

## CMBI Credit Commentary

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

- *New KOREAT'28 tightened 5bps, KYUSEL'29 tightened 7bps this morning. MEITUAs tightened 3-5bps under better buying flows. NWDEVLs rose 0.5-1pt and coupon step-up perps were well bid.*
- *FAEACO: Expects to commence partial redemption of FAEACO 7.375 Perp in 1Q25. See below for comments.*
- *VEDLN: Considers to tap VEDLN 10.875 09/17/29. See below for comments.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, KOREAT priced a USD500mn bond at CT3+80. The new KOROIL Float '27 tightened 10bps from RO (SOFR+90), and KOROIL 27s/29s were 1-2bps tighter from their ROs. The new MEITUA 28s and 29s closed 10bps and 3bps wider from RO (CT3+115 and CT5+125, respectively). The old MEITUA 30s widened 10bps on some profit taking. ACAFP priced a USD1.25bn NC10 Perp at par to yield 6.7%, and the perp closed 0.1pt higher. Away from new issues, in financials, BNP 7.375 Perp/HSBC 6.875 Perp were down 0.1-0.2pt. AIA 35/54 and CATLIF 34/39 were 2-4bps wider. In Chinese IGs, HAOHUA/TENCNT 28-30s were 1bp tighter. On the other hand, WB 30s widened 5bps. ZHOSHK 26/28 were unchanged to 3bps wider following Fitch revised its outlook to negative from stable and affirmed its BBB ratings. Chinese properties were firm post another round of support measures. See our comments on [25 Sep '24](#). VNKRL 25-29s rose 2.2-2.6pts, closed 2.5-4.0pts higher WTD. LNGFORs/CHJMAOs were 0.2-0.5pt higher. In HK, NWDEVL Perps/27-31s were 0.6-1.5pts higher on the back of PB buying. Media reported that NWD could replace the CEO Adrian Cheng. NWSZF 28/29 were up 0.2-0.4pt. Outside properties, WESCHI '26 rose 2.2pts. FOSUNI 25-27s were up 0.3-0.4pt. EHICAR '26 and '27 declined 0.7pt and 2.2pts, respectively. In India, ADSEZs/ADANEMs/ARENJs were up 0.2-0.3pt. In Indonesia, MDLNIJ '27 was 1.0pt higher. In the Philippines, SMCGL Perps were unchanged to 0.1pt higher following SMC Global Power announced a tap of at least USD100mn in principal amount on SMCGL 8.75 Perp of USD800mn. Elsewhere, GLPSPs/GLPCHIs were up 0.3-0.6pt.

In LGFVs, JNHTE priced a USD250mn 3-yr bond at par to yield 5%. FANGYA priced a USD150mn 3-yr bond at par to yield 5.7%. ZHHFGR '25 was up 0.1pt. CPDEV 25/26/Perp were down 0.1pt. We saw the CNH LGFVs were 10-15bps tighter following China's rates cut. Meanwhile, MINMET '26 was 0.3pt higher. GRPCIN '26/ZHONAN '25 were up 0.1pt. In SOE perps, CHSCOI 3.4 Perp/HAUDIA 3.375 Perp were 0.1pt higher..

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.975 11/09/27	52.1	2.6	EHICAR 12 09/26/27	74.2	-2.2
WESCHI 4.95 07/08/26	73.3	2.2	HAOHUA 5 1/2 03/14/48	102.2	-1.6
VNKRLE 3 1/2 11/12/29	48.0	2.2	CCAMCL 5 02/08/48	89.1	-1.1
VNKRLE 3.15 05/12/25	84.0	2.1	SINOPE 3.68 08/08/49	84.5	-1.0
NWDEVL 4 1/8 PERP	61.0	1.5	MUFG 5.406 04/19/34	105.3	-1.0

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.25%), Dow (+0.20%) and Nasdaq (+0.56%) moved higher on Tuesday. The US Sep'24 Conference Board consumer index dropped to 98.7 from 105.6 in Aug'24 and was lower than the expectation of 103.9. UST yields retreated yesterday, 2/5/10/30 yield reached 3.49%/3.47%/3.74%/4.09%.

## ❖ Desk analyst comments 分析员市场观点

## ➤ FAEACO: Expects to commence partial redemption of FAEACO 7.375 Perp in 1Q25

Per media report, Far East Consortium (FAEACO) expects to commence partial redemption of FAEACO 7.375 Perp as early as in 1Q25 and to fully redeem the perps by end-2025, from half of the cash collection of HKD8bn-10bn (USD1.03-1.28bn) from overseas projects delivery in coming six months. FAEACO is not keen to issue USD bonds to refinance the perps unless the funding cost is substantially lower. Recalled that on 17 Sep'24, FAEACO obtained the consent from the holders of FAEACO 7.375 Perp to have the option to partially redeem the perp with monthly redemption intervals after the first call date. The coupon of the FAEACO 7.375 Perp will be reset and step up to 5yUST+initial spread of 592.4bps+300bps, i.e. c12.4%, from 7.375% if it is not called on the first call date in Oct'24.

