

CMBI Credit Commentary

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

- *This morning, the new BCHINA Float 03/24/28 tightened 2bps from RO (SOFR+50). BCLMHK/CBAAU Float 27-30s tightened 1-2bps. NWDEVLs were unchanged to 0.6pt higher. MYLIFE 54-55s up 0.2-0.4pt.*
- **XIAOMI:** *Revenue and multiple product shipments reached record high in FY24. Maintain buy on XIAOMI 3.375 04/29/30 and XIAOMI 2.875 07/14/31. XIAOMI 51s tightened 5bps post results announcement and were unchanged this morning. See below.*
- **CPDEV:** *Beijing Capital considers up to USD500mn bond offering to refinance and fund tender offer for USD500mn CPDEV 4.65 01/19/26. CPDEV 4.65 01/19/26 down 0.4pts this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, the new BBLTB 40s closed unchanged around RO (CT10+178) amid mixed flows. BBLTB 34-36s were better sold and closed unchanged to 1bp wider. See our comments on [19 Mar '25](#). Meanwhile in financials, CINDBK 33s were under better buying and tightened 2bps. BCLMHK/CMINLE/HSBC Float 27-31s were 1-3bps tighter on Chinese AMs buying. In insurance hybrids and AT1s, MYLIFE 54-55s were 0.1pt higher. BACR 6.125/HSBC 6.95 Perps were up 0.2pt. In Chinese IGs, BABA/TENCNT/MEITUA 27-31s were 2-3bps tighter on Chinese accounts buying. The long-end TENCNT/JD 38-50s were 0.5-0.8pt higher. XIAOMI 51s tightened 5bps. See our comments on Xiaomi's strong FY24 results below. In HK, NWDEVL Perps/27-31s rose 0.1-0.8pt. However, LIHHK/CSIPRO/PCPDC 25-26s declined 0.4-0.6pt. CKINF/CKPH Perps were unchanged to 0.3pt lower. In Chinese properties, VNKRLE 25-29s dropped 0.7-1.8pts. In India, UPLLINs were up 0.2-0.4pt.

In LGFVs, CPDEV 26 rose another 0.3pt, while CPDEV 28 declined 0.1pt. There were two way interests in CNH names such as QHCTJS 28s/TAINAH 28s. In SOE perps, HUADIA/CHPWCN Perps were 0.1pt lower.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 4 1/8 PERP	45.5	0.8	VNKRLE 3.975 11/09/27	72.4	-1.8
NWDEVL 6.15 PERP	77.4	0.8	VNKRLE 3 1/2 11/12/29	62.4	-1.7
TENCNT 3.68 04/22/41	81.2	0.8	VNKRLE 3.15 05/12/25	97.2	-0.7
TENCNT 3.925 01/19/38	88.8	0.7	LIHHK 4.8 06/18/26	91.8	-0.6
NWDEVL 4.8 PERP	32.5	0.7	PCPDC 5 1/8 06/18/26	94.4	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.08%), Dow (+0.92%) and Nasdaq (+1.41%) were higher on Wednesday. US Fed kept rates unchanged, in line with market expectation. UST yield retreated on Wednesday, 2/5/10/30 yield at 3.99%/4.03%/4.25%/4.56%.

❖ Desk Analyst Comments 分析员市场观点

➤ XIAOMI: Revenue and multiple product shipments reached record high in FY24

revenue increased by 22% attributable to higher shipment and ASP. Smartphone shipment increased 16% to 168.5mn units in FY24, ASP increased 5% to record high at RMB1,138. As per Xiaomi, its smartphone shipments ranked the top three globally with market share of 13.8% in 2024. Notable growth also noted in IoT and lifestyle products segment. Smart large home appliances, tablets, wearables were the key growth drivers, in particular the shipments of air conditioners, refrigerators and washing machines all reached record highs.

In 2024, Xiaomi delivered 137k units of SU7 Series at ASP of RMB234k per unit. With the launch of SU7 Ultra (high-performance luxury vehicle) in Feb'25 and expected launch of YU7 Series (its first SUV) in 2H25, Xiaomi has revised the new car delivery target upward to 350k units by end of 2025 from 300k units. We expect Xiaomi to meet the 350k units delivery target by end of 2025, in view of 20k units stable delivery per month over the past 5 months. Meanwhile, Xiaomi reiterates its target to export its EV overseas in 2027.

We believe Xiaomi is one of the major beneficiaries from government policies to boost domestic consumption, with subsidies in 3C products, home appliances as well as EV. Therefore, we expect Xiaomi's revenue and profit growth momentum to continue in 2025 across all the segments.

