

## Asian Credit Daily

21 March 2025

**Market Commentary:**

- The SGD SORA OIS curve traded mixed yesterday with shorter tenors trading 3bps lower to 1bps higher, belly tenors trading 3-4bps lower and 10Y trading 3bps lower.
- Flows in SGD corporates were heavy, with flows in HSBC 5%-PERP, SRENVX 3.75% '31s, HSBC 5.25%-PERP, SRENVX 3.125% '35s, BACR 5.4%-PERP, GESP 3.928% '39s, HSBC 5.3% '33s, STANLN 5.3%-PERP, GUOLSP 4.35%-PERP, UOBSP 2.55%-PERP, HSBC 4.75% '34s.
- As per Bloomberg, three Asian issuers, including two local government financing vehicles from China, issued ESG bonds on Thursday, adding to the series of borrowers active in the dollar-note market this week. The other was Indian renewable energy company Greenko Energy Holdings with a USD1bn green bond for refinancing and subscribing for or loaning INR debt to be issued or borrowed by Greenko AP01 IREP Pvt.
- In other news from Bloomberg, China Evergrande New Energy Vehicle Group Ltd. intends to postpone the release of its 2024 annual results past the mandated deadline, resulting in a trading halt.
- According to an exchange filing, bondholders of the Indonesian state-owned pharmaceutical company, PT Kimia Farma Tbk, have rejected a proposal to postpone the coupon payment on a mandatory convertible bond that is due on August 22.
- Bloomberg Asia USD Investment Grade spreads traded flat at 75bps while Bloomberg Asia USD High Yield spreads tightened by 1bps to 406bps. (Bloomberg, OCBC)

**Credit Summary:**

- **CK Asset Holdings Limited (“CKA”)**: CKA reported 2024 results. Overall results are weaker as expected given the challenging environments (eg: housing, office, retail) in HKSAR and mainland China. Credit metrics weakened y/y though remained healthy with substantial liquidity. Outlook is well underpinned by strong and stable recurring income along with a healthy balance sheet.

