

## CMBI Credit Commentary

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

#### The Asset G3 Bond Benchmark Review 2026

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 G3 Bond Benchmark Review 2026". Thank you for your support!

- *This morning, we saw better buying in 5-10yrs Asian IG issues and better selling in their 1-2yrs counterparts. ACPM 4.85 Perp/VLLPM 29 were 0.5pt lower. SOFTBK 31 lost 0.3pt. EHICAR 29 gained 0.4pt.*
- **NANFUN:** *FV of new 10-yr bond at T+135-140bps. See below.*
- **NWDEVL:** *Media report that Blackstone dropped plan for USD4bn New World Development tie-up over control issues. In addition, NWD clarified that no investment deal has been reached with Hong Kong Airport Authority regarding the 11 Skies project. The NWDEVL/VDNWDL complex were unchanged this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, VNKRL 27' and 29' led the space and rose 1.4-1.5pts. Vanke entered into the loan framework agreement with Shenzhen Metro which agreed to provide a loan to Vanke in an aggregate principal amount of up to RMB2.5bn to repay debts. Vanke has used RMB2.36bn. LNGFOR 27-32 edged 0.1-0.5pt higher. FUTLAN 28/FTLNHD 27-29 were unchanged to 0.2pt higher. The NWDEVL/VDNWDL complex, on the other hand, dropped 0.1-1.8pts. NWD clarified that no investment deal has been reached with Hong Kong Airport Authority regarding the 11 Skies project. The Macau gaming complex were unchanged to 0.2pt lower. See our comments on WYNMAC 1Q26 results yesterday. Chinese IG space closed unchanged to 2bps tighter. We saw two-way skewed towards better buying in HAOHUA/BABA versus better selling in XIAOMI/MEITUA/LENOVO. The recent new issue BNKEA 32 tightened 2bps, while the older BNKEA 32-34s encountered selling pressure. In KR space, DAESEC and LGENSO traded 1bp tighter in mixed flows, while HYUELE closed 1bp wider. In JP, SOFTBKs overall rose 0.1-0.7pt. SoftBank Group FY26 net sales rose 7.7% yoy to JPY7.8tn (cUSD49.5bn). NIPLIF 31-33s tightened 1-2bps amid flows from HFs and PBs, while major bank papers like MIZUHO/SUMIBK/MUFG closed unchanged amid better buying from RMs. Japanese and Yankee AT1s and insurance hybrids were marked down by 0.1-0.3pt, though buying flows emerged in the front end and the belly of the curve from PBs and Asian AMs and short covering for long-end issues. In SE Asian space, GENTMK leaked 0.1-0.3pt. VEDLN 28-33s were unchanged to 0.1pt lower. See our comments on Vedanta's FY26 financial results on 11 May'26.

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Elsewhere, LGFVs had a largely stable session amid overall two-way flows among RM, though IG-rated, low-yielding USD issues were subject to moderate selling pressure.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3 1/2 11/12/29	43.4	1.5	NWDEVL 4 1/8 PERP	75.0	-1.8
VNKRLE 3.975 11/09/27	46.2	1.4	NWDEVL 5 1/4 PERP	80.3	-1.7
SOFTBK 7 1/2 07/10/35	102.2	0.7	NWDEVL 4.8 PERP	56.2	-1.7
SOFTBK 7 1/4 07/10/32	98.6	0.5	GARUDA 6 1/2 12/28/31	83.1	-1.1
LNGFOR 3.85 01/13/32	73.6	0.5	KZOKZ 5 3/4 04/19/47	95.1	-1.1

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.58%), Dow (-0.14%) and Nasdaq (+1.2%) were mixed on Wednesday. US President Trump has arrived in China and commenced high-stakes summit with Chinese President Xi. US Apr'26 PPI increased by 1.4% yoy, higher than the expectation of a 0.5% increase. US Crude Oil Inventories was -4.306mn, lower than the forecast of -2mn. 2yr UST yield was lower on Wednesday. 2/5/10/30 year yield was at 3.98%/4.12%/4.46%/5.03%.

