

## CMBI Credit Commentary

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

- *New issue OCBSP'34 tightened 6-7bps. In Asian IG space, front-end AMC/T2s/TMT were under better buying. Short term LGFVs were traded two-way. AGILE defaulted on coupon payment of AGILE 6.05 10/13/25. See below.*
- *LPKRIJ: Asset disposal, tender offer and consent solicitation for due 2025/2026 bonds. LPKRIJs rose 1-1.75pts post the announcement. See below.*
- *CTFE/NWDEVL: Remain accessible to various funding channels. See below.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, OCBC priced a USD500mn 10NC5 T2 at T+103. SIASP 26s/34s widened 1-2bps. DAESEC 29s tightened 5bps. HYUELE 27-31s were 1-2bps tighter. In Chinese IGs, HAOHUA 29s/TENCNT 31s were unchanged to 1bp wider. In financials, the recent new PINGIN '34/BOCAVI '30 closed unchanged to 1bp wider. BNKEA 27s/30s were under better buying from PBs/AMs and tightened 1-3bps. In EU AT1s, BNP 8 Perp/UBS 7.75 Perp were down 0.1-0.3pt. In HK corps, CASHLD/NWDEVL Perps were 0.6-0.9pt higher. In Chinese properties, VNKRL 25-29s jumped another 3.2-4.4pts after gaining 2.5-4.6pts last week. LNGFOR 27-32s moved 1.8-4.1pts higher. FUTLAN/FTLNHD 24-26s were up 0.7-3.8pts. CHJMAO '29 increased 3.1pts. AGILE 5.5 '25/AGILE 5.75 '25, on the other hand, declined 1.2-1.5pts. Agile failed to cure the missed coupon of AGILE 6.05 10/13/25 after the 30-day grace period expired on 13 May'24. See comments below. In industrial, ANTOIL '25 lowered 0.5pt. MGMCHI/STDCTY 26-27s were up 0.3-0.4pt. In Indonesia, LPKRIJ 25/26 moved another 1.0-1.5pts higher after gaining 3.9-5.0pts last week. Lippo Karawaci launched the tender offers and consent solicitations to purchase LPKRIJ '25 and LPKRIJ '26. See comments below. In India, UPLLIN 28/30/Perp increased 1.3-2.3pts on rights issue plan to deleverage.

In the LGFVs/SOE perps/high-beta spaces, there were mixed two-way flows on the front-end of the papers among AMs/PBs. In the 5-6% LGFVs, HZCONI '26/GZDZCD '26/GZGETH '27 were down 0.1pt. SHDOIS '24/SHGUOH '25/QDJZWD '25 were 0.1pt higher. The high-yielding LGFVs such as CPDEV 25/26 were up 0.1-0.2pt. In the high beta names, GRPCIN/SUNSHG 26s were 0.2-0.3pt lower..

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.975 11/09/27	56.7	4.4	AGILE 5 1/2 04/21/25	9.5	-1.5
LNGFOR 3.85 01/13/32	63.2	4.1	TAISEM 4 3/8 07/22/27	97.7	-1.5
VNKRLE 3 1/2 11/12/29	52.9	3.9	TAISEM 1 1/4 04/23/26	93.1	-1.4
FTLNHD 4 5/8 10/15/25	61.6	3.8	TAISEM 3 1/8 10/25/41	77.8	-1.4
VNKRLE 3.15 05/12/25	77.4	3.2	AGILE 5 3/4 01/02/25	10.7	-1.2

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.02%), Dow (-0.21%) and Nasdaq (+0.29%) were mixed on Monday and investors are cautious before Wednesday's US Apr'24 CPI. UST yield slightly lowered yesterday, 2/5/10/30 yield were 4.85%/4.50%/4.48%/4.63%.

## ❖ Desk analyst comments 分析员市场观点

## ➤ AGILE: Default on coupon payment

Agile failed to cure the missed coupon of AGILE 6.05 10/13/25 after the grace period expired on 13 May'24. Previously, Agile had settled the missed coupons within grace period to avoid default. We are not sure if the coupon of AGILE 5 ½ 04/21/25 has been paid. If not, the grace period of missed coupon of this bond will expire on 21 May'24. The coupon payments of AGILE 6.05 10/13/25 and AGILE 5 ½ 04/21/25 are USD14.6mn and USD8.6mn, respectively.

