

CMBI Credit Commentary

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

- *The new KORWAT 4.375 27 tightened 3bps from RO this morning. The new ICBCAS 4.125 28/ICBCAS Float 28 were unchanged to 1bp tighter from ROs. HPHSTP 30 tightened 5bps. NIPLIF/MYLIFE 55s were down 0.1-0.2pt. The new CSIPRO 10.5 28 rose 1.3pts to 96.7 from RO.*
- **VNKRLE:** *Change recommendations on VNKRLEs to buy. VNKRLE 27-29s were 0.4-0.5pt higher this morning. See below.*
- **UPLLIN:** *FY25 EBITDA rose 47% yoy to INR81bn. UPLLIN Perp/28-30s were 0.5-1.2pts higher post results announcement. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, CSI Properties priced the 3NC2 bond CSIPRO 10.5 05/21/28 of USD150mn at 95.48, net proceeds of USD141mn will be used for debt repayment including the tender offer for CSIPRO 5.45 07/21/25 at par (o/s amt of USD296.1mn). CSIPRO 25s rose 1.1pts. See our comments on [14 May '25](#). NWDEVL 27-31s rebounded 0.1-0.9pt and closed 1.1-2.7pts lower WTD. NWDEVL Perps moved -0.4pt to +0.5pt, closed 2.3-8.4pts lower WTD. See our comments on [14 May '25](#). The sentiment in Asia IG space was firm after the lower-than-expected US CPI data. The recent new HSBC Float 31s/STANLN Float 31s tightened 1-2bps amid two way flows. In KR, the new KHFC Float 30s tightened 3bps from RO. PKX/LGENSO/HYMNTR 28-35s tightened 2-5bps. CITNAT/DAESEC 28-30s tightened 1-3bps. In Chinese and HK IGs, BABA/TENCNT 28-35s were 1-4bps tighter. MTRC 30s/35s/55s were 1-2bps tighter. In financials, BBLTB 34-40s tightened 5-10bps. India bank papers such as SBIIN/EXIMBK/HDFCB 26-30s were 3-5bps tighter. JP leasing papers such as SUMIFL/SMBCAC 28-34s tightened 2-6bps. In AT1s, HSBC 6.95/UBS 9.25 Perps were down 0.1-0.3pt. JP insurance hybrids were firm thanks to PB demand. NIPLIF 53-55s and DAIL/ASAMLI Perps were up 0.1-0.3pt. In Chinese properties, VNKRLE 27-29s rose another 1.0-1.2pts following the repayment of VNKRLE 3.15 05/12/25, closed 6.1-6.3pts higher WTD. See below for comment. LNGFOR 27-32s were up 0.2-0.5pt. Outside properties, WESCHI/EHICAR 26s increased another 0.4pt. Elsewhere, RAKUTN 8.125 Perp/27-29s declined 0.1-0.5pts amid mixed flows with institutional selling vs PB buying. KIJAII 27s were up another 0.8pt, closed 1.5pts higher WTD. SMCPL/SMCGL Perps were 0.2-0.4pt higher despite their weaker 1Q25 results. UPLLIN 28-30s/Perp were unchanged to 0.4pt higher. See comments below.

There were two way flows in the higher yielding LGFVs such as USD names BCAJIN 6.9 28s/QICHEN 7 27s/DFINVH 7 25s and CNH names QHCTJS 728s/TZXHIG 6.95 28s. In SOE perps, COFCHK/CHPWCN Perps were up 0.1pt.

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

Cyrena Ng, CPA 吳蓓瑩
(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	Top Underperformers	Price	Change
VNKRLE 3 1/2 11/12/29	74.1	1.2	YANTZE 3.2 10/16/49	70.6	-0.8
CSIPRO 5.45 07/21/25	98.8	1.1	CNOOC 7 1/2 07/30/39	125.9	-0.7
VNKRLE 3.975 11/09/27	83.5	1.0	CHGRID 4 05/04/47	83.5	-0.7
NWDEVL 4 3/4 01/23/27	79.7	0.9	JD 4 1/8 01/14/50	75.3	-0.7
KIJAIJ 8 12/15/27	96.6	0.8	CNOOC 5 7/8 03/10/35	107.3	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.10%), Dow (-0.21%) and Nasdaq (+0.72%) were mixed on Wednesday. UST yield was higher on Wednesday, 2/5/10/30 yield at 4.05%/4.17%/4.53%/4.97%.

