

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. HPHTSP 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/HYNMTR 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. SMCPM/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 吴倩莹
 (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 |
|-----------------------|-------|--------|
| VNKRLE 3 1/2 11/12/29 | 74.1 | 1.2 |
| CSIPRO 5.45 07/21/25 | 98.8 | 1.1 |
| VNKRLE 3.975 11/09/27 | 83.5 | 1.0 |
| NWDEVL 4 3/4 01/23/27 | 79.7 | 0.9 |
| KIJAIJ 8 12/15/27 | 96.6 | 0.8 |

| Top Underperformers | Price | Change |
|----------------------|-------|--------|
| YANTZE 3.2 10/16/49 | 70.6 | -0.8 |
| CNOOC 7 1/2 07/30/39 | 125.9 | -0.7 |
| CHGRID 4 05/04/47 | 83.5 | -0.7 |
| JD 4 1/8 01/14/50 | 75.3 | -0.7 |
| 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. VINKRLE'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% |

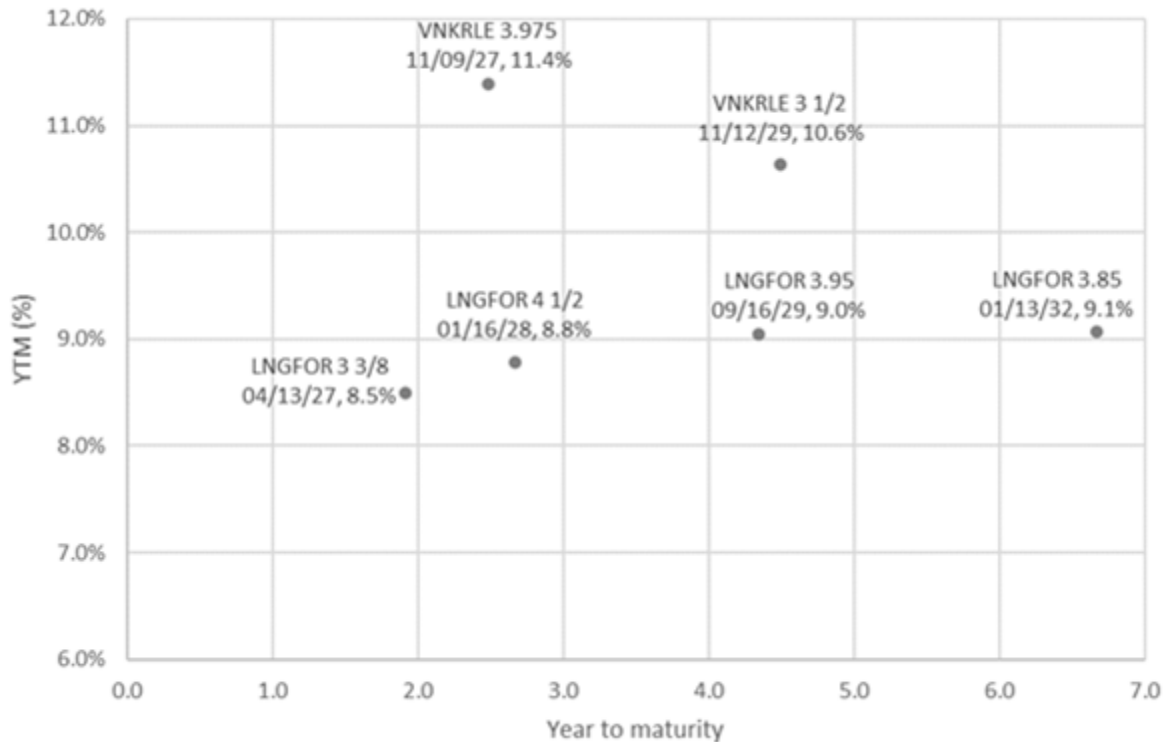
Source: Bloomberg.

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 VNKRL 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 SMCPL 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

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months

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.