21 Aug 2025

CMBI Credit Commentary

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

- *This morning, JP names MIZUHO/SUMIBK/SOFTBKs widened 1-3bps. CHGDNU 4.8 09/11/48 was down 1.5pts. TSIVMG 1.55 12/17/29 and GWFOOD 3.258 10/29/30 rose 0.9-1pt. KOREAT 6 1/2/ 07/07/34 was up 0.7pt.*

- ***MEITUA:** Meituan's brand Keeta was taken to court in Brazil by Chinese rival (Didi Global, 99Food) for alleged trademark infringement. MEITUA 28-30s were unchanged this movement.*

- ***XIAOMI:** 2Q25 smartphone sales decline offset by surged in smart EV revenue. XIAOMI 30-51s were unchanged to 0.1pt lower post results announcement. See below.*

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

Cyrena Ng, CPA 吴蒨瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

Yujing Zhang 张钰婧
(852) 3900 0830
zhangyujing@cmbi.com.hk

❖ Trading desk comments 交易台市场观点

Yesterday, the new ALVGR 6.55 Perp increased by 0.6pt from RO. We saw demand from Asia PBs and Chinese AMs. The IG space was overall +/-2bps amid two-way flows. China TMT WB 30s tightened 2bps, and BABA 10-20yr tightened 2-3bps. XIAOMI tightened 1bp. See comments on 1H25 results below. HK bank T2 NANYAN/BNKEA 34s were 1-2bps tighter. CTFSHK 28-29s were 0.1pt lower. In TW, TAISEMs and lifers SHIKON/CATLIF/NSINTW tightened 1-2bps. WYNMAC 6 ¾ 02/15/34 was 0.1pt higher. WESCHI 26 was 0.1pt higher. In Chinese properties, FUTLAN/FTLNHD were unchanged to 0.2pt higher despite the profit warning on 1H25 results. In Korea space, LGENSO/HYUELE widened 1-3bps. We saw front-end selling for quasi-sovereign names KOROIL/KORELE/KORGAS fixed-rate notes and FRNs. In Japan, MARUB 29/TACHEM 35-64s tightened 1-2bps. We saw balanced two-way flows for NTTs. Yankee and Japanese insurance hybrids and AT1s were up to 0.3pt lower. In SEA, Thai banks T2 BBLTB sub curve widened 1-2bps, and KBANK was unchanged. GARUDA 31s rose 0.7-1.1pts. Among the ReNew Energy bonds, RNW 26/INGPHL 27/RPVIN 27/INCLEN 27/RPVIN 28 were unchanged to 0.1pt lower. See our comments yesterday on INCLEN's 1QFY26 EBITDA growth momentum driven by its module and cell manufacturing operations. ADANEM 3.867 07/22/31 and ADANEM 3.949 02/12/30 decreased by 0.7-1pt, and VEDLN 30-33s were 0.6pt lower. LGFVs continued to consolidate as yield retraced 5-10bps wider across the credit curve.

CMBI Fixed Income
fis@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GARUDA 6 1/2 12/28/31	**80.6**	**1.1**	ADANEM 3.867 07/22/31	**91.1**	**-1.0**
EXIMTH 2.599 03/12/31	**89.2**	**0.7**	EXIMCH 4 11/28/47	**85.9**	**-1.0**
GARUDA 6 1/2 12/28/31	**80.1**	**0.7**	ADANEM 3.949 02/12/30	**93.5**	**-0.7**
TOPTB 5 3/8 11/20/48	**88.6**	**0.5**	TSIVMG 1.55 12/17/29	**70.8**	**-0.7**
NWDEVL 4 1/2 05/19/30	**57.1**	**0.4**	VEDLN 9.85 04/24/33	**100.0**	**-0.6**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.24%), Dow (+0.04%) and Nasdaq (-0.67%) were mixed on Wednesday. The US Crude Oil Inventories was -6.014mn, compared to the market expectation of -0.8mn UST yield was lower on Wednesday, 2/5/10/30 yield at 3.74%/3.81%/4.29%/4.89%.

❖ Desk Analyst Comments 分析员市场观点

➢ XIAOMI: 2Q25 smartphone sales decline offset by surged in smart EV revenue

Xiaomi's growth momentum continued in 2Q25, with revenue increasing by 30% yoy to RMB116.0bn in 2Q25, driven by growth in both smartphone x AIoT and smart EV segments. Smartphone revenue declined 2.1% yoy in 2Q25 due to lower ASP, partly offset by higher shipment volumes. The ASP fell by 2.7% yoy to RMB1,073 per unit in 2Q25, as the lower ASP of the REDMI A5 Series launched overseas partially offset by higher ASP of premium shipments in China. Shipments increased by 0.6% yoy to 42.4mn units in 2Q25. In 2Q25, Xiaomi ranked the world's 3rd largest smartphone manufacturer (after Samsung and Apple) by shipments with 14.7% market shares. The company revised the shipment guidance to 175mn units in FY25 (from 175-180mn units), the shipments in 1H25 represented 48% of the full-year target.

IoT revenue reached a record high in 2Q25, supported by strong sales of smart large home appliances, wearables and certain lifestyle products in mainland China, as well as tablets in the global market. Key growth drivers included air conditioner, refrigerator, washing machine, smart bands and smart watch. This segment continues to benefit from government policies aimed at boosting domestic consumption through subsidies.

Smart EV revenue increased significantly yoy in 2Q25, driven by higher delivery volumes and ASP. Xiaomi delivered 81.3k EV units in 2Q25, up from 27.3k units in 2Q24, reflecting the ramp-up in production capacity. The ASP of EV rose by 10.9% yoy to RMB253.7k per unit. The operating loss in this segment continued to narrow, to RMB0.3bn in 2Q25 from RMB2.0bn in 2Q24. Xiaomi aims for monthly profit from smart EV segment in the 2H25. Moreover, Xiaomi intends to sell its first EV in Europe by 2027. The growing contribution from smart EV should help to mitigate the softened smartphone market, in our view.