❖ Desk Analyst Comments 分析员市场观点

➤ VNKRLE: Change recommendations on VNKRLEs to buy

We change our recommendations on VNKRLEs to buy from neutral in view of the SZ Metro's strong support and Vanke's more manageable offshore debt maturities. VNKRLE'27 and '29 moved 4pts higher WTD in response to the news on SZ Metro's intention to consolidate the accounts of Vanke and the full repayment of VNKRLE 3.15 05/12/25. Offered 83.8 and 74.5, VNKRLE 3.975 11/09/27 and VNKRLE 3 1/2 11/12/29 are trading at YTM of 11.7% and 10.8%, we are convinced that Vanke will be a survivor of the sector and believe that VNKRLEs offer good carry and RV compared with peers such as for LNGFORs.

Table 1: Bond profiles of VNKRLE

Security name	O/S (USD mn)	Maturity	Coupon	Offer price	YTM
VNKRLE 3.975 11/09/27	1000.0	11/9/2027	3.975%	83.8	11.7%
VNKRLE 3 1/2 11/12/29	300.0	11/12/2029	3.500%	74.6	10.8%

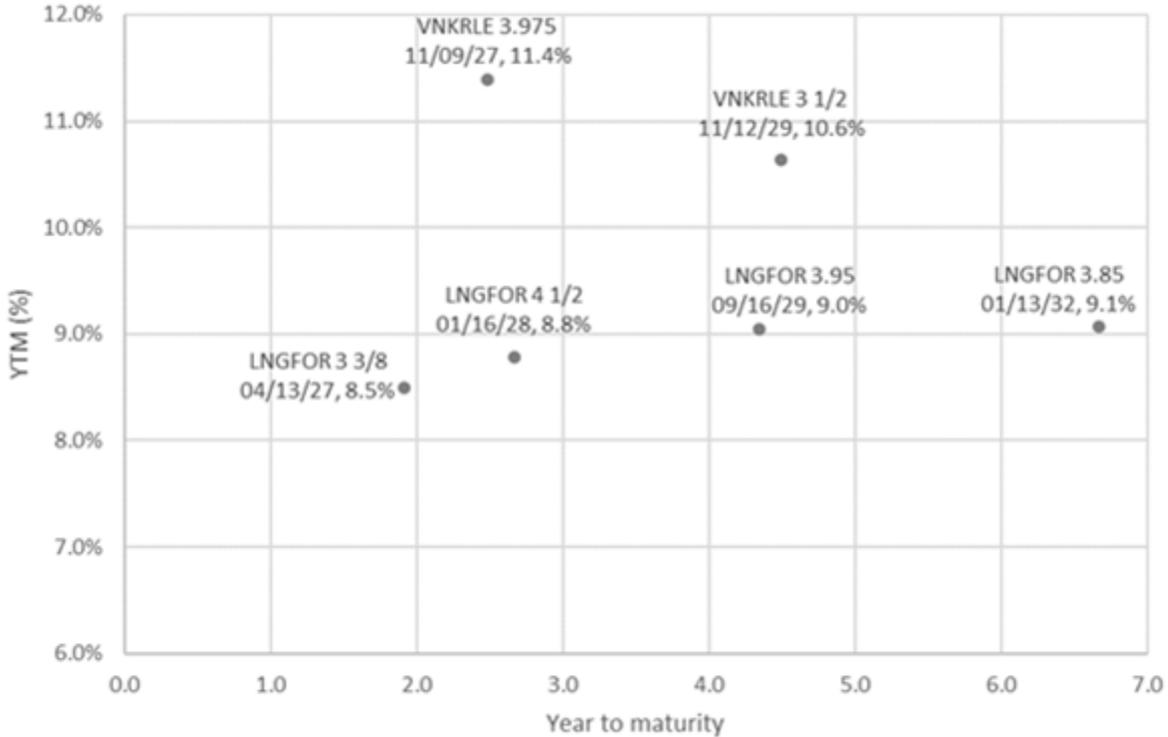
Source: Bloomberg.

Over the past few months, SZ Metro has demonstrated very strong support to Vanke's financial viability as well as its longer-term development. Yesterday, Vanke announced 3-yr loans of RMB1.552bn provided by SZ Metro. The funding cost is favorably low, at 1-yr LPR-76%, i.e. 2.34%. The terms are largely the same as those of 3-yr loans of RMB3.3bn provided by SZ Metro announced on 29 Apr'25. Cumulatively, SZ Metro has granted Vanke loans totaled cRMB11.9bn since Feb'25. SZ Metro also tightened the grip on Vanke through the management reshuffle in Feb'25. As per media reports, SZ Metro is considering to consolidate the accounts of Vanke. This, if goes ahead, further signals SZ Metro's commitment to support Vanke and the alignments of interests between SZ Metro and Vanke.

