

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!

- *The flows in Asia IGs were quiet this morning. KUB 4.791 28 tightened 4bps. MYLIFE 54-55s/SUMILF Perp were unchanged to 0.2pt lower. VLLPM 29s were up another 0.4pt, VLLPM 27s unchanged.*
- **MEITUA:** 1Q25 EBITDA jumped 52% yoy; revenue growth to decelerate in 2Q25 amid intense competition. Maintain buy on MEITUA 3.05 10/28/30 and MEITUA 0 04/27/28 (CB). MEITUA 30s tightened 3bps post results announcement. See below.
- **TOPTB:** Thai oil bought back USD43mn of TOPTB 5.375 11/20/48, USD557mn remains outstanding. TOPTB 43-50s were 0.2-0.6pt higher this morning.

❖ Trading desk comments 交易台市场观点

Yesterday, the flows in IG space was quiet with the US and the UK closed for holidays. That said, the sentiment was firm following Trump agreed to extend the 50% tariff deadline on EU to 9 Jul from 1 Jun. In Chinese IGs, TENCNT/WB 30s were unchanged to 2bps tighter. MEITUA 30s tightened 6bps. See comments below on Meituan's 1Q25 results. The long end of CNOCC/HAOHUA 44-48s were down 0.4-0.6pt (unchanged to 4bps wider). In financials, the flows in EU AT1s were skewed to better selling. BACR 9.625/HSBC 6.95/INTNED 8 Perps were 0.1-0.3pt lower. In insurance hybrids, SUMILF/DAIL Perps and MYLIFE/NIPLIF 54-55s were down 0.2-0.4pt. Top four JP insurers Nippon Life/Sumitomo Life/Meiji Yasuda/Dai-ichi Life reported combined unrealized losses of cUSD60bn on domestic bond holdings in FY24. QBEAU 35/46 closed unchanged following S&P upgraded QBE Insurance by one notch to A. In Chinese properties, DALWAN 25-26s rose 0.8-1.1pts following China's regulator approved the sales of 48 malls for USD6.9bn. See our comments on 26 May '25. However, VNKRL 27-29s declined 0.5-0.8pt. In Chinese HYs, the new HONGQI 6.925 11/29/28 was unchanged, the old HONGQI 7.05 01/10/28 was 0.1pt higher. See our comments on 26 May '25. EHICAR 26-27s declined 0.2-0.5pt. In SE Asia, GLPSP Perps were down 0.2-0.5pt. LMRTSP 26 rebounded 0.5pt. Meanwhile, VLLPM 27-29s rose 0.7-1.5pts following moving 9.6pts lower over the last week after the delay of FY24 results. Media reported Vista Land

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

was considering buyback of its VLLPM 9.375 29, as per its 1Q25 earnings call.

In LGFVs, ZHHFGR 25/BCDHGR 26 were up 0.1-0.3pt. Fitch revised the outlook on Zhuhai Huafa to positive from stable, affirmed BBB rating. CPDEV 28s were up 0.1pt, while CPDEV 25-26s down 0.1-0.3pt. There were two way interests on USD LGFVs such as TAIANH 6.9 28s/HNFARM 6.2 27s/HKIQCL 5.4 28s/ZZCITY 5.3 28s. The CNH LGFVs such as WSHJIN 8 26s/QDCOID 6.8 28s remained sought after by RMs. In SOE perps, CTIH/CHPWCN Perps were up 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VLLPM 9 3/8 07/29/29	79.3	1.5	VNKRLE 3 1/2 11/12/29	72.8	-0.8
DALWAN 11 02/13/26	96.8	1.1	HAOHUA 5 1/2 03/14/48	92.3	-0.6
DALWAN 11 01/12/26	98.4	0.8	GLPSP 4.6 PERP	55.4	-0.5
VLLPM 7 1/4 07/20/27	87.7	0.7	SUMIBK 6.6 PERP	98.1	-0.5
LMRTSP 7 1/2 02/09/26	99.1	0.5	CNOOC 4 7/8 04/30/44	93.5	-0.5

❖ Marco News Recap 宏观新闻回顾

Macro – US stock markets closed on Monday. UST yield were unchanged, 2/5/10/30 yield stayed at 4.00%/4.08%/4.51%/5.04%.

❖ Desk Analyst Comments 分析员市场观点

➤ MEITUA: 1Q25 EBITDA jumped 52% yoy; revenue growth to decelerate in 2Q25 amid intense competition

In 1Q25, Meituan revenue grew by 18.1% yoy to RMB86.6bn. By segment, core local commerce revenue up by 17.8% yoy in 1Q25 supported by increase in number of on-demand delivery transactions and decrease in incentives deducted from revenue due to rollout of membership program nationwide in Mar'25. Under the membership framework, users can accumulate points and unlock privileges include hotel, travel and various local services categories. Meituan will introduce tier-specific privileges such as priority food delivery and free complementary foods for in-store to enhance user experience.