Xiaomi's gross margin was flat yoy at 21% in FY24. During FY24, Xiaomi incurred RMB24.1bn R&D expenses, a 26% yoy increase from FY23, mainly for AI. It budgets R&D of RMB30bn for FY25 in which RMB7-8bn for AI to enhance its AI infrastructure and solidify its capability, as well as to integrate AI into its operation to optimize efficiency. Supported by strong revenue growth, the FY24 net profit increased by 35% to RMB23.6bn.

Xiaomi's operating cash flow dropped by 5% to RMB39.3bn in FY24 mainly due to higher inventory and receivables as of Dec'24. While the capex should increase in FY25 for AI spending, we expect that Xiaomi will continue to fund its capex via its operating cash flow. As of Dec'24, Xiaomi had net cash of RMB69.9bn, reduced by 12% from the level as of Dec'23. In our view, Xiaomi will maintain its net cash position over the medium term despite increasing R&D expenses and capex in AI and EV, 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 0 04/27/27, MEITUA 2.125 10/28/25, and WB 3.375 07/08/30, as we believe XIAOMI, MEITUA and WB 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: 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	153.0	-15.0%	12/17/25	100.0
XIAOMI 3 ¾ 04/29/30	US98422HAA41	600	94.1	4.7%	-	-
XIAOMI 2 7/8 07/14/31	US98422HAC07	800	89.9	4.8%	-	-
XIAOMI 4.1 07/14/51	US98422HAE62	400	80.3	5.5%	-	-

Source: Bloomberg.

Table 2: Xiaomi's financial highlights

RMB mn	FY23	FY24	Change
Revenue	270,970	365,906	35.0%
-Smartphones	157,461	191,759	21.8%
-IoT and lifestyle products	80,108	104,104	30.0%
-Internet services	30,108	34,115	13.3%
-other related businesses	3,294	3,174	-3.6%
-Smart EV and other new initiatives	-	32,754	-
Gross profit	57,476	76,560	33.2%
Profit for the year	17,474	23,578	34.9%
Operating cash flow	41,301	39,295	-4.9%
Gross margin	21.2%	20.9%	-0.3 pct pt
-Smartphones	14.6%	12.6%	-2.0 pct pt
-IoT and lifestyle products	16.3%	20.3%	+4.0 pct pt
-Internet services	74.2%	76.6%	+2.4 pct pt
-Smart EV and other new initiatives	-	18.5%	-
	Dec'23	Dec'24	Change
Cash and bank balances	33,631	33,661	0.1%
Short-term bank deposits and investment	74,076	66,855	-9.7%
Unrestricted cash and ST investment	107,708	100,517	-6.7%
ST debts	6,183	13,327	115.5%
LT debts	21,674	17,276	-20.3%
Total debts	27,857	30,603	9.9%
Net cash (Cash + ST inv - total debt)	79,850	69,914	-12.4%
Cash/ST debts	5.4x	2.5x	-

Source: Company filings, CMBI Research.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of China Luxemburg Branch	500	3yr	SOFR+50	SOFR+50	A1/-/A
Chang Development International/ Changchun Urban Development & Investment Holdings	250	3yr	6.25%	6.25%	-/BBB
Foshan Gaoming Construction Investment Group	200	3yr	5.28%	5.28%	Unrated

Muthoot Finance	250	4yr	6.375%	6.651%	-/BB+/BB
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➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Greenko Wind Projects (Mauritius) Ltd	USD	-	3.5NC2	7.625%	Ba2/-/BB
Quanzhou Nanyi Investment Group	USD	-	3yr	6.0%	Unrated
Xiangyu Investment (BVI) Co	USD	-	3yr	5.7%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 128 credit bonds issued yesterday with an amount of RMB113bn. As for month-to-date, 1,274 credit bonds were issued with a total amount of RMB1,009bn raised, representing a 25.1% yoy decrease
- **[CPDEV]** Beijing Capital considers up to USD500mn bond offering to refinance and fund tender offer for USD500mn CPDEV 4.65 01/19/26
- **[GRNKEN]** Greenko founders get commitments from minimum of five lenders for private credit facility of USD800Mn
- **[IHFLIN]** Sammaan Capital settles dispute with Svamaan Financial over company name
- **[KTBTB]** S&P upgraded Krung Thai Bank by one notch to BBB from BBB- on strengthened business position, outlook stable
- **[SOFTBK]** SoftBank to buy US chip designer Ampere for USD6.5bn to boost AI business, deal scheduled to complete in 2H25 subject to the approval of US antitrust regulators and other conditions
- **[TENCNT]** Tencent FY24 revenue grew by 8% yoy to RMB660bn (cUSD91.3bn)

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