

CMBI Credit Commentary

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

- *The new UOB 4.401 28s tightened 3bps from RO this morning. NSINTW 34s widened 5bps. HYNMTR 27-31s widened 2-3bps. CKHHs/HPHTSPs widened 10-15bps following media report that China has told state-owned firms to pause any business collaboration linked to Li Ka-shing. BNP/HSBC Perps were unchanged to 0.2pt higher.*
- **VEYONG/XINAOG:** *Privatization should be largely credit neutral for both. See below.*
- **QBEAU:** *FV of the new QBEAU 35 to be T+170-175bps vs IPT of T+200bps. See below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, the new FRESHK 6 28 widened 5bps and the old FRESHK 26-28s were 5-10bps wider. See our comments on [26 Mar '25](#). The new LGENSO 5.25 28s/LGENSO 5.375 30s/LGENSO 5.875 35s were 1-4bps tighter from ROs amid mixed flows, while LGENSO Float 30s widened 1bp from RO. In HK, the new MTRC 30s tightened 2bps, MTRC 35s closed unchanged, while MTRC 55s widened 5bps from RO. HKAA 30-34s widened 2-4bps. PETMKs widened 5-10bps amid new issues pricing. In financials, BBLTBs widened 2-8bps. Meanwhile, the new SRENVX 6.191 46 closed 0.4pt lower from RO at par. INTNED 7.25/LLOYDS 8 Perps were unchanged to 0.2pt lower. In JP insurance hybrids, MYLIFE 55s/SUMILF Perp were 0.1-0.2pt lower on two way flows from PBs. In Chinese IGs, the long end of TENCNTs/BABAs were 0.5-0.8pt lower. In Chinese properties, CHJMAO 29s/Perps were 0.1-0.2pt higher following FY24 results announcement. Outside properties, ENN Natural Gas announced to privatize ENN last evening. See comments below. BTSDF 28 declined 0.3pt and closed 0.6pt lower WTD. WESCHI/CWAHK 26s rose 0.4-0.5pt. See our comments on West China's FY 24 results on [26 Mar '25](#). In the Philippines, the new JFCPM 5.332 30 and the old JFCPM 4.75 30 rose 0.6pt and 0.2pt, respectively. Elsewhere, MONMIN priced the 5NC2 bond at 98.766 to yield 8.75%. The old MONMIN 26 rose another 0.3pt, closed 1.0pt higher WTD.

In LGFV, CPDEV priced a 4yr bond of USD500mn at par to yield 6.8% (IPT at 7.25% area). QDJZWD priced a 3yr bond of USD200mn at par to yield 6.95% (IPT at 7.2% area). There were deployment buying flows in LGFVs from RMs. SHGUOH 25s/WFURCD 25s were up 0.1-0.2pt. In SOE perps, COFCHK Perp was up 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
JFCPM 5.332 04/02/30	100.6	0.6	CCAMCL 5 02/08/48	88.5	-1.2
WESCHI 4.95 07/08/26	77.6	0.5	BABA 5 5/8 11/26/54	98.8	-0.8
CWAHK 4.85 05/18/26	98.5	0.4	BABA 4.4 12/06/57	80.6	-0.7
MONMIN 12 1/2 09/13/26	108.7	0.3	TAISEM 4 1/2 04/22/52	91.2	-0.7
CHJMAO 4 1/4 07/23/29	89.1	0.2	TENCNT 3.84 04/22/51	75.1	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-1.12%), Dow (-0.31%) and Nasdaq (-2.04%) were lower on Wednesday. The US Feb'25 durable goods orders was +0.9% mom, higher than the market expectation of -1.1%. UST yield was higher on Wednesday, 2/5/10/30 yield at 3.98%/4.08%/4.35%/4.69%.

