

CMBI Credit Commentary

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

- *This morning, HYUELEs tightened 3-4bps. BABAs/TENCNTs/XIAOMIs tightened 3-5bps. CKHH tightened 2-3bps. BZLNZs/CBAAs/WSTPs, however, widened 1-2bps. LGFVs were firm.*
- **FAEACO:** *A revisit on the major moving part on partial call of the perp. Maintain buy on FAEACO 12.764 Perp. FAEACO 12.764 Perp was unchanged this morning. See below.*
- **CPDEV:** *Central Plaza Development announced a tender offer for CPDEV 3.85 07/14/25 of USD450mn at par; concurrent new USD bond issuance with IPT at 7.75%. CPDEVs were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, NWDEVL Perps/27-31s rebounded 0.3-3.9pts and closed 0.4-6.7pts higher WTD. There were talks that Chinese regulators asked the big four banks to find ways to give additional financing to NWD. FAEACO 12.764 Perp was up 0.2pt. See comments below. CSIPRO/PCPDC 25-26s were up 0.3pt. In Chinese IGs, MEITUA/XIAOMI 30-31s tightened 2-4bps. BABA 31-35s tightened 1-2bps. The long-end of SINOPEs/CNOOCs were 0.3-0.5pt lower. In financials, BCHINA priced a 3-yr bond at SOFR+50. In EU AT1s, LLOYDS 8/SOGEN 8.5/BNP 7.375 Perps were unchanged to 0.2pt lower despite some buying from retail accounts. In JP insurance hybrids, MYLIFE 55s/SUMILF Perp were 0.1pt lower amid mixed flows. In Chinese properties, DALWAN 25-26s and LNGFOR 27-32s were up 0.2-0.6pt. CHJMAO/YXREIT 26-29s were unchanged to 0.1pt higher under solid buying interests from AMs. In India, VEDLNs were unchanged to 0.1pt higher. See our comments on 12 Mar '25. ADSEZs/ADANEMs/ADGREGs/ARENJs were 0.2-0.6pt higher.

In LGFVs, CPDEV 25-26s increased 0.1pt. The recent new KCGZIG '28 was also up 0.1pt. There were two way interests on CNH names such as SYCTOP 6.3 27s/WFBHN 27s/QDOCID 6.8 28s. In SOE perps, CHCOMU/CHSCOI Perps were up 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 5 1/4 PERP	59.3	3.9	SINOPE 3.44 11/12/49	78.6	-0.5
NWDEVL 4 1/8 PERP	47.7	3.7	TAISEM 3 1/4 10/25/51	73.7	-0.5
NWDEVL 6.15 PERP	79.5	2.2	SINOPE 4 09/13/47	87.2	-0.5
NWDEVL 6 1/4 PERP	41.9	1.9	SINOPE 3.68 08/08/49	82.1	-0.5
NWDEVL 8 5/8 02/08/28	79.4	1.4	SINOPE 3.35 05/13/50	77.0	-0.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.49%), Dow (-0.20%) and Nasdaq (+1.22%) were mixed on Wednesday. US Feb'25 CPI was +2.8% yoy, lower than the market expectation of 2.9%. UST yield was higher on Wednesday, 2/5/10/30 yield at 4.01%/4.09%/4.32%/4.63%.

❖ Desk Analyst Comments 分析员市场观点

➤ FAEACO: A revisit on the major moving part on partial call of the perp

Table 1: Summary of non-core asset sales

HKD mn	Cash received/paid	On completion	Remarks
Hornsey hotel and town hall	39.1	422.5	Completion by Feb'26
BC Invest	176.0	553.5	Completion by Aug-Sep'25
Star swap (FEC's attributable share)	(85.9)	(24.1)	Pending on definitive agreement
Total	129.2	952.0	

Source: Company fillings, CMBI Research.

Far East Consortium (FEC) has gone through a couple of eventful weeks. On 25 Feb'25, FEC announced the sales of the Hornsey hotel and town hall for GBP47.2mn (cHKD462mn). On 28 Feb'25, FEC announced that the sale of BC Invest for an initial consideration of AUD106.3mn (cHKD513mn) and redemption of debenture totaled cAUD45mn (HKD220mn). On 7 Mar'25, FEC and Chow Tai Fook (CTF) entered into a heads of agreement with Star Entertainment (Star) to swap the JV interests of FEC and CTF in Gold Coast for Star's JV interests in Destination of Brisbane Consortium (DBC). The immediate cash impact of these deals should be a cash inflow of only cHKD129mn, majority of cash inflow from the asset disposals will be coming in 2H24 and 1Q26 when the Hornsey and BC invest disposals are expected to completed. The timetable of JV interests swap with Star will be subject to a more definitive agreement for the swap transaction.

