

CMBI Credit Commentary

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

- *Markets were quiet this morning. Front-end financials and LGFVs were more active with two-way flows. VNKRLs were unchanged to 0.75pt. DALWANs retreated 0.1-0.3pt.*
- *NWDEVL: New World Development announced to sell New World Sports Development Ltd to Chow Tai Fook Enterprises for HKD416.7mn. Media reported that the CEO of New World Development CEO to leave. NWDEVLs dropped 2.5-4.5pts so far today. See comments below.*
- *VEDLN: Moody's upgraded Vedanta Resources CFR to B2 with stable rating outlook. VEDLNs were unchanged to 0.2pt higher this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, the new SMCGL 8.125 Perp rose another 0.2pt from the last close, the other SMCGL Perps were up 0.1pt. In India, ADSEZs/ADTINs/ADGREGs/ARENRS/ADINCOs bounced another 0.4-1.8pts. AZUPOE 26s were up 0.4pt despite Fitch changed Azure Power's rating outlook to negative. VEDLN 26-31s were unchanged to 0.2pt higher.. In Chinese IGs, the CNH BABA 44s were up 0.3pt on some short covering. The USD BABA/TENCNT 30-31s were unchanged to 2bps tighter. In financials, CCAMCL/ORIEAS 27-29s were 1bp tighter. In EU AT1s, BNP/ACAFP/SOCGEN Perps recovered 0.1-0.2pt on PB buying after the decline of 0.7-1.0pt on Wed. In insurance hybrids, DAIL Perp/FUKOKU Perp/MYLIFE '54 were 0.1pt higher. In HK, NWDEVL 6.15 Perp/NWDEVL 5.25 Perp were 0.2-0.5pt lower. Last night, NWDEVL announced to sell all its equity interests in Kai Tak Sports Park (KTSPL) to Chow Tai Fook Enterprises (CTFE) for HKD416.7mn (cUSD53.5mn). See comments below. In Chinese properties, SHUION 26s increased 1.2pts. FTLNHD/FUTLAN 25-26s were 0.7-1.0pt higher. DALWAN 25-26s/LNGFOR 27-28s were up 0.3pt. On the other hand, VNKRL 27-29s were 0.3-0.6pt lower. In industrials, EHICAR 26-27s declined 0.3-0.6pt.

In LGFVs, JIMOTM priced a USD171.7mn 2-yr bond at par to yield 6.9%. AHWLIH/HYNUCO/ZJHHXC announced mandates for new USD bonds. HZCONI/SYSTIO 26s were up 0.1pt. NJYZSO '27/GZGETH '27/SHUGRP '27/SHGUOH '26 were down 0.1-0.2pt. CPDEV 25-26s were unchanged to 0.1pt lower. The CNH LGFVs were skewed to better offered. CNH HHEMIN '27/ZYSOAI '26 were down 0.1pt. In SOE perps, HUANEN 3.08 Perp was up 0.1pt, CHCOMU 3.65 Perp was down 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ADSEZ 5 08/02/41	78.1	1.8	MUFG 5.426 04/17/35	102.1	-0.7
SHUION 5 1/2 06/29/26	82.2	1.2	EHICAR 12 09/26/27	61.6	-0.6
ADTIN 4 1/4 05/21/36	80.0	1.1	VNKRLE 3 1/2 11/12/29	52.8	-0.6
FTLNHD 4 1/2 05/02/26	79.6	1.0	CHGRID 4 05/04/47	89.2	-0.6
ADSEZ 3.828 02/02/32	79.2	0.9	CHGRID 4.85 05/07/44	100.9	-0.4

❖ Marco News Recap 宏观新闻回顾

Macro – US stock suspended on holiday. UST yields unchanged yesterday, 2/5/10/30 yield stayed at 4.19%/4.11%/4.25%/4.44%.

❖ Desk Analyst Comments 分析员市场观点

➤ **NWDEVL: Support from CTF continues. NWDEVL 5.25 Perp remains our top pick within NWDEVLs**

NWD agreed to sell 100% equity interest in and shareholder's loan of New World Sport Development Limited (New World Sport) to CTF for HKD417mn (cUSD53.6mn). The longstop date will be 31 Dec'24. Despite the small deal size, the disposal to CTF further demonstrates CTF's willingness and ability to support NWD. Within the NWDEVL complex, NWDEVL 5.25 Perp remains our top pick in view of its more balanced risk-return profile, i.e. lower cash price, and highest coupon reset and step-up after the first call date.

