

CMBI Credit Commentary

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

- *This morning, the new HSBC 6.95 Perp was unchanged at par. ORIX 35s/KANSEL 30s widened 2bps. The long-end TENCNT 50s/BABA 54s/TOPTB 48-50s widened 2-5bps. DAHSIN 33s tightened another 3bps.*
- **BABA:** *Lower 9MFY25 FCF due to higher capex on cloud infrastructure. BABA 27s/31s closed 1-3bps wider post results announcement, and widened another 1-3bps this morning. In Chinese TMT space, we like MEITUA 0 04/27/27, MEITUA 2.125 10/28/25, WB 3.375 07/08/30, XIAOMI 3.375 04/29/30 and XIAOMI 2.875 07/14/31 for better risk-return profiles. See below.*
- **HYUELE:** *Media reported SK Hynix expects to finalize its acquisition of Intel's USD8.8bn NAND flash memory business by next month. HYUELE 27-31s tightened 1-2bps this morning.*

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吳蓓瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

Jerry Wang 王世超
(852) 3761 8919
jerrywang@cmbi.com.hk

❖ Trading desk comments 交易台市场观点

Yesterday, the flows in Asia IG space was light with JP out for holiday. The recent new ORIX 35s/HPHTSP 30s/WSTPNZ 30s were 2-4bps wider. In KR, the new DAESEC 5.75 28s widened 3bps, while KHFC/KDB Float 30-31s closed 1-2bps tighter amid mixed flows. Chinese TMTs were under better selling. TENCNT/MEITUA 28-30s widened 1-3bps. In financials, Chinese leasing papers were under better selling. BCLMHK/CMINLE Float 27s widened 1-2bps. HK T2s remained well bid. BNKEA/NANYAN/SHCMBK 33-34s tightened 3-5bps. In AT1s, HSBC priced a NC7 Perp of USD1.5bn at par to yield 6.95%. The recent new SUMIBK 6.45/DANBNK 7 Perps were 0.1-0.2pt higher. In HK corps, NWDEVL Perps/27-31s closed 0.2-1.4pts higher after the gain of 3.0-11.5pts over the last week, despite its 1H25 profit warning. See our comments on [24 Feb '25](#). NANFUN 5 Perp was down another 0.4pt. Lifestyle repurchased another USD22.3mn and reduced the o/s amount of LIHHK 4.5 06/26/25 to USD223.2mn. LIHHK 25-26s were up 0.1-0.5pt. In Chinese properties, CHIOLI 35-43s were 0.4-0.6pt higher. FUTLAN 25s/FTLNHD 26s were up 0.3-0.4pt. VNKRL 25-29s closed unchanged to 0.3pt higher. Outside properties, WESCHI 26s were up another 0.9pt after the gain of 1.6pts over the last week. In India, INCLEN/RPVIN 27-28s closed unchanged to 0.1pt higher. See our comments on RNW's 9M25 results on [24 Feb '25](#). Elsewhere, MDLNIJ 27s declined 0.7pt.

In LGFVs, SHGUOH/GZDZCD 26s were up 0.2pt. There were two way interests on the 3%-handle yielding CNH papers such as NAINVG 3.7 27s/JJCIHG 3.4 27s. The higher-yielding LGFVs such as LZJHFH 28s/LJREVI 27s remained sought after by Chinese accounts. In SOE perps, CHPWCN 3.08 Perp was up 0.1pt, CHCOMU 3.65 Perp was down 0.2pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 4 1/8 Perp	27.9	1.4	MDLNIJ 5 04/30/27	31.4	-0.7
NWDEVL 4 3/4 01/23/27	75.5	1.0	GRNLGR 7 3/4 06/25/28	23.1	-0.6
WESCHI 4.95 07/08/26	76.7	0.9	MINMET 4.95 07/22/26	96.5	-0.5
GRNLGR 6.6 11/13/28	23.3	0.9	CFAMCI 5 1/2 04/27/47	95.3	-0.5
NWDEVL 6.15 Perp	51.5	0.8	NANFUN 5 Perp	67.5	-0.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.50%), Dow (+0.08%) and Nasdaq (-1.21%) were mixed on Monday. Big tech stocks creating the biggest drag as investors worried about demand for technology supporting AI while they waited for results from market heavyweight Nvidia on Wednesday. UST yield retreated on Monday, 2/5/10/30 yield at 4.13%/4.23%/4.40%/4.66%.

❖ Desk Analyst Comments 分析员市场观点

➤ BABA: Lower 9MFY25 FCF due to higher capex on cloud infrastructure

Alibaba (BABA) reported solid financial performance in 9MFY25. The 6% yoy revenue growth in 9MFY25 was driven by strong performance in core e-commerce and cloud business. The adjusted EBITDA stood at RMB161bn as higher contribution from cloud business was partly offset by loss from cross-border business and AliExpress within core e-commerce segment. With higher interest and investment income, the net income attributable to ordinary shareholders grew by 53% yoy. Meanwhile, the free cash flow (FCF) reduced by 50% yoy in 9MFY25 due to mainly to the significant increase in capex on cloud infrastructure. See Table 1.

