

## CMBI Credit Commentary

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

- *Markets were quiet this morning. Asian IG space were unchanged to 1bps wider. Front-end names were under better selling. New World Development repurchased 2 bonds and 1 perps totaled USD20.4mn, the bonds were unchanged to 0.15pt higher. See below.*
- **VEYONG:** *Tender offer to purchase up to USD120mn. VEYONG 3.375 05/12/26 rose c0.5pt this morning. See below.*
- **ICBCIL:** *Consent solicitation to amend terms related to change of control and Keepwell. ICBCIL 3.625'26/27 down 0.1pt this morning. See below*

#### ❖ Trading desk comments 交易台市场观点

Last Friday, market was relatively quiet ahead of NFP at night. On the new issue front, EIBKOR priced 3-yr bond of USD800mn, 5-yr bond of USD800mn, and 10-yr bond of USD400mn at T+53, T+63, T+73 respectively. The new EIBKOR papers were well-absorbed and closed unchanged to 3bps tighter. Asia ex JP IG space was traded weaker and we saw heavy selling across China/HK/KR/TH IG space. Chinese SOE/TMT benchmarks HAOHUA/BABA/ TENCNT 30-31s were 2-5bps wider. The high-beta TMTs such as MEITUA/XIAOMI 30s also widened 3-5bps. In financials, HRINTH curve was traded 0.3-0.5pt lower (10-15bps wider). CCAMCL/ORIEAS 26-30s were 1-4bps wider. Chinese AT1s BCHINA/CINDBK Perps were unchanged to 0.1pt lower. KR space remained weak as most of the flows were still looking for bids on the DFHOLD/HYUELE/KDB/LGENSO papers. In TH space, BBLTB papers widened 2-5bps. HK IGs HKLSP/CKHH 28/33 papers were 2-5bps wider. HK Corp SHUION/HPDLF 24-26s were up 0.5-0.8pt. Chinese properties were firm. CSCHCNs were 2.3-2.8pts higher. ROADKGs were up 0.5-1.6pts. YLLGSP '26/GEMDAL '24 were up 0.8-0.9pt. CHJMAO '26/LNGFOR '27 were 0.5-0.6pt higher. In industrials, ANTOIL/HILOHO/WESCHI 24-26s were up 0.7-0.9pt. Macau gaming names MPEL/SANLTD/WYNMAC 28-30s were down 1.4-1.7pts to close 1.5-2pts lower WoW. In Indian space, ADSEZs/ADANEMs were 0.7-1.2pts lower. Indonesian names were mixed. LMRTSP/LPKRIJ 26s were 1.2-2.3pts higher. The long-end of SOEs such as PLNIIJ/PERTIJ 44-50s were down 1.7-2.2pts.

The LGFV/Perp spaces had a firm session, driven by the robust year-beginning deployment buying from onshore RMs across SOE perps and the LGFVs yielding as low as low-5%. SOE perps such as CHPWCN/CHSCOI Perps were unchanged to 0.1pt higher. Quality LGFVs GZINFU/HZCONI 26s were up 0.1-0.3pt. Shandong names SHGUOH/HKIQCL 25-26s were up 0.2-0.5pt. LGFV names yielding 8% or above continued to be sought-after as well. GSHIAV 25/26 were up 0.2-0.3pt. CPDEV 25/Perp were up 0.4-0.7pt. SUNSHG/ZHONAN 26s were 0.5-1.1pts higher.

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

**Cyrena Ng, CPA 吴倩莹**  
 (852) 3900 0801  
 cyrenang@cmbi.com.hk

**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
CSCHCN 9 04/12/24	31.5	2.8	PLNIJ 4 06/30/50	72.8	-2.2
CSCHCN 9 12/11/24	27.9	2.5	PLNIJ 4 3/8 02/05/50	77.3	-1.9
ZENENT 12 1/2 09/13/23	11.3	2.3	PLNIJ 6.15 05/21/48	98.2	-1.8
CSCHCN 9 10/09/24	27.5	2.3	PLNIJ 4 7/8 07/17/49	82.9	-1.8
LMRTSP 7 1/2 02/09/26	75.6	2.3	ICBPIJ 4.745 06/09/51	76.9	-1.7

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.18 %), Dow (+0.07%) and Nasdaq (+0.09%) rallied higher on last Friday. US Dec'23 NFP was +216k, rose from +173k in Nov'23 and was higher than the expectation of +170k. US Dec'23 unemployment rate was 3.7%, lower than the expectation of 3.8%. UST yields moved higher on Friday, 2/5/10/30 yield reached 4.40%/4.02%/4.05%/4.21%, respectively.