FAEACO has been divesting non-core assets, especially hotels and car parks, to lower its leverage and shore up its liquidity. FAEACO completed the disposal of a car park in UK at GBP17.2mn (cHKD179mn) on 5 Sep'24. It is considering to dispose of long-term lease residential developments in Shanghai within two years. On the other hand, FAEACO continues to sell its inventory of totaled HKD6.1bn from the two projects in Hong Kong, and expects to record contract sales totaled HKD1.3bn these two projects in FY25: Manor Parc in Hung Shui Kiu (remaining 3 units not yet open for sale) and Mount Arcadia in Tai Wai (8 units on sale, and 6 units not yet opened for sale).

We are neutral on FAEACO 7.375 Perp on the fair valuation. Within the HK corp space, we still prefer the perps of NWDEVL with high coupon step-up. NWDEVL 5.25 Perp (YTC: 18.5%, callable in Jun'26) is our top pick within the NWDEVL complex for its better risk-return profile.

Bond	O/s amt (USD mn)	Px	YTW (%)	YTC (%)
FAEACO 7.375 Perp	360	99.24	12.60	16.68

Source: Bloomberg.

## ➤ VEDLN: Considers to tap VEDLN 10.875 09/17/29

Vedanta Resources (VRL) considers to tap of its VEDLN 10.875 09/17/29, per media report. Assuming a tap of USD650mn to redeem VEDLN'28 of USD608mn in full on the conditional call (original amount of USD1,008mn before tender offer and a maximum amount of USD400mn to be redeemed via tender offer and conditional call), the two amortizations and maturity payable in 2027 and 2028 in respect of the above

VEDLN'28 will be extended to Sep'29. This would then further alleviate the refinancing pressure of VRL especially in 2027-28. See below for the proforma maturity profile of VRL assuming full redemption on the VEDLN'28 discussed above. We maintain neutral on VEDLNs on valuation.

**Table 1: Proforma maturity profile of VRL**

	O/s amt after tender offer and call	Assume to tap USD650mn to redeem VEDLN'28 in full	Details
2026	600	600	Maturity of VEDLN 9.25 04/23/26
2027	501	298	Amortization of VEDLN 13.875 12/09/28
2028	1,001	596	Amortization and maturity of VEDLN 13.875 12/09/28
2029	900	1,550	Maturity of VEDLN 10.875 09/17/29 (assume USD650mn tap)
Total	3,002	3,044	

Source: Bloomberg, CMBI Research.

**Table 2: Bond profile of VRL**

Bond	ISIN	o/s amt (USDmn)	Ask px	Issue rating
<b>Subject to conditional calls</b>				
VEDLN 13.875 01/21/27	US92243XAD30	436.41	100.7	-/B-/-
VEDLN 13.875 12/09/28	US92243XAE13	918.28	100.8	-/B-/-
<b>VRL's other o/s bonds</b>				
VEDLN 9.25 04/23/26	US92243XAA90	600	99.2	Caa2/B-/-
VEDLN 13.875 12/09/28	US92241TAM45	894	103.0	Caa2/B-/-
VEDLN 10.875 09/17/29	USG9T27HAG93	900	101.2	-/B-/-
Total		3,748.69		

Source: Bloomberg, Company filling.

#### ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Kyushu Electric Power Company	500	5yr	4.447%	T+95	A3/-/-
KT Corp	500	3yr	4.125%	T+80	A3/A-/-
Jiangsu Fangyang Holdings	150	3yr	5.7%	5.7%	-/-/-
Jinan Hi-tech Holding Group	250	3yr	5.0%	5.0%	-/-/BBB

#### ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Taizhou State-owned Assets Investment Group	USD	-	3yr	4.9%	-/-/-

#### ➤ News and market color

- Regarding onshore primary issuances, there were 125 credit bonds issued yesterday with an amount of RMB140bn. As for month-to-date, 1,540 credit bonds were issued with a total amount of RMB1,408bn raised, representing a 2.7% yoy decrease
- Media reported that China weighs injecting USD142bn of capital into top banks
- Media reported that NDRC mulls incentives to spur SOE investments in urban redevelopment projects

- **[COGARD]** Country Garden Services announced to sell 1.49% of Zhuhai Wanda Commercial Management Group for RMB3.14bn
- **[DALWAN]** Dalian Wanda Commercial Management schedules redemption of RMB1.1bn 20Wanda02 bonds on 9 Oct'24
- **[FAEACO]** Far East Consortium expects to fully redeem USD360mn FAEACO 7.375 Perp by end-2025
- **[NWDEVL]** Media reported that New World Development contemplated replacing CEO Adrian Cheng; New World Development suspended trading in HK
- **[NWSZF]** NWS Holdings FY24 revenue down 2.6% to HKD26.4bn while adj. EBITDA rose 24% to HKD7.2bn; The company proposed to change company name to CTF Services Limited
- **[VEDLN]** Vedanta Resources said it was considering a tap of its USD900mn VEDLN 10.875'29
- **[XINHUZ]** Quzhou Xin'an Development accepted USD312.8mn of 11.0% senior notes due 2024 for exchange pursuant to exchange offer

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