As of Dec'24, BABA had lower cash balance compared to the level as of Mar'24 due to higher capex on cloud infrastructure and share repurchases, as well as increase in working capital. While the capex of BABA will increase in the near-term in view of its RMB380bn (cUSD53bn) investment plan to advance its cloud computing and AI infrastructure over the next three years, we expect the impact on the FCF could be mitigated with an expectation on continuous revenue growth supported by its core e-commerce and cloud business. Besides, we view the liquidity of BABA remains sufficient. As of Dec'24, BABA maintained a net cash position of RMB168bn and cash to short-term debts at 7.6x.

In Chinese TMT space, we prefer BBB- over A-rated TMT credits for better risk-return profiles. We maintain buy on MEITUA 0 04/27/27, MEITUA 2.125 10/28/25, WB 3.375 07/08/30, XIAOMI 3.375 04/29/30 and XIAOMI 2.875 07/14/31. We also believe that TMT credits such as MEITUA, WB and XIAOMI are proxy plays on domestic consumption, as well as less sensitive to incremental sanction measures from the US. For investors with lower risk appetite, we recommend buy on TENCNT 3.595 01/19/28 and TENCNT 3.975 04/11/29 for shorter tenor given our preference for shorter-tenor plays and their lower cash prices among the shorter tenor TENCNT bonds.

Table 1: BABA's key financials

RMB mn	9M24	9M25	Change
Revenue	719,294	759,893	6%
- Taobao and Tmall Group	341,677	348,458	2%
- Alibaba International Digital Commerce Group	75,150	98,721	31%
- Cloud Intelligence Group	80,779	87,901	9%
- Cainiao Smart Logistics	74,463	79,699	7%
- Local Services	45,174	50,942	13%
- Digital Media and Entertainment	16,200	16,713	3%

- Others	85,851	77,459	-10%
Adjusted EBITDA	160,861	160,542	-
Net income	70,413	114,003	62%
Net income attributable to ordinary shareholders	76,471	117,008	53%
Operating cash flow	159,253	135,989	-15%
Capex	17,405	60,285	246%
Free cash flow	140,849	70,127	-50%
			-
	Mar'24	Dec'24	Change
Cash and cash equivalent	286,424	205,966	-28%
Short term deposit and investment	262,955	236,949	-10%
Cash and short term investment	549,379	442,915	-19%
ST debts	29,001	21,453	-26%
LT debts	141,775	210,075	48%
Total debts	170,776	231,528	36%
Net debt/ (net cash)	(378,603)	(211,387)	-44%
Cash/ST debts	9.9x	9.6x	

Source: Company filling, CMBI Research.

Table 2: Our Chinese TMT picks

Security name	ISIN	Amt o/s (USDmn)	Px	Z-spread (bps)	YTM/YTP (%)	First put date	Put px
MEITUA 0 04/27/27	XS2333568751	1,484	99.5	108	5.3%	27 Apr'25	100.37
MEITUA 2.125 10/28/25	US58533EAB92	750	98.3	47	4.7%	-	-
WB 3.375 07/08/30	US948596AE12	750	92.0	116	5.1%	-	-
XIAOMI 3.375 04/29/30	US98422HAA41	600	93.1	96	4.9%	-	-
XIAOMI 2.875 07/14/31	US98422HAC07	800	88.8	99	4.9%	-	-
TENCNT 3.595 01/19/28	US88032WAG15	2,500	97.4	60	4.6%	-	-
TENCNT 3.975 04/11/29	US88032WAN65	3,000	97.6	67	4.6%	-	-

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
HSBC Holdings Plc	1,500	PerpNC7	6.95%	6.95%	Baa3/-/BBB

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Bank of China Sydney Branch	USD	-	3yr	SOFR+105	A1/A/A
Jinjiang Road and Bridge Construction & Development Co	USD	-	364d	6.8%	Unrated
Varanasi Aurangabad NH-2 Tollway	USD	-	9NC3	6.375%	Baa3/-/BBB-

➤ **News and market color**

- Regarding onshore primary issuances, there were 101 credit bonds issued yesterday with an amount of RMB68bn. As for month-to-date, 969 credit bonds were issued with a total amount of RMB854bn raised, representing a 41.4% yoy increase
- [FOSUNI]** Fosun International unit Shanghai Fosun High Tech plans to raise USD150mn via Yulan bond issue

- **[HYUELE]** SK Hynix expects to finalize its acquisition of Intel's USD8.8bn NAND flash memory business by next month
- **[LIHHK]** Lifestyle International further repurchased USD22.337mn of LIHHK 4.5 06/26/25, the outstanding amount is reduced to USD223.163mn
- **[MGFLIN]** Manappuram Finance says explores various strategic/growth opportunities from time to time in stakeholders' best interest in response to the media report on the acquisition by Bain Capital
- **[NSANY]** Nissan Motor to enter the JACI APAC High Yield indices following the downgrade from Moody's
- **[SHIMAO]** Shimao's restructuring plan approved by scheme creditors. The petition seeking sanction of the scheme will be heard by the Hong Kong High Court on 13 Mar'25

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report. CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.,) of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.