The default of Agile appears to be inevitable given the prolonged period of weak contract sales and inability to resume the access to funding channels. In 4M24, Agile's gross contract sales were only RMB6.6bn (cUSD900mn), down 68% yoy. To illustrate, its annual coupon payments for o/s offshore bonds are USD398mn (cUSD166mn if excluding coupon on perps). As we discussed before, the 3 criteria for developers to "survive" are: 1) focus on T1/2 cities where operating performance will more likely be benefitted from policy relaxation and sales recovery; 2) ownership for high quality (i.e. high occupancy rate) investment properties which can be used for secured financing; and 3) manageable debt maturities. Please see more detailed discussions in our [Asia Credit Outlook 2024 published on 2 Jan'24](#).

In view of Agile's lumpy scheduled redemptions/repayments from late 2024 (AGILE 7 11/24/26 EB put on 24 Nov'24) to mid-2026, and the heavy coupon payments, we expect Agile to pursue a holistic liability management exercise for all of its offshore liabilities. As the 4 o/s perps are senior unsecured, we expect these perps and any deferred coupon to be included in the upcoming liability management exercise. AGILEs have been quoted in mid single-digit to low teens recently. We believe that the market has priced in a holistic liability management exercise.

Security Name	ISIN	o/s amount (USD mn)	YTM (Ask)	Ask Price	Rating (M/S/F)
AGILE 5 ¾ 01/02/25	XS2194361494	500	871.2	12.1	-
AGILE 5 ½ 04/21/25	XS2361426559	314	536.6	9.5	Caa3/-/-
AGILE 5 ½ 05/17/26	XS2343627712	450	216.5	7.7	-
AGILE 6.05 10/13/25	XS2243343204	483	253.1	10.9	Caa3/-/-
AGILE 15.524 PERP	XS2003471617	700	54.1	5.2	Ca/-/-
AGILE 7 ¾ PERP	XS2081524675	200	196.3	4.9	Ca/-/-

AGILE 7 ⅞ PERP	XS2071413483	500	222.0	5.8	Ca/-/-
AGILE 13.476 PERP	XS1785422731	500	169.3	5.4	Ca/-/-

Source: Bloomberg.

➤ **LPKRIJ: Asset disposal, tender offer and consent solicitation for due 2025/2026 bonds**

Security Name	ISIN	o/s amount (USD mn)	YTM (Ask)	Ask Price	Rating (M/S/F)	Tender funds	Minimum tender price
LPKRIJ 8 ⅞ 01/22/25	XS2099273737	237.2	13.0	96.8	Caa2/-/CCC+	Net proceeds of 10.4%	96.5
LPKRIJ 6 ¾ 10/31/26	XS1506085114	194.7	11.5	89.9	Caa2/-/CCC+	stake sale of Siloam International Hospitals	89.5

Source: Bloomberg, company fillings.

On 13 May'24, Lippo Karawaci (LPKR) announced the disposal of 10.4% stake in Siloam International Hospitals (Siloam), as well as the launch of tender offers, consent solicitation for its two USD bonds. The tender offers will be funded with the disposal of 10.4% stakes in Siloam for a consideration of cIDR3.85tn (cUSD235mn). Media previously reported that LPKR would sell 29% stakes in Siloam for cUSD714mn. After the disposal, LPKR would still hold 47.7% stakes in Siloam. The stakes could be alternative liquidity sources for future debt repayments.

Meanwhile, LPKR announced the tender offers and consent solicitation for its two USD bonds. LPKR will determine the tender caps of the two USD bonds after finalizing the net proceeds from the stakes disposal. The minimum tender prices (including 0.5pt consent fees) of LPKRIJ'25 and '26 are 96.5 and 89.5, respectively. On the other hand, LPKR is seeking consents from bondholders to waive certain provisions of the USD bonds in order to complete the stakes disposal. The thresholds of due 2025 and 2026 bonds are 50% and 66.67% of their o/s principal amounts, respectively. Both tender offers and consent solicitation will expire on 3 Jun'24. LPKRIJs rose 1-1.75pts post the announcement.

