

CMBI Credit Commentary

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

- *The recent new CDBALF 4.75 30 tightened 1bp this morning. HONGQI launched new issue of 3.5yr USD bonds, ZTSECB launched new issue of 2yr USD bonds. DAIL/SUMILF Perps and NIPLIF 55s were 0.1-0.4pt lower.*
- ***WB:** 1Q25 revenue remained flat yoy. Maintain buy on WB 3.375 07/08/30. WB 3.375 07/08/30 was unchanged post results announcement. See below.*
- ***UPLIN:** S&P affirmed UPL Corp's BB rating and revised the outlook to stable from negative on improving leverage, in line with our expectation. UPLIN 28-30s were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, UST 10yr and 30yr yields widened 10-12bps. On IG primary, the new CDBALF Float 30 widened 4bps, CDBALF 4.75 30 tightened 1bp from ROs respectively. The new KUB 4.791 28 tightened 5bps from RO. KOLAHO 4.25 27 closed 1bps tighter from RO amid mixed flows. The recent new KORAIL 4.375 28 widened 1bps from last close. In Chinese and HK IGs, BABA/MEITUA/XIAOMI/WB/HAOHUA 27-35s were unchanged to 2bps tighter. MTRC/HKAA 30-55s were 1-2bps tighter on RM buying. The long end of SINOPE/CHGRID 47-48s were 1.4-1.6pts lower (unchanged to 4bps wider). In financials, the recent new HSBC Float 31s widened 1bps on banks selling, STANLN Float 31s tightened 1bps. SUMIBK/CBAAU/WSTP 30-36s were unchanged to 2bps tighter. In AT1s, BACR 4.375/BNP 8 Perps were down 0.2-0.3pt. In insurance hybrids, MYLIFE 55s/NIPLIF 54s and SUMILF/DAIL Perps were 0.1-0.4pt lower. In HK, NWDEVL Perps were up 0.5-0.8pt, closed 0.4-5.8pts lower WTD. NWDEVL 27-31s were down 0.2-0.6pt, closed 0.9-2.1pts lower WTD. CSIPRO 28 closed 0.4pt higher, CSIPRO 25 closed unchanged. Last night, CSI Properties announced to accept to the tender offer of USD150mn of its o/s USD296.1mn CSIPRO 5.45 25. In Chinese properties, VNKRL 27-29s rebounded 0.2-0.7pt, closed 0.3-0.5pt lower WTD. CHIOIL/WESCHI 26s were up 0.2-0.3pt. Elsewhere, RAKUTN 27-29s were up 0.1-0.3pt. PCORPM 5.95 Perp was up 0.1pt. See our comments on 21 May '25. GLPSP 4.6 Perp rose 0.4pt. VEDLN 28-33s were down 0.1-0.6pt, closed 0.4-1.8pts lower WTD. 28-33s were down 0.1-0.6pt, closed 0.4-1.8pts lower WTD.

In LGFVs, BCDHGR/BJAFHO 26s were up 0.2-0.3pt. There were two way interests on shorter dated LGFVs such as SZCONS 25s/HEDGCN 26s and the recent new issues such as HKIQCL/TAIANH 28s. In SOE perps, SPICPD 4.95 Perp was up 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 6 1/4 PERP	28.1	0.8	SINOPE 4 09/13/47	81.3	-1.6
NWDEVL 4.8 PERP	25.9	0.8	EXIMCH 4 11/28/47	82.1	-1.5
VNKRL 3 1/2 11/12/29	74.4	0.7	CHGRID 4 05/04/47	82.2	-1.4
NWDEVL 4 1/8 PERP	30.6	0.6	SINOPE 4.6 09/12/48	88.9	-1.4
NWDEVL 5 1/4 PERP	40.9	0.5	CHGDNU 4.8 09/11/48	85.9	-1.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-1.61%), Dow (-1.91%) and Nasdaq (-1.41%) were lower on Wednesday. Treasury yields spiked on worries that US government debt would swell by trillions of dollars if Congress passes Trump's proposed tax-cut bill. UST yield was higher Wednesday, 2/5/10/30 yield at 4.00%/4.15%/4.58%/5.08%.

❖ Desk Analyst Comments 分析员市场观点

➤ WB: 1Q25 revenue remained flat yoy

Weibo (WB)'s 1Q25 revenue was flat yoy. The advertising and marketing revenue was also flat yoy in 1Q25, lower advertising revenue from non-Ali advertiser was offset by higher advertising revenue from Alibaba. By sector, e-commerce, interest services, automobile and food and beverage were the key contributors of revenue growth; beauty and personal care, online game and handset manufacturers showed yoy decline in revenue. We expect the revenue from headset manufacturing sector to recover in 2Q25 and onward, supported by national subsidy for device upgrade as well as new product launches, while online game sector should remain under pressure due to intense competition.

The 1Q25 adjusted EBITDA was 5% yoy higher than 1Q24 at USD140mn, due to lower sales and marketing as well as product development cost. During 1Q25, investment and other income reversed to a profit of USD22mn from a loss of USD24mn in 1Q24. As a result, net profit surged to USD108mn in 1Q25.