❖ Desk Analyst Comments 分析员市场观点

➤ VEYONG/XINAOG: Privatization should be largely credit neutral for both

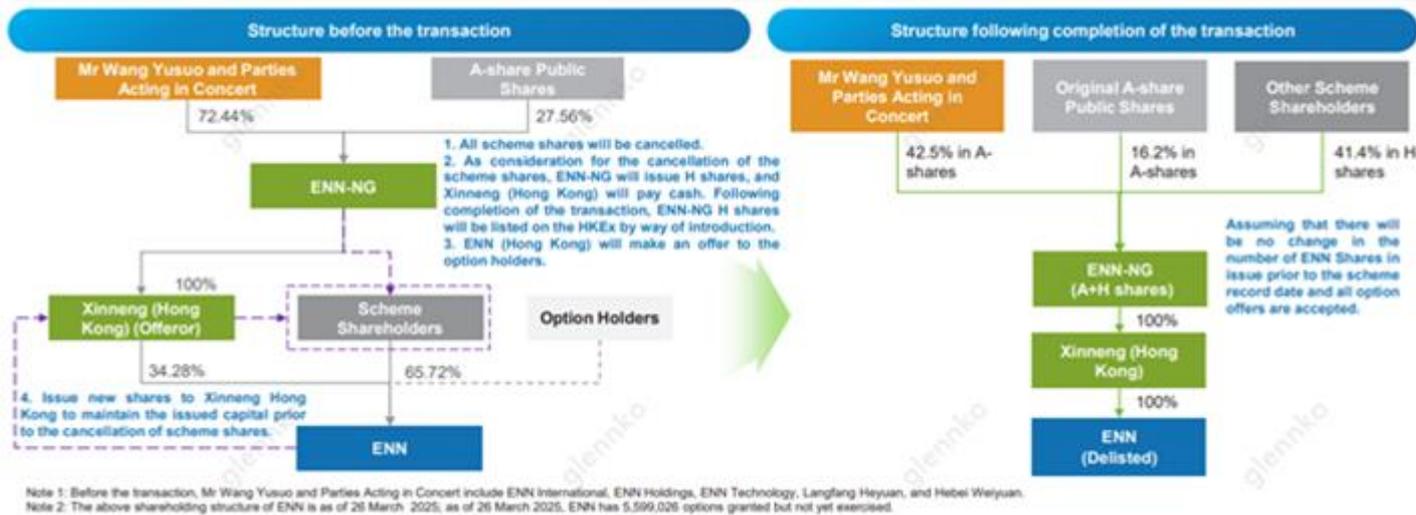
ENN Natural Gas proposed to privatize ENN through a scheme of arrangement. The considerations will be 2.9427 H-share to be issued of ENN Natural Gas and cash of HK24.5 per ENN share. The privatization will be subject to regulatory approvals and the approval of minority shareholders, representing 75% in value, and no more than 10% against votes in value in the Court Meeting. The long-stop date for the privatization offer is on 13 Mar'26. There will be no COC triggered at ENN if the privatization goes through. The privatization should have limited impact on the credit profile of ENN which was a consolidated subsidiary of ENN Natural Gas. We believe that ENN Natural Gas's credit profile will remain solid for its credit rating even if we assume all the cash considerations of cHKD18.4bn will be funded with debts. On a pro-forma, we estimate that the RCF/debts of ENN Natural Gas will be at 21.2%, above the downgrade trigger of 20%. As both ENN and ENN Natural Gas will have outstanding USD bonds, we do not expect material impact on future data transparency even if the privatization goes through.

	ENN Natural Gas		ENN		Pro-forma FY24
	FY23	FY24	FY23	FY24	
RMB bn					
Revenue	143,754.0	135,836.5	113,858.0	109,853.0	135,836.5
Gross profit	20,046.6	18,924.8	14,338.0	13,405.0	18,924.8
EBITDA	21,758.3	17,969.6	13,153.0	10,991.0	17,969.6
Interest exp	1,403.4	1,124.9	895.0	733.0	1,124.9
RCF	11,294.8	10,724.4	8,930.0	NA	10,724.4
Cash	16,673.4	13,435.2	10,035.0	7,867.0	13,435.2
ST debts	12,762.9	11,409.8	8,937.0	6,659.0	
LT debts	21,950.3	20,790.6	13,789.0	13,735.0	
Total debts	34,713.2	32,200.4	22,726.0	20,394.0	50,561.7
Net debts	18,039.8	18,765.2	12,691.0	12,527.0	37,126.5
Gross margin	13.9%	13.9%	12.6%	12.2%	13.9%
EBITDA margin	15.1%	13.2%	11.6%	10.0%	13.2%
EBITDA/int	15.5x	16.0x	14.7x	15.0x	16.0x
Debt/EBITDA	1.6x	1.8x	1.7x	1.9x	2.8x

Net debt/EBITDA	0.8x	1.0x	1.0x	1.1x	2.1x
RCF/Debt	32.5%	33.3%	39.3%	NA	21.2%

Source: Company fillings, CMBI Research.

