

CMBI Credit Commentary

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

- *The new ORIEAS 28 tightened another 2bps this morning. Chinese properties stabilized, and some AMs continued to buy at the cheaper price. VLLPM 29/SOFTBK 31 were 0.4-1.1pts higher, while LUSOIB 34/VNKRLE 27-29 were 0.6-1.2pts lower.*
- **FAEACO:** *Adj. net gearing ratio improved to 64.9% as of Sep'25 amid weaker 1HFY26 results. FAEACO Perp was 0.7pt lower this morning. See below.*
- **LASUDE:** *Lai Sun Garment and Lai Sun Development in talks over certain proposed disposal, terms not finalized and no definitive agreement reached. LASUDE 26 was 0.1pt higher this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, the new HUANEN 4.15 Perp edged 0.1pt higher from RO at par on back of top-up demand from AMs. The new ORIEAS 28 closed 1bp tighter from RO at T+88, while Chinese TMT/AMC benchmarks leaked to 2-4bps wider. Long-end BNKEA/PINGIN and ZHOSHK 28 widened 1-3bps. NANYAN 7.35 Perp/LUSOIB 34 gained 0.8pt. FAEACO 12.814 Perp was up by 0.3pt. See our comment on FEC 1HFY26 results below. LASUDE 26 was 0.2pt higher. Shares trading were halted for both Lai Sun Development (LSD) and Lai Sun Garment (LSG) yesterday. LSD and LSG were in talks over certain proposed disposal which, we believe, is referring to the sales of 50% stakes in CCB Tower. BTSDF 28 was 0.1pt higher. Media reported H&H said it secured lender consent to increase onshore bilateral loan-to-EBITDA covenant to 1.25x from 0.85x in 9M25 results call. The new WESCHI 28 dropped another 1.1pts, while WESCHI 26 was 0.1pt higher. The NWDEVL complex were 0.3pt lower to 0.7pt higher. In Chinese properties, VNKRLE 27-29 plunged another 15.0-17.5pts on maturity extension for onshore bond. FTLNHD 27/FUTLAN 28 dived 4.0-5.1pts. LNGFOR 27-32 were down by 1.7-2.0pts. Other SOE property names CHJMAO/GRNCH/ZHHFGR/CPDEV were 1.0-2.0pts lower, with prop desks selling heavily and non-Chinese AMs buying at dip. We saw better buying on JP financial names like MIZUHO/MUFG from PB accounts. Japanese and Yankee AT1s and insurance subs were 0.1pt firmer amid moderately light flows. In SEA space, SMCGL Perps were 0.1-0.2pt lower. See comments on the new SMCGL perp [yesterday](#).

In LGFV space, there were selling flows in liquid higher-yielding issues like JMUDIV as some investors raised cash to buy property bonds in dip. Flows were otherwise balanced two-way among AMs and retail clients.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SOFTBK 7 5/8 04/29/61	94.1	0.9	VNKRLE 3.975 11/09/27	22.8	-17.5
CFAMCI 4 5/8 06/03/26	101.0	0.8	VNKRLE 3 1/2 11/12/29	21.6	-15.0
NANYAN 7.35 PERP	105.2	0.8	FTLNHD 11.88 09/30/27	90.1	-5.1
LUSOIB 7 1/2 05/29/34	102.3	0.8	FUTLAN 11.88 06/26/28	90.7	-4.0
CHIOLI 3.05 11/27/29	95.7	0.7	DALWAN 11 02/13/26	92.6	-2.2

❖ Marco News Recap 宏观新闻回顾

Macro – US markets were closed on Thursday for Thanksgiving Day. UST yield was unchanged on Thursday. 2/5/10/30 year yield was at 3.45%/3.56%/4.00%/4.64%.

