

CMBI Credit Commentary

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

- *The new SHUGRP 4.5 04/23/29 was down 0.5pt from RO at par this morning. See our comments on the FV [yesterday](#). Chinese TMTs MEITUA/KUAISH/LENOVO tightened 3-5bps amid active two-way flows. The recent new issue EVRGTT 5.25 04/23/29 was 3bps tighter. KR corporate IG credits traded 1-2bps tighter. SOFTBKs gained 0.3-1.0pt. VNKRL 27' and 29' leaked 0.5-0.6pt.*
- **FAEACO:** *Thoughts on distribution deferral and potential LME. FAEACO 12.814 Perp rose 0.9pt yesterday and edged 0.5pt higher this morning. See below.*
- **LNGFOR:** *Media report that Longfor plans to reapply for RMB5bn onshore issuance after terminating it last week, to refinance onshore bonds maturing between Mar'27 and Jan'28. LNGFOR 27-32 were unchanged to 0.1pt higher this morning.*

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❖ Trading desk comments 交易台市场观点

Yesterday, FAEACO 12.814 Perp led the space and rose 0.9pt. See our thoughts below on FEC distribution deferral and potential LME. LIHHK 26 edged 0.1pt higher. Lifestyle announced that owner Lau Luen Hung will repurchase all outstanding LIHHK 4.8 06/18/26 at par. Taiwanese lifers tightened 1-2bps amid buying flows into NSINTW and SHIKON. Chinese TMT names AACTEC/MEITUA/LENOVO tightened 1-2bps amid two-way activities. ZHOSHK 28 was largely unchanged with modest better buying. SHUGRP 27 was 0.1pt lower. Shuifa Group priced the new SHUGRP 29 at 4.5%. We view the FV to be high 4%. See our comments [yesterday](#). In Chinese properties, LNGFOR 27-32 were 0.1pt lower to 0.3pt higher. Media report that Longfor plans to reapply for RMB5bn onshore issuance after terminating it last week, to refinance onshore bonds maturing between Mar'27 and Jan'28. VNKRL 27' and 29' lost 0.5pt. In KR space, profit-taking emerged on short-dated DAESSEC and HYUELE, while more selling pressure appeared for 5yr fixed HYNMTR issues and FRN tranches. In SE Asian space, bank T2s closed largely unchanged. We saw profit-taking flows on OCBCSP and BBLTB, and better selling on MAYMK FRNs and AHBMK senior papers. TOPTB/PTTGC Perps were 0.1pt firmer. VEDLN 28-33s were 0.1pt lower to 0.1pt higher. In JP space, we saw balanced two-way flows on NTT/SMBACAC/NOMURA, and the space closed largely unchanged. Japanese insurance hybrids and AT1s gained 0.3pt thanks to better buying from local JP accounts. In contrast, their Yankee counterparts closed roughly unchanged.

In LGFV space, RMs were buying higher-yielding names across CNH and USD issues, driving these bonds 0.3pt higher. In particular, QDJZWD 7.9 06/04/27 recovered c30bps amid better buying.

❖ Last Trading Day's Top Movers

| Top Performers | Price | Change | Top Underperformers | Price | Change |
|-----------------------|-------|--------|-----------------------|-------|--------|
| FAEACO 12.814 PERP | 74.6 | 0.9 | CCAMCL 4 3/4 12/04/37 | 92.5 | -2.0 |
| TSINGH 6 1/2 01/31/28 | 90.5 | 0.8 | GARUDA 6 1/2 12/28/31 | 85.4 | -0.9 |
| CITLTD 3 1/2 02/17/32 | 95.9 | 0.8 | GLPSP 4.6 PERP | 47.8 | -0.7 |
| SOFTBK 8 1/2 04/22/36 | 102.0 | 0.8 | CNOOC 3.3 09/30/49 | 76.0 | -0.7 |
| SOFTBK 8 1/4 10/22/31 | 101.1 | 0.7 | PNBPM 4.85 10/23/29 | 100.5 | -0.6 |

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.24%), Dow (-0.01%) and Nasdaq (-0.26%) were lower on Monday. 2yr/5yr UST yield were higher on Monday. 2/5/10/30 year yield was at 3.72%/3.86%/4.26%/4.88%.

❖ Desk Analyst Comments 分析员市场观点

➤ FAEACO: Thoughts on distribution deferral and potential LME

Table 1: FAEACO o/s USD bond

| Security name | ISIN | Next call date | Amt o/s (USD mn) | Ask px | YTW | Issue rating (M/S/F) |
|--------------------|--------------|----------------|------------------|--------|-------|----------------------|
| FAEACO 12.814 Perp | XS2050584866 | 05/18/26 | 360 | 75.9 | 16.4% | Unrated |

Earlier this month, Far East Consortium (FEC) announced to defer the distribution of FAEACO 12.814 PERP scheduled on 18 Apr'26 to the next distribution date. The deferral was a downside surprise taking cues from the non-core asset disposals totaling cUSD150mn announced and the receipt of net proceeds from those disposals totaling cUSD53mn since Dec'25 (compared with the distribution of USD23.1mn scheduled in Apr'26). Furthermore, we understand that FEC remains on track to collect cash proceeds of HKD900mn-1bn (USD115-128mn) over 2-3Q26 from the delivery of Tower A of Victoria Riverside in Manchester City of the UK.

