

## CMBI Credit Commentary

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

- *This morning, ANZ/CBAAU/WSTPNZ 28-36s widened 2-4bps. BABA/TENCNT 27-31s were unchanged to 2bps tighter. NWDEVL 4.125/6.25 Perp were up 1.5pts.*
- **LENOVO:** *Strong operating cash flow in 9MFY25 solidified its net cash position. LENOVOs were 0.1-1.3pts higher post results announcement, and 0.1-0.2pts lower this morning. In Chinese TMT space, we like MEITUA 0 04/27/27, MEITUA 2.125 10/28/25, WB 3.375 07/08/30, XIAOMI 3.375 04/29/30 and XIAOMI 2.875 07/14/31 for better risk-return profiles. See below.*
- **FAEACO:** *Far East Consortium agreed to sell UK hotel and adjacent town hall for totaled GBP47.2mn (cUSD60mn). FAEACO 12.764 Perp up 0.4pt this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, UST yield tightened 6-11bps. The recent new issues of KR/JP were under better selling. DAESec 28s/KANSEL 30s/ORIX 35s/HPHTSP 30s were unchanged to 2bps wider. MIZUHO/SUMIBK/KDB Float 30-31s widened 1-2bps. Chinese TMT were skewed to better selling. BABA/MEITUA/TENCNT/WB 27-31s widened 1-3bps. See our comments on BABA's 9MFY25 results on [25 Feb'25](#). The long end of CHGRIDs/SINOCHs were 1.2-1.8pts higher. In financials, Chinese AMCs were better offered. CCAMCL/CFAMCI 26-30s and closed unchanged to 7bps wider. CMINLE 27s tightened 2bps, while BCLMHK 27s widened 3bps on Chinese AM selling. HK T2s were mixed. SHCMBK 33s/DAHSIN 33s/BNKEA 34s closed 1-3bps tighter, while NANYAN 34s widened 3bps on PB selling. CBAAU/NAB/WSTPNZ 30-36s were 2-4bps wider. In AT1s, the new HSBC 6.95 Perp closed unchanged at par. BAERVX 7.5/DANBNK 7 Perps were down 0.2pt. Meanwhile, TOPTB 48-50s widened 2-5bps on FM profit taking. In HK corps, NWDEVL Perps/27-31s rose another 0.8-2.2pts and closed 1.0-3.0pts higher WTD. In Chinese properties, CHIOLI 28-43s were up 0.3-0.8pt. Outside properties, WESCHI 26s were up 0.5pt. MPEL/MGMCHI 26-29s were down 0.1-0.3pt. Media reported MGM China is in talks for a USD2bn-equivalent HKD syndicated loan for refinancing. In India, ADSEZs/ADANEMs were down 0.2-0.3pt.

In LGFVs, media reported that Beijing Capital Group could launch a tender offer for its USD450mn CPDEV 3.85 07/14/25 and a concurrent USD bond issuance as soon as next month. CPDEV 25-26s closed unchanged to 0.1pt lower. There were two way interests on GXDVIN 28s/LZJHFH 28s. In SOE perps, CHPWCN/COFCHK Perps were down 0.1pt.

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## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
NWDEVL 6.15 PERP	53.7	2.2	MINMET 4.95 07/22/26	96.3	-0.7
CNPCCH 5.95 04/28/41	111.2	1.8	IIFPTN 1 1/2 01/27/26	95.2	-0.4
CHGRID 4 05/04/47	89.1	1.5	ADSEZ 5 08/02/41	80.8	-0.3
CHGRID 4 3/8 05/22/43	95.0	1.5	DALWAN 11 02/13/26	87.6	-0.3
SINOCH 6.3 11/12/40	110.9	1.3	ADANEM 3.949 02/12/30	86.0	-0.3

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.47%), Dow (+0.37%) and Nasdaq (-1.35%) were mixed on Tuesday. US Feb'25 Conference Board's consumer confidence index was 98.3, lower than the market expectation of 102.7. UST yield retreated on Tuesday, 2/5/10/30 yield at 4.07%/4.12%/4.30%/4.55%.

## ❖ Desk Analyst Comments 分析员市场观点

## ➤ LENOVO: Strong operating cash flow in 9MFY25 solidified its net cash position

Table 1: Lenovo's key financials

USD mn	9MFY24	9MFY25	Change
Revenue	43,031	52,093	21%
-Intelligent Devices Group (IDG)	34,137	38,720	13%
-Infrastructure Solutions Group (ISG)	6,389	10,404	63%
-Solutions and Services Group (SSG)	5,652	6,307	12%
Gross profit	7,375	8,315	13%
Operating profit	1,517	1,833	21%
Profit for the period	849	1,338	58%
Profit attributable to equity holders of the Company	763	1,295	70%
Operating cash flow	1,468	2,122	45%
Capex	1,032	899	-13%
Gross profit margin	17.1%	16.0%	-118bps
Operating expense to revenue ratio	13.6%	12.4%	-117bps
Net profit margin	2.0%	2.6%	+59bps
	<b>Mar'24</b>	<b>Dec'24</b>	<b>Change</b>
Cash and cash equivalent	3,626	4,071	12%
ST debts	50	1,057	1995%
LT debts	3,570	2,621	-27%
Total debts	3,620	3,678	2%
Net debt/ (net cash)	(6)	(393)	6763%

Source: Company filling, CMBI Research.

