

## CMBI Credit Commentary

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

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of "The Asset Asian G3 Bond Benchmark Review 2025". Thank you for your support!

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- *HAOHUA/BABA/TENCNT/XIAOMI 27-35s were unchanged to 3bps tighter this morning. NWDEVL 4.8/NWDEVL 4.125 Perps were 0.1-0.5pt lower.*
- ***DALWAN:** China's regulator approved the sale of 48 malls for USD6.9bn. Maintain buy on DALWANs. DALWANs were 0.2-0.3pt higher this morning. See below.*
- ***HONGQI:** Neutral on the new HONGQI 6.925 11/29/28. HONGQI 6.925 11/29/28 was unchanged while HONGQI 7.05 01/10/28 was 0.1pt higher this morning. See below.*

#### ❖ Trading desk comments 交易平台市场观点

Last Friday, on primary, HONGQI 6.95 28 rose 0.5pt from RO at par. See comments below. ZTSECB 5.3 27 closed 0.2pt lower from RO at par. In KR, LGSENSO 34-35s and HYNMTR 29-32s were 2-6bps wider. In Chinese IGs, BABA/TENCNT/HAOHUA 27-35s were 1-5bps tighter amid AM/RM buying. See our comments on Tencent's 1Q25 results on [23 May '25](#). XIAOMI/WB/LENOVO 28-31s were 2-6bps tighter. The long end of HAOHUA/SINOCH 43-48s were 0.5-0.8pt higher (3-8bps tighter). In financials, CDBALF/BOCAVI 27-33s tightened 2-4bps. FRESHK 26-27s were also under better buying and closed 5-8bps tighter. BBLTB 34s closed 1bp tighter despite some profit taking. The recent new KUB 28s and MARUB/SMBAC 26-35s were under better buying and closed 1-2bps tighter. MIZUHO/MUFG/NOMURA 27-30s were under better selling and closed unchanged to 2bps wider. In insurance hybrids, NIPLIF 51-55s and SUMILF/DAIL Perps were down 0.2-0.5pt. In AT1s, BACR 8/BNP 8 Perps were down 0.1-0.3pt. In HK, NWDEVL Perps/27-31s moved -0.7pt to +0.4pt, closed 0.7-6.3pts lower WoW. In Chinese properties, VNKRL 27-29s were down 0.6-1.6pts, closed 1.0-2.3pts lower WoW. SHUION 26s declined 0.5pt. In SE Asia, LMRTSP 26 declined 0.6pt. ADGREG/AREN RJ 39-42s and ADSEZ 27-31s were up 0.2-0.4pt.

In LGFVs, CPDEV 25-26s were up 0.1-0.3pt, CPDEV 28s down 0.1pt. There were two way interests on CNH names such as WSHJIN 8 26s/QICHEN 7 26s/QDOCID 6.8 28s. In SOE perps, HUADIA Perp was up 0.1pt, CHCOMU Perp was down 0.1pt.

## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
HAOHUA 5 1/2 03/14/48	92.9	0.8	VNKRLE 3.975 11/09/27	81.4	-1.6
PLNIJ 4 06/30/50	67.4	0.8	NWDEVL 5 1/4 PERP	40.0	-0.7
MUFG 4.286 07/26/38	89.6	0.8	LMRTSP 7 1/2 02/09/26	98.5	-0.6
FRIDPT 6.2 04/14/52	95.0	0.8	VNKRLE 3 1/2 11/12/29	73.6	-0.6
DBJJP 4 1/2 01/30/34	98.3	0.7	NWDEVL 4 1/8 07/18/29	56.4	-0.5

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.67%), Dow (-0.61%) and Nasdaq (-1.00%) were lower on last Friday. Investors turned their attention to tax and spending legislation. UST yield retreated on last Friday, 2/5/10/30 yield at 4.00%/4.08%/4.51%/5.04%.

## ❖ Desk Analyst Comments 分析员市场观点

➤ **DALWAN: China's regulator approved the sale of 48 malls for USD6.9bn**

Dalian Wanda Commercial Management (DWCM) obtained approval from the State Administration for Market Regulation to sell 48 malls. The buyer is a consortium comprises of Tencent, Sunshine Life Insurance, an entity backed by JD.com and led by PAG. The transaction price totaled USD6.9bn. The PAG-led consortium is setting up a RMB50bn (cUSD6.95bn) fund to pay for the malls and PAG will contribute RMB5bn (cUSD695mn) in a subordinated tranche of the fund. The sales of malls will notably strengthen DWCM's financial flexibility in handling offshore maturities which reduced to USD700mn. We continue to believe DWCM to be a survivor of the sector and maintain buy on DALWANs. YTD, DALWANs up 2-10pts.

As discussed before, the liquidity of DWCM had improved notably in view of significant decrease in ST debts as at Sep'24 after resolving the put of pre-IPO investments in Zhuhai Wanda (ZWCM) by end of 3Q24. DWCM has yet to file the FY24 financials. As of Sep'24, the ST debts (incl. pre-IPO redemption) of DWCM dropped 39.7% to RMB44bn, from RMB73bn in Jun'24. We understand that majority of the redemption obligations had been resolved by Oct'24.