## ❖ Desk analyst comments 分析员市场观点

## ➤ NWDEVL: Repurchased 2 bonds and 1 perps totaled USD20.4mn

New World Development (NWD) repurchased NWDEVL 4.125 07/18/29, NWDEVL 4.5 05/19/30, and NWDEVL 5.25 Perp totaled USD20.4mn during 20 Dec'23 to 3 Jan'24 in the open market. It is noteworthy to point out that NWD repurchased USD1mn of NWDEVL 5.25 Perp in principal amount. As we pointed out in our [2024 Asia Credit Outlook](#), we were surprised that NWDEVL 5.25 Perp was left out of the tender in Dec'23. Recalled that NWD completed the tender offers for its 5 bonds and 2 perps with high coupon step-up after completion of the sale of NWS to CTF.

We continue to see room for NWD to perform on-market repurchases of its bonds and perps in an opportunistic manner. So far NWD has repaid or redeemed offshore issues totaled cUSD1bn in principal amount, compared with net proceeds of cUSD2.3bn. We continue to see higher likelihood of buyback of NWDEVL 4 ½ 07/18/29 and NWDEVL 4 ½ 05/19/30 in view of lower cash prices among NWDEVLs, as well as more concentrated outstanding amount during '29-30.

Table 1: Market repurchase performed during 20 Dec'23 to 3 Jan'24

	Purchase px	Amt (USDmn)
NWDEVL 4.125 07/18/29	76.9-79.4	10.201
NWDEVL 4.5 05/19/30	76.2-78.2	9.23
NWDEVL 5.25 Perp	70.6	1
Total		20.43

Source: Company' filling.

Table 2: Bond profile of NWDEVL

	O/s (USD mn)	Maturity	First call date	Coupon	Coupon reset	Coupon Step-up	Ask price	YTM/YTC (%)
NWDEVL 4 ¾ 01/23/27	504.22	1/23/2027	-	4.75	-	-	87.93	11.35
NWDEVL 5 ¾ 06/16/27	172	6/16/2027	-	5.875	-	-	90.22	11.89
NWDEVL 4 ¾ 07/18/29	717.799	7/18/2029	-	4.125	-	-	78.57	14.73
NWDEVL 4 ½ 05/19/30	442.587	5/19/2030	-	4.5	-	-	77.26	13.45
NWDEVL 3 ¾ 01/14/31	76.05	1/14/2031	-	3.75	-	-	75.15	10.97
NWDEVL 4.8 PERP	700	-	9/9/2023	4.8	-	-	43.75	10.97

NWDEVL 6 ¼ PERP	1300	-	3/7/2024	6.25	-	-	55.04	11.35
<b>NWDEVL 6.15 PERP</b>	<b>453.88</b>	-	<b>3/16/2025</b>	<b>6.15</b>	<b>3yrUST+6.201%</b>	<b>300bps</b>	<b>81.56</b>	<b>11.89</b>
NWDEVL 5 ¼ PERP	999	-	3/22/2026	5.25	5yrUST+7.889%	300bps	67.28	14.73
NWDEVL 4 ¼ PERP	1140	-	3/10/2028	4.125	5yrUST+5.858%	300bps	54.50	13.45
<b>Total</b>	<b>6505.5</b>							

Source: Bloomberg.

#### ➤ **VEYONG: Tender offer to purchase up to USD120mn**

ENN Natural Gas launched a tender offer to purchase up to USD120mn of its VEYONG 3.375 05/12/26 for cash. The tender offer will be conducted in a modified Dutch auction, at a bid price range of USD94-94.8. The early tender premium is USD1. ENN plans to buy up to USD120mn in the tender offer, representing 15.6% of the total outstanding amount.

