

CMBI Credit Commentary

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

- *The belly of HYNMTR were 2-3bps tighter this morning. There were selling in STANLNs amid unlawful transactions allegations, as well as in JP lifers/HYSAN/CPREIT following the rates movement. HYSAN 4.85 Perp down 0.7pt. CDBFLC 30 was 1-2bps wider. NWDEVL 30 was 0.3pt higher.*
- **CFAMCI:** 1H25 net profit to increase up to 16.3% yoy to RMB6.2bn. CFAMCI 5.5 47 down 0.5pt this morning while the rest of CFAMCIs were unchanged. See below.
- **HONGQI:** Buy-back of 10.2mn shares. HONGQI 7.05 28 down 0.1pt this morning. See below.

❖ Trading desk comments 交易台市场观点

Asia IG space was unchanged to 3bps tighter yesterday. In Chinese IG, WB 30s tightened by 2bps post 1H25 results. TENCNT 38-51s/HAOHUA 30/49 were 1bp tighter. The belly of Korea IG HYNMTR/LGENSO was 1-3bps tighter. In financials, HK CHIYBK 32 was 0.4pt higher. JP MUFG 44s were 0.6pt lower (unchanged in spread). TH banks were unchanged to 2bps tighter. We saw small selling on BBLTB 34/40s T2 and better buying on BBLTB senior. STANLN 36s were 2bps wider from AMs selling post USD9.6bn unlawful transactions allegations, while STANLN 31 FRNs were unchanged. In lifers, SHIKON 35 was 1-2bp tighter under better buying by PBs. TYANLI 35 was 0.1pt lower. Media reported Tongyang Life Insurance is facing KRW142.5bn (cUSD103mn) penalty for customer data breach. In HK, CTFCHK 29 was 1.6pt higher. NWDEVL 5.25 Perp/6.25 Perp were 0.3-0.4pt higher. HYSAN 4.85 Perp up 0.7pt. Hysan completed the full redemption of the USD850mn HYSAN 4.1 Perp yesterday. In Chinese HY, BTSD 28 down 0.4pt. WESCHI 26 was 0.1pt lower. West China Cement completed the sale of cement products manufacturing subsidiaries. In Chinese properties, CHJMAO 29 and CHJMAO Perp were 0.1-0.6pt higher. On the other hand, LNGFOR 28/32 were 0.1-0.2pt lower after the profit warning. ROADKG 29-30 and ROADKG Perps down 0.2pt. Moody's downgraded Road King to Ca, outlook remains negative. In SEA, VLLPM 27-29s were 0.2-0.9pt higher. VEDLN 29-33s were 0.1-0.2pt higher. GLPSP Perps down 0.3-0.6pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CTFSHK 4 1/4 06/27/29	90.8	1.6	GARUDA 6 1/2 12/28/31	79.3	-1.4
TENCNT 3.68 04/22/41	82.0	1.0	TSIVMG 1.55 12/17/29	70.8	-1.0
VLLPM 9 3/8 07/29/29	66.9	0.9	TAISEM 3 1/8 10/25/41	78.2	-0.6
HYSAN 4.85 PERP	71.1	0.7	GLPSP 4.6 PERP	55.9	-0.6
CHJMAO 4 1/4 07/23/29	90.6	0.6	MUFG 4.7 03/10/44	89.0	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.01%), Dow (-0.08%) and Nasdaq (+0.03%) were mixed on Monday. UST yield was higher on Monday, 2/5/10/30 yield at 3.77%/3.86%/4.34%/4.94%.

❖ Desk Analyst Comments 分析员市场观点

➤ CFAMCI: 1H25 net profit to increase up to 16.3% yoy to RMB6.2bn

China CITIC Financial AMC (CFAMCI) expects its 1H25 net profit attributable to the equity holders to range between RMB6-6.2bn, representing a yoy increase of 12.5-16.3%. Excluding the Financing Leasing from consolidated financials, the yoy increase in 1H25 would be 23.9-28.2%

The growth in the net profit was primarily attributable to (i) significant increase in revenue from core business, such as distressed asset relief and revitalization business and equity business, and steady improvement of asset returns from increased investment; (ii) yoy reduction in financing cost due to enhanced funding flexibility, partly offset by (iii) asset impairment charges and unrealized losses on FV changes of major unlisted assets totaled cRMB21.8bn in 1H25, reflecting strengthened risk management policies.