Lenovo reported 21% yoy growth in revenue and 58% yoy growth in net profit in 9MFY25. IDG remains the largest revenue contributor during the period, while ISG showed the highest growth of 63% yoy under strong demand for cloud and enterprises solutions. By geographical location, US is the highest revenue contributor representing 33% of the total revenue, following by EMEA (25%), China (24%) and APAC ex. China (18%). However, 9MFY25 gross profit margin dropped by 118bps due to lower profitability in ISG business. During 9MFY25, profit rose 58% yoy, attributable to the lower expense-to-revenue ratio under disciplined expense management, as well as one-off deferred tax credit of USD282mn during the period.

Lenovo's net cash position increased to USD393mn as of Dec'24 from USD6mn as of Mar'24, thanks to higher operating cash flow and lower capex with higher cash balances. The lower capex was mainly due to less investments in patent and technology and buildings as well as assets under construction. As of Dec'24, Lenovo's cash and cash equivalent increased by 12% from that of Mar'24. Lenovo's ST debts increased significantly from the level of Mar'24, owing to the reclassification of USD965mn bonds due in Apr'25 to current from non-current. That said, the refinancing risk is low given its growing net cash position.

Lenovo expects its future revenue growth to be driven by Hybrid AI and its comprehensive AI portfolio. Its strategic partnership with Alat, a USD100bn sovereign fund, is expected to accelerate growth in the Middle East and Africa region. We expect that Lenovo will continue to fund its capex via operating cash flow, in view of the positive free cash flow generation over the past five years and that would allow Lenovo to maintain its net cash position in the coming 2-3 years. Furthermore, Lenovo also has access to different funding channels. As of Dec'24, it has unused trade lines and short-term money market facilities totaled USD4.1bn.

In Chinese TMT space, we prefer MEITUA, WB and XIAOMI as we view they are less sensitive to incremental sanction measures from the US. We maintain buy on MEITUA 0 04/27/27, MEITUA 2.125 10/28/25, WB 3.375 07/08/30, XIAOMI 3.375 04/29/30 and XIAOMI 2.875 07/14/31. 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 2: Our Chinese TMT picks**

Security name	ISIN	Amt o/s (USDmn)	Ask px	Z-spread (bps)	YTM/YTP	First put date	Put px
MEITUA 0 04/27/27	XS2333568751	1,484	99.5	118	5.4%	27 Apr'25	100.37
MEITUA 2.125 10/28/25	US58533EAB92	750	98.3	48	4.7%	-	-
WB 3.375 07/08/30	US948596AE12	750	92.2	117	5.1%	-	-
XIAOMI 3.375 04/29/30	US98422HAA41	600	93.3	97	4.8%	-	-
XIAOMI 2.875 07/14/31	US98422HAC07	800	89.1	100	4.9%	-	-
TENCNT 3.595 01/19/28	US88032WAG15	2,500	97.5	62	4.5%	-	-
TENCNT 3.975 04/11/29	US88032WAN65	3,000	97.8	69	4.6%	-	-

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of China Sydney Branch	500	3yr	SOFR+50	SOFR+50	A1/A/A
Chengdu Jianjiang Investment Group	70	3yr	5.0%	5.0%	Unrated
Jinjiang Road and Bridge Construction & Development Co	158	364d	6.35%	6.35%	Unrated
Varanasi Aurangabad NH-2 Tollway	316	9NC3	5.9%	5.9%	Baa3/-/BBB-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Chengdu Dongfangguangyi Investment Co	USD	-	3yr	5.8%	Unrated
HSBC Holdings Plc	USD	-	4NC3/ 4NC3/ 6NC5/ 6NC5/ 11NC10	T+110/ SOFR Equiv/ T+130/ SOFR Equiv/ T+145	A3/A-/A-

➤ **News and market color**

- Regarding onshore primary issuances, there were 122 credit bonds issued yesterday with an amount of RMB125bn. As for month-to-date, 1,082 credit bonds were issued with a total amount of RMB974bn raised, representing a 61.2% yoy increase
- Adani Group and Vedanta Limited both plan to invest INR500bn (cUSD5.8bn) in the northeastern Indian state of Assam
- **[CIKLIS]** Cikarang Listrindo looking to issue USD bonds up to USD350mn to partially refinance CIKLIS 4.95 09/14/26 of USD500mn
- **[CPDEV]** Beijing Capital Group is looking to launch a tender offer for its USD450m CPDEV 3.85 07/14/25 and a concurrent USD bond issuance as soon as next month
- **[DALWANI]** Zhuhai Wanda Commercial still proceeding with IPO with potential downsizing
- **[FAEACO]** Far East Consortium agreed to sell UK hotel and adjacent town hall for totaled GBP47.2mn (cUSD60mn)
- **[LMRTSP]** LMIRT FY24 gross revenue fell 1.4% yoy
- **[LVGEM]** LVGEM (China) extends expiration date of consent solicitation for three guaranteed bonds due Jan'25 to 21 Mar'25 from 25 Feb'25
- **[MGMCHI]** MGM China seeks USD2bn-equivalent loan for refinancing
- **[SHIMAO]** Shimao said a petition filed in Hong Kong to liquidate the company has been withdrawn

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