Subsequent to the repayment of VNKRLE 3.15 05/12/25, the next offshore maturity of Vanke will be a small (o/s RMB510mn) Dim Sum bond of VNKRLE 3.55 06/08/25 due next month. After that, Vanke will only have 2 o/s offshore bonds totaled USD1.3bn due in 2027 and 2029: VNKRLE 3.975 11/09/27 (o/s USD1bn) and VNKRLE 3 1/2 11/12/29 (o/s USD300mn). The offshore refinancing is much more manageable. While the size of Vanke's secured loans increased considerably to RMB150.6bn in Dec'24 from RMB20.6bn in Dec'23 in a challenging funding environment, we take comfort with the financial flexibility provided by its investment

properties. As of Dec'24, the book value of its investment properties was RMB156.2bn, RMB74.3bn of these was pledged, i.e. cRMB82bn of its investment properties are not pledged. We understand LTV of some IP loans did in FY24 was up to 70%. The unpledged investment properties represent an alternative liquidity sources, especially with the support of SZ Metro.

Chart 1: YTM of VNKRLE and LNGFOR



Source: Bloomberg.

➤ **UPLIN: FY25 EBITDA rose 47% yoy to INR81bn**

In FY25, UPL’s revenue increased by 8% yoy to INR466bn, driven by volume growth across key corp protection, seeds and specialty chemical markets. The 13% increase in sales volume was partially offset by 3% price decrease and 2% forex impact. The price variance in revenue change turned positive in 4QFY25 at 1% yoy, compared to -14%, -10%, -5%, yoy, respectively in 1QFY25, 1HFY25, 9MFY25. Recalled that higher rebates offered to large distributors and customers in relation to the high cost inventory was one of the major drags on UPL’s profitability in FY24. We expect the pricing pressure from the high cost inventory is limited in FY26, in view of the completion of destocking of high-cost inventory in most of the regions during FY25.

UPL’s FY25 EBITDA rose by 47% yoy to INR81bn and EBITDA margin improved to 17.4% from 12.8% in FY24. The significant growth in EBITDA was mainly due to in the absence of special rebate of cINR33.1bn incurred in FY24, along with lower COGS as well as overheads optimization. We therefore expect the FY26 EBITDA to normalize. In FY25, UPL delivered 8% yoy revenue growth, at the upper end of its 4-8% guidance. The 47% yoy EBITDA increase was slightly lower than its target of 50%. In FY26, UPL guides revenue growth at 4-8% and EBITDA growth at 10-14%.

As of Mar’25, UPL’s cash and bank balances (incl. liquid investment) increased by 57% to INR99bn from INR63bn as of Mar’24. This was attributable to higher operating cash flow, as well as proceeds from USD200mn right issue and USD350mn stake sale of Advanta, totaled USD550mn (cINR45bn). UPL expect to receive the

remaining USD200mn proceeds from the right issue in FY26. Besides, UPL's total debts (incl. USD perps) dropped to INR266bn, UPL prepaid USD250mn (cINR21.4bn) term loan originally due in Sep'25 in 4QFY25. As a result, UPL's net debts (incl. USD perps)/EBITDA improved to 2.1x in FY25 from 4.5x in FY24. Furthermore, the higher profitability and lower leverage should help to improve UPL's rating outlooks back to stable from negative from three rating agencies, in our view.

UPL has three USD bonds outstanding. The coupon of UPLLIN 5.25 Perp will be reset on 27 May'25 to 5yUST+3.865% (c8.0%) from 5.25% with no coupon step-up if it is not called. The perp is callable any time after the first call date in 27 Feb'25 with minimum 10 days' notice, and callable every 6 months after 27 May'25. As per UPL, it will decide on the call decision shortly after the FY25 result announcement. We maintain neutral on UPLLIN 5.25 Perp on unappealing valuation and thin trading liquidity. At 97.8, UPLLIN 5.25 Perp is trading at YTW of 8.5%. For SEA corp perps, we prefer PCORPM 5.95 Perp, SMCGL 5.7 Perp, SMCGL 5.45 Perp, SMCGL 8.125 Perp and SMCPLM 5.5 Perp.

Table 1: Bond profiles of UPLLIN

Security name	Amt o/s (USDmn)	Ask px	Ask YTW	Issue rating (M/S/F)
UPLLIN 5.25 Perp	400	97.8	8.5%	B1/B+/-
UPLLIN 4.5 03/08/28	300	94.0	6.9%	Ba2/BB/BB
UPLLIN 4.625 06/16/30	500	89.6	7.2%	Ba2/BB/BB

Source: Bloomberg.