#### ❖ Desk Analyst Comments 分析员市场观点

##### ➤ NANFUN: FV of new 10-yr bond at T+135-140bps

Nan Fung International Holdings Ltd. (Nan Fung, rated Baa3/BBB-) announced new 10-yr sustainability USD bond and concurrent tender offers for NANFUN 3 7/8 10/03/27 and NANFUN 5 09/05/28 at 99.4 and 100.9 in addition to interests accrual, respectively. The maximum acceptance for tender offers issue size is expected to USD500mn, in line with targeted issue size for the new issue. See Table 1 and 2 for details of the new issue and tender offers. We consider the FV for the new 10-yr bond to be T+135-140bps (vs IPG of T+175bps), in view of the current level of NANFUN 3 5/8 08/27/30 which is trading at around T+100bps, and 5-6bps pick-up for each year maturity extension typical for HK corps.

Nan Fung is well-established and non-listed property developer in HK. In addition to property developments, it also owns a geographical diversified investment properties in HK, GZ, Singapore, London, Boston and Greater New York. These investment properties generated gross rental income of HKD2.3bn and HKD1.1bn in FY25 (ended Mar'25) and 1HFY26 (ended Sep'25), equivalent to 1.9x and 2.2x of its gross interest expenses, respectively.

Additionally, Nan Fung maintain a sizeable financial investment portfolio. As of Sep'25, Nan Fung's financial investments totaled HKD33.9bn, equivalent to 22% of its total assets. 45% of these investments were equity and derivatives, 30% were funds. The equity investments were diversified with 50% in the US, 20% in Europe and 12% in HK/China. In 1HFY26, its financial investments generated income of HKD606mn, equivalent to 1.2x of its gross interest expenses. As per Nan Fung, its financial investments do not directly expose to private credits. Indirect exposure through fund investments in private credits is limited.

Nan Fung has a solid liquidity. Its net liquidity buffer (total debt minus cash and financial investments) was HKD16.1bn and averaged HKD12.3bn since Mar'22. Its committed undrawn banking facilities are HKD8bn.

**Table 1: Summary of new USD bond issue**

<b>Issuer:</b>	<b>Nan Fung Treasury Ltd., a SPV 100% owned by Nan Fung</b>
Guarantor	Nan Fung
Guarantor ratings	Baa3 stable/BBB- stable by Moody's and S&P
Issue rating	Baa3 by Moody's
Tenor	10yr
Ranking	Senior unsecured
IPG	T+175bps
UOP	Finance or refinance green and/or social assets

Source: Company filing.

**Table 2: Summary of tender offer**

Target bonds	NANFUN 3 7/8 10/03/27	NANFUN 5 09/05/28
O/S amt/issue size (USD mn)	348.8/410	438.1/500
Purchase price (before interests accrual)	99.4	100.9
Expiration deadline	20 May'26	
Tender priority	Given to subscribers of the new issue	
Acceptance amount	Expected to be USD500mn in aggregate, in line with the new issue size	

Source: Company filing.

➤ **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)
Hanwha Q Cells Americas Holdings	USD	-	3yr	T+75	Aa2/AA/AA-
Nan Fung International	USD	-	10yr	T+175	Baa3/BBB-/-
Tianfeng Securities	USD	-	2yr	5.6%	-/-/BBB-

➤ **News and market color**

- Regarding onshore primary issuances, there were 53 credit bonds issued yesterday with an amount of RMB100bn. As for month-to-date, 326 credit bonds were issued with a total amount of RMB413bn raised, representing a 6% yoy decrease
- **[BABA]** Alibaba Group adjusted EBITDA decreased 44% in FY26
- **[CDBFLC]** S&P affirmed A rating on CDB Aviation, and raised the SACP to bb- from b+ on lengthening maturity profile

- **[CTFSHK]** CTF Services will sell its 100% stake in an expressway project in China's Hunan province for USD237mn
- **[HCELEC]** Huachen Energy commences bondholder identification for USD notes due Dec'26
- **[MUFG]** MUFG is in discussions with investors to cut its exposure to cUSD2bn of loans extended to publicly traded private credit funds
- **[NSANY]** Nissan Motor FY26 revenue fell 4.9% yoy to JPY12tn (cUSD76.2bn); expects USD1.3bn operating profit for fiscal year ending March 2027
- **[NWDEVL]** Media reported Blackstone abandons USD4bn New World deal after control dispute
- **[SINOPE]** Sinopec found proven reserves of 235.7bn cubic meters at shale gas field in China
- **[SOFTBK]** SoftBank Group FY26 net sales rose 7.7% yoy to JPY7.8tn (cUSD49.5bn)

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