

## CMBI Credit Commentary

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

#### The Asset Asian G3 Bond Benchmark Review 2025

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "The Asset Asian G3 Bond Benchmark Review 2025". Thank you for your support!

- *Asian IGs were 1-3bps tighter this morning. The new CCAMCL 2.35 29/CCAMCL 2.43 30 were 0.2pt lower from ROs at par.*
- **LIFUNG:** *Tender offer and concurrent new issue. FV of the new LIFUNG 29 to be mid-8% vs IPT at 9%. See below.*
- **ZHOSHK:** *Make-whole of ZHOSHK 3 01/13/26 reflects sufficient liquidity. ZHOSHK 28 tightened 2bps this morning. See below.*

#### ❖ Trading desk comments 交易平台市场观点

Yesterday, in KR, LGENSO 26-35s were another 2-5bps tighter. In Chinese IGs, BABA 31/MEITUA 30 tightened 1bp. ZHOSHK 26-28s were unchanged to 1bp tighter. ZHOSHK announced to make whole ZHOSHK 3 01/13/26 on 27 Aug'25. See comments below. In financials, CSILTD priced 3yr floating rated bond at SOFR+60 (IPT at SOFR+115 area). SUMIBK/STANLN Float 28-31s were 1-3bps tighter. In insurance, SHIKON 35 tightened 1bp, NSINTW 34 widened 1bp. ASAMLI Perps/MYLIFE 55s were up 0.1pt. In AT1s, HSBC 6.95/LLOYDS 8/BACR 7.625 Perps were 0.2-0.4pt higher. In HK, BNKEA/DAHSIN/NANYAN 31-34s were 1-3bps tighter on small buying from PBs. LIFUNG Perp was down 0.3pt while LIFUNG 25 was up 0.1pt. See our comments below. HYSAN/REGH Perps were up 0.2-0.6pt. NWDEVL Perps/27-31s were 0.1-0.5pt higher. In Chinese properties, DALWAN 26 was down 0.7pt. RAODKG 28-30s/Perps were 0.2pt lower to 0.3pt higher. Outside properties, EHICAR 26-27s were another 1.2-1.4pts higher after the increase of 0.4-1.4pts over the last week. In SE Asia, GLPSP 28/Perps were another 0.8-1.6pts higher after the increase of 1.2-2.5pts over the last week. VEDLN 28-33s were up 0.1-0.3pt following the media report of USD550mn PCF prepayment in Aug'25. See our comments on 25 Jul '25. VLLPM 29 lowered 1.2pts. PTTEPT/PTTTB 42s were 0.6pt lower (3-4bps wider). Media reported PTTEP unit agreed to acquire Hess International for USD450mn.

In CNH space, CCAMCL priced 3.5yr and 5yr CNH bonds at par to yield 2.35% and 2.43% (IPT at 2.85% and 3% area) respectively. The recent new CNH CHMEDA 30/35 were 0.1pt lower. The onshore AAA guaranteed CNH LGFVs such as MGSLCI 5.1 28s/DAZKAI 7 28s were 20-50bps tighter thanks to strong deployment buying from RMs. In USD LGFVs, KAFEDI 6.5 28s/

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BADNHI 6.9 28s/ZBZCHD 6.9 28s were 0.5-2.7pts higher (30-100bps tighter). In SOE perps, CHPWCN Perp was up 0.1pt.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
KAFEDI 6 1/2 06/04/28	96.3	2.7	TSIVMG 1.55 12/17/29	70.4	-1.2
GLPSP 4 1/2 PERP	55.3	1.6	VLLPM 9 3/8 07/29/29	64.5	-1.2
EHICAR 7 09/21/26	69.8	1.4	DALWAN 11 02/13/26	96.0	-0.7
GLPSP 4.6 PERP	52.3	1.2	TAISEM 3 1/4 10/25/51	72.3	-0.6
EHICAR 12 09/26/27	63.7	1.2	PTTTB 4 1/2 10/25/42	84.7	-0.6

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.02%), Dow (-0.14%) and Nasdaq (+0.33%) were mixed on Monday. Long-term UST yield was higher on Monday, 2/5/10/30 yield at 3.91%/3.96%/4.42%/4.96%.

#### ❖ Desk Analyst Comments 分析员市场观点

##### ➤ LIFUNG: Tender offer and concurrent new issue. FV of the new LIFUNG 29 to be mid-8% vs IPT at 9%

Li & Fung launched tender offer for LIFUNG 5.25 Perp at USD55, and the maximum acceptance amount is USD50mn. The tender offer will be funded by a concurrent new issue of 3.5NC2 USD bond. Priority of acceptance for the tender offer maybe given for holders who subscribe of the new bonds. We view the FV of the new LIFUNG 29 at mid-8% vs IPT at 9%, in view of peers such as BTSDf 9.125 07/24/28 is trading at YTM of 8.2% plus tenor premium.

We view the above-the-market tender offer price and the priority of acceptance to holders participating in the new bonds as a de facto voluntary partial exchange of the FFL perp into a new 3.5yr bond. The “partial exchange” of a FFL perp into a higher coupon dated bond is beneficial to the perp holders, in our view.