Meituan expects the revenue growth rate from core local commerce to slow down in 2Q25 compared to that of 1Q25 in view of intensified competition in the mainland China. We acknowledged Meituan has been exploring growth opportunities apart from the membership program to enhance user stickiness. For instance, Meituan introduced Safe Learning and Safe Training in 1Q25 allow users to place orders, redeem services in instalments and request refunds on its platform. In Apr'25, Meituan launched its on-demand retail brand Meituan Instashopping, users can enjoy 30-min delivery of a diverse range of products.

Besides, revenue from new initiative increased by 19.2% yoy in 1Q25 due to growth in grocery retail business and overseas business. The 1Q25 adj. EBITDA rose by 52.4% yoy to RMB12.3bn. The gross margin and adjusted EBITDA margin both increased, thanks to improvement in efficiency and improved gross margin of grocery retail business, partly offset by increased cost related to overseas business.

Meituan has expanded into Hong Kong and the Middle East, and plans to enter Brazilian food delivery market with USD1bn investment in the next five years. Meanwhile, Meituan plans to invest RMB100bn in the next three years to drive the industry growth in the mainland China, subsidizing merchants to enhance quality by product innovation and equipment upgrades, as well as stimulate consumption by incentivize users. Furthermore,

pension and insurances that Meituan starts to provide to its couriers will also increase its recurring costs going forward.

That said, we believe the impact on Meituan's credit profile from the overseas expansion initial cash burn as well as higher capex and opex in the mainland China should be mitigated by its large net cash position. As at Mar'25, Meituan's net cash position (unrestricted cash and short term investments minus total debts) further increased to RMB118.3bn, supported by robust growth in operating cash flow. Over the past 5 years, Meituan's net cash position averaged RMB64.9bn.

We maintain buy on MEITUA 3.05 10/28/30 and MEITUA 0 04/27/28 (CB). We like the credit story of Meituan which has a solid operating profile and strong liquidity position. We also consider MEITUAs as domestic consumption plays which should demonstrate defensiveness against the impact of trade war.

Table 1: Meituan's o/s USD bonds

Security name	Amt o/s (USDmn)	Ask px	YTM/YTP	Z-spread (bps)	First put date	Put px
MEITUA 0 04/27/27	20.3	100.3	-	-	04/27/25	100.37
MEITUA 0 04/27/28	1,500	96.9	4.9%	-	04/27/26	101.28
MEITUA 2.125 10/28/25	750	98.9	4.8%	41	-	-
MEITUA 4.5 04/02/28	1,200	99.4	4.7%	104	-	-
MEITUA 4.625 10/02/29	1,300	99.2	4.8%	113	-	-
MEITUA 3.05 10/28/30	1,250	91.3	4.9%	118	-	-

Source: Bloomberg

Table 2: Meituan's key financials

RMB mn	1Q24	1Q25	Change
Revenue	73,276	86,557	18.1%
-Core local commerce	54,626	64,325	17.8%
-New initiatives	18,650	22,232	19.2%
Gross profit	25,697	32,414	26.1%
Adjusted EBITDA	8,070	12,302	52.4%
Net profit	5,369	10,057	87.3%
Operating cash flow	5,982	10,131	69.4%
Gross margin	35.1%	37.4%	2.4 pct pt
Adjusted EBITDA margin	11.0%	14.2%	3.2 pct pt
Net profit margin	7.3%	11.6%	4.3 pct pt
	Dec'24	Mar'25	Change
Unrestricted cash and cash equivalent	70,834	115,015	62.4%
Short-term treasury investments	97,409	65,368	-32.9%
Unrestricted Cash and ST investment	168,243	180,383	7.2%
ST debts	19,191	19,494	1.6%
LT debts	42,319	42,561	0.6%
Total debts	61,510	62,056	0.9%
Net cash	106,734	118,327	10.9%
Cash/ST debts	3.7x	5.9x	-

Source: Company filling, CMBI FICC Research.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
New Town Construction Investment	70	3yr	6.5%	6.5%	Unrated

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Chengdou Tianfu Dagang Group	USD	-	2yr	7.0%	Unrated
YONGDA Investment/ Shanghai Construction Group	USD	-	3yr	5.2%	Baa2/-/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 105 credit bonds issued yesterday with an amount of RMB109bn. As for month-to-date, 1,047 credit bonds were issued with a total amount of RMB1,317bn raised, representing a 28.8% yoy increase
- China is considering a new 10-year plan to boost production of hi-tech goods amid growing trade tensions with the US
- [BABA]** Alibaba quick delivery service exceeds 40mn daily orders in first month of operations
- [CSCHCN]** China South City's state-owned shareholder Shenzhen SEZ Construction gets until 30 Jun'25 to file defense in keepwell case
- [CSIPRO]** CSI Properties settlement of CSIPRO 5.45 07/21/25 purchase to be executed on 27 May'25 because of US holiday
- [IIFOIN]** IIFL Finance gets regulatory nod to open branches in India's Union Territory of Jammu & Kashmir
- [SMCGL/SMCPM]** Media reported San Miguel will inject PHP30.3bn (cUSD546mn) into San Miguel Global Power to support its capital needs

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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