

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!

- *HAOHUA 28-30s tightened 1-2bps, while MEITUA 30 widened 3bps this morning. DAESEC 27-29s were under better selling and widened 1-2bps. LASUDE 26 was up 0.5pt.*
- **CHMEDA:** *FV of the new CNH CHMEDA 30/35 to be 2.25%/2.55% vs IPT of 2.55%/2.85%, respectively. See below.*
- **LIFUNG:** *Li & Fung launched tender offer for LIFUNG 5.25 Perp up to USD50mn at USD55; mandates 3.5yr USD bond issuance. Pricing of the new bonds expected to be on 28 Jul'25 and expiration date of the tender offer will be on 31 Jul'25. LIFUNG 5.25 Perp was unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, the long end of Chinese IGs such as BABA/JD/SINOPE 48-57s were 0.5-1.9pts higher (1-15bps tighter). In financials, HSBC/STANLN Float 30-31s were under better buying and closed 2-3bps tighter. In insurance, SHIKON/NSINTW/CATLIF 33-35s widened 1-5bps. S&P assigned Fubon Life A- rating with outlook stable. The market is expecting more supply from Taiwan lifers. NIPLIF/MYLIFE 55s and FUKOKU Perp was up 0.1pt. In AT1s, SOCGEN 6.75/LLOYDS 6.413 Perps were 0.3-0.6pt lower. INTNED 3.875/HSBC 7.05 Perp were up 0.1-0.2pt. In HK, BNKEA/NANYAN 34s were unchanged to 2bps wider amid mixed flows. LIFUNG announced new issue mandate of 3.5yr USD bond while LIFUNG 5.25 08/18/25 comes near its maturity. HYSAN 7.2 Perp was up 0.5pt. NWDEVL Perps were 0.2-0.7pt lower, while NWDEVL 27-31s were unchanged. In Chinese properties, GRNCH 28/CHIOLI 42-43s were 0.4-0.6pt higher. ROADKG 28-30s/Perps were unchanged to 0.7pt lower. Media reported a creditor group of Road King continued to oppose the company's new consent solicitation for five USD bonds due 2028-2030. Outside properties, WESCHI 26/HONGQI 28 were 0.7-1.0pt higher. In SE Asia, VEDLN 28-33s were up 0.2-0.5pt. Elsewhere, MONMIN 30 was up another 0.8pt, closed 1.9pts higher WTD.

In CNH space, CHMEDA announced new issue mandate of 5yr and 10yr CNH bonds. In LGFVs, the higher yielding CNH names such as LYGYIH 7.5 27s/SDGAOC 6.9 27s remained sought after. The onshore AAA guaranteed CNH LGFVs such as QINLID 5.9 28s/HSIVEH 6.5 28s continued to compress

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towards mid-5%. In USD LGFVs, CPDEV 28 was up 0.1pt. See our comments on [22 Jul '25](#). The higher yielding USD names such as HBTUID 7.5 26s/XHCTID 7 27s/FZSZJJ 7 28s tightened around 10bps. In SOE perps, CHPWCN Perp was up 0.1pt, SPICPD Perp was down 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
JD 4 1/8 01/14/50	79.7	1.9	ROADKG 5.9 09/05/28	27.5	-0.7
TSIVMG 1.55 12/17/29	71.0	1.2	NWDEVL 10.131 PERP	35.0	-0.7
WESCHI 4.95 07/08/26	90.4	1.0	SOCGEN 6 3/4 PERP	98.6	-0.6
MONMIN 8.44 04/03/30	96.7	0.8	ROADKG 6.7 03/30/28	28.3	-0.6
HONGQI 7.05 01/10/28	102.8	0.7	ROADKG 6 03/04/29	27.5	-0.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.06%), Dow (+0.40%) and Nasdaq (-0.39%) were mixed on Tuesday. Trump said he reached a deal with Japan to set the tariff rate at 15%. US Treasury Secretary said he would meet China next week to discuss an extension to the 12 Aug'25 deadline set for tariffs on imports from China. UST yield was lower on Tuesday, 2/5/10/30 yield at 3.83%/3.88%/4.35%/4.90%.

