

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**

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- *The new AHMBK 30 tightened 8bps from RO (T+105) this morning. Asia IGs were unchanged to 5bps tighter. VLLPM 29s were up 0.9pt. ADSEZ 27-41s were 0.9-1.8pts higher as Adani Ports considers to buy back its USD bonds. NWDEVL 4.125 Perp was up 0.3pt.*
- **FAEACO:** *Completion of the sales of HK mortgage loans for net proceeds of USD44mn. FAEACO 12.814 Perp was 0.1pt higher this morning. See below.*
- **XIAOMI:** *Strong operating cash flow alleviates the impact of higher R&D expenses. XIAOMI 30-31s were 0.1-0.2pt lower post results announcement. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, CMINLE announced new issue mandate of 3-yr and 5yr floating rate bonds. CMINLE Float 27s/CMINLE 25-31s were unchanged to 2bps wider this morning. In KR, the recent new KOLAHO 27s/KORAIL 28s tightened 1-3bps. HANFGI 28s/DAESEC 26-28s were also 1-3bps tighter. In Chinese IGs, TENCNT/WB/LENOVO 28-30s and BABA 31-35s tightened 1-4bps. XIAOMI 30-31s were 1-2bps tighter. See our comments on Xiaomi's 1Q25 results below. HAOHUA 29-30s tightened 1-3bps. In financials, KBANK 31s tightened 5bps. BBLTB 34-40s were 1-3bps tighter. In AU/JP, ANZ/BZLNZ/CBAAU 30-40s were unchanged to 3bps tighter. SUMIFL/SUMITR 30s were 2-5bps tighter. SMBCAC 29s/SUMIBK Float 30s were unchanged to 1bp wider on profit taking from AMs. In AT1s and insurance hybrids, BNP/SOCGEN/HSBC Perps were 0.1-0.5pt higher. NIPLIF/MYLIFE 54-55s and DAIL 6.2/SUMILF 5.875 Perps were up 0.1-0.3pt. Meanwhile KRKPSC 27-29s tightened 5-10bps on RM buying. In HK, MTRC/HKAA 30s tightened 1-2bps. NWDEVL Perps/27-31s lowered 1.0-4.3pts, closed 2.1-7.6pts lower WTD. HYSAN 7.2 Perp declined 0.6pt. In Chinese properties, CHIOLI 42s were up 0.5pt, DALWAN 26s were up 0.2pt. LNGFOR 27-32s were down 0.2-0.3pt. Outside properties, EHICAR 26-27s were up 0.8-1.0pt, closed 0.5-1.2pts higher WTD. See our comments on 28 May '25. In SE Asia, VLLPM 27-29s were up 0.4-1.0pt, closed 1.1-3.2pts higher WTD. ADSEZs/ADANEMs/ADGREGs were up 0.1-0.4pt.

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In LGFVs, SDGOLD launched the new issue of a NC3 USD Perp following the call of SDGOLD 4.95 Perp on 24 May '25, the 1st call date. GXCMIN launched the new issue of a 3yr USD bond. There were two way interests on recent USD new issues such as SHCONS 4.6 28s/KAFEDI 6.5 28/CDTFDG 7 27s/JMUDIV 6.9 27s and CNH issues such as SDGAOC 6.9 27s/QHURGR 7.8 26s. CPDEV 26s/ZHHFGR 25s remained well bid and closed unchanged to 0.1pt higher. In SOE perps, COFCHK/AVIILC Perps were 0.1pt higher, SPICPD Perp was down 0.1pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
EHICAR 7 09/21/26	72.8	1.0	NWDEVL 6.15 PERP	55.7	-4.3
VLLPM 9 3/8 07/29/29	81.0	1.0	NWDEVL 8 5/8 02/08/28	67.5	-2.4
EHICAR 12 09/26/27	68.9	0.8	NWDEVL 4 3/4 01/23/27	73.7	-2.2
CHIOLI 5.35 11/15/42	89.8	0.5	NWDEVL 4 1/2 05/19/30	51.5	-2.1
SOCGEN 8 1/2 PERP	103.0	0.5	NWDEVL 3 3/4 01/14/31	50.1	-1.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+2.05%), Dow (+1.78%) and Nasdaq (+2.47%) were higher on Tuesday. US May'25 CB Consumer Confidence was 98.0, higher than the market expectation of 87.1. UST yield retreated on Tuesday, 2/5/10/30 yield at 3.92%/4.04%/4.43%/4.94%.