❖ Desk Analyst Comments 分析员市场观点

➤ **FAEACO: Adj. net gearing ratio improved to 64.9% as of Sep'25 amid weaker 1HFY26 results**

Far East Consortium (FEC) announced weaker 1HFY26 results, which were largely in line with the profit warning issued on 21 Nov'25. Its 1HFY26 revenue decreased by 27% yoy to HKD3.8bn, primarily driven by 41% yoy decrease in revenue from property development segment from lower recognition during the period. Key contributors to development segment included Aspen at Consort Place and Victoria Riverside (Tower B, Tower C, and Bromley Street) in the UK, West Side Place in Australia, and Mount Arcadia in Hong Kong. Hotel segment revenue rose 10% yoy, driven by Dorsett Kai Tai Hong Kong and resilient performance in Malaysia and Australia. Dorsett Canary Wharf London and HubX Shanghai soft-opened in Sep'25 should help with revenue growth in 2HFY26. FEC omitted interim dividend.

Despite the topline drop, FEC's loss before tax increased slightly to HKD665mn in 1HFY26, attributable to increase in share of losses from Assos and JVs, partially offset by lower fair value losses on IPs and forex loss, as well as a HKD270.6mn gain from the disposal of its entire 53.21% stake in the BC Investment JV. Excluding the non-cash items, FEC's adjusted cash profit increased to HKD203mn in 1HFY26 from HKD33.3mn in 1HFY25.

FEC's leverage improved as of Sep'25. Its adj. net gearing ratio dropped to 64.9% from 67.6% as of Mar'25. FEC monetized HKD1bn non-core assets during 1HFY26 to reduce debts during 1HFY26, including net proceeds from disposal of HK mortgage portfolio of HKD344mn and BC Investment of cHKD513mn. As of Sep'25, FEC had cash and cash equivalent of HKD2.6bn and total debt (incl. perp) of HKD27.2bn, both decreased c5% from the level as of Mar'25. We expect FEC continue to lower leverage in 2HFY26, in view of its disposal of cart park in Sydney in Oct'25 and certain interest of Ritz-Carlton Perth in Nov'25. FEC's cumulative attributable presales and unbooked contracted sales of HKD9.3bn also provides near-term cash inflow visibility to FEC.

We maintain buy on FAEACO 12.814 Perp as we believe that the perp continues to offer a decent risk-return profile in view of the larger cushion against the covenanted adj. net gearing ratio, as well as expected cash inflow from project deliveries and non-core asset sales. At 71.3, the perp offers a YTW of 18.5%. We believe the optimal way for FEC to manage its interest expenses and adj. net gearing ratio is to buy back the perp at market price despite FEC continues to mention bank loan reduction is the first priority. That means FEC has to continue to pay the coupon on the perp.

Table 1: Summary of FEC o/s USD bond

Security name	ISIN	Next Call Date	Amt o/s (USD mn)	Ask price	Ask YTNC	Issue rating (M/S/F)
FAEACO 12.814 PERP	XS2050584866	12/18/2025	360	71.3	920.3%	-/-

Source: Bloomberg.

➤ **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	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ **News and market color**

- Regarding onshore primary issuances, there were 111 credit bonds issued yesterday with an amount of RMB201bn. As for month-to-date, 2,067 credit bonds were issued with a total amount of RMB2,284bn raised, representing a 22.1% yoy increase
- **[ADEIN]** Jaiprakash Associates seek NCLT approval for Adani Enterprises' resolution plan for company
- **[BIMLVN]** BIM Land launched tender for up to USD30mn of BIMLVN 7.375 05/07/26
- **[BNP/SAMSNG]** BNP Paribas Cardif and Samsung Life Insurance are the leading contenders to acquire 26% holdings in IndiaFirst Life Insurance
- **[BTSDJ]** S&P revised the outlook of Health and Happiness to stable from negative on recovering infant milk business, affirmed BB rating
- **[CWAHK]** China Water Affairs secured USD100mn long-term financing from Asian Development Bank for its integrated wastewater treatment and pipeline rehabilitation project
- **[EMPINT]** Emperor International reached consensus with banks to resume existing bank borrowings arrangement
- **[SJMHL]** SJM's satellite Casino Kam Pek Paradise will cease operation on 1 Dec'25 11:59pm
- **[VNRLE]** S&P downgraded China Vanke by one notch to CCC- from CCC on potential maturity extension, ratings placed on CreditWatch Negative

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