

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 new NOMURA 7 Perp was 0.1pt lower, the new NOMURA 30/35 were unchanged to 2bps wider this morning. Asia IGs were 1-5bps wider in spreads. WSTP Float 30 widened 2bps. LGFVs were firm.*
- **WESCHI:** RMB1.65bn Xinjiang assets sales to partly repay WESCHI 4.95 07/08/26. WESCHI 4.95 07/08/26 rose 1.0pt this morning and was 6.1pts higher WTD. See below.
- **MEDCIJ:** Media reported Medco Energi is exploring a potential acquisition in the Middle East and Southeast Asia using its cash reserves. We maintain buy on MEDCIJs. Among MEDCIJs, we like MEDCIJ 8.625 05/19/30 for better risk-adjusted return profile and better trading liquidity. See our comments on 9 Jun'25. MEDCIJs were unchanged this morning.

❖ Trading desk comments 交易台市场观点

Yesterday, the new NOMURA 7 Perp rose 1.3pts from RO at par. The new NOMURA 4.904 30/NOMURA 5.491 35 tightened 3-5bps amid balanced two way flows. See our comments on 25 Jun '25. The new WSTP 4.354 30 and WSTP Float 30 tightened 2bps and 6bps respectively. In KR, HYUELE 27-31s were unchanged to 2bps wider. In Chinese IGs, BABA/XIAOMI 30-35s were unchanged to 1bp wider. In financials, BCLMHK Float 28-30s and CDBFLC 27-30s were unchanged to 1bp wider. BBLTB 34-40s were 2-5bps wider. NTT/SMBCAC 26-31s were 1-3bps wider. In insurance hybrids, MYLIFE/NIPLIF 51-55s were up 0.4-0.6pt. In AT1s, BACR 8/HSBC 7.05/UBS 9.25 Perps were up 0.2-0.4pt on PB buying. In HK, HKAA/MTRC 30-55s were under better selling from AMs and widened 1-3bps. The recent new MTRC Perps were 0.1-0.2pt higher, HYSAN Perps were also up 0.1pt. In Chinese properties, ROADKG Perps/28-30s were 2.3pts lower to 0.4pt higher. Since the launch of consent solicitation, ROADKG 28-30s were 6.2-15.2pts lower and ROADKG Perps were 1.1-2.1pts lower. On the other hand, LNGFOR 27-32s were up 0.2-0.6pt. GRNCH/CHIOLI 28-43s were unchanged to 0.4pt higher under better buying flows from RMs/HFs/AMs. Outside properties, WESCHI 26 rose 1.9pts, closed 5.1pts higher WTD. Last night, West China Cement disclosed asset disposals in Xinjiang for total considerations of RMB1.65bn (cUSD230mn). See our comments below. In SE Asia, VEDLN 28-33s were up 0.8-1.5pts and closed 1.2-2.3pts higher WTD. See our

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comments on 24 Jun '25. ADSEZ/ADANEM 27-31s were up 0.2-1.0pt.

The higher yielding LGFVs remained sought after by RMs and PBs, primarily in CNH papers such as YSAMIC 6.9 26s/XMCYIG 6.5 26s and in USD papers such as SICHUI 7 28s/NCCIVG 6.5 28s. In SOE perps, the new SPICPE Perp was 0.1pt lower on primary indigestion.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
WESCHI 4.95 07/08/26	84.5	1.9	ROADKG 6 03/04/29	27.6	-2.3
VEDLN 9.85 04/24/33	97.7	1.5	ROADKG 5.9 09/05/28	28.5	-1.6
VEDLN 11 1/4 12/03/31	103.6	1.3	ROADKG 7 3/4 PERP	11.9	-1.2
VEDLN 10 7/8 09/17/29	102.8	1.1	ROADKG 6.7 03/30/28	29.6	-1.1
VEDLN 9.475 07/24/30	98.3	1.1	ROADKG 5 1/8 01/26/30	26.7	-0.8

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.00%), Dow (-0.25%) and Nasdaq (+0.31%) were mixed on Wednesday. Powell reiterated that the central bank is well-positioned to wait to cut interest rates until the inflationary effects of Trump's wide-ranging tariffs are better known. UST yield was lower on Wednesday, 2/5/10/30 yield at 3.74%/3.83%/4.29%/4.83%.

