CMBI Credit Commentary

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

- *We saw better selling on front-end of Chinese financials/Thai T2s/FRNs this morning. AMs and institutions continued to buy USD onshore AAA-guaranteed LGFV issues yielding 6-7%. KNMIDI 26/FZSZJJ 27 rose 1.3pts. ACPM 4.85 Perp/CSCHCN 27 were 0.4-0.5pt lower.*

- ***LASUDE:*** *CCB Tower disposal notably improves LSD's financial flexibility in refinancing. LASUDE 26 rose 6.4pts this morning. See below.*

- *Indonesia plans to impose a 1% to 5% export tax on coal in 2026 to help increase state receipts. The proposed duties may vary according to coal grades. The policy is expected to increase state receipts by IDR20tn (cUSD1.2bn).*

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❖ Trading desk comments 交易台市场观点

Yesterday, the new BNP 6.875 Perp was unchanged from RO at par amid two-way flows among PBs. The new MINMET 4.25 Perp and MINMET 4.35 Perp also closed unchanged from RO at par. Japanese AT1s and insurance subs leaked 0.1pt as the JPY weakened, whilst Yankee AT1s and insurance subs were muted beyond small PB selling and small buying from Asian AMs. PBs and global funds continued to offload FRN paper from Middle Eastern, European, Australian and Japanese banks. We saw better selling on 2-5yr BABA/HAOHUA and 5-10yr MEITUA. They were 1-4bps wider. LASUDE 26 edged 0.5pt higher. Lai Sun Development announced the sale of its 50% stakes in CCB Tower for net proceeds of HKD2.4bn. See comments below. FAEACO 12.814 Perp was 0.7pt higher. Far East Consortium announced the sale of its 50% stakes in Ritz Carlton Hotel in Perth, Australia, for AUD100mn (cUSD66.4mn). DALWAN 26s rose another 0.1-0.7pt. See our comments on Dalian Wanda's consent solicitation for a two-year maturity extension of the due-Feb'26 bond yesterday. NANYAN 7.35 Perp was down by 0.6pt. In Chinese/HK properties, LNGFOR 27-32 led the space and rose 0.9-1.2pts. Longfor's subsidiary Chongqing Longhu Enterprise Development proposed to issue up to RMB5bn (cUSD707mn) corporate bonds. FUTLAN 28/FTLNHD 26 were 0.1-0.8pt higher, while FTLNHD 27 was down by 0.1pt. VNKRLE 27-29 recovered 0.4-0.5pt. CSIPRO 28 was 0.5pt lower. In SE Asia, long-end PETMKs tightened 1-3bps. SMCGL Perps/MEDCIJ 26-30s were 0.1pt lower to 0.2pt higher. GARUDA 31s/GLPSP 28 were up by 0.1-0.2pt. VEDLN 28-32s were unchanged to 0.3pt higher.

In LGFV space, RMs continued to buy CNH and USD onshore-AAA guaranteed papers yielding 4% or higher. QDJZWD 6.95 03/31/28 edged 0.7pt higher, while FZSZJJ 7 12/27/27 dropped 1.4pts.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
LNGFOR 3.85 01/13/32	**72.0**	**1.2**	FZSZJJ 7 12/27/27	**99.0**	**-1.4**
LNGFOR 4 1/2 01/16/28	**87.9**	**1.1**	BIMLVN 7 3/8 05/07/26	**92.0**	**-1.0**
LNGFOR 3.95 09/16/29	**77.9**	**1.0**	NANYAN 7.35 PERP	**104.5**	**-0.6**
TOPTB 4 7/8 01/23/43	**89.0**	**0.9**	CSIPRO 10 1/2 05/21/28	**100.2**	**-0.5**
LNGFOR 3 3/8 04/13/27	**90.9**	**0.9**	AVIILC 6 1/8 PERP	**99.8**	**-0.5**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.09%), Dow (-0.38%) and Nasdaq (+0.13%) were mixed on Tuesday. UST yield was higher on Tuesday. 2/5/10/30 year yield was at 3.61%/3.78%/4.18%/4.80%.