With the net proceeds from the new issuance, as well as its cash on hand of USD608mn as of Jun'25, Li & Fung plans to redeem LIFUNG 5.25 08/18/25 of USD313.316mn, repay bank loans of USD120mn, and redeem USD50mn in principal amount of the LIFUNG 5.25 Perp. Assuming the size of new issue to be USD300mn, the net impact to Li & Fung's balance sheet will be debt (incl. perp) reduction of USD183mn to USD931mn, and a reduction in cash on hand of USD160mn to USD448mn. On a pro forma basis, the total debt (incl. perp)/EBITDA ratio will decline to 6.6x from 7.8x as of Dec'24, while the net debt (incl. perp)/EBITDA ratio will increase to 3.4x from 3.3x.

Li & Fung provides supply chain solutions and trades as a principal with onshore wholesalers, primarily in the Americas and Europe. In FY24, Li & Fung generated USD6.6bn in revenue, of which 44% was from hard goods (such as home & general merchandise) and 56% from soft goods (such as apparel). Geographically, 56% of the revenue came from the US, with the remaining 44% from Europe and the rest of the world. Li & Fung recorded EBITDA of USD142mn and generated free cash flow of USD51mn. As of Dec'24, Li & Fung had undrawn committed facilities of USD180mn.

**Table 1: Bond profiles of LIFUNG and its peers**

Security name	Px	YTM/YTC	Amt o/s (USD mn)	Issue rating (M/S/F)
LIFUNG 5.25 08/18/25	99.8	10.3%	313.316	Ba2/BB-

LIFUNG 5.25 Perp	49.9	10.5%	650	B1/B/-
FOSUNI 8.5 05/19/28	102.5	7.5%	500	-/BB/-
BTSD 9.125 07/24/28	102.4	8.2%	300	Ba3/BB/-

Source: Bloomberg.

**Table 2: Indicative timetable of the tender offer and concurrent new issue**

Event	Time
New bond pricing date	29 Jul'25
Expiration deadline	31 Jul'25
Result announcement date	1 Aug'25
New bond issuance and settlement	5 Aug'25
Tender offer settlement date	6 Aug'25

Source: Company's filing.

➤ **ZHOSHK: Early redeem ZHOSHK 3 01/13/26 in whole next month**

Zhongsheng (ZHOSHK) announced to make-whole ZHOSHK 3 01/13/26 (remaining o/s of USD157.834mn) on 27 Aug'25, over 3 months ahead of the first call date on 13 Dec'25 and over 4 months ahead of the final maturity on 13 Jan'26. We estimate the make-whole price to be c100. The make-whole reflects ZHOSHK's sufficient liquidity. We continue to see the technical demand for Chinese IG yielding 5% or more, and expect to see demand for ZHOSHK 5.98 01/30/28, the soon-to-be only o/s USD bond of ZHOSHK after the completion of make-whole. We consider ZHOSHK 5.98 01/30/28 remains a good shorter-dated carry play and maintain buy on the bond.

Despite ZHOSHK's weak FY24 results, the impact of weak new car sales was mitigated by the growing contributions from used car sales, as well as accessories and after-sales services. Its aggregate profit (gross profit+commission income) excluding new car sales increased to RMB18.1bn in FY24 from RMB12.9bn in FY20 while new car sales turned to gross losses of RMB3.2bn from gross profit of RMB3.7bn over the same period. Growing contributions from non-new car sales will increasingly be the key drivers of ZHOSHK's credit profile and continue to support ZHOSHK's profitability and cash flow.

Additionally, the funding exercises since Jul'24 (tender offer of ZHOSHK3 01/13/26 and concurrent new USD bond issue of USD600mn, 3-yr offshore loans of USD350mn, and issue of 3-yr Panda bond of RMNB1bn) have considerably shored up its liquidity and relieved its refinancing pressure over the coming 1-2 years.

**Table 1: Summary of Zhongsheng's o/s bonds**

Security name	ISIN	Ccy	Size (mn)	O/S (mn)	Coupon	Maturity	Offer px	Z-spread	YTM
ZHOSHK 3 01/13/26	XS2278364075	USD	450.0	157.8	3.0%	1/13/2026	99.0	143.5	5.4%
ZHOSHK 5.98 01/30/28	XS2867272630	USD	600.0	600.0	6.0%	1/30/2028	99.8	220.0	6.1%

Source: Bloomberg.

➤ **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
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(M/S/F)

Chengdu Xisheng Investment Group	USD	-	3yr	5.7%	Unrated
China CITIC Bank London Branch	USD	300 (capped)	3yr	SOFR+105	-/A/-
Li & Fung	USD	-	3.5NC2	9.0%	Ba2/BB/-

### ➤ News and market color

- Regarding onshore primary issuances, there were 84 credit bonds issued yesterday with an amount of RMB92bn. As for month-to-date, 1,881 credit bonds were issued with a total amount of RMB2,024bn raised, representing a 15.2% yoy increase
- [ADGREG]** Adani Green Energy 1Q26 total revenue rises 36% yoy to INR38bn (cUSD439.2nm)
- [ADTIN]** Diamond Power bags INR13.5bn (cUSD155.6mn) order from Adani Energy Solutions for 24,080 high-performance conductors
- [CCAMCL]** China Cinda AMC issued 3.5y CNH3bn bonds at 2.35%, and 5yr CNH2.3bn bonds at 2.43%
- [LPKRIJ]** Lippo Karawaci-owned Lippo Cikarang's 1H25 presales at 48% of FY25 target
- [SJM HOL]** SJM Holdings agreed to buy a property in Zhuhai China for RMB724.2mn (cUSD101.1mn) in cash from Shun Tak Holdings, a company controlled by SJM's chair and executive director Daisy Ho Chiu Fung

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