

CMBI Credit Commentary

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

The Asset Asian G3 Bond Benchmark Review 2025

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "The Asset Asian G3 Bond Benchmark Review 2025". Thank you for your support!

- *BBLTBs/KBANKs tightened 1-3bps this morning. BNKEA 27-34s widened 5-10bps. SHIKON 35 was unchanged. The CNH LGFVs remained sought after.*
- *FAEACO: Profit warning but the key is adj. net gearing largely similar to level in Mar'24. FAEACO 12.814 Perp down 2.4pt this morning. See below*
- *NWDEVL: Media reported NWD gets preliminary consent from all lenders for an HKD87.5bn (cUSD11.1bn) refinancing loan. NWDEVL Perps/27-31s were up 0.6-1.6pts yesterday and were unchanged to 0.4pt higher this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, the new MTRC Perps were unchanged to 0.1pt lower. The recent new HLINSU 55 rose another 0.2pt to 101.7. The new SHIKON 35 was 4bps wider (0.2pt lower). The flows of Asia IG space were light with the US out for holiday. In KR, the recent new INDKORs were 3bps wider. HYNMTRs were unchanged in spreads. In Chinese IGs, MEITUA 30s tightened 1bp. BABA/HAOHUA 30-35s were unchanged to 2bps wider amid mixed flows. In financials, the new CNH CCAMCL 2.58 28 rose 0.6pt from RO at par amid mixed flows. CFAMCI 26-30s were unchanged in spreads, amid Moody's changed CITIC AMC's outlook to stable from negative. BOCAVI 28s tightened 4bps. In AT1s, HSBC 7.05 Perp/HSBC 6.95 Perp/RY 6.75 85 were 0.1-0.3pt lower. JP insurance hybrids were skewed to better selling from PBs/RMs. SUMILF Perp was 0.1pt lower. QBEAU 35-46s were unchanged following Fitch's one notch upgrade to A. In HK, NWDEVL Perps/27-31s were up 0.6-1.6pts, closed 0.3pt lower to 0.7pt higher WTD. NANFUN Perp/CPREIT 30/PCGIHD 26 declined 0.3-0.5pt. FAEACO Perp was unchanged. Far East Consortium announced FY25 profit warning last night. See comments below. In Chinese properties, VNKRL 27-29s were 0.6-1.2pts lower. Outside properties, EHICAR 26-27s lowered 0.1-0.6pt. In Thailand, KBANK/BBLTB T2s/AT1s were 5-10bps wider while seniors were 0-3bps wider. TOPTB 28-43s were 3-5bps wider. Elsewhere in SE Asia, VLLPM 27-29s declined 0.6-3.3pts. VEDLN 28-33s closed 0.1-0.4pt lower. RNW/RPVIN/INCLN/INGPHL 26-28s were unchanged to 0.1pt lower. See our comments on ReNew Energy's FY25 results on 19 Jun '25.

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

In LGFVs, the higher yielding CNH names such as HBCITY 6 28s/GUIJKA 6.3 28s climbed another 0.2-0.5pts as their yields continued to compress to 6%-handle on the back of robust buying from local RMs. The flows in higher yielding USD papers such as ZZIFIV 6.9 28s/JMUDIV 6.9 27s also picked up. BJCONS 26 was 0.1pt higher despite S&P's one notch downgrade to BBB-. In SOE perps, CHSCOI 3.4 Perp was down 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 10.131 PERP	36.8	1.6	VLLPM 9 3/8 07/29/29	68.8	-3.3
NWDEVL 4 1/8 PERP	26.1	1.4	VNKRLE 3 1/2 11/12/29	69.0	-1.2
NWDEVL 6 1/4 PERP	25.1	1.3	VLLPM 7 1/4 07/20/27	77.5	-0.6
NWDEVL 5 1/4 PERP	27.7	1.2	VNKRLE 3.975 11/09/27	77.3	-0.6
NWDEVL 8 5/8 02/08/28	62.3	1.1	EHICAR 7 09/21/26	70.9	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – US stock markets closed on Thursday. Media reported US will decide whether or not to get directly involved in the Iran-Israel conflict within the next two weeks. China 1yr/5yr LPR was unchanged at 3.0%/3.5%, respectively. UST yield were unchanged, 2/5/10/30 yield at 3.94%/3.98%/4.38%/4.88%.

❖ Desk Analyst Comments 分析员市场观点

➤ FAEACO: Expected loss of HKD1.3bn in FY25 due to non-cash items

Far East Consortium (FEC) issued profit warning. FEC expects to record a loss attributable to shareholders of not more than HKD1.3bn for FY25, compared to HKD226mn profit in FY24. The loss was primarily due to non-cash items, including change in fair value of investment properties, impairment loss on properties for sale and share of impairment loss recognized by an Asso and a JV. The adjusted cash profit will be not less than HKD200mn in FY25, compared to HKD780mn in FY24. Moreover, FEC expects the adjusted net gearing ratio as of Mar'25 to be similar to that of Mar'24.

We estimated that FEC's adj. net gearing ratio is c69% on a pro-forma basis, after taking into account of the sale of mortgage receivables for net proceeds of HKD344mn in May'25. The negative impact on the net gearing ratio from the HKD1.3bn FY25 loss was partly mitigated by the sale of mortgage receivables. The pro-forma adj. net gearing ratio is also largely the same as levels as of Sep'24 (68.8%) and Mar'24 (68.1%), and lower than the covenant level of 80%.

The price of FAEACO 12.814 Perp down by c18pt from end of May'25, as a spillover effect from NWD's decision to defer the coupon payments on four of its perps. We understand that FEC can opt for coupon payment deferral on FAEACO 12.814 Perp, yet the coupon payment is cumulative, compounding and subject to dividend stopper. FEC can redeem FAEACO 12.814 Perp partially with monthly redemption intervals, and the minimum redemption amount is USD20mn. In our view, the decision to conduct partial call hinge on the timing of the cash collections from completed property developments in the UK and Australia as well as non-core asset disposals. The timing of partial call is more likely at the end of 3Q25. A key moving part to the pace of partial call will be the size of further write-down on DBC, if any. We maintain buy on FAEACO 12.814 Perp. At 65.3, we believe that FAEACO 12.814 Perp remains a good short-dated carry play.

➤ 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)
------------------	----------	---------------	-------	---------	----------------------

No Offshore Asia New Issues Pipeline Today

➤ **News and market color**

- Regarding onshore primary issuances, there were 161 credit bonds issued yesterday with an amount of RMB148bn. As for month-to-date, 1,385 credit bonds were issued with a total amount of RMB1,369bn raised, representing a 19.3% yoy increase
- China says RMB300bn (cUSD42bn) car subsidy plan to continue after some cities halt
- **[BABA/JD]** Alibaba and JD.com achieve record participation in mid-year shopping event
- **[BNKEA]** Moody's affirms Bank of East Asia's A3 ratings, outlook remains negative
- **[CFAMCI]** Moody's changed the outlook of CITIC Financial AMC to stable from negative on improved funding and liquidity; affirmed Ba1 rating
- **[FWDGHD]** FWD Group plans to raise USD500mn via Hong Kong IPO
- **[MDLNIJ]** Modernland Realty Moody's Ca rating with negative outlook withdrawn on issuer's request
- **[MEITUA]** Meituan has maintained a 70% market share in China's food delivery market despite rising competition
- **[SOFTBK]** Softbank USD bond expected following Hong Kong investor conference
- **[VEDLN]** Vedanta Ltd targets to double aluminum business EBITDA to USD4bn this year

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk**Author Certification**

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.,) of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to

any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.