

CMBI Credit Commentary

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

- *The sentiment in Asia IG space was constructive following Trump's pauses on tariffs. The recent new KHFC 30s/HYUCAP 28s tightened 2-3bps. VNKRL 25-29s up 0.4-0.6pt. The flows in LGFVs remained quiet.*
- **CSIPRO:** *Launched bondholders identification on CSIPRO 5.45 07/21/25. CSIPRO 5.45 07/21/25 rose 7.3pts yesterday post fundraising news and down 3pts this morning. See below.*
- **BTSDf:** *Fully redeem BTSDf 13.5 06/26/26 of USD24.7mn at 109.54. We maintain buy on BTSDf 9.125 07/24/28, BTSDf 9.125 07/24/28 up 0.1pt this morning. See below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, the sentiment in Asia IG space was soft post Trump's tariffs over the weekend. BABA/MEITUA 28-31s were unchanged to 3bps wider. In financials, the recent new SUMIBK/KDB Float 30s widened 1-3bps. CCAMCLs/ORIEASs/CFAMCIs were unchanged to 2bps wider. BNKEAs were under better selling and closed unchanged to 3bps wider. On the other hand, DAHSINs/NANYANs tightened 1-3bps.

In HK, CSIPRO 25s (callable since 21 Jul '24) rose 7.3pts following CSI Properties' plan to raise cHKD2.0bn (cUSD256mn) via rights issue and private placement of HKD unsecured bonds. See comments below. BTSDf 26s/28s closed 0.1-0.3pt higher. Last night, BTSDf announced to fully redeem the remaining USD24.7mn of BTSDf 13.5 26s at 109.54 as expected. See our comments below. NWDEVl Perps/27-31s dropped another 0.5-1.7pts. HYSAN Perp declined 1.0pt.

In Chinese properties, VNKRL 25-29s lowered 1.7-2.5pts after the gain of 8.9-10.8pts over the last week. On the other hand, DALWAN 26s/ROAKDG 29-30s were 0.3-0.7pt higher. Outside properties, WESCHI 26s declined 0.5pt. In Macau gaming, MPELs/WYNMACs/STCITYs were 0.2-0.6pt lower. In India, VEDLNs closed 0.3-0.7pt lower. VEDLN announced the tender offer results and strong 9MFY25 results. See our comments on [3 Feb '25](#). UPLIN 5.25 Perp (callable on 27 May'25) moved 1.3pts higher following UPL's stronger 9MFY25 results. The perp's coupon would be reset to 5-yr UST+3.865%, if not called in May25.

In LGFVs, WUXIND 26s/NJYZSO 27s were up 0.2-0.3pt. CPDEV/ZHHFGR 25s were down 0.1pt. In SOE perps, COFCHK Perp was up 0.1pt, CHSCOI Perp was down 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CSIPRO 5.45 07/21/25	93.2	7.3	VNKRLE 3 1/2 11/12/29	58.0	-2.5
UPLLN 5 1/4 Perp	96.4	1.3	VNKRLE 3.975 11/09/27	62.1	-2.4
FTLNHD 4 5/8 10/15/25	90.1	0.7	NWDEVL 5 1/4 Perp	24.7	-1.7
EXIMCH 4 11/28/47	85.0	0.7	VNKRLE 3.15 05/12/25	89.8	-1.7
ROADKG 5.2 07/12/29	37.9	0.7	NWDEVL 6.15 Perp	36.4	-1.3

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.76%), Dow (-0.28%) and Nasdaq (-1.20%) were weak on Monday. Trump will pause new tariffs on Mexico for one month and engage in further negotiations. Proposed tariffs on Canadian imports also postponed for at least 30 days. Long-term UST yield retreated on Monday, 2/5/10/30 yield at 4.26%/4.35%/4.54%/4.77%.

❖ Desk Analyst Comments 分析员市场观点

➤ CSIPRO: Launched bondholders identification on CSIPRO 5.45 07/21/25

CSI Properties proposes to raise HKD1,992mn (cUSD256mn) from the controlling shareholder Mr Chung and Gaw Capita through rights issue of HKD1,492mn and privately placed 4-year senior unsecured bond of HKD500mn. For the rights issue of HKD1,492mn, up to HKD1,158mn will be funded with loans from Mr Chung and Gaw Capital, i.e. HKD400mn from Mr Chung and HKD758mn from Gaw Capital. The remaining HKD334mn will be fully written by VMS Securities. The 4-year senior unsecured bonds of HKD500mn will carry coupon at 8.22%, to be offered at 93 and redeemed at 100.5. The effective yield is c10.8%. CSI also proposes the bonus warrants issue on the basis of one bonus warrant for every ten shares held on the record date. The warrant, if exercised, could raise another cHKD101mn.

Mr Chung will maintain the control over CSI Properties through the Newco, a SPV set up as an intermediate holdco for Chung's existing stakes in CSI and additional shares to be acquired by Chung and Gaw from participating into the rights issue but Chung's effective ownership will be diluted to c30% from 56.4% prior to the fundraising. The proposed fundraising is subject to shareholder's approval at the SGM and granting of the waiver by the SFC. See Table 1 for the expected timetable.