As at 30 Sep'23, ENN had RMB17.3bn cash on hand, compared with total debts of RMB40bn. If the maximum acceptance amount of USD120mn is reached, it will lower the cash level and total debts by cRMB858mn to cRMB16.5bn and cRMB39.2bn respectively. Apart from the cash on hand, ENN also has access to onshore funding channel. It has an onshore bond VEYONG 3.3 04/26/26 trading at YTM of 2.7% at 101.2. VEYONG 3.375 05/12/26 rose c0.5pt this morning

**Table 1: Details of tender offer**

Bond	VEYONG 3.375 05/12/26
Minimum bid price	USD94.0
Maximum bid price	USD94.8
Early tender premium	USD1
Maximum acceptance amount	USD120mn
Outstanding amount	USD770mn
Early acceptance date	22 Jan'24
Expiration time	6 Feb'24
Ask price	USD93.77
Ask YTM	6.28%

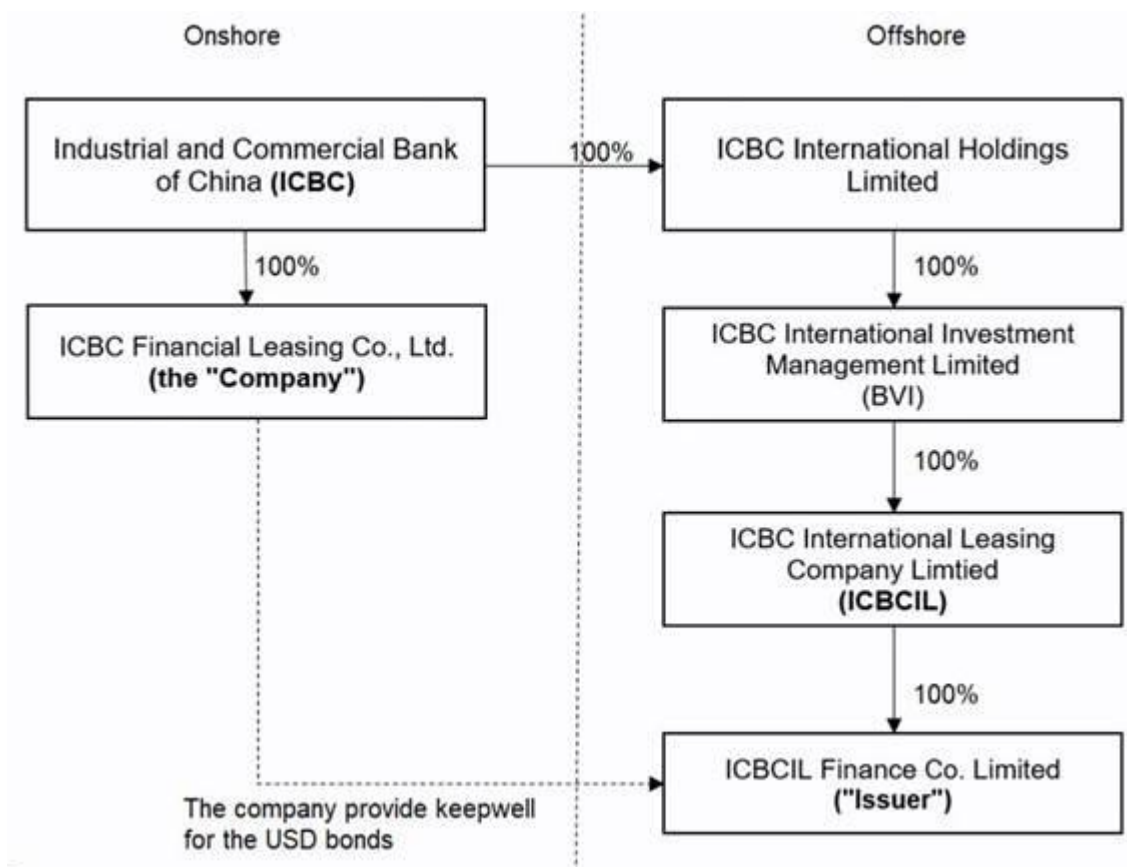
Source: Bloomberg, Company' filling.

