

CMBI Credit Commentary

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

- *The new HWFPCO 28s tightened 10bps from RO this morning. HYUELE 27-33s tightened 3-5bps following its strong 1Q25 results. CATLIF/NSINTW 34s tightened 5bps.*
- **NIPLIF:** *FV of the new NIPLIF 55 to be mid to high 6% vs IPT of 7.25%. NIPLIF 51-54s/MYLIFE 55s/DAIL 6.2 Perp were down 0.5-1.6pts this morning. See below.*
- **LIHHK:** *Lifestyle Int'l unit seeks lender consent to suspend testing/application of interest-coverage covenant on offshore loan to not less than 1x from 4x. LIHHKs were unchanged this morning.*

❖ Trading desk comments 交易平台市场观点

Yesterday, HYUELE 27-33s tightened 2-6bps. HYNMTR 27-32s tightened 1-5bps. LGENSO 28s/30s/35s closed unchanged to 1bp tighter amid mixed flows. In Chinese IGs, BABA/TENCNT/MEITUA/XIAOMI 27-35s were 4-11bps tighter. HAOHUA 29-30s were also under better buying and closed 5-8bps tighter. The long end of HAOHUA 48-50s were 0.8-2.4pts higher (4-14bps tighter). In financials, BOCAVI 25s/33s were 1-2bps wider amid mixed flows. BBLTB 34-40s were 5-11bps tighter on PB chasing. AU T2s such as ANZ/BZLNZ/NAB 28-36s were unchanged to 5bps tighter. In JP, MUFG/MIZUHO/SUMIBK 27-33s were under better buying and tightened 2-5bps. NIPLIF/MYLIFE 51-55s and SUMILF/FUKOKU Perps were up 0.3-0.8pt. NIPLIF announced new issue mandate of a 30NC10 USD bond. See comments below. In EU AT1s, SOCGEN 7.875/BNP 8 Perps were up 0.5-1.0pt. In HK, HKAA/MTRC 30-35s tightened another 2-3bps after the tightening of 1-4bps on Tue. In Chinese properties, VNKRLE 27-29s/LNGFOR 27-32s were up 0.4-1.3pts. Outside properties, FOSUNI 26-27s/HONGQI 28s were up 0.4-0.5pt. In Indonesia and India, KIJAIJ 27s/INDYIJ 29s rose 1.6-2.6pts. MEDCIJ 27-29s were up 0.4-0.9pt. INDON/ICBPIJ/GARUDA 31-70s were 1.7-2.2pts higher (4-14bps tighter). UPLLIN Perp/28-30s rebounded 0.9-2.3pts. ADGREG/ARENRJ 39-42s and ADANEM/ADSEZ 27-31s were up 0.3-0.8pt.

In LGFVs, there were two way interests on CNH papers such as BXCAIJ 7 28/QHCTJS 7 28/ZIBOPR 5.8 28. In USD LGFVs, HKIQCL 25-28s were unchanged to 0.1pt higher. In SOE perps, SPICPT/CCBINT Perps were down 0.1pt.

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

Cyrena Ng, CPA 吳倩瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

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

❖ Last Trading Day's Top Movers

Top Performers	Price	Change
KIJAIJ 8 12/15/27	92.5	2.6
HAOHUA 3.7 09/22/50	70.1	2.4
UPLIN 5 1/4 PERP	91.4	2.3
INDON 4.45 04/15/70	77.2	2.2
GARUDA 6 1/2 12/28/31	65.5	2.1

Top Underperformers	Price	Change
TOYOTA 2.362 03/25/31	87.1	-0.7
MUFG 4.127 12/18/28	97.9	-0.6
MPEL 5 1/4 04/26/26	98.7	-0.6
CFAMCI 5 1/2 04/27/47	93.6	-0.5
SUMIBK 3.31 03/05/30	91.9	-0.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.67%), Dow (+1.07%) and Nasdaq (+2.50%) were higher on Wednesday. US Apr'25 S&P Global Manufacturing PMI was 50.7, higher than the market expectation of 49.0. US Apr'25 S&P Global Services PMI was 51.4, lower than the market expectation of 52.8. Trump signaled he was open to easing trade tensions between the US and China. UST yields bear flattened on Wednesday, 2/5/10/30 yield at 3.81%/4.00%/4.40%/4.83%.

❖ Desk Analyst Comments 分析员市场观点

➤ NIPLIF: FV of the new NIPLIF 55 to be mid to high 6% vs IPT of 7.25%

Nippon Life Insurance (Nippon Life) proposes to issue 30NC10 subordinated bonds (A3/A-/-, first call Apr'35). We consider the FV of new NIPLIF 55 to be mid to high 6% vs. IPT of 7.25%, in view of its own subordinated bonds callable 1-2 years earlier, i.e. NIPLIF 5.95 04/16/54 (A3/A-/-, T+192bps/YTC of 6.3%, first call Apr'34) and NIPLIF 6.25 09/13/53 (A3/A-/-, T+180bps/YTC of 6.2%, first call Sep'33), also compared to its peers DAIL 6.2 Perp (-/A-/A, T+218bps/YTC of 6.5%, first call Jan'35) and MYLIFE 6.1 06/11/55 (A3/A-/-, T+219bps/YTC of 6.5%, first call Jun'35).