❖ Desk Analyst Comments 分析员市场观点

➤ FAEACO: Completion of the sales of HK mortgage loans for net proceeds of USD44mn

Far East Consortium (FEC) completed the sale of mortgage receivables for net proceeds of HKD344.0mn. This helps slightly improve its financial flexibility, as well as its adj. net gearing ratio to 67.8% on a pro-forma basis from 68.8% as of Sep'24 (vs covenanted level of 80%). We continue to expect FEC to start the partial call of the perps in view of cash collections from completed property developments in the UK and Australia, as well as non-core asset disposals. The timing of partial call is more likely at the end of 3Q25. A key moving part to the pace of partial call will be the size of further write-down on DBC, if any. Recalled that FEC can redeem FAEACO 12.814 Perp partially with monthly redemption intervals, and the minimum redemption amount is USD20mn. We maintain buy on FAEACO 12.814 Perp. At 84.3, we believe that FAEACO 12.814 Perp remains a good short-dated carry play.

On 27 May'25, FEC completed the sales of its first-mortgage loans on its developments in Hong Kong to Ares SSG Secured Lending Opportunities III L.P. (Ares). The sale price is HKD484.8mn (cUSD61.9mn), represented 88% of the assets' book value at HKD551.0mn (cUSD70.3mn). FEC retains c28% interests in these loans through participation into a "junior" tranche" of the loan portfolio at a considerations of HKD137.7mn. The order of repayment of FEC's interests will be behind that of the "senior" tranche. The net proceeds to FEC from the sales is HKD344.0mn (cUSD44mn).

Since the sales of loan receivables are on a with-recourse basis, i.e. FEC will be required to buy back at 88% of principal amount in case of default, the mortgage loans sold will continue to be booked as loan receivables without impact on its P&L. The sales of HK mortgage is not related the sale of BC Invest announced in Feb'25. The remaining proceeds of cUSD70mn from the sale of BC Invest will be collected in Aug/Sep'25.

➤ XIAOMI: Strong operating cash flow alleviates the impact of higher R&D expenses

Xiaomi reported robust growth in revenue and profit in 1Q25. 1Q25 revenue increased by 47% yoy to RMB111bn, driven by both smartphone x AIoT and smart EV. Smartphone x AIoT segment revenue increased by 23% yoy in 1Q25. The smartphone ASP and shipment were higher in 1Q25, ASP increased 6% yoy to record high at RMB1,211, while shipment increased 3% yoy to 41.8mn units. As per Xiaomi, it ranked the 3rd globally (after Samsung and Apple) with 14.1% market share in shipment in 1Q25, and ranked the 1st with 18.8% market share in shipment in the mainland China. In May'25, Xiaomi launched Xiaomi 15S Pro, powered by its first self-developed flagship processor. We expect the ASP of the smartphone continue to increase steadily under Xiaomi's premiumization strategy. In 1Q25, Xiaomi's RMB4k and above smartphone market share was 9.6%, increased from 6.7% in 1Q24.

For IoT and lifestyle products, this segment continued to benefit from the government policies to boost domestic consumption with subsidies. This product segment revenue showed strong growth with 59% yoy increase to RMB32bn. Smart large home appliances, air conditioner, refrigerator, washing machines were the key growth drivers.

On its Smart EV and AI segment, revenue up to RMB19bn 1Q25 from RMB26mn in 1Q24. The segment operating loss showed a declining trend to RMB500mn in 1Q25, compared to RMB2.5bn in 1Q24. The gross profit margin increased by 10.6 pct pt to 23.2% in 1Q25. Xiaomi delivered 76k units of SU7 Series during 1Q25 at ASP of RMB238k, totaled 258k units were delivered as of 21 May'25. Xiaomi also launched YU7 Series in May'25.

Xiaomi continued to invest in R&D. 1Q25 R&D expenses up by 30% yoy to RMB6.7bn, representing 22% of its FY25 budget of RMB30bn and implying RMB23.3bn to be spent in 2Q-4Q25. Xiaomi also budgets RMB200bn in R&D from 2026-2030 to enhance its AI infrastructure, increase from RMB102bn during 2021-2025.

Meanwhile, Xiaomi's smartphone x AIoT operating expense ratio continued to decline in 1Q25 to 11.4%, from 12.8% in 1Q24. As a result, the EBITDA and EBITDA margin increased in 1Q25 yoy. Net profit also up to RMB11bn in 1Q25 and operating cash flow turned positive to RMB5bn. While the capex continues to increase in FY25, we expect that Xiaomi to continue fund its capex via operating cash flow. As of Mar'25, Xiaomi had net cash of RMB99bn, 42% higher from the level as of Dec'24, mainly attributable to the issuance of shares of RMB39.2bn in Mar'25. In our view, Xiaomi will maintain its net cash position over the medium term despite increasing R&D expenses and capex in EV and AI, given its abundant cash on hand and strong operating cash inflows.