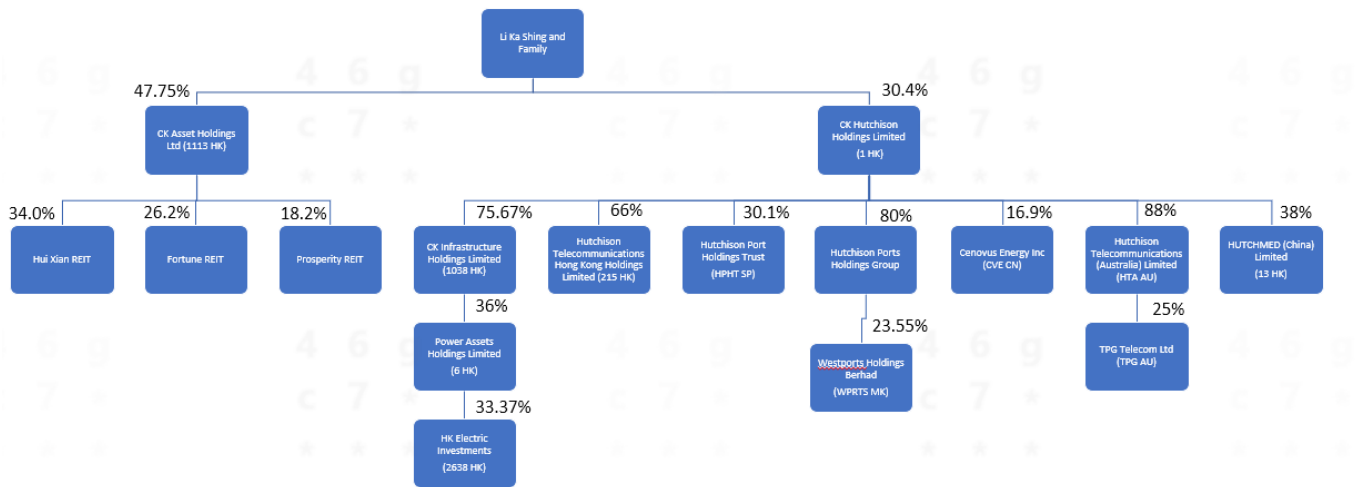
## Credit Headlines

### CK Asset Holdings Limited ("CKA")

- CKA reported 2024 results. **Overall results are weaker as expected given the challenging environments (eg: housing, office, retail) in HKSAR and mainland China. Credit metrics weakened y/y though remained healthy with substantial liquidity. Outlook is well underpinned by strong and stable recurring income along with a healthy balance sheet.**
- **Earnings affected primarily by weak Property Sales, offset by Property Rental and infrastructure assets:** Revenue rose 0.7% y/y to HKD71.6bn. Profit before investment property revaluation ("underlying operating profit) fell 15.1% y/y to HKD11.7bn. Including the investment property revaluation profit of HKD2.0bn (2023: HKD3.3bn), net profit declined 20% y/y to HKD13.7bn. On a y/y basis:
  - **Property Sales revenue fell 24.3% to HKD10.0bn and underlying operating profit contribution fell 66.3% to HKD2.2bn** amidst the weak property market in HKSAR and mainland China. Contracted sales not yet recognised rose to HKD31.7bn (Dec 2023: HKD19.4bn).
  - **Property Rental revenue rose 3.8% to HKD6.1bn and underlying operating profit contribution rose 1.8% to HKD4.7bn.** The full-year contribution from the Civitas social infrastructure portfolio (acquired in August 2023) in the UK has helped to mitigate the prevailing challenges of the retail and property rental markets in Hong Kong.
  - **Hotel and Services Suite Operation revenue rose 0.2% to HKD4.4bn and underlying operating profit contribution rose 8.3% to HKD1.7bn.** The HKSAR government and event organisers made concerted efforts in 2024 to attract more visitors.
  - **Pub Operation revenue rose 5.2% to HKD24.4bn and underlying operating profit contribution fell 45.9% to HKD539mn.** Profit margins were affected by the inflationary environment and subdued consumer sentiment.
  - **Infrastructure and Utility Asset Operation revenue rose 9.5% to HKD25.8bn and underlying operating profit contribution rose 7.6% to HKD8.4bn.** The stronger results were contributed primarily by acquisitions of (1) an indirect 40% interest in Phoenix Energy Holdings Limited, a gas distribution network operator in Northern Ireland, (2) an indirect 40% interest in a portfolio of operating onshore wind farms in the UK and (3) an indirect 20% stake in Powerlink Renewable Assets Limited, an owner and operator of a portfolio of renewable power generation assets in the UK.
- Statutory net profit (including the investment property revaluation profit of HKD2.0bn (2023: HKD3.3bn)) declined 20% y/y to HKD13.7bn.
- **Healthy credit metrics though weakened y/y:** Gearing remained healthy with adjusted net debt (including perpetuals) to equity ratio of 6.3% (Dec 2023: 5.3%) as of 31 December 2024. Based on our calculation, EBITDA to adjusted interest (including perpetual distribution) ratio weakened y/y to 3.8x (2023: 4.7x) due to weaker earnings, higher debt and higher interest expenses. Meanwhile, adjusted net debt (including perpetual) to EBITDA weakened slightly y/y to 1.2x (2023: 0.9x).
- **Rising political risks:** There was huge backlash in HKSAR and mainland China on CK Hutchison Holdings Limited's ("CKH") proposal to sell its interest in 43 ports and 199 berths in 23 countries to New York-based BlackRock and its unit Global Infrastructure Partners (GIP). The deal reportedly could generate USD19 billion in cash for CKH. Based on our findings, CKA does not have any stake in any port businesses. That said, Li Ka Shing and family owns substantial stakes in both CKA and CKH and CKA has some business linkages with CKH and its subsidiaries via joint ventures on certain assets of the Infrastructure and Utility Asset Operation segment. CKA's 42.9% underlying operating profit in 2024 was contributed from HKSAR and mainland China.
- **Strong recurring income and credit fundamentals help CKA sail through the uncertain outlook:** The HKSAR and mainland China residential property market is expected to remain challenging given the high supply and lacklustre macroeconomic environments. HKSAR property prices are expected to remain under pressure in 2025. That said, we think CKA's strong credit fundamentals and strong recurring income (88% of 2024 underlying operating profit are recurrent in nature) will help CKA to withstand the uncertain market conditions. (Company, OCBC)

## Simplified shareholding structure of CKA and CKH as of 31 December 2023

### Major listed corporates owned by Li Ka Shing and Family (31 December 2023)



Source: Company, OCBC

**New Issues:**

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing
20 Mar	Greenko Wind Projects Mauritius Ltd (guarantor: Greenko Energy Holdings)	Green, Fixed	USD	1000	3.5NC2	7.25%
20 Mar	Xiangyu Investment BVI Co Ltd (guarantor: Huai'an Development Holdings Co Ltd)	Sustainable, Fixed	USD	155	3Y	5.30%
20 Mar	Quanzhou Nanyi Investment Group Co Ltd	Green, Fixed	USD	130	3Y	5.40%
20 Mar	Suntec REIT MTN Pte Ltd (Guarantor: HSBC Institutional Trust Services Singapore Ltd as Trustee of Suntec Real Estate Investment Trust)	Fixed	SGD	175	6Y	3.40%

**Mandates:**

- There were no notable mandates yesterday.

**Key Market Movements**

	21-Mar	1W chg (bps)	1M chg (bps)		21-Mar	1W chg	1M chg
iTraxx Asiax IG	77	4	9	Brent Crude Spot (\$/bbl)	72.2	2.2%	-3.1%
				Gold Spot (\$/oz)	3,028	1.5%	3.1%
iTraxx Japan	51	-1	1	CRB Commodity Index	307	1.5%	-1.2%
iTraxx Australia	75	-1	10	S&P Commodity Index - GSCI	560	1.5%	-1.7%
CDX NA IG	58	3	9	VIX	19.8	-19.7%	8.7%
CDX NA HY	106	0	-2	US10Y Yield	4.25%	-6bp	-18bp
iTraxx Eur Main	59	2	6				
iTraxx Eur XO	309	-1	24	AUD/USD	0.629	-0.5%	-1.0%
iTraxx Eur Snr Fin	65	3	8	EUR/USD	1.083	-0.4%	3.6%
iTraxx Eur Sub Fin	112	7	14	USD/SGD	1.335	-0.1%	0.1%
				AUD/SGD	0.840	0.4%	1.1%
USD Swap Spread 10Y	-42	-1	-3	ASX200	7,931	1.8%	-4.4%
USD Swap Spread 30Y	-76	-1	-3	DJIA	41,953	2.8%	-3.4%
				SPX	5,663	2.6%	-5.8%
China 5Y CDS	50	1	3	MSCI Asiax	742	2.1%	-0.7%
Malaysia 5Y CDS	49	1	8	HSI	23,741	-0.9%	1.1%
Indonesia 5Y CDS	90	7	18	STI	3,926	2.3%	-0.1%
Thailand 5Y CDS	49	2	9	KLCI	1,507	-0.2%	-5.3%
Australia 5Y CDS	13	0	2	JCI	6,245	-4.2%	-8.2%
				EU Stoxx 50	5,451	2.3%	-0.4%

*Source: Bloomberg*

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