Nippon Life could redeem the new issue 10 years after the issue date at par and thereafter every 5 years. The coupon of the new issue will be reset on the first call date on 30 Apr'35 to 5yrUST+initial spread+100bps step-up if it is not called. The optional redemption on the call dates and final redemption are subject to compliance to solvency margin ratio requirement, or Nippon Life procurers qualifying financing such as issuance of foundation funds and subordinated debt financing.

Nippon Life shall be required to defer payment of all of the accrued interest (mandatory deferral) if: (i) a capital deficiency event has occurred and is continuing, or ii) any payment in relation to the bonds or a liquidation parity security has been deferred and continues to be in deferral. Nippon Life may elect to defer payment of all of the interest accrued on any interest payment date that does not constitute a mandatory interest deferral date (optional deferral). Besides, the new issue will have intermediate equity credit from S&P and classify as basket M in Moody's equity credit calculation.

Nippon Life has 19.6% market shares in Japan by premium income in FY23, higher than Dai-ichi Life (14.1%) and Meiji Yasuda (6.7%). In 9MFY24, the net surplus of Nippon Life was JPY274bn, 43% higher from JPY192bn in 9MFY23. As at Dec'24, the solvency margin ratio of Nippon Life was 971.8%, higher than the regulatory requirement of 200% and peers such as Dai-ichi Life (683.4%) and Sumitomo Life (633.7%). The economic solvency ratio was 215% as at Dec'24. Nippon Life's general account portfolio as at Dec'24 comprised of JPY-denominated bonds (53%), domestic stocks (18%), loans (10%), foreign stocks (8%). The average annual yield of general account assets dropped to 1.54% in 9MFY24, from 2.0% in FY23.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Fuzhou Digital Economy Investment	96	3yr	7.0%	7.0%	Unrated
Hanwha Futureproof Corp/ The Korea Development Bank	400	3yr	4.75%	T+95	Aa2/AA/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Hana Securities	USD	-	3yr	T+160	-/A-/-
KT&G Corporation	USD	-	3yr	T+155	A3/A-/-
Nippon Life Insurance Company	USD	-	30NC10	7.25%	A3/A-/-
Sihai International Investment	USD	-	3yr	4.85%	Unrated
Sumitomo Mitsui Finance & Leasing	USD	-	5yr	T+160	-/A-/-

➤ **News and market color**

- **[ACENPM]** ACEN to raise PHP30bn (cUSD530m) via rights offering of shares
- **[BABA/JD]** Alibaba and JD.com to tighten up refund policy after reported abuse
- **[BABA/TENCNT]** Alibaba, Tencent, ByteDance aimed to buy 1mn of Nvidia's H20 chips before shipments are cut off
- **[CHIOIL]** Moody's revised the outlook of China Oil and Gas Group to stable from negative, affirmed Ba3 rating
- **[CKHH]** PSA International considers sale of 20% stake in CK Hutchison ports
- **[EDU]** New Oriental Education's 3QFY25 net revenue declined 2% yoy, and net cash provided by operating activities slumped 99.1% yoy
- **[HYUELE]** SK Hynix 1Q25 EBITDA jumps 77% yoy to KRW10.8tn (cUSD7.6bn)
- **[LIHHK]** Lifestyle Int'l unit seeks lender consent to suspend testing/application of interest-coverage covenant on offshore loan to not less than 1x from 4x
- **[LMRTSP]** Lippo Malls Indonesia Retail Trust does not intend to increase borrowings until the breach of its interest coverage ratio (ICR) is rectified. The ICR was at 1.36x as of 31 Dec'24, below the regulatory minimum of 1.5x
- **[MEITUA]** Meituan was authorized by Chinese authorities to launch regular commercial drone delivery services across China
- **[NSANY]** Nissan Motor to spend additional USD1.4bn in China by the end of 2026 to reverse falling sales

- **[POHANG]** POSCO Holding's subsidiary will invest USD278.4mn in new unit to produce spherical graphite for secondary battery anode materials
- **[SANLTD]** Sands China 1Q25 adjusted property EBITDA drops 12% yoy to USD535mn
- **[SINOPE]** Sinopec restarts purchases of Russian oil after pause to assess US sanctions risk
- **[VEDLN]** Vedanta Resources contemplates listing its Zambia-based Konkola Copper Mines in US as option to raise around USD1bn
- **[XIAOMI]** Xiaomi clarified the timeline to launch YU7 in Jun-Jul'25 remains unchanged

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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.