CFAMCI's focus on higher-quality investments continues to support its recurring earnings and better returns. While CFAMCI maintains good access to diverse funding channels, onshore financing and refinancing activities enabled further reductions in funding costs. These also support its profit growth. We expect the higher 1H25 net profit to further boost CFAMCI's capital adequacy to higher than 15.7% in Dec'24, and to provide an additional buffer over the regulatory minimum requirement of 12.5%. We also anticipate a lower leverage ratio as of Jun'25, down from 10.1x in Dec'24 and compared to the regulatory cap of 16.7x.

Despite the lower conviction, CFAMCIs remain our top picks in the Chinese AMC space for their better risk-return profiles. Within the CFAMCI curve, we prefer CFAMCI 3.875 11/13/29, CFAMCI 3.375 02/24/30 and CFAMCI 3.625 09/30/30 on lower cash price and higher yield. Furthermore, CFAMCI has announced the redemption of USD250mn CFAMCI 4.25 Perp on the first call date on 30 Sep'25. The certainty of call on the first call date remains high for AMC Perps, in our view. We maintain buy on CCAMCL 4.4 Perp (first callable Nov'26), trading at 99.7 with YTC of 4.7%. We maintain neutral on GRWALL 7.15 Perp (first callable Jul'27) based on current valuation, which is trading at 104.4 with YTC of 4.7%.

Table 1: Our Chinese AMCs picks

Security name	ISIN	Amt o/s (USDmn)	Ask px	YTC/YTM	First call date	Coupon reset
CCAMCL 4.4 Perp	XS2397254579	1,700	99.7	4.7%	3 Nov'26	5yr UST+3.232%
CFAMCI 3.875 11/13/29	XS2076078786	200	96.3	4.9%	-	-
CFAMCI 3.375 02/24/30	XS2122990810	271	94.2	4.8%	-	-
CFAMCI 3.625 09/30/30	XS2235973869	139	94.5	4.9%	-	-

Source: Bloomberg.

➤ HONGQI: Buy-back of 10.2mn shares

China Hongqiao (Hongqiao) announced the buy-back of 10.2mn shares for cHKD234mn. The latest mandate for share buy-back is no less than HKD3bn, hence more buy-back will come. The buyback should be aimed at minimize the dilution as its o/s USD300mn CB due Jan'26 will be gradually converted into shares over the coming months in view of the CB's parity of over 400. The buy-back would be positive to Hongqiao's CBs, largely neutral to its straight bonds given HONGQI 5 ¼ 01/25/26 to be converted into equity and Hongqiao's omission of interim dividend. We maintain neutral on HONGQIs on valuation.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
DBS Bank	2000	3yr	3.989%	SOFR MS+55	Aa1/AA-/AA-
Zhangzhou Yuanshan Development	22	3yr	7.0%	7.0%	Unrated

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Ganzhou Urban Investment Holding	USD	-	3yr	5.4%	-/-/BBB-
Tongling State-owned Capital Operati Holding Group	USD	-	3yr	5.1%	Unrated

➤ News and market color

- Regarding onshore primary issuances, there were 97 credit bonds issued yesterday with an amount of RMB69bn. As for month-to-date, 1,208 credit bonds were issued with a total amount of RMB1,081bn raised, representing a 0.2% yoy decrease
- [COGARD]** Majority AHG agree to extend the RSA fee deadlines to 25 Aug'25
- [FUTLAN/FTLNHD]** Seazen Holdings obtains bourse approval over up to RMB1.1bn (cUSD147.5mn) onshore ABS offering
- [HYSAN]** Hysan Development completed the redemption of USD850mn HYSAN 4.1 Perp
- [HYUELE]** SK Hynix repaid KRW3.4tn (cUSD2.5bn) loans thanks to booming HBM chip sales in 1H25
- [LGELEC]** LG Electronics starts voluntary retirement program at TV business amid rising competition from cheaper Chinese competitors

- **[NIO]** NIO to enter Singapore, Uzbekistan, and Costa Rica in expansion push
- **[PTTGC]** PTT Global Chemical eyes THB30bn (cUSD923mn) from non-core assets monetization
- **[RAKUTN]** Rakuten to start satellite-based services in Japan in challenge to Starlink
- **[ROADKG]** Road King Infrastructure loss to widen to RMB1.5-1.7bn (cUSD217mn) due to sluggish property market, increase from RMB394mn (cUSD50.3mn) in 1H24
- **[SOFTBK]** SoftBank to acquire undisclosed stake in Intel for USD2bn amid AI push
- **[TYANLI]** Tongyang Life to redeem USD300mn TYANLI 5.25 Perp on the first call date on 22 Sep'25
- **[VEDLN]** Vedanta Ltd board meeting on 21 Aug'25 to consider second interim dividend for FY26. Hindustan Zinc to spend up to INR38.2bn (cUSD437mn) to set up tailings reprocessing plant

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