#### ➤ **ICBCIL: Consent solicitation to amend terms related to change of control and Keepwell**

ICBCIL Finance Co. Limited (ICBCIL) announced consent solicitation to amend terms related to change of control and Keepwell of its two USD bonds ICBCIL 3.625'26 and ICBCIL 3.625'27, for better covenant management of indebtedness of onshore entity ICBC Financial Leasing and offshore entity ICBC International Leasing. ICBC Financial Leasing provides keepwell to the USD bonds issued by ICBC International Leasing's subsidiary ICBCIL. ICBC Financial Leasing and ICBC International Leasing are 100% owned by ICBC. See Chart 1 for the group structure.

Furthermore, ICBC's USD bonds has cross-default clause with any of its subsidiaries with USD30mn threshold. We view the onshore ICBC Financial Leasing and its parent ICBC continue to have strong incentive to support ICBCIL. ICBCIL 3.625'26/27 down 0.1pt this morning.

#### **Chart 1: Structure of ICBCIL**



Source: Company filings.

**Table 1: Details of the consent solicitation**

Bonds	Issued amount (USD mn)	o/s amount (USD mn)	Issuer	Keepwell provider
ICBCIL 3.625 05/19/26	300	291.15	ICBCIL Finance Co. Limited	ICBC Financial Leasing Co., Ltd.
ICBCIL 3.625 11/15/27	250	243.21	ICBCIL Finance Co. Limited	ICBC Financial Leasing Co., Ltd.
Early Consent Fee	0.15pt			
Early Consent Fee Deadline	24 Jan'24			
Base Consent Fee	0.05pt			
Voting Deadline	26 Jan'24			

### The proposal

1. amend Redemption for Change of Control, a "Change of Control" occurs when:

(i) the Controlling Persons cease to, directly or indirectly, own or control 51 per cent. of the voting rights of the issued share capital of each of the Issuer, the Company or ICBCIL; or

~~(ii) ICBCIL ceases to, directly or indirectly, own or control 80 per cent. of the voting rights of the issued share capital of the Issuer; or~~

2. amend "Ownership of the Issuer and Control over ICBCIL" of Keepwell Deed

~~(a) procure ICBCIL to directly or indirectly own and hold 80 per cent. of the legal and beneficial title to all the outstanding shares of the Issuer;~~

(b) procure the Controlling Persons to directly or indirectly own and hold ~~67~~ 51 per cent. of the legal and beneficial title to all the outstanding shares of each of the Company and ICBCIL; and

## 3. amend "Primary Overseas Platform" of Keepwell Deed

The Company undertakes to **maintain, or** procure ICBCIL to maintain the Issuer as a primary overseas financing platform of **the Company or** ICBCIL, **as applicable.**

Source: Company fillings.

## ➤ Offshore Asia New Issues (Priced)

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

## ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
ANZ Banking Group	USD	-	3yr	T+90/SOFR	Aa3/AA/A+
Rizal Commercial Banking Corporation	USD	-	5yr	-	Baa3/-/-
SK Hynix	USD	-	3/5yr	T+180/200	Baa2/BBB-/BBB

## ➤ News and market color

- Media reported that China regulators tells banks to ramp up support to developers of long-term rentals
- **[KNMIDI]** Kunming Industrial Development & Investment proposes to offer up to RMB1bn 420d MTNs to repay debts
- **[LMRTSP]** Fitch upgraded LMIRT's long-term IDR upgraded to CC
- **[MPEL]** Media reported that Melco will raise the pay of non-management Macau staff by 2.5% since 1 Apr'24
- **[SDEXPR]** Shandong Hi-Speed renewable energy arm plans to buy solar and wind services provider for USD113mn
- **[YLLGSP]** Yanlord recorded RMB32.4bn contracted sales in 2023, down 52.5% yoy. The contracted GFA decreased 13.7%

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

[fis@cmbi.com.hk](mailto:fis@cmbi.com.hk)

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