

CMBI Credit Commentary

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

- *Flows were two-way skewed to better buying this morning. In Asian IG space, BABA/ORIEAS were well-bid, BNKEA T2 was under better selling. AT1 sector was weak while LGFV/SOE Perp were firm. GLPSP'25 rose 2pts.*
- **NWDEVL:** *Ongoing de-leverage and remains accessible to low-cost funds. NWDEVLs moved -0.5 to +0.2pt this morning. See below.*
- **PINIFL:** *Ping An International Financial Leasing secured RMB6.5bn credit lines from Ping An bank. PINIFL'24 was unchanged this morning.*

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❖ Trading desk comments 交易台市场观点

Yesterday, overnight UST yield tightened 3-6bps across the curve. The new SUMIBK 6.6 Perp was 0.2pt lower and stayed above par. TIANFS '26 was another 0.2pt higher from Wed EOD. KR names DAESEC/SAMTOT/HYUCAP 29s widened 2-5bps, while HYUCAP/HYNMTR 26-28s were unchanged to 2bps tighter on some RM buying. In TH space, KBANK/BBLTB 28-33s were 1-3bps wider. Chinese SOE benchmarks HAOHUA 29-30s were unchanged to 1bp tighter. BABA 31s-61s were traded in balanced two-way flows, whilst TENCNT 29-31s were under better selling and closed 1-2bps wider. The BBB TMTs such as LENOVO 28-30s widened 1-3bps. In financials, T2s such as CCBs/DAHSINs were under better selling. BNKEA 27-32s widened 10-15bps, though we also saw some dip buying at its wide. BNKEA Perps/CHOHIN 5.5 Perp were traded 0.2-0.4pt lower. EU AT1s such as INTNED 8 Perp/ACAFP 6.5 Perp were down 0.1-0.3pt. HK names NWDEVL/HYSAN Perps were 0.3-0.4pt lower after gaining 1-2pts on Wed. CSIPRO '25/LIHHK '26 were 0.3-0.6pt lower. Chinese properties were mixed. YLLGSP '26 was up 3.9pts after relatively resilient results, as well as the good progresses in debt reduction and refinancing. FUTLAN/FTLNHD 24-26s and GEMDAL '24 were 0.5-1.1pts higher. However, RDHGCL '24 was down 5.6pts. VNKRL '27/DALWAN '26 declined 0.4pt. Outside properties, BTSDF 24/26 were unchanged to 0.2pt higher post the announcement of H&H's repurchases of BTSDF 5.625 '24 (cUSD21.2mn in principal amount) since 1 Nov'23. HILOHO '24 was up another 0.9pt and closed 3pts higher WTD. Macau gaming names were mixed. WYNMAC 28-29s were 0.4-0.7pt higher, whereas MPEL 28-29s were down 0.3-0.7pt. In Indian space, VEDLN 26-28s were 0.4-1.0pt lower. Indonesian names were quiet. INDYIJ 24-25s were unchanged to 0.1pt higher. Elsewhere, GLPCHI '26 was 1.2pts higher.

The LGFVs/perps/high beta names were mixed while the flows were light. The 5-6% LGFVs GZDZCD '26/HZCONI '26/YWSOAO '25 were up 0.1-0.3pt. Shandong names SHGUOH '25/JNHTE '24 were 0.1pt higher. The high beta names CWAHK '26/FRESHK '25 were up another 0.2pt. CPDEV 25/26 were

0.2-0.5pt lower. In SOE perps, HUADIA 3.375 Perp/CHPWCN 3.45 Perp were up 0.1pt whilst HUANEN 3.08 Perp was down 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
YLLGSP 5 1/8 05/20/26	77.6	3.9	RDHGCL 7.8 03/20/24	52.0	-5.6
GLPCHI 2.95 03/29/26	79.2	1.2	VEDLN 13 7/8 12/09/28	90.1	-1.0
FUTLAN 4.45 07/13/25	34.7	1.1	MPEL 5 3/4 07/21/28	94.3	-0.7
FTLNHD 4 1/2 05/02/26	28.2	1.0	CSIPRO 5.45 07/21/25	86.4	-0.6
FTLNHD 4 5/8 10/15/25	33.8	0.9	CPDEV 4.65 01/19/26	86.1	-0.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.52%), Dow (+0.12%) and Nasdaq (+0.90%) rallied higher on Thursday. US Jan'24 core PCE rose 2.8% yoy, same with the market expectation. The latest US initial jobless claim was +215k, higher than the expectation of +209k. China official Feb'24 manufacturing/non-manufacturing PMI was 49.1/51.4, compared with the expectation of 49.1/50.9. UST yields were stable yesterday, 2/5/10/30 yield reached 4.64%/4.26%/4.25%/4.38%.