❖ Desk Analyst Comments 分析员市场观点

➢ LASUDE: CCB Tower disposal notably improves LSD's financial flexibility in refinancing

The CCB Tower disposal will notably improve Lai Sun Development (LSD)'s financial flexibility of refinancing the maturing USD bonds. LSD's sole USD bond, LASUDE 26 of USD493mn, will be due in Jul'26. The net cash inflow of HKD2.4bn (cUSD308mn) net cash inflow from the disposal would cover c62% of the principal amount of the bond. At 77.8, LASUDE 26 is trading at 50.5% YTW. We view the current valuation is pricing in a potential consensual LME with partial upfront repayment and a maturity extension.

LSD has agreed to sell its entire 50% stake in CCB Tower in Central, Hong Kong for HKD3.5bn (cUSD450mn), implying an average valuation of cHKD31k per sq.f. The consideration represented a 6.7% discount to the HKD3.75bn independent valuation as of 31 Jul'25, and covers 12 of the tower's 27 floors and a number of parking spaces, with the remaining 50% stake in the tower continued to be held by CCB international. The transaction is expected to generate net cash proceeds of HKD2.4bn for LSD, with completion targeted for Jan'26 pending shareholder approval. As per media report, the buyer is a subsidiary of JD.

The disposal is in line with LSD's plan of monetizing assets to address debt maturities. That said, CCB Tower is one of LSD's highest quality IPs which provides stable, recurring rental income from a prime location office asset in Hong Kong. Monetizing this core asset strengthens its liquidity profile and supports the near-term credit profile, but it will lower LSD's revenue resilience and recurring cash flow over the longer term, leaving LSD to be more dependent on IPs in less prime locations such as Cheung Sha Wan Plaza and Lai Sun Commercial Centre in Lai Chi Kok, as well as more volatile cash flows from property developments.

➢ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Chengdu Xingcheng Investment Group	445	3yr	3.9%	3.9%	-/-/BBB+

➢ 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 113 credit bonds issued yesterday with an amount of RMB111bn. As for month-to-date, 641 credit bonds were issued with a total amount of RMB611bn raised, representing a 15.2% yoy increase
- **[ARAMCO]** Saudi Aramco and ExxonMobil agreed to assess the prospect of a major upgrade and petrochemical expansion of the Samref refinery in Yanbu
- **[BHP]** BHP Group will sell a partial stake in Western Australia Iron Ore's inland power network to BlackRock arm Global Infrastructure Partners for USD2bn; cut decarbonization budget to USD500mn from the previous allocation of USD4bn
- **[FTLNHD/FUTLAN]** Seazen issued RMB1.75bn 5-year CBICL-guaranteed bond at 4%
- **[GRNKEN]** Greenko in discussions with NaBFid, other banks to raise USD1bn loan for refinancing
- **[HYUELE]** SK Hynix weighs US listing using treasury shares
- **[IHFLIN]** IHC's Avenir Investment got CCI approval for proposed acquisition of Sammaan Capital stake; Sammaan Capital raised a total of INR30bn (cUSD333mn) from placements of secured NCDs due in Dec'30
- **[JD]** Italy has imposed strict conditions to approve JD.com's planned acquisition of German electronics retailer Ceconomy
- **[LASUDE]** Lai Sun Development parent Lai Sun Garment signed HKD924mn loan to refinance facility due on 10 Dec'25
- **[LNGFOR]** Longfor unit proposes to issue up to RMB5bn (cUSD707mn) 10-year corporate bonds
- **[MINAU]** Mineral Resources began developing its Lamb Creek iron project in the resource-rich Pilbara region of Western Australia
- **[PIFINL]** Piramal Finance denied report on talks to acquire Keertana Finserv
- **[RIOLN]** Rio Tinto will invest USD3bn in its lithium operations in Argentina; cut down its decarbonization projects over the nine-year period to 2030 to USD1-2bn from the original allocation of USD7.5bn

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