

CMBI Credit Commentary

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

- *The new LINREI 4.875 02/02/36 tightened 2bps from pricing at T+70 this morning. We saw selling of front-end SG T2s. MEDCIJ 26 was 0.3pt higher. FABUH 5.875 Perp gained 0.2pt. ACPM 4.85 Perp/YPCORP 9.625 29 lost 0.5-0.9pt.*
- *HKE: FV of the new HKE 36 to be T+60-65bps. See below.*
- *CHIOIL: China Oil and Gas circulated FPG at 7.25% for Reg S 3NC2 USD bond; launched tender offer to purchase CHIOIL 4.7 06/30/26 of USD361mn at par. CHIOIL 26 was unchanged this morning.*

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❖ Trading desk comments 交易台市场观点

Yesterday, TW lifers drifted 1-2bps wider, especially with better selling on FUBON. KUAISH/MEITUA also widened 1-2bps. In Chinese AMC space, ORIEAS front-end bonds tightened 1-2bps despite selling by onshore accounts. Beta names like FRESHK stayed well bid and tightened 1-3bps. In Chinese properties, LNGFOR 28 was down by 0.6-0.7pt. FUTLAN 28/FTLNHD 27 lost 0.4-0.6pt. VNKRL 27-29 were unchanged to 0.3pt higher. In HK, LASUDE 26 was 0.6pt lower. HYSAN Perps/FAEACO 12.814 Perp gained 0.2-0.3pt. In KR space, IG corporates POHANG/LGENSO/HYNMTR were unchanged to 1bp tighter amid two-way flows. JP bank FRNs tightened 1-2bps. On the other hand, we saw better selling on TACHEM 35/SMBAC 35, which widened 1-2bps. SOFTBK 65 was 0.7pt lower. JP insurance subs and Yankee AT1s were largely unchanged, though flows skewed slightly towards better selling. In SE Asian space, BBLTB T2s were 2bps wider to 1bp tighter. See our comments on BBLTB [yesterday](#). SMCGL Perps/GLPSPs/INDYIJ 29s were 0.2pt lower to 0.2pt higher. The ReNew Energy complex was unchanged to 0.2pt lower. In AU space, the recent new issue WSTPNZ 29 faced selling pressure and widened 1bp, while the rest of AU bank T2s held firm with Chinese accounts bidding. CRNAU 29 was up by 1.0pt. In the Middle East, we saw better buying across the FABUH curve. ARAMCO 30-55s widened 1-5bps, amid ARAMCO's IPT announcement for the new ARAMCO 29-56s. SECO 29-36s traded 3-6bps wider. Long-end KSAs edged 0.1-0.4pt higher. In LGFV space, higher-yielding papers down the credit curve continued to grind tighter.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ROADKG 6 03/04/29	24.0	1.3	SOFTBK 8 1/4 10/29/65	93.7	-0.7
BEIENT 6 3/8 05/12/41	111.5	1.3	LNGFOR 4 1/2 01/16/28	91.3	-0.7
ROADKG 5.9 09/05/28	23.5	1.3	AGILE 15.124 PERP	1.5	-0.7
CPREIT 2.95 06/15/30	87.7	1.1	AGILE 7 3/4 PERP	1.5	-0.7
CRNAU 9 1/4 10/01/29	94.7	1.0	LASUDE 5 07/28/26	74.6	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.50%), Dow (+0.64%) and Nasdaq (+0.43%) were higher on Monday. Trump threatened to raise tariff to 25% from 15% on goods from South Korea. UST yield was lower on Monday. 2/5/10/30 year yield was at 3.56%/3.82%/4.22%/4.80%.