Xiaomi's GP margin improved to 22.5% in 2Q25, mainly due to a higher margin in the smart EV segment. A decrease in the cost of key components and lower manufacturing cost per unit contributed to margin expansion. During 2Q25, Xiaomi continued to invest in R&D, with R&D expenses rising 41.2% yoy to RMB7.8bn focusing on core technologies such as chips, AI and OS. While the capex continues to rise in FY25, we expect Xiaomi to fund its investment through operating cash inflow, as well as cash and ST investments on hand.

As of Jun'25, Xiaomi had net cash of RMB83.0bn, representing 7% increase from Dec'24. The increase was attributable to RMB28.1bn operating cash inflows, RMB39.2bn share issuance, net of increased bank deposits and long-term investment made during the period. In our view, Xiaomi will maintain its net cash position over the medium term despite rising R&D expenses and capex in EV and AI, given its strong cash on hand and robust operating cash inflows.

We maintain buy on XIAOMI 3.375 04/29/30 and XIAOMI 2.875 07/14/31 in view of Xiaomi's solid credit profiles. In Chinese TMT space, we also have buy recommendations on MEITUA 3.05 10/28/30, MEITUA 0 04/27/28 (CB) and WB 3.375 07/08/30, as we believe XIAOMI, MEITUA and WB are proxy plays on domestic consumption which should demonstrate defensiveness against the impact of trade war. 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 expectation of UST yield curve to stay steep and volatile, as well as the lower cash prices of these bonds among the shorter tenor TENCNT bonds.

Table 1: Xiaomi's o/s USD bonds

Security Name	ISIN	Amt o/s (USD mn)	Ask Px	YTM/YTP	First put date	Put px
XIAOMI 0 12/17/27 (CB)	XS2269112863	855	144.6	-15.3%	12/17/25	100.0
XIAOMI 3 ⅜ 04/29/30	US98422HAA41	600	95.7	4.4%	-	-
XIAOMI 2 ⅞ 07/14/31	US98422HAC07	800	91.8	4.5%	-	-
XIAOMI 4.1 07/14/51	US98422HAE62	400	78.7	5.7%	-	-

Source: Bloomberg.

Table 2: Xiaomi's financial highlights

RMB mn	2Q24	2Q25	Change
Revenue	88,888	115,956	30%
-Smartphone × AIoT	75,384	87,529	16%
-Smart EV and other new initiatives	6,369	21,263	234%
Gross profit	18,394	26,101	42%
EBITDA	7,227	10,942	51%
Profit for the year	5,070	11,873	134%
Operating cash flow	11,818	23,545	99%
Gross profit margin	20.7%	22.5%	1.8 pct pt
-Smartphone × AIoT	*21.1%*	*21.6%*	*0.5* pct pt
-Smart EV, AI and other new initiatives	*15.4%*	*26.4%*	*11.0* pct pt
EBITDA Margin	8.1%	9.4%	1.3 pct pt
Net profit margin	5.7%	10.2%	4.5 pct pt
Smartphone ASP (RMB)	1,104	1,073	-3%
Smartphone shipment (mn unit)	42.2	42.4	0%
Smart EV ASP (RMB)	228,644	253,662	11%
	Dec'24	**Jun'25**	**Change**
Cash and bank balances	33,661	36,008	7%
Short-term bank deposits and investment	66,855	75,927	14%
Unrestricted cash and ST investment	100,517	111,935	11%
ST debts	13,327	10,641	-20%
LT debts	17,276	18,272	6%
Total debts	30,603	28,913	-6%
Net cash	69,914	83,022	19%
Cash/ST debts	2.5x	3.4x	-

Source: Company fillings, CMBI FICC Research.

➢ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Shandong Hi-Speed Holdings Group	40	364D	5%	5%	Unrated
Asian Development Bank	3000 60	5yr 10yr	3.75% 4.53%	3.75% 4.53%	Unrated

➢ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Swire Pacific MTN Financing (HK) Ltd	USD	-	7yr	T7+100bps	A3/A-/A-

➢ News and market color

- Regarding onshore primary issuances, there were 122 credit bonds issued yesterday with an amount of RMB94bn. As for month-to-date, 1,432 credit bonds were issued with a total amount of RMB1,274bn raised, representing a 3.5% yoy increase
- **[ADANI/ADSEZ]** Adani entities have secured USD275mn from foreign banks
- **[BABA]** Alibaba seeks to spin off and list automobile systems company Banma in Hong Kong
- **[CKHH]** CK Hutchison Australia unit mulls bidding for Allgas Energy co-owned by Marubeni
- **[CSCHCN]** China South City liquidators said onshore operations remained normal amid restructuring talks
- **[EVERRE]** HKEx to cancel China Evergrande share listing on 25 Aug'25
- **[HYUNHI]** Hyundai Heavy to buy Vietnam facility from Doosan Enerbility for USD208mn
- **[MEITUA]** Meituan's brand Keeta was taken to court in Brazil by Chinese rival (Didi Global, 99Food) for alleged trademark infringement
- **[PERTIJ]** Pertamina's energy services arm upsized credit facility to USD70mn
- **[SKONKR]** SK On's US JV seeks buyers for excess battery supply amid slow demand for EVs
- **[VEDLN]** Vedanta's demerger plan faces potential delay over government ministry's objections

Fixed Income Department
Tel: 852 3657 6235/ 852 3900 0801
fis@cmbi.com.hk

Author Certification
CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months.

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-6under 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.