We note various media reports on the potential exchange of perp into a bullet bond and we do believe that FEC has a strong incentive to relieve the high cash distribution of FAEACO 12.814 PERP. Nonetheless, deferring coupon will refrain FEC from paying dividend to shareholders and taking advantage of the market condition to buy back the perp at well-below par. In our opinion, repurchasing FAEACO 12.814 PERP at discount remains one of the most efficient ways to relieve the high distribution payments and deleverage given the exceptional gain from repurchases.

Additionally, we also see the Chiu family's strong willingness to support as evidenced by being a ready buyer for FEC's asset disposals at above BVs. Since Dec'25, FEC announced the sales of Plaza Damas and 49.9% stakes in Ritz Carlton Melbourne to Chiu family for considerations totaling cUSD53mn (c36% of total net proceeds for non-core asset disposals announced over the period) and exceptional gain of cUSD22mn. So far, FEC has received cash proceeds of cUSD13mn.

Hence, we envisage that holders of FAEACO 12.814 PERP are not in rush to accept distressed exchange with a significant principal haircut as FEC's financial and liquidity profiles are not in distress. Any LMEs on the perp, in our opinion, will have to be conducted in a friendly and consensual manner to minimize the hold-out. Otherwise, the high distribution and "interest on interest" for the deferred distribution will not be relieved. In our view, it is an unlikely scenario that after providing financial support through acquisitions of non-core assets from

FEC at premium over BVs, the Chiu family will be willing to accept no dividend payment for a prolonged period. We maintain buy FAEACO 12.814 PERP at current valuation on the expectation of either distribution payment will soon be resumed or a friendly LMEs.

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

| Issuer/Guarantor | Size (USD mn) | Tenor | Coupon | Priced | Issue Rating (M/S/F) |
|----------------------------------|---------------|-------|---------|---------|----------------------|
| Korea Ocean Business Corporation | 300 | 3yr | SOFR+65 | SOFR+65 | Aa2/-/AA- |
| Shuifa Group | 200 | 3yr | 4.5% | 4.5% | Baa3/-/- |

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

| Issuer/Guarantor | Currency | Size (USD mn) | Tenor | Pricing | Issue Rating (M/S/F) |
|------------------|----------|---------------|---------------|-----------------|----------------------|
| Goodman Group | USD | - | 10yr/ 20yr | T+135/ T+145 | Baa1/BBB+/- |
| Terumo Corp | USD | - | 5yr | T+100 | -/A/- |

➤ **News and market color**

- Regarding onshore primary issuances, there were 107 credit bonds issued yesterday with an amount of RMB88bn. As for month-to-date, 1,359 credit bonds were issued with a total amount of RMB1,378bn raised, representing a 17.6% yoy increase
- Fitch Ratings says Indonesia's proposed mining policy changes will raise credit risk unevenly across coal miners, mining contractors and downstream nickel processors
- **[ACPM]** Ayala unit pauses sales of Manila luxury tower residences due to war in the Middle East
- **[BABA/MEITUA/PDD]** China fines Alibaba units, PDD and Meituan RMB3.6bn (cUSD527mn) for food safety law violations. In addition to the corporate fines, legal representatives and food safety directors of the seven firms were fined a combined RMB19.7mn (cUSD2.89mn) for failing to fulfill their management responsibilities
- **[FOSUNI]** Fosun will sell Jinan skyscraper to a state-run insurer amid Fosun's multi-year push to sell non-core assets
- **[HYUELE]** SK Hynix started mass production of next-generation AI memory modules
- **[LNGFOR]** Media report that Longfor plans to reapply for RMB5bn onshore issuance after terminating it last week, to refinance onshore bonds maturing between Mar'27 and Jan'28
- **[NAB]** In light of the volatility in markets following the conflict in the Middle East, NAB has reviewed its credit provisioning and capital settings to better reflect the risks now inherent in its business

- **[NWDEVL/VDNWDL]** NWD has netted additional HKD950mn from sale of 88 residential unit at Pavilia Farm III
- **[PCORPM]** Petron redeemed remaining USD162.6mn of PCORPM 5.95 Perp
- **[PERTIJ]** Pertamina is in talks with Toyota Tsusho on a joint investment of USD200-300mn to build a bioethanol plant in Indonesia
- **[PETMK]** Malaysia prime minister authorized Petronas to negotiate with Russia for oil supply
- **[SAMTOT]** Hanwha TotalEnergies secured 110,000 tons of naphtha from Algeria and Spain
- **[SINOPE]** Indonesia announced the discovery of a new offshore 5tn cubic feet gas reserve developed by Eni and Sinopec, which could double Eni Indonesia's production by 2028
- **[TENCNT]** Tencent-backed Tongcheng Travel seeks up to HKD3.2bn-equivalent loan
- **[VEDLN]** Vedanta Limited demerger scheme will become effective on 1 May'26. Under the demerger plan, Vedanta Limited shareholders will receive one share of each newly formed entity for every share held in the listed company

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