❖ Desk Analyst Comments 分析员市场观点

➤ HKE: FV of the new HKE 36 to be T+60-65bps

Hongkong Electric (HKE) proposes to issue 10yr Reg S senior unsecured USD bond (S&P: A-). The issuer will be Hongkong Electric Finance Limited, a wholly-owned subsidiary of HKE, with a guarantee from HKE. Proceeds will be used for general corporate purposes and debt refinancing, notably HKE 2.875 05/03/26 of USD750mn will be due in May'26. We view the FV of the new HKE 36 to be T+60-65bps vs IPT at T+100bps, in view of CHINLP 2.5 06/30/35 (A1/A+/-) trading at T+32bps, HKE 1.875 08/27/30 (-/A-/-) trading at T+46bps, with adjustments for the longer tenor and rating differential.

We acknowledge that the new HKE 36 will mature after the expiry of the current Scheme of Control Agreement (SCA) in 2033. We take comfort from HKE's track record of bond repayment at maturity. HKE redeemed HKE 4.25 12/14/20 of USD750mn at maturity in 2020, even the bond was issued in 2010 with a final maturity beyond the previous SCA which expired in 2018. We take additional comfort on the HKSAR Government's long track record of renewing the SCA, which has been used to regulate electricity companies since 1964, with renewals in 1978, 1993, 2008, and 2018. The current 15-year SCA with HKE runs through 2033.

HKE is 100% owned by HK Electric Investments (HKEI), which is in turn c33% owned by Power Assets, 21% by State Grid Corporation of China, c20% by QIA, with the remaining c26% held by public shareholders. HKEI is a vertically integrated utility with generation, transmission and distribution, and it is the sole electricity provider to Hong Kong Island and Lamma Island. The supply reliability is high at a rating of >99.999% since 1997, serving over 597k customers as of Sep'25.

HKEI's credit profile is underpinned by stable and predictable cash flows under Hong Kong's regulatory framework. HKEI operates under the SCA with the HKSAR Government, with a permitted return of 8.0% during 2019-2033. In FY24, HKEI generated revenue of HKD12.1bn and EBITDA of HKD8.7bn (EBITDA margin of 72.3%). Fund from operations was HKD6.1bn.

Leverage and coverage metrics remains consistent with the regulated utility profile. Total debt/EBITDA was 4.8x and EBITDA/interest paid was 7.1x in FY24. As of Jun'25, total debt was HKD51.5bn, comprising 35% of USD bonds, 18% HKD private placements and 47% bank loans, with a weighted average life of 7 years. Near-term maturity profile appears to be manageable, supported by diversified funding channels and steady operating cashflow generation. We understand that HKD22.6bn of debts (c44% of the total debts) will be due in 2026, including HKE 2.875 05/03/26 of USD750mn in May'26. In Jan'26, HKEI issued HKD2bn 5-year HKD bond at 3.3% to refinance its debts.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Saudi Arabian Oil Co	500/	3yr/	4.0%/	T+60/	Aa3/-/A+
	1500/	5yr/	4.375%/	T+80/	
	1250/	10yr/	5.0%/	T+95/	
	750	30yr	6.0%	T+130	
The Link Finance (Cayman) 2009	600	10yr	4.875%	T+70	-/A/-
Turkiye Is Bankasi AS	500	11NC6	7.575%	7.575%	-/-/B

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
APICORP Sukuk Limited/ Arab Petroleum Investments	USD	-	10yr	SOFR MS+95	Aa2/-/AA+
China Oil and Gas	USD	-	3NC2	7.25%	Ba3/BB/-
Hong Kong Electric	USD	-	10yr	T+100	-/A/-
Macquarie Bank	USD	-	2yr/	T+60/	Aa2/A+/A+
			2yr	SOFR Equiv	
PT Perusahaan Listrik Negara (Persero)	USD	-	5yr/	5.15%/	Baa2/-/BBB
			10yr	5.85%	

➤ News and market color

- Regarding onshore primary issuances, there were 87 credit bonds issued yesterday with an amount of RMB98bn. As for month-to-date, 1,567 credit bonds were issued with a total amount of RMB1,368bn raised, representing a 5.9% yoy decrease
- [CHIOIL]** China Oil and Gas launched tender offer to purchase CHIOIL 4.7 06/30/26 of USD361mn at par
- [YXREIT]** Yuexiu REIT updated USD1.5bn MTN programme

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