➤ **CTFE/NWDEVL: Remain accessible to various funding channels**

Media reported that Chow Tai Fook Enterprises (CTFE) recently drew HKD5.04bn-equivalent (USD645mn) five-year amortizing, unsecured sustainability-linked term loan to refinance loans of cUSD766mn maturing on 29 Apr'24. The funding cost of the new loan is SOFR+120bps. This reinforced our belief that Cheng family, as well as New World Development (NWD), have good access to various funding channels at reasonable funding costs. CTFE owns 45.24% stakes in NWD.

Recalled that in Jul'23, CTFE secured HKD26bn (cUSD3.3bn) loans from BOC, HSBC and ING for the acquisition of NWD's 60.9% stakes in NWS for HKD21.8bn. NWD received net proceeds of HKD17.8bn (cUSD2.3bn) after special dividend of HKD4bn. For NWDEVLs, we maintain buy recommendations on the perps with high coupon step-up, i.e. NWDEVL 6.15 Perp, NWDEVL 5.25 Perp and NWDEVL 4.125 Perp as the chance of these perps being called on the first call dates is high given Cheng family and NWD's continued access to lower-cost funding alternative.

	Amt Out (USD mn)	Maturity	Ask Price	YTM/YTC (Ask)	Next Call Dt	Coupon reset	Coupon Step-up
NWDEVL 6.15 PERP	454	--	88.3	22.3	3/16/2025	3yrUST+6.201%	300bps
NWDEVL 5 ¼ PERP	999	--	68.5	28.2	3/22/2026	5yrUST+7.889%	300bps
NWDEVL 4 ⅞ PERP	1140	--	52.6	23.6	3/10/2028	5yrUST+5.858%	300bps
NWDEVL 6 ¼ PERP	1300	--	50.3	12.4	9/7/2024	-	-
NWDEVL 4.8 PERP	700	--	40.5	11.9	03/25/2024	-	-
NWDEVL 4 ¾ 01/23/27	504	01/23/2027	84.3	11.7	--	-	-
NWDEVL 5 ⅞ 06/16/27	172	06/16/2027	86.6	11.1	03/16/2027	-	-
NWDEVL 4 ⅞ 07/18/29	718	07/18/2029	70.9	11.8	--	-	-

NWDEVL 4 ½ 05/19/30	443	05/19/2030	69.4	11.7	--	-	-
NWDEVL 3 ¾ 01/14/31	76	01/14/2031	68.9	10.3	--	-	-

Source: Bloomberg.

### ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Oversea-Chinese Banking Corp	500	10NC5	5.52%	T+103	A2/BBB+/A

### ➤ 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 20 credit bonds issued yesterday with an amount of RMB21bn. As for month-to-date, 214 credit bonds were issued with a total amount of RMB174bn raised, representing a 37.6% yoy decrease
- Media reported that Chinese regulators are mulling setting up a national real-estate platform to take over unfinished residential projects and turn them into affordable housing for sale or rental
- [KWGPRO]** KWG Group announced to sell Hangzhou land parcel for RMB230.5mn
- [PINGRE]** Moody's withdrew Ping An Real Estate and Pingan Real Estate Capital's Ba1/Ba2 rating due to insufficient information
- [SHFIN]** Shriram Housing Finance's entire stake to be acquired by Warburg Pincus affiliate, Valiant
- [SOFTBK]** SoftBank FY24 net sales rose 2.8% to USD43.4bn; Media reported that SoftBank Group plans to invest USD5bn in AI-related companies to drive growth
- [UPLLIN]** UPL Limited 4Q24 revenue down 15% yoy to USD1.68bn and EBITDA down 36% yoy to USD231.3mn
- [VNRLE]** China Vanke applied for RMB1.3bn three-year secured loan from Postal Savings Bank of China

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