We maintain buy on XIAOMI 3.375 04/29/30 and XIAOMI 2.875 07/14/31 in view of Xiaomi's solid credit profiles. In Chinese TMT space, we also have buy recommendations on MEITUA 3.05 10/28/30, MEITUA 0 04/27/28 (CB) and WB 3.375 07/08/30, as we believe XIAOMI, MEITUA and WB are proxy plays on domestic consumption which should demonstrate defensiveness against the impact of trade war. For investors with lower risk appetite, we recommend buy on TENCNT 3.595 01/19/28 and TENCNT 3.975 04/11/29 for shorter tenor given our expectation of UST yield curve to stay steep and volatile, as well as the lower cash prices of these bonds among the shorter tenor TENCNT bonds.

Table 1: Xiaomi's outstanding bonds

Security Name	ISIN	Amt o/s (USD mn)	Ask Px	YTM/YTP	First put date	Put px
XIAOMI 0 12/17/27 (CB)	XS2269112863	855	145.0	-14.0%	12/17/25	100.0
XIAOMI 3 ¾ 04/29/30	US98422HAA41	600	94.3	4.7%	-	-
XIAOMI 2 ¾ 07/14/31	US98422HAC07	800	90.3	4.7%	-	-
XIAOMI 4.1 07/14/51	US98422HAE62	400	75.8	5.9%	-	-

Source: Bloomberg.

Table 2: Xiaomi's financial highlights

RMB mn	1Q24	1Q25	Change
Revenue	75,507	111,293	47.4%
-Smartphone x AIoT	75,481	92,713	22.8%
-Smart EV and other new initiatives	26	18,580	71273.9%
Gross profit	16,830	25,406	51.0%
EBITDA	6,061	11,747	93.8%
Profit for the year	4,173	10,893	161.0%
Operating cash flow	(9,287)	4,509	-
Gross margin	22.3%	22.8%	0.5 pct pt
-Smartphone x AIoT	22.3%	22.8%	0.5 pct pt
-Smart EV, AI and other new initiatives	12.6%	23.2%	10.6 pct pt
EBITDA Margin	8.0%	10.6%	2.5 pct pt
Net profit margin	5.5%	9.8%	4.3 pct pt
	Dec'24	Mar'25	Change
Cash and bank balances	33,661	86,172	156.0%
Short-term bank deposits and investment	66,855	44,065	-34.1%
Unrestricted cash and ST investment	100,517	130,237	29.6%
ST debts	13,327	12,714	-4.6%
LT debts	17,276	18,231	5.5%
Total debts	30,603	30,945	1.1%
Net cash	69,914	99,292	42.0%
Cash/ST debts	2.5x	6.8x	-

Source: Company filings, CMBI FICC Research.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Affin Bank	300	5yr	5.112%	T+105	A3/-/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
CMB International Leasing	USD	-	3yr/ 5yr	SOFR+120/ SOFR+130	A3/-/-
Guangxi Communications Investment Group	USD	-	3yr	5.2%	-/-/BBB
Linyi City Development International	USD	-	3yr	6.0%	Unrated
SDG Finance Limited/ Shandong Gold Group	USD	100 (capped)	PNC3	5.4%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 103 credit bonds issued yesterday with an amount of RMB77bn. As for month-to-date, 1,262 credit bonds were issued with a total amount of RMB1,541bn raised, representing a 34.4% yoy increase
- South Korean shipbuilders set to benefit from India's USD10bn tanker plan
- **[ACENPM]** ACEN partners with renewable energy fund to develop large offshore wind project
- **[ADGREG/ARENRJ]** Fitch affirmed Adani Green Energy RG1 and RG2 bond ratings at BBB-; outlook stable
- **[ADINCO]** S&P changed the outlook on Adani International Container Terminal outlook to positive from stable; BBB- rating affirmed
- **[ADSEZ]** Adani Ports board schedules meeting on 31 May'25 to consider USD bond buyback
- **[ADTIN/ADANEM]** Adani Energy Solutions to consider fundraising proposal
- **[AVIILC]** Fitch placed AVIC International Leasing on Rating Watch Negative
- **[COGARD]** Country Garden bondholders fight banks' attempt to dictate terms of USD178m security-compensation deal
- **[FAEACO]** Far East Consortium completes sale of mortgage portfolio to Ares for HKD485mn (cUSD62mn)
- **[GRNKEN]** Greenko founders hope to close Orix stake buyout loan by week of 3 Jun'25
- **[IDASAL]** MIND ID FY24 revenue rises 34.6% yoy to IDR145.2tn (cUSD8.9bn)
- **[MEDCIJ]** Medco Energi wins USD491.4mn loan from state-run lender Bank Rakyat Indonesia
- **[NSANY]** Nissan plans to raise USD7bn from debt and asset sales
- **[NWDEVL]** Media reported New World Development's USD11bn loan deal sees at least 12 banks agree to terms
- **[VEYONG/XINAOG]** ENN Natural Gas shareholders approve privatization proposal for ENN Energy at general meeting
- **[VNKRLE]** Vanke unit secures HKD6.9bn (cUSD876.7mn) bank loans

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