Siloam from FYE24 onwards. Other liquidity sources for LPKR include disposal of properties to Lippo Malls Indonesia Retail Trust (LMIRT), while LPKR said it has no intention to divest its stake in LMIRT. We are neutral on LPKRIJ'25 and '26 in view of the limited upside and thin trading liquidity.

Table 1: Bond profile of LPKR

Security Name	ISIN	o/s amt (USD mn)	Px (ask)	YTM (% ask)
LPKRIJ 8 1/8 01/22/25	XS2099273737	66.5	101.2	4.3
LPKRIJ 6 3/4 10/31/26	XS1506085114	145.8	99.8	6.9
Total		212.3		

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Chongqing Southern New City	200	3yr	6.6%	6.6%	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Zhejiang Xinchang Investment Development	USD	-	3yr	6.5%	-/-/-
Zhoushan City Investment Group Corporation	USD	-	3yr	5.5%	-/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 121 credit bonds issued yesterday with an amount of RMB102bn. As for month-to-date, 1,071 credit bonds were issued with a total amount of RMB915bn raised, representing a 6.9% yoy decrease
- [ASRIIJ]** Fitch affirmed Alam Sutera's B- rating and changed the rating outlook to stable from negative
- [NIO]** Media reported that NIO plans to acquire a plant in Belgium from Audi
- [ZHPRHK]** Zhenro Properties further extends RSA longstop date to 31 Oct'24

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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

Author Certification

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

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

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value

of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

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

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

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

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

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

For recipients of this document in the United States

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

For recipients of this document in Singapore

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