Separately, ENN reported moderately weaker FY24 results. Its core profit dropped 8.4% to RMB7.0bn. The lower wholesale volume was partly mitigated by higher retail volume. On a bright side, its free cash flow in FY24 increased 20.3% to RMB3.7bn, thanks partly to lower capex. Its total debts reduced 10.3% to RMB20.4bn and near-term refinancing pressure is manageable in view of cash/ST debts ratio of 1.2x. Its credit profile remains solid with debt/EBIT and EBIT/Int ratios in FY24 at 2.4x and 11.8x, respectively.



➤ **QBEAU: FV of the new QBEAU 35 to be T+170-175bps vs IPT of T+200bps**

QBE Insurance (QBE) proposes to issue 10.5NC5.5 subordinated bonds (T2, S&P/Fitch: BBB). We consider the FV of new QBEAU 35 to be T+170-175bps vs. IPT of T+200bps, in view of lifer peers subordinated bonds with similar modified duration NIPLIF 2.75 01/21/51 (A3/A-/-, T+138bps/Z+165bps/YTC of 5.5%) and ASAMLI 4.1 Perp (Fitch: BBB, T+187bps/Z+213bps/YTC of 5.9%). We also view the new QBEAU 35 should have premium above the Aussie banks T2s with similar modified duration to reflect its lower credit rating, i.e. WSTP 2.668 11/15/30 (A3/A-/A-, T+141bps/Z+167bps/YTC of 5.5%) and ANZ 2.57 11/25/35 (A3/A-/A-, T+139bps/Z+166bps/YTM of 5.5%).

The proceeds from the proposed issuance will be used to replenish its T2 capital. QBE could redeem the new issue on 3 Oct'30 subject to the APRA's prior written approval. The coupon of the new issue will be reset on 3 Oct'30 to 5yrUST plus initial spread if it is not called. The bonds will be converted into shares or written off upon the occurrence of a non-viability trigger event, i.e. when APRA considers QBE would become non-viable without the conversion or write-off or without a public sector injection of capital.

QBE reported higher profit in FY24 and stable capital position as of Dec'24. The gross written premium (GWP) grew by 3% yoy to USD22.4bn in FY24, supported by group-wide renewal rate increases of 5.5% yoy and targeted new business growth. QBE expects the GWP to grow at mid-single digits at constant currency in FY25. On combined operating ratio, it improved to 93.1% in FY24 and expects to further improve to c92.5% in FY25. The net profit after tax increased by 32% yoy to USD1.8bn in FY24, and the adjusted return to equity increased to 18.2% from 15.8% in FY23. Furthermore, its indicative regulatory prescribed capital amount multiple improved to 1.86x from 1.82x as of Dec'23, and remained comfortably positioned within QBE's target range of 1.6-1.8x.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Central Plaza Development	500	4yr	6.8%	6.8%	Unrated
Mongolian Mining Corp	350	5NC2	8.44%	8.75%	B3/-/B+
	1600/	5yr/	4.95%/	T+90/	
Petronas Capital	1800/	10yr/	5.34%/	T+100/	A2/A-/-
	1600	30yr	5.848%	T+115	
Qingdao Jiaozhou Bay Development	200	3yr	6.95%	6.95%	Unrated
	800/	3yr/	4.401%/	T+40/	
United Overseas Bank	900/	3yr/	SOFR+58/	SOFR+58/	Aa1/AA-/AA-
	300	5yr	SOFR+65	SOFR+65	

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Anqing Yixiu District Beautiful Village Construction Co	USD	-	3yr	7.6%	Unrated
Bank of the Philippines Islands	USD	-	5yr/ 10yr	T+130/ T+155	-/BBB+/-
QBE Insurance	USD	-	10.5NC5.5	T+200	-/BBB/BBB

➤ **News and market color**

- Regarding onshore primary issuances, there were 128 credit bonds issued yesterday with an amount of RMB112bn. As for month-to-date, 1,935 credit bonds were issued with a total amount of RMB1,658bn raised, representing a 13.4% yoy decrease
- **[BABA]** Alibaba partners with BMW to develop AI for smart vehicles in China
- **[SANLTD]** Sands China FY24 revenue rises 8.4% yoy to USD7.1bn
- **[SOFTBK]** SoftBank to invest USD30bn in startup OpenAI to lead USD40bn funding round
- **[UPLLIN]** UPL unit Advanta Enterprises completes USD350mn deal with Alpha Wave

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