As per CSI Properties, it requires up to HKD2bn to strengthen its liquidity position. Out of the HKD1,992mn to be raised, CSI Properties intends to use HKD800mn (cUSD103mn) to repay debts and the remaining balances for working capital requirements. As of Sep'24, CSI Properties had cash and bank balances of HKD1,970mn and current liabilities totaled HKD4,226mn, comprised of CSIPRO 5.45 07/21/25 of USD296.1mn (cHKD2,305mn) and secured bank borrowings of HKD1,921mn. We understand that CSI Properties does not have syndicated loans and its bank borrowings are project loans secured by properties.

CSI Properties targets to achieve at least HKD9bn in sales within the next four financial years ending 31 Mar'29 to generate funds for debt repayment. As of Sep'24, it had properties held for sale of HKD5.5bn. The HK residential properties portfolio includes Dukes Place in Jardine Lookout, Infinity at the Peak, Cadenza in Sheung Shui, projects in Central and Yau Tong, Phase V of The SOUTHSIDE in Wong Chuk Hang, as well as a transformation project of Lai Sun Yuen Long Centre into a residential complex. Its sales target is challenging given the weak HK property outlook, especially the high-end segment.

The proposed fundraising will shore up CSI Properties' liquidity and improve its financial flexibility in refinancing the USD bonds maturing in Jul'25. The HKD800mn earmarked for debt repayment is c35% of the o/s amount of CSIPRO 5.45 07/21/25, CSI Properties' only o/s USD bond. We are aware of the bondholders' identification notice sent out last night but not sure of the intention of CSI Properties. We believe that the company's near-term focus should be on completing the fundraising and do not expect the launch of LME prior to completion of the proposed fundraising by mid to late Apr'25 if things go smooth.

Purely for the sake of discussions, assuming CSI will launch an LME with upfront cash repayment of 35% (equivalent to the amount earmarked for the proposed fundraising), the balance to be extended for 4 years (after the repayment of bond privately placed to GAW), we estimate that the fair value of CSIPRO 5.45 to be high-80 to mid-90 based on discount rates of 10-15%. At 93.2, we believe that CSIPRO 5.45 07/21/25 is about fairly priced.

Table 1: Expected timetable of the proposed fundraising

Key events	Date
Dispatch of circular, proxy form and notice of SGM	17 Feb'25
SGM and announcement of poll results of the SGM	6 Mar'25
Effective date of the share consolidation and authorized share capital increase	10 Mar'25
Record date for participation in the rights issue and bonus warrants issue	20 Mar'25
Certificates for the bonus warrants to be dispatched	On or before 7 Apr'25
Announcement of the results of the rights issue including applications for excess rights shares	14 Apr'25

Source: Company filling.

➤ **BTSDF: Fully redeem BTSDF 13.5 06/26/26 of USD24.7mn at 109.54**

H&H will redeem BTSDF 13.5 06/26/26 of USD24.7mn in full on 13 Feb'25. We believe the redemption price at 109.54 took reference to the price at last close at 109.5. The early redemption is in line with our expectation as it helps H&H to further reduce its weighted-average funding cost. Recalled that H&H repurchased USD275.3mn of the bonds via a tender offer completed last month at 109.8.

We maintain buy on BTSDF 9.125 07/24/28, in view of H&H's good access to various funding channels as well as lengthened maturity profile after the tender offer and concurrent new issue in Jan'25. Recalled that H&H prepaid USD term loans of USD581mn in Nov'24. The loans were originally due in Jun'25. At 101.1, BTSDF 9.125 07/24/28 is trading at YTM of 8.7%, and offering yield pick-up of 51bps over FOSUNI 8.5 05/19/28 (-/BB-/-, YTM of 8.2%), and 122bps over GWFOOD 3.258 10/29/30 (-/BB, YTM of 7.5%) with 2.2 years shorter in maturity.

➤ **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	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Korea Electric Power Corporatio	USD	-	3yr/5yr	-	-

➤ **News and market color**

- Regarding onshore primary issuances, there were 0 credit bonds issued yesterday. As for month-to-date, 0 credit bonds were issued due to Chinese new year holiday.
- **[BABA]** Alibaba starts offering DeepSeek AI models on its cloud platform
- **[GRNCH]** Greentown China issued profit warning, expects less than 50% yoy drop in FY24 net profit amid real estate market downturn
- **[GRNKEN]** Media reported Greenko Energies' subsidiary raised INR10bn (cUSD115mn) via 13% 3-year NCDs to finance a pumped storage project in the Indian state of Rajasthan
- **[SINOCE]** UK Court sanctioned Sino-Ocean's proposed debt restructuring plan on 3 Feb'25. The Hong Kong Court is scheduled to hear the restructuring plan on 19 Feb'25
- **[SKYFAM]** Skyfame Realty to terminate RSA with effect from 3 Feb'25. The Board expects there is no reasonable prospect of successfully completing the relevant scheme prior to the longstop date
- **[SOFTBK]** SoftBank and OpenAI announced a partnership to develop and market Advanced Enterprise AI, Cristal intelligence
- **[VEDLN]** S&P upgraded Vedanta Resources by one notch to B+ from B on easing refinancing risk, removed from CreditWatch and outlook stable

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