Table 2: UPL's FY25 financial highlights

INRbn	FY24	FY25	Change
Revenue	431	466	8%
-Latin America	173	176	2%
-Europe	66	72	9%
-India	39	61	56%
-North America	55	60	8%
-Rest of the world	98	98	0%
Contribution profit	150	182	21%
Contribution margin	34.8%	39.0%	4.2 pct pt
EBITDA	55	81	47%
EBITDA margin	12.8%	17.4%	4.6 pct pt

INRbn	Mar'24	Mar'25	Change
Cash and bank (incl. liquid investment)	63	99	57%
Total debts (incl. USD perps)	312	266	-15%
Net debts	250	171	-32%
Net debts/EBITDA	4.5x	2.1x	-
Net working capital days	86	53	-
-Inventory days	108	81	-
-Receivable days	124	102	-
-Payable days	146	130	-

Source: Company filling, CMBI FICC Research.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
CSI Properties	150	3NC2	10.5%	12.59%	Unrated
Guoneng Environmental Protection Investment/ Jinan Energy Group	210	14M	5.0%	5.0%	Baa1/-/-
ICBC Hong Kong Branch	1000	3yr	SOFR+52	SOFR+52	A1/-/-
ICBC Singapore Branch	300	3yr	4.125%	T+24	A1/-/-
Korea Water Resources Corporation	300	2yr	4.375%	T+60	Aa2/-/-
PT Pertamina Hulu Energi	1000	5yr	5.25%	5.25%	Baa2/-/BBB
Qingdao Jimo District Urban Tourism Development and Investment	100	2yr	6.9%	6.9%	Unrated
Tai An High-tech Construction Group	109	3yr	6.9%	6.9%	Unrated
Woodside Finance Ltd	500/	3yr/	4.9%/	T+105/	Baa1/BBB+/-
	1250/	5yr/	5.4%/	T+130/	
	500/	7yr/	5.7%/	T+145/	
	1250	10yr	6.0%	T+160	
Xin Fu (BVI) Co/ Taizhou Xintai Group and Taizhou Guokong Investment Group	80	3yr	6.5%	6.5%	Unrated

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
China Everbright Bank Hong Kong Branc	USD	-	3yr	SOFR+105	-/-/BBB+
First Abu Dhabi Bank PJSC	USD	-	5yr	SOFR+100	Aa3/-/-
Shangdong Gold Group	USD	-	3yr	5.2%	-/BBB/-
Yixin Innovation Technology Company	USD	-	3yr	5.99%	uNRATED

➤ **News and market color**

- Regarding onshore primary issuances, there were 28 credit bonds issued yesterday with an amount of RMB18bn. As for month-to-date, 426 credit bonds were issued with a total amount of RMB456bn raised, representing a 113% yoy increase
- **[BABA/JD/MEITUA]** Chinese authorities tell Meituan, JD.com, and Alibaba Group Holding's Ele.me to respect competition rules as market heats up
- **[GZRFPR]** Guangzhou R&F says auction of hotel used as bond collateral fails for the second time
- **[ICBPIJ]** Fitch upgraded Indofood CBP Sukses Makmur to BBB from BBB-; outlook stable
- **[MUTHIN]** Muthoot Finance interest income surges 35.2% yoy in FY25 to INR196.6bn (cUSD2.3bn); total revenue from operations grows 34.2% yoy to INR202.1bn (cUSD2.4bn)
- **[PCORPM]** Petron 1Q25 revenue down 15% yoy to PHP194.4bn (cUSD3.5bn)
- **[RAKUTN]** Rakuten 1Q25 EBITDA rises 51.4% yoy to JPY79.9bn (cUSD543.5mn); to merge Rakuten Mart, Rakuten Ticket, Rakuten Car, Rakuten STAY, and Monzen Corporation Japan to further reduce administrative costs and improve operational efficiency, effective 1 Jan'26
- **[SMCGL]** San Miguel Global Power 1Q25 revenue down 4% yoy to PHP42.5bn (cUSD 761.3m)

- **[SMCPM]** San Miguel Corp 1Q25 revenue down 8% yoy to PHP360.9bn (cUSD6.5bn)
- **[TENCNT]** Tencent 1Q25 net profit up 14.2% yoy to RMB47.8bn
- **[TPHL]** Times China winding-up petition hearing postponed to 11 Aug'25
- **[VNRLE]** Vanke repaid its only o/s USD bond VNRLE 3.15 05/12/25 of USD423mn; to receive RMB1.5bn 36-month loan from Shenzhen Metro Group at annual interest rate at 2.34%; Fitch downgraded Vanke to CCC+ from B- on weaker-than-expected sales and cash flow in 1Q25, reducing liquidity against significant capital-market debt maturities

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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