As we have been arguing, cash collections from completed properties to be delivered in Australia and the UK will be the major sources of liquidity to start the partial call of FAEACO 12.764 Perp. We estimate that cash collections from Sep'24 to the end of 2025 to be cHKD1.5-2bn. These, coupled with the sales of Hornsey hotel and town hall, as well as BC Invest, should provide adequate liquidity for FEC to call the perps in full over the coming 12-15 months.

That said, the major moving part for calling FAEACO 12.764 Perp is more on any further write-down of DBC, and we will only have more clarity after FEC, CTF and Star enter into a definition agreement for the swap of JV interests. For the sake of discussions, assuming FEC is required to make another impairment losses on DBC of HKD613mn, i.e. 3x of impairment losses of HKD204.4m in 1HFY25, FEC's pro-forma adj. net gearing ratio will increase to 70.1% from 68.8% in Sep'24. This should still leave some room for FEC to start the partial call without breaching the covenanted adj. net gearing ratio of 80%. As major cash collections from properties to be delivered will be in 3Q-4Q25 and more clarity is expected on any further write-down of DBC, we believe that the partial call of the perp will be more likely to start in 3Q25, instead of our previous expectation of 2Q25.

Nonetheless, at 92.4, we believe that FAEACO 12.764 Perp remains a good short-dated carry play. We maintain buy on FAEACO 12.764 Perp.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of China Panama Branch	500	3yr	SOFR+50	SOFR+50	A1/-/A
Ganzhou Development Investment Holding Group	300	3yr	5.05%	5.05%	-/-/BBB-
Shengzhou Communications Investment and Development Group	142	3yr	5.4%	5.4%	Unrated
Yangzhou Economic and Technological Development Zone	300	3yr	4.98%	4.98%	Ba1/-/-

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of China Panama Branch	500	3yr	SOFR+50	SOFR+50	A1/-/A
Ganzhou Development Investment Holding Group	300	3yr	5.05%	5.05%	-/-/BBB-
Shengzhou Communications Investment and Development Group	142	3yr	5.4%	5.4%	Unrated
Yangzhou Economic and Technological Development Zone	300	3yr	4.98%	4.98%	Ba1/-/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 107 credit bonds issued yesterday with an amount of RMB73bn. As for month-to-date, 708 credit bonds were issued with a total amount of RMB555bn raised, representing a 23% yoy decrease
- Indonesia scaled up its oil-refining capacity goals, planning to build several facilities across the country with possible output totaling 1mn barrels per day
- **[ADGREG/ADTIN]** Fitch revised the outlooks of Adani International Container Terminal, Adani Green Energy RG1, Adani Green Energy RG2 and Adani Energy Solutions RG to stable from negative, affirmed BBB- rating
- **[ADSEZ]** Fitch affirmed Adani Ports BBB- rating, removed from Rating Watch Negative and assigned negative outlook
- **[CIKLIS]** Cikarang Listrindo to fully redeem CIKLIS 4.95 09/14/26 of USD500mn
- **[COGARD]** Country Garden offers buyers of Allegro more than 50% discount off the original prices effectively
- **[CPDEV]** Central Plaza Development announced a tender offer for CPDEV 3.85 07/14/25 of USD450mn at par

- **[HYSAN]** Hysan Development to accept USD690.1mn of HYSAN 4.1 Perp validly tendered in full, the outstanding amount will be reduced to USD59.9mn after settlement
- **[LMRTSP]** LMIRT elect not to pay distribution to holders of LMRTSP 8.096 Perp of SGD120mn and LMRTSP 6.4751 Perp of SGD140mn
- **[LNGFOR]** Longfor expects the profit attributable to the owners of the company for FY24 to decrease of approximately 20% yoy from FY23, mainly due to the decline in revenue recognized and gross profit margin recognized of the property development segment
- **[NWDEVL]** Media reported Chinese regulators asked big four banks to give additional financing to NWD
- **[VNKRLE]** Standard Chartered, Chong Hing Bank decline mortgage applications for China Vanke's Le Mont project in Tai Po, Hong Kong

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