❖ Desk Analyst Comments 分析员市场观点

➤ CHMEDA: FV of the new CNH CHMEDA 30/35 to be 2.25%/2.55% vs IPT of 2.55%/2.85%, respectively

China Mengniu Dairy (Mengniu) proposes to issue 5yr and 10yr CNH senior bond (S&P: BBB+). We consider the FV of new CNH CHMEDA 30 to be 2.25% vs. IPT of 2.55%, and the FV of new CNH CHMEDA 35 to be 2.55% vs. IPT of 2.85%, in view of the bonds of its peers BIDUs and CHGRIDs below, adjusted for new issue premium and credit rating differential. The proceeds will be used to refinance its existing debts in accordance with the NDRC certificate.

Table 1: Bond profile of Mengniu's peers

Security Name	ISIN	Amt o/s (CNYmn)	Px	Spread (bps)	YTM	Mod dur	Issue rating (M/S/F)
BIDU 2.7 03/12/30	HK0001106373	7,500	102.4	59	2.1%	4.2	A3/-/A
CHGRID 2 06/12/30	HK0001151122	2,000	100.4	37	1.9%	4.5	-/A+/-
BIDU 3 03/12/35	HK0001106381	2,500	104.5	71	2.5%	8.1	A3/-/A
CHGRID 2.25 06/12/35	HK0001151130	2,000	100.9	39	2.1%	8.6	-/A+/-

Source: Bloomberg.

Mengniu is a leading Chinese dairy company and ranked one of the top 10 in global dairy company. Mengniu has end-to-end capabilities across its the value chain from consolidating raw milk supply and production to operating through omni-channel networks. It also leverages on a traceable digital platform connects from farming, production, logistics and sales to consumer. Mengniu has 400+ ranch partners including China Modern Dairy and China Shengmu. In FY24, Mengniu generated RMB88.7bn revenue, with liquid milk accounting for 82.4% of the total, followed by ice cream (5.8%), cheese (4.9%), milk formula (3.7%), and other products (3.2%). Mengniu showed improved profitability in FY24 despite challenging market conditions. Its gross profit margin rose to 39.6% in FY24, from 37.2% in FY23 and 35.3% in FY22; and its operating margin also improved to 8.2% in FY24, from 6.3% in FY23 and 5.9% in FY22.

Mengniu had cash balance of RMB32.9bn as of Dec'24 and total debt of RMB34.6bn which were mainly bank loans (78.4% of the total debts). Mengniu also has cRMB86bn available credit lines in which RMB66.4bn undrawn. As at Dec'24, its total debt/EBITDA and net debt/EBITDA was 8.0x and 0.4x, respectively, while interest coverage ratio was 3.0x. Mengniu has CHMEDA 2.5 06/17/30 of USD300mn, CHMEDA 1.61 01/21/26 of RMB300mn, and CHMEDA 4.5 06/15/26 (CB) of HKD650mn outstanding. The liquidity profile of Mengniu is manageable, in our view.

➤ **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)
Guotai Junan International Holdings	USD	-	3yr	SOFR+115	-/BBB+/-
Jiaozuo State-owned Capital Operation (Holding) Group	USD	-	3yr	6.5%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 139 credit bonds issued yesterday with an amount of RMB205bn. As for month-to-date, 1,473 credit bonds were issued with a total amount of RMB1,582bn raised, representing a 19.7% yoy increase
- China property loans climb to two-year high amid stimulus measures
- **[DELMPM]** Del Monte seeks approval to sell business by the end of September, backed by USD575mn stalking horse bid
- **[GZRFPR]** Foshan R&F Properties auctions 387 units at South China International Financial Center
- **[JD/MEITUA]** JD.com, Meituan invest in humanoid robot startups as rivalry heats up
- **[KAISAG]** Guangzhou Kaisa Center to be auctioned amid outstanding Kaisa Group debt
- **[LIFUNG]** Fitch assigned BB rating to Li & Fung with stable outlook
- **[ROADKG]** Road King requests the holders of ROADKG 7.75 Perp, ROADKG 7.95 Perp and ROADKG 7 Perp to disclose their identities and holdings of the bonds, deadline on 1 Aug'25 4pm CET

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