**Table 1: DWCM's o/s USD bonds**

Security name	ISIN	Amt o/s (USDmn)	Px	YTM (%)
DALWAN 11 01/12/26	XS2577258713	300	98.3	13.5
DALWAN 11 02/13/26	XS2586129574	400	96.6	16.2

Source: Bloomberg.

➤ **HONGQI: Neutral on the new HONGQI 6.925 11/29/28**

Last Thursday, China Hongqiao (Hongqiao) priced 3.5-year USD bonds, HONGQI 6.925 11/29/28 (-/BB/BB+), at 6.925% (vs IPT of 7.4%). The issue size is USD270mn on an order book of over USD3.2bn. We view the valuation of HONGQI 6.925 11/29/28 fair, taking cues from HONGQI 7.05 01/10/28 which is trading at YTM of 6.6%. At 100.6, HONGQI 6.925 11/29/28 is trading at YTM of 6.7%, we are neutral on HONGQI 6.925 11/29/28 on valuation. For Chinese HY, we prefer BTSDf 9.125 07/24/28 and EHICARs for better risk-adjusted return profiles. At 102.2, BTSDf 9.125 07/24/28 (Ba3/BB/-) is trading at YTM of 8.3%, 160bps wider than HONGQI 6.925 11/29/28, while EHICAR 26-27s (NR) are trading at YTM of 32.3-36.0%.

The new HONGQI is guaranteed by the same subsidiary guarantors as its existing HONGQI 7.05 01/10/28. Out of the proceeds of USD270mn, USD100mn will be used to refinance offshore syndicated loans due this

year, and the remaining will be used as cash reserves. Hongqiao has an o/s CB (HONGQI 5.25 01/25/26) of USD300mn due Jan'26. The CB will likely be converted into equities given the parity of 233. If the CB is fully converted, Hongqiao will issue 378.8mn new shares, equivalent to 3.9% of the enlarged capital. We would not be surprised if Hongqiao will use part of the proceeds from capital market activities YTD to buy back some share to reduce the dilution resulting from the CB conversion. Nonetheless, we take comfort with Hongqiao's enlarged capital base, as well as its good access to various onshore and offshore funding channels.

Recalled that Hongqiao obtained USD900mn NDRC quota (expiring on 4 Jun'25) which had fully utilized subsequent to the issue of HONGQI 6.925 11/29/28. In Jan'25 and Mar'25, Hongqiao issued USD330mn HONGQI 7.05 01/10/28 and USD300mn HONGQI 1.5 03/26/30 (CB), respectively. YTD, Hongqiao issued onshore bonds totaled RMB4.6bn (cUSD639mn) at a weighted average coupon rate at 2.7%, as per our calculation. Excluding the CB (HONGQI 5.25 01/25/26) of USD300mn due Jan'26 which will be converted into equity, the next major offshore maturity will be HONGQI 7.05 01/10/28 of USD330mn due in Jan'28. We are comfortable with Hongqiao's liquidity profile.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

➤ **News and market color**

- Regarding onshore primary issuances, there were 98 credit bonds issued last Friday with an amount of RMB85bn. As for month-to-date, 943 credit bonds were issued with a total amount of RMB1,202bn raised, representing a 24.8% yoy increase
- Indonesia suggests joint sovereign wealth fund with China; Indonesian state holding company Daya Anagata Nusantara (Danantara) will provide funding to boost Indonesia SOEs' holding in battery JVs with CATL and Zhejiang Huayou Cobalt
- **[ADANEM/ADGREG/ADSEZ/ADTIN/ARENRJ]** Adani Group FY25 EBITDA rises 8.2% yoy to record high at INR898.1bn (cUSD10.5bn); Adani Group to invest additional USD5.8bn in northeastern India
- **[COGARD]** Country Garden Hong Kong winding-up petition hearing adjourned to 11 Aug'25
- **[JD/MEITUA]** China released draft guidelines governing what online platforms can charge merchants, a key source of revenue for JD.com, Meituan, and other companies
- **[KAISAG]** Kaisa unit Rui Jing offshore debt restructuring effective as of 21 May'25
- **[NSANY]** Nissan considers selling Japan headquarters in cost-cutting drive; may need additional USD418mn in current financial year to fund job cuts

- **[NWDEVL]** New World Development JV Uptown East seeks HKD3.4bn (cUSD343.4mn) private credit to refinance bank loan
- **[SANLTD]** Sands China to early redeem SANLTD 5.125 08/08/25 of USD1.6bn at par on 11 Jun'25
- **[SINOCH]** Sinochem and Pirelli failed to reach an agreement on changes to the latter's shareholder structure to ensure full compliance with US regulations
- **[VEDLN]** Vedanta Group plans to invest USD3.5bn in northeast India
- **[YUZHOU]** Yuzhou Group expects default on YUZHOU 8.3 05/27/25 of USD499.6mn

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