

## Asian Credit Daily

20 January 2025

## Market Commentary:

- The SGD SORA OIS curve traded lower last Friday, with shorter tenors trading 2-4bps lower, and belly tenors trading 5-6bps lower and the 10Y trading 5bps lower.
- Flows in SGD corporates were heavy, with flows in HSBC 5.25%-PERP, ACAFP 4.25% '35s, ABNANV 5.5% '32s, BPCEGP 4.6% '35s.
- As per Bloomberg, BYD Co. Ltd.'s ("BYD") reliance on working capital financing has obscured its increasing debt levels, with actual net debt estimated at approximately RMB323bn as of 30 June 2024. BYD's use of supply chain financing, which allows suppliers to receive early payments or defer payment, has raised concerns regarding concealed debt and potential risks for investors.
- China Vanke Co. Ltd. ("VANKE") informed some creditors before recent volatility in its bonds and shares that it has sufficient cash to repay a 2.95% yuan bond due on 27 January, amounting to RMB3bn (USD409mn). This bond last traded at 98.4 cents per dollar, reflecting investor confidence in the payment.
- Bloomberg Asia USD Investment Grade spreads tightened by 1bps to 73bps while Bloomberg Asia USD High Yield spreads tightened by 3bps to 426bps. (Bloomberg, OCBC)

## Credit Summary:

- **City Developments Ltd ("CDL"):** CDL, via its wholly-owned subsidiary CDL Hotels Holdings New Zealand Ltd ("CDLHH NZ"), is planning a full takeover of Millennium & Copthorne Hotels New Zealand Ltd ("MCK").
- **City Developments Ltd ("CDL"), Frasers Property Ltd ("FPL"):** 668 out of 777 units were sold over the weekend launch. According to the developers CDL, FPL and Sekisui House, the robust sales reflect the pent-up demand for new homes in Toa Payoh.
- **Sembcorp Industries Ltd ("SCI"):** SCI, through its wholly-owned subsidiaries Sembcorp Green Hydrogen India Private Limited ("SGHIPL") and Sembcorp Development Ltd signed two non-binding Memoranda of Understanding ("MOU") with the Government of Odisha.

**Credit Headlines:****City Developments Ltd (“CDL”)**

- **CDL proposed takeover of MCK:** CDL, via its wholly-owned subsidiary CDL Hotels Holdings New Zealand Ltd (“CDLHH NZ”), is planning a full takeover of Millennium & Copthorne Hotels New Zealand Ltd (“MCK”). CDLHH NZ currently holds 75.86% of all MCK shares.
- **Offer Price higher than VWAP, however lower than net asset value:** The offer price of NZD2.25 (~SGD1.72) per MCK share exceeds the volume-weighted average price (“VWAP”) of NZD1.80 (~SGD1.37) per MCK share based on all trades done on the last trading day. At the offer price, the maximum consideration works out to NZD57.3mn (~SGD43.7mn), which is lower than the net asset value of the shares subject to offer of NZD85.6mn (~SGD65.3mn).
- **Purpose is to privatise MCK:** The offer is made to delist and privatise MCK, which will simplify the ownership structure of CDL’s New Zealand investment subsidiaries. The offer is conditional on CDLHH NZ holding 90% or more voting rights in MCK, amongst other terms.
- **Background of MCK:** MCK owns, leases and/or has under franchise 18 hotels in New Zealand and holds a majority stake in land developer CDL Investments New Zealand Ltd and property interest in Australia through its Kingsgate Group subsidiaries.
- **Looking to acquire RPS of MCK too:** Separate to but concurrent with the takeover, CDLHH NZ intends to acquire the non-voting redeemable preference shares (“RPS”) issued by MCK at NZD1.70 (~SGD1.30) per MCK RPS, which is in-line with the VWAP for all trades done on 6 December 2024. CDLHH NZ already holds 91.34% of all MCK RPS. The maximum cash consideration payable by CDLHH NZ for MCK RPS is NZD7.8mn (~SGD5.9mn).
- **Acquisition is manageable for CDL:** The total consideration works out to ~SGD49.6mn, which looks manageable relative to CDL’s total assets of ~SGD24.4bn as of 30 June 2024. (Company, OCBC)

**City Developments Ltd (“CDL”)****Frasers Property Ltd (“FPL”)**

- **86% of units at The Orié sold at SGD2,704 psf:** 668 out of 777 units were sold over the weekend launch. According to the developers CDL, FPL and Sekisui House, the robust sales reflect the pent-up demand for new homes in Toa Payoh. The previous launch in the area was in 2016.
- **Anchored by Singaporean, families, first-timers and HDB upgraders:** According to the developers, 93% of the buyers are Singaporeans, while the remaining 7% comprise Permanent Residences from China, Malaysia, Indonesia, the UK, Australia, Germany, Hong Kong, India and South Korea and a foreigner from the USA. Homebuyers include families and HDB upgraders from the vicinity, first-time buyers and former Toa Payoh residents. Two and three-bedroom units were the most popular.
- **Bagnall Haus, another project also sold well:** Over the weekend, another development ‘Bagnall Haus’ sold 71 out of 113 units (63%) at an average price of SGD2,490 psf. The freehold project is developed by Roxy-Pacific Holdings. According to Teo Hong Lim, executive chairman of Roxy-Pacific Holdings, over 90% of the buyers were Singaporeans and end-users, with two and three-bedroom units being the most popular. (Business Times, Company, EdgeProp, OCBC)

