

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市場日報

- Asian fixed-rate IG credits were 1-4bps tighter this morning. VLLPM 29 was down by 0.7pt. ACPM 4.85 Perp was 0.4pt lower. PMBROV 30 recovered 0.5pt. FAEACO 12.814 Perp was 0.4pt higher.
- SUNHCK:** FV of the new SUNHCK 29 to be mid-6% vs IPT at 6.75%. See below.
- YXREIT:** Media reported Yuexiu REIT is gauging investor interest in USD/CNH bond to refinance USD400mn YXREIT 2.65 02/02/26. YXREIT 2.65 02/02/26 was unchanged this morning.

❖ Trading desk comments 交易台市場观点

Yesterday, the new POHANG 31-36s/SKBTAM 29 tightened 3-5bps from ROs amid buying from Chinese onshore accounts. The new CSILTD Float 31 widened 1bp from RO at SOFR+60. There were AM selling flows on the existing CSILTD curve. Chinese IG credits traded firmly overall and tightened 1-3bps across the board. We saw solid buying interests in beta names, particularly in FRESHK/ZHOSHK. EHICAR 26-27 were 0.5pt lower. The NWDEVL/VDNWDL complex rose 0.4-2.3pts. SUNHCK 5 09/07/26 was 0.1pt higher. Sun Hung Kai announced 6.75% IPT for the new 3yr USD bond, and commenced tender offer for SUNHCK 26 of USD350.057mn at par. See comments below. WESCHI 26-28/DALWAN 28 were unchanged to 0.2pt higher. LASUDE 26 increased by 0.5pt. See our comments [yesterday](#). In Chinese properties, VNKRLE 27-29 were down by 0.2pt. Vanke has proposed revised terms to extend its onshore bond 22VankeMTN004, including collateral pledges and an extended grace period to 29 Apr'25 from 28 Jan'25. FUTLAN 28/FTLNHD 26-27 were 0.2pt lower to 0.2pt higher. In JP space, SUMIBK/MUFG 5yr FRNs tightened 1-3bps on back of strong demand from Chinese accounts. TACHEM 35 was 1bp tighter. In SE Asia space, there were mixed two-way flows on BBLTB senior curve, while BBLTB subs tightened 1-2bps. UOBSP 31s/KBANK 31 were also 1-2bps tighter. GARUDA 31s surged 2.0pts. TOPTB 6.1 Perp was 0.1pt higher. IHFLIN 26-30s/INDYIJ 29s/VEDLN 28-33s were up by 0.1-0.3pt. In the Middle East, we saw block-size trading on FABUH 31s, but the notes closed unchanged. In AU space, CRNAU 29/PMBROV 30 were 0.5pt lower.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 8 5/8 02/08/28	93.4	2.3	CRNAU 9 1/4 10/01/29	93.1	-0.5
GARUDA 6 1/2 12/28/31	91.2	2.0	ARAMCO 3 1/4 11/24/50	65.5	-0.5
NWDEVL 4 1/8 07/18/29	77.4	1.6	PMBROV 11 1/2 02/18/30	98.0	-0.5
NWDEVL 4 1/2 05/19/30	74.9	1.3	EHICAR 12 09/26/27	63.8	-0.5
NWDEVL 5 1/4 PERP	57.6	1.2	EHICAR 7 09/21/26	77.4	-0.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.19%), Dow (-0.80%) and Nasdaq (-0.10%) were lower on Wednesday. US approved Nvidia H200 chip exports to China with some conditions. UST yield was lower on Wednesday. 2/5/10/30 year yield was at 3.53%/3.75%/4.18%/4.83%.

❖ Desk Analyst Comments 分析员市场观点

➤ SUNHCK: FV of the new SUNHCK 29 to be mid-6% vs IPT at 6.75%

Sun Hung Kai & Co. (0086.HK, SHK) proposes to issue 3yr USD senior unsecured bond (unrated). The issuer will be a wholly-owned SPV and the bond will be guaranteed by SHK. We view the FV of the new SUNHCK 29 to be mid-6% vs IPT at 6.75%, in view of the valuation of its peers and adjusted for tenor differential. See Table 1.