❖ Desk analyst comments 分析员市场观点

➤ NWDEVL: Ongoing de-leverage and remains accessible to low-cost funds

HKD mn	1H23- continued	1H24- continued	% change
Contract sales in Hong Kong	5,542	1,246	-77.5%
Contract sales in Mainland China	5,736	5,495	-4.2%
Revenue	22,786	17,066	-25.1%
-Property sales	11,278	6,742	-40.2%
-Property investment	2,388	2,674	12.0%
-Construction	6,804	5,108	-24.9%
-Hotel Operations	464	683	47.3%
-Others	1,852	1,859	0.4%
Gross profit	7,090	7,257	2.4%
Profit before tax	3,865	3,892	0.7%
Net profit	1,332	1,543	15.9%
Capital expenditure	9,600	7,500	-21.9%
Gross margin	31.1%	42.5%	
Net profit margin	5.8%	9.0%	
	Jun'23	Dec'23	
Cash and bank balances	53,264	37,796	-29.0%
Restricted bank balances	1,254	1,188	-5.3%
ST debts	53,339	62,960	18.0%
LT debts	142,237	103,922	-26.9%
Total debts	195,576	166,882	-14.7%
Perpetual capital securities	47,439	36,302	-23.5%
Total debts (incl. perps)	243,015	203,184	-16.4%

Net debts	141,058	127,898	-9.3%
Net debts (incl. perp)	188,497	164,200	-12.9%
Net gearing	51.9%	54.2%	
Net gearing (incl. perp)	83.7%	81.9%	
Cash/ST debts	1.0x	0.6x	
Undrawn facilities from banks	39,000	13,000	-66.7%

New World Development (NWD) posted weaker 1HFY24 results, dragged by the weak economies and property markets in HK and China. In 1HFY24, the revenue from property sales in HK and China dropped 77.5% and 4.2% yoy to HKD1.2bn and HKD5.5bn, respectively.

NWD's maturing investment properties (IPs) performed solid in FY1H24. The segment revenue increased 12.0% yoy to HKD2.7bn, driven by the improved results of HK K11. In 2024, NWD have several IPs including 11 SKIES, Kai Tak Sports Park and K11 ECOAST will commence operations. As new IPs are coming on stream, NWD expects the contribution of recurring income from IPs to increase to c50% of its profit by 2026 from c30% in 2023.

In 1HFY24, NWD's gross profit edged up 2.4% yoy to HKD7.3bn. Gross margin rose to 42.5% in 1HFY24 from 31.1% in 1HFY23, thanks to lower SG&A which was down 15.9% yoy to cHKD2.5bn. In 1HFY24, NWD's net profit from continuing operations was HKD1.5bn, rose 15.9% yoy. It recorded loss of cHKD8.3bn resulting from the disposal of NWS stakes. Net-net, the hit to NWD's equity base is cHKD2.6bn. We expect NWD's operating performance, as well as access to funding, to improve after HK government's relaxation of anti-speculative measures on properties and caps on LTV of loans to developers on land acquisitions and project developments. Its operating performance should also be supported by new IPs coming on stream with good pre-lease progress and expansion of individual visit scheme of China.

1HFY24, NWD cut its total debts (incl. perps) by 16.4%, or HKD39.8bn (cUSD5.1bn) from Jun'23. Its net gearing ratio increased to 54.2% in 1HFY24 from 51.9% in 1HFY23. However if we treat its perps as debts, the adj net gearing ratio would lower to 81.9% from 83.7% in Jun'23. As of Dec'23, NWD held cHKD39bn cash and had cHKD13bn undrawn credit lines, compared with the ST debts was cHKD53bn (excl revolving loans of cHKD9.3bn). Its cash/ST debts ratio dropped to c0.6x (c0.7x excl revolving loans of cHKD9.3bn) from c1.0x in Jun'23. That said, we take comfort that the company continues to access to low-cost funding. It refinanced bank loans of HKD5.3bn at HIBOR+1.1% in offshore market and obtained bank loans of HKD910mn at funding costs of 2.8-3.6% in onshore market. Additionally, NWD raised the target of non-core asset disposals (NCD) in FY24 to HKD8bn from HKD6bn. As per NWD, the discussions on NCD are in advance stages. Completion of these disposals will help strengthen NWD's liquidity and bring net gearing ratio 3.4 pct pts lower on a pro-forma basis. Furthermore, as the construction of new IPs (e.g. 11 Skies and Kai Tak Sports Park) are close to completion, NWD's capex has been trending downward. In 1HFY24, its capex decreased 21.9% yoy to HKD7.5bn. The budgeted capex in FY24 is HKD15bn, 21.5% lower than that of FY23.