**Sembcorp Industries Ltd (“SCI”)**

- **SCI MOU with Govt. of Odisha:** SCI, through its wholly-owned subsidiaries Sembcorp Green Hydrogen India Private Limited (“SGHIPL”) and Sembcorp Development Ltd signed two non-binding Memoranda of Understanding (“MOU”) with the Government of Odisha.
- **Expected development of facilities for green hydrogen and derivatives production:** Under the MOU, SGHIPL will explore the development of a production facility for green hydrogen and its derivatives. The facility, to be located in Odisha has an anticipated production capacity of 720,000 metric tonnes per annum.
- **MOU for development of industrial park:** Sembcorp Development Ltd also signed a non-binding MOU with Odisha Industrial Infrastructure Development Corporation to access the potential for the development of an industrial park in Odisha, India. (Company)

**New Issues:**

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing
17 Jan	Shengzhou City Construction Investment Development Group Co Ltd	Fixed	USD	143	3Y	5.60%
17 Jan	Hanrui Overseas Investment Co Ltd (guarantor: Jiangsu Hanrui Investment Holding Co Ltd)	Green, Fixed	USD	290	3Y	6.28%

**Key Market Movements**

	20-Jan	1W chg (bps)	1M chg (bps)		20-Jan	1W chg	1M chg
iTraxx Asiax IG	78	-5	0	Brent Crude Spot (\$/bbl)	80.7	-0.3%	10.7%
				Gold Spot (\$/oz)	2,697	1.3%	2.8%
iTraxx Japan	51	0	-1	CRB Commodity Index	311	1.7%	6.5%
iTraxx Australia	71	-4	3	S&P Commodity Index - GSCI	578	1.2%	7.2%
CDX NA IG	49	-3	0	VIX	16.0	-18.3%	-13.0%
CDX NA HY	108	1	0	US10Y Yield	4.63%	-15bp	10bp
iTraxx Eur Main	55	-4	-1				
iTraxx Eur XO	305	-14	-5	AUD/USD	0.621	0.5%	-0.7%
iTraxx Eur Snr Fin	62	-4	-1	EUR/USD	1.029	0.5%	-1.3%
iTraxx Eur Sub Fin	107	-10	-5	USD/SGD	1.366	0.3%	-0.7%
				AUD/SGD	0.848	-0.2%	-0.1%
USD Swap Spread 10Y	-45	5	15	ASX200	8,333	1.7%	3.3%
USD Swap Spread 30Y	-81	5	14	DJIA	43,488	3.7%	1.5%
				SPX	5,997	2.9%	1.1%
China 5Y CDS	57	-4	-8	MSCI Asiax	695	2.9%	-0.5%
Malaysia 5Y CDS	48	-4	1	HSI	19,943	5.7%	1.1%
Indonesia 5Y CDS	77	-6	-1	STI	3,798	0.2%	2.1%
Thailand 5Y CDS	43	-3	1	KLCI	1,573	-0.8%	-1.2%
Australia 5Y CDS	11	0	1	JCI	7,180	2.3%	2.8%
				EU Stoxx 50	5,148	3.4%	5.9%

*Source: Bloomberg*

## Macro Research

**Selena Ling**  
Head of Research & Strategy  
[lingssselena@ocbc.com](mailto:lingssselena@ocbc.com)

**Tommy Xie Dongming**  
Head of Asia Macro Research  
[xied@ocbc.com](mailto:xied@ocbc.com)

**Keung Ching (Cindy)**  
Hong Kong & Macau Economist  
[cindyckeung@ocbc.com](mailto:cindyckeung@ocbc.com)

**Herbert Wong**  
Hong Kong & Taiwan Economist  
[herberhtwong@ocbc.com](mailto:herberhtwong@ocbc.com)

**Lavanya Venkateswaran**  
Senior ASEAN Economist  
[lavyanavenkateswaran@ocbc.com](mailto:lavyanavenkateswaran@ocbc.com)

**Ahmad A Enver**  
ASEAN Economist  
[ahmad.enver@ocbc.com](mailto:ahmad.enver@ocbc.com)

**Jonathan Ng**  
ASEAN Economist  
[jonathannq4@ocbc.com](mailto:jonathannq4@ocbc.com)

**Ong Shu Yi**  
ESG Analyst  
[shuyionq1@ocbc.com](mailto:shuyionq1@ocbc.com)

## FX/Rates Strategy

**Frances Cheung, CFA**  
Head of FX & Rates Strategy  
[francescheung@ocbc.com](mailto:francescheung@ocbc.com)

**Christopher Wong**  
FX Strategist  
[christopherwong@ocbc.com](mailto:christopherwong@ocbc.com)

## Credit Research

**Andrew Wong**  
Head of Credit Research  
[wongvkam@ocbc.com](mailto:wongvkam@ocbc.com)

**Ezien Hoo, CFA**  
Credit Research Analyst  
[ezienhoo@ocbc.com](mailto:ezienhoo@ocbc.com)

**Wong Hong Wei, CFA**  
Credit Research Analyst  
[wonghongwei@ocbc.com](mailto:wonghongwei@ocbc.com)

**Chin Meng Tee, CFA**  
Credit Research Analyst  
[mengteechin@ocbc.com](mailto:mengteechin@ocbc.com)

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Investment Research Private Limited ("OIR"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OIR, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OIR, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Follow our podcasts by searching 'OCBC Research Insights' on Telegram!