The proceeds from the new issue will be used to fund the concurrent tender offer for SUNHCK 5 09/07/26 and for general working capital. The tender price is at par and SHK will accept any and all of the amount tendered. SHK may prioritize the allocation of the new bond to holders who tender the bond. The settlement of the tender offer is subject to the successful settlement of the issue of the new bond.

SHK is 74.6%-owned by Allied Group Limited (0373.HK) and ultimately owned by Lee and Lee Trust. SHK is an alternative investment platform across (i) credit (including consumer finance via UA Finance and mortgage lending via Sun Hung Kai Credit), (ii) investment management and (iii) fund management businesses. In 1H25, SHK generated total income of HKD2.8bn, represented 43.5% yoy increase from 1H24, with credit and fund management businesses contributed c62% of the total income and investment management accounted for most of the remainder. c91% of income was generated in Hong Kong and the rest was from the mainland China.

In 1H25, pre-tax profit increased to HKD1.1bn from HKD307mn in 1H24. ROE rose to 8.2% in 1H25 from 0.7% in 1H24. These improvement were driven by investment management segment, which turned to pre-tax profit of HKD786mn from pre-tax loss of HKD148mn in 1H24, benefited from improved sentiment towards China-related assets. Moreover, the leverage metrics improved on higher profitability. The net gearing ratio down to 29.6% as of Jun'25 from 31.2% as of Dec'24, while interest coverage increased to 4.1x from 1.9x. As of Jun'25, SHK had cash of HKD4.5bn and total debts of HKD11.0bn, of which c52% is due within one year.

Table 1: SUNHCK and peers

Security name	ISIN	Amt o/s (USD mn)	Px	YTW	Payment rank	Issue rating (M/S/F)
SUNHCK 5 09/07/26	XS2377388702	350.057	99.5	5.8%	Senior unsecured	Unrated
IHFLIN 7.5 10/16/30	XS3205989232	450	99.3	7.7%	1 st lien	-/B+/-
MTCTB 7.55 07/21/30	XS3113144912	350	103.2	6.7%	Senior unsecured	-/BB-/BB

MUTHIN 6.375 04/23/29	US62828M2D24	650	102.1	5.7%	1 st lien	-/BB+/BB+
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Source: Bloomberg.

Table 2: Summary of the tender offer

Security name	SUNHCK 5 09/07/26
ISIN	XS2377388702
Amt o/s (USD mn)	350.057
Tender px	100
Amount subject to the tender	Any and all
Expiration deadline	20 Jan'26 4pm
Tender settlement date	23 Jan'26

Source: Company's filling.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

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

Issuer/Guarantor	Size (USD)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
ANZ New Zealand (Int'l) London Branc	USD	-	3yr/ 3yr/ 5yr	T+75/ SOFR Equiv/ SOFR+105	A1/AA-/A+
Sun Hung Kai	USD	-	3yr	6.75%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 112 credit bonds issued yesterday with an amount of RMB107bn. As for month-to-date, 645 credit bonds were issued with a total amount of RMB517bn raised, representing a 20.3% yoy decrease
- [BIOLIN]** Biocon INR41.5bn QIP attracted 4x demand, primarily from local mutual funds
- [CASHLD]** CAS decided to accept USD580.629mn of CASHLD 4 Perp in the tender offer, USD132.371mn will remain outstanding
- [PICAHF]** Piramal Finance raised USD350mn from International Finance Corp and Asian Development Bank
- [SJMWHOL]** SJM decided to accept USD170.115mn of SJMWHOL 4.5 01/27/2026 in the tender offer, USD329.9mn will remain outstanding
- [VNKRLE]** China Vanke proposes revised terms to extend onshore bond with collateral, longer grace period, seeks to extend grace period to 29 Apr'26 from 28 Jan'26

- **[YXREIT]** Yuexiu REIT gauging investor interest in USD/CNH bond to refinance USD400mn YXREIT
2.65 02/02/26

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