In Dec'23, NWD repurchased USD bonds and perps totaled cUSD630mn via tender offer and open market repurchases. It also repaid USD310mn NWDEVL 4.75 12/05/23. The next USD bond maturity will be in Feb'27. We expect NWD to conduct further repurchases of bonds and perps going forward. For NWDEVLs, we maintain buy recommendations on the perps with high coupon step-up, i.e. **NWDEVL 6.15 Perp**, **NWDEVL 5.25 Perp** and **NWDEVL 4.125 Perp** in view of NWD's continuous access to lower cost funding. NWDEVLs moved -0.5 to +0.2pt this morning.

	Amt	Out	Maturity	Ask Price	YTM (Ask)	Next Call Dt	Coupon reset	Coupon Step-up
	(USD mn)							
NWDEVL 6.15 PERP		454	--	81.8	12.2	3/16/2025	3yrUST+6.201%	300bps
NWDEVL 5 ¼ PERP		999	--	67.7	15.1	3/22/2026	5yrUST+7.889%	300bps
NWDEVL 4 ½ PERP		1140	--	55.6	13.6	3/10/2028	5yrUST+5.858%	300bps

NWDEVL 6 ¼ PERP	1300	--	54.6	11.4	9/7/2024	-	-
NWDEVL 4 ¼ 07/18/29	718	07/18/2029	77.4	9.6	--	-	-
NWDEVL 4.8 PERP	700	--	43.0	11.2	03/25/2024	-	-
NWDEVL 5 ¾ 06/16/27	172	06/16/2027	90.2	9.4	03/16/2027	-	-
NWDEVL 4 ¾ 01/23/27	504	01/23/2027	88.2	9.5	--	-	-
NWDEVL 4 ½ 05/19/30	443	05/19/2030	75.1	10.0	--	-	-
NWDEVL 3 ¾ 01/14/31	76	01/14/2031	74.1	8.9	--	-	-
Total	6506						

Source: Company filings

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Fujian Jinjiang Construction Investment	158	364d	6.35%	6.35%	-/-/-
Shaanxi Financial Asset Management Co., Ltd	200	3yr	5.8%	5.8%	-/-/BBB

➤ Offshore Asia New Issues (Pipeline)

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

➤ News and market color

- Regarding onshore primary issuances, there were 66 credit bonds issued yesterday with an amount of RMB77bn. As for month-to-date, 957 credit bonds were issued with a total amount of RMB973bn raised, representing a 17.1% yoy decrease
- **[APLNIJ]** Agung Podomoro appoints Kroll to assess options for USD 132m outstanding on due-June 2024 bonds
- **[BABA]** Alibaba cuts cloud computing prices by up to 55% to attract more users in China
- **[BTSDF]** Media reported that H&H is in the process of raising a USD100-200mn equivalent CNH loan to fund a portion of the amortization payments due this year on its originally USD1.2bn-equivalent syndicated facility due-2025. Separately, H&H is also in talks for a cUSD700-800mn loan to refinance the rest of the due-2025 facility
- **[EHOUSE]** E-House (China) Enterprise terminates proposed rights issue; underwriter willing to provide same level of financial support to assist with completion of restructuring
- **[FTHDGR]** Fantasia Holdings extend long stop date of RSA to 15 Mar
- **[LNGFOR]** Longfor onshore unit schedules redemption of RMB1bn G17Longhu3 bonds on 7 Mar

- **[MONMIN]** Mongolian Mining Corp elects to pay USD7.48mn to discharge arrears of distribution in whole on 1 April for perpetual securities
- **[PINIFL]** Ping An bank provided RMB6.5bn credit lines to Ping An Leasing
- **[SUNHUN]** Sun Hung Kai & Co expects to record up to HKD600mn loss for FY23, compared to HKD1.5bn loss in FY22

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