❖ Desk Analyst Comments 分析员市场观点

➤ WESCHI: RMB1.65bn Xinjiang assets sales to partly repay WESCHI 4.95 07/08/26

West China Cement (Weschi) entered into four separate transactions to sell assets to its substantial shareholder Anhui Conch Cement and its subsidiaries for totaled RMB1.65bn (cUSD230mn). The transaction prices will be settled by installments with specific conditions to be met for each payment tranche, and the transactions are subject to regulatory and shareholder approvals. The purchasers are allowed to use the brand and trademarks of the disposed entities for a period of 12 months.

The disposed assets, i.e. PPE, mining rights, inventories, receivables and cash, are located in Xinjiang that were acquired and constructed by Weschi between 2011 and 2020. As per Weschi, it is divesting its non-core assets in Xinjiang to focus on its core market in Shaanxi, as well as its rapidly growing overseas operations. Weschi plans to utilize the net proceeds to partly repay WESCHI 4.95 07/08/26 due in Jul'26. The transaction prices totaled cUSD230mn represents c38% of the outstanding amount of WESCHI 4.95 07/08/26 of USD600mn.

As per Weschi earlier this year, it plans to sell the projects in Xinjiang, Guizhou and Sichuan for RMB2-3bn (cUSD276-414mn) as well as offshore projects to fund the bond repayment. As of Dec'24, Weschi had cement production capacity of 3.5mn tons in Xinjiang and 1.8mn tons in Guizhou. While the progresses in non-core asset disposals is positive, we are still cautious on the subdued cement market in China, as well as Weschi's ability to remit significant amount of cash from its African operations. Weschi reported lower revenue and profit in FY24, mainly due to weaker demand and falling ASP under intense competition in China despite the higher sales volume offshore. Please read our comment on Weschi FY24 results. The timely full repayment is still subject to the uncertainties over the timing and value of the Guizhou and Sichuan assets sales. Hence, we maintain neutral on WESCHI 4.95 07/08/26. At 86.1, the bond is trading at YTM of 20.7% with c1 year to maturity, and rose 1.0pt this morning and was 6.1pts higher WTD. In the China HY space, we prefer BTSD 9.125 07/24/28 and EHICARs.

➤ Offshore Asia New Issues (Priced)

➤ Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Development Bank of Mongolia	240	3yr	8.5%	9.25%	Unrated
	700/	3yr/	4.436%/	T+70/	
Honda Motor	1300/	5yr/	4.688%/	T+85/	A3/A-/-
	1000	10yr	5.337%	T+105	
Jinan Hi-tech Holding Group	300	3yr	4.7%	4.7%	-/-/BBB
Türkiye Sınai Kalkınma Bankası AS	350	5yr	7.375%	7.5%	B1/-/-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Guangzhou Development District Investment	USD	-	3yr	5.2%	-/-/BBB+
Huangshan Tourism Group	USD	-	3yr	5.35%	Unrated
ICBC Financial Leasing	USD	-	3yr	SOFR+115	-/A/A
			6NC5/	T+120/	
Mizuho FG	USD	-	6NC5/	SOFR Equiv/	A1/A-/-
			11NC10	T+135-140	

➤ News and market color

- Regarding onshore primary issuances, there were 117 credit bonds issued yesterday with an amount of RMB113bn. As for month-to-date, 1,919 credit bonds were issued with a total amount of RMB1,810bn raised, representing a 16% yoy increase
- China is in the process of building a “mega-sized” consumer economy as a key economic engine
- [ADTIN]** Adani Energy Solutions is looking to acquire transmission assets worth INR60-70bn (cUSD697-813mn) from Megha Engineering & Infrastructure
- [FUTLAN/FTLNHD]** Seazen accepted all USD158.864mn of FUTLAN 4.45 07/13/25 validly tendered, and USD50mn of FTLNHD 4.625 10/15/25 validly tendered in tender offers
- [FWDGHD]** FWD Group intends to raise HKD3.5bn (cUSD442mn) through HK IPO
- [GRNKEN]** Greenko founders aims to sign an agreement with Orix to buy a 17.5% stake in Greenko currently held by Orix by 27 Jun'25
- [GRWALL]** China Great Wall AMC BBB rating reinstated by S&P
- [INDYIJ]** Indika Energy secures USD203mn and IDR2.8tn loans to support transition from coal business

- **[NSANY]** Nissan Motor projected a JPY200bn (cUSD1.4bn) net loss for the 1QFY26
- **[SFHOLD]** SF Holdings issues HKD2.95bn zero coupon CB due 2026, initial conversion price at HKD48.47

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