New World Sport holds 75% in Kai Tak Sports Park Limited (KTSPL). The disposal consideration is determined according to the NAV of KTSPL as at Jun'24 of HKD417mn. Taking into account of the shareholder's loan of HKD680mn at New World Sport level, NWD will post a non-cash losses from this disposal of HKD263mn. The principal activity of KTSPL is to operate Kai Tak Sports Park project of which the design and construction phase has been substantially completed. As per NWD, the disposal aligns with its deleverage policy, in view of additional external financing maybe needed to support the initial operations of Kai Tak Sports Park project. Factoring into the above disposal and the cash proceeds of NCD in Jul-Sep'24 totaled HKD3.8bn, NWD achieves 32% of its NCD target of HKD13bn in FY25.

Separately, the shares of NWD were suspended from trading at the time of writing. Media reported NWD's CEO would leave only after 2 months into the position. We think the market appears to over-reacted on the news. We see the CEO changes and CTF's continued support signs of CTF's tightening grip on NWD. Indeed, we should not be too surprised if there will be further changes in senior management of NWD in the course of CTF's tightening grip. These reinforce our belief that that CTF will continue to provide support to NWD.

Table 1: NWDEVL's USD bonds

Security Name	ISIN	Amt o/s (USDmn)	Px	YTM/YTC (%)	First/ next call Date	Coupon reset	Coupon Step-up
NWDEVL 5 ¼ Perp	XS2132986741	999	72.1	33.4	22/3/2026	5yrUST+7.889%	300bps
NWDEVL 6.15 Perp	XS2435611327	345	87.8	58.9	16/3/2025	3yrUST+6.201%	300bps
NWDEVL 4 ½ Perp	XS2348062899	1,144	51.9	27.3	10/3/2028	5yrUST+5.858%	300bps
NWDEVL 6 ¼ Perp	XS1960476387	1,300	46.3	13.5	7/3/2025	-	-
NWDEVL 4.8 Perp	XS2268392599	700	35.8	13.4	30/12/2024	-	-
NWDEVL 4 ¾ 01/23/27	XS1549621586	458	85.6	12.7	-	-	-
NWDEVL 5 ¾ 06/16/27	XS2488074662	172	85.6	12.7	16/3/2027	-	-

NWDEVL 8 ½ 02/08/28	XS2873948702	400	85.4	14.5	8/1/2028		
NWDEVL 4 ½ 07/18/29	XS2028401086	718	69.4	13.2	-	-	-
NWDEVL 4 ½ 05/19/30	XS2175969125	443	63.5	14.4	-	-	-
NWDEVL 3 ¾ 01/14/31	XS2282055081	76	65.1	12.0	-	-	-

Source: Bloomberg.

6,756

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Qingdao Jimo District Urban Tourism Development and Investment	171.7	2yr	6.9%	6.9%	-/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Anhui Xihu Investment Holding Group	USD	-	3yr	7.5%	-/-/-
Huaiyuan County New Urbanization Construction	USD	-	3yr	5.5%	-/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 112 credit bonds issued yesterday with an amount of RMB69bn. As for month-to-date, 2,017 credit bonds were issued with a total amount of RMB1,934bn raised, representing a 20.1% yoy increase
- **[CIFIHG]** CIFI Holdings announced creditors holding 87.36% of In-Scope Debts either executed or acceded to RSA as at general RSA fee deadline
- **[FAEACO]** Far East Consortium FY1H25 revenue down 18.7% yoy to HKD5.17bn and recorded pre-tax loss of HKD662mn
- **[FUTLAN/FTLNHD]** Seazen Holdings issued RMB1.56bn five-year CBICL-backed MTNs with coupon rate of 3.5%
- **[VEDLN]** Moody's upgraded Vedanta Resources CFR to B2 with stable rating outlook
- **[ZHPRHK]** Zhenro Properties Group further extends RSA longstop date to 31 Dec'24

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