During 1Q25, the MAUs and DAUs both increased compared to 1Q24, driven by Spring Festival Gala as well as the integration of DeepSeek-based AI search launched in Mar'25. The DAU/MAU ratio increased by 1 pct pt to 44% demonstrated a higher user engagement during the quarter. WB expects the MAUs to increase with increasing usage of the intelligent search.

WB's cash and short-term investment totaled USD2.1bn as of Mar'25, decreased 11% from the level as of Dec'24. Its net cash position dropped by 55% to USD221mn. The decline in net cash balance mainly due to lower operating cash flow along with purchase of long-term wealth management products, partly offset by lower capex. Nonetheless, WB's liquidity position remains abundant in view of free cash flow generated as well as net cash position over the past few years. Additionally, the refinancing pressure of the coming 1-2 years is low. We have buy recommendation on WB 3.375 07/08/30 in view of WB's solid credit profile. At 91.3, WB 3.375 07/08/30 is trading at YTM of 5.3%/Z+154bps. We are neutral on WB 1.375 12/01/30 (CB, puttable in Dec'27) based on the current valuation. At 109.0, WB 1.375 12/01/30 is trading at YTP of -2.05% and parity of 70.3.

In Chinese TMT space, we also have buy recommendations on MEITUA 3.05 10/28/30 and MEITUA 0 04/27/28 (CB), XIAOMI 3.375 04/29/30 and XIAOMI 2.875 07/14/31, as we believe WB, MEITUA and XIAOMI are proxy plays on domestic consumption as well as less sensitive to incremental sanction measures from the US. 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 preference for shorter-tenor plays and their lower cash prices among the shorter tenor TENCNT bonds.

Table 1: WB's financial highlights

USD mn	1Q24	1Q25	Change
Net revenue	395	397	0.3%
-Advertising and marketing revenues	339	339	0.0%
- Non-Ali advertisers	316	296	-6.3%
- Alibaba as an advertiser	23	43	89.0%
-Value-added services revenues	57	58	2.1%
Adjusted EBITDA	133	140	5.0%
Profit for the year	51	108	111.5%
Operating cash flow	140	113	-18.9%
Capex	22	9	-56.7%
Adjusted EBITDA margin	33.6%	35.2%	1.6 pct pt
Net profit margin	12.9%	27.2%	14.3 pct pt
Monthly active users (MAUs, mn)	588	591	3mn
Average daily active users (DAUs, mn)	255	261	6mn
DAU/MAU	43%	44%	1 pct pt
	Dec'24	Mar'25	Change
Cash and short-term investment	2,350	2,084	-11.3%
ST debts	-	-	-
LT debts	1,861	1,863	0.1%
Total debts	1,861	1,863	0.1%
Net cash (Cash - ST inv - total debt)	490	221	-54.9%

Source: Company filling, CMBI FICC Research.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Asia Development Bank	4000	5yr	4.125%	SOFR MS+42	Aaa/AAA/AAA
China Construction Bank Corporation	1000/	3yr/	SOFR+52/	SOFR+52/	-/-/A
Hong Kong Branch	500	5yr	SOFR+60	SOFR+60	

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
China Hongqiao Group	USD	270 (capped)	3.5yr	7.4%	-/BB-/BB+
Jinjiang Road and Bridge Construction & Development	USD	-	364d	6.6%	Unrated
Zhongtai International	USD	-	2yr	5.8%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 72 credit bonds issued yesterday with an amount of RMB53bn. As for month-to-date, 743 credit bonds were issued with a total amount of RMB933bn raised, representing a 32.8% yoy increase
- Visitors to Macau rise 19% yoy in Apr'25 to 3.1mn led by mainland China
- **[AVIILC]** AVIC Industry mulls ditching bond delisting plan rejected by creditors
- **[BABA]** Alibaba to buy USD250mn CB from Meitu, a Chinese photo-editing app operator, as part of AI partnership
- **[CSIPRO]** CSI Properties accepts USD150mn of CSIPRO 5.45 07/21/25 in the tender offer, USD146.132mn will remain outstanding after the settlement on or about 26 May'25
- **[IIBIN]** IndusInd Bank uncovers suspected fraud
- **[NSANY]** Nissan to use Ford-SK On US EV battery plant to cut tariff exposure
- **[SFHOLD]** SF Holding launches tender offers for SFHOLD 2.875 02/20/30 at 92.35 and SFHOLD 3.125 11/17/31 at 91.2, aggregate maximum acceptance amount up to USD350mn. Expiration deadline on 29 May'25
- **[SOFTBK]** SoftBank raises USD15bn loan to fund AI investment and the acquisition of US chip designer Ampere Computing Holdings
- **[VNKRLE]** China Vanke signs supplemental pact with Shenzhen Metro Group for RMB4.2bn (cUSD582mn) loan, Vanke will pledge up to RMB6bn (cUSD833mn) shares of Onewo to guarantee the loan

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