

CMBI Credit Commentary

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

- *Asian IGs were unchanged to 2bps wider this morning. China TMT and JP Fin floaters were under better selling flows. KR corps were relatively firm. LGFVs remained well-bid by onshore RM.*
- **GRNCH:** *FV of new GRNCH'28 at high 7%. We initiate the coverage on GRNCH 8.45 02/24/28 with a buy recommendation and maintain buy on GRNCH 4.7 04/29/25 and GRNCH 5.65 07/13/25. GRNCH'28 rose 1pt while GRNCH 25s moved c0.1pt higher this morning. See below.*
- **AACTEC:** *Positive profit alert. Maintain buy on AACTECs. AACTECs were largely unchanged this morning. See below.*

❖ Trading desk comments 交易平台市场观点

Asian IG space was strong yesterday. China IGs tightened 3-10bps and TMTs/SOEs outperformed. BABA/MEITU/TENCNT were 4-10bps tighter. YANTZE'49 tightened 10bps. KR corps and JP financial floaters were 3-9bps tighter with active buying flows. AU/NZ/SEA IGs were 2-5bps tighter. HK names T2s were 5-10bps tighter, BNKEAs/SHCMBK'33 outperformed. China AMCs were mixed, CFAMCI/GRWALL were unchanged. CCAMCL/ORIEAS were 3-6bps tighter. In AT1 space, new DANBNK 7 Perp and BAERVX 7.5 Perp rose c0.25pt. We saw buying flows in recent AT1 issues as well as 27-29 callable papers with high coupon. Chinese/HK developers retreated yesterday, NWDEVL/VNKRLE were 0.3 to 2.3pts lower. DALWANs were unchanged to 0.3pt lower. In Macau gaming, MGMCHIs were unchanged to 1pt higher post FY24 results. See our comments on 13 Feb'25. In SEA, Adani complex/MEDCIJs were unchanged to 0.3pt lower.

In LGFV space, we continued to see demand from RM in high yielding USD and CNH issues and selling flows on low yielding CNH papers. Separately we also saw decent demand in very short dated papers from offshore AM for cash parking.

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吴倩莹
(852) 3900 0801
cyrenang@cmbi.com.hk

Jerry Wang 王世超
(852) 3761 8919
jerrywang@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SINOCH 6.3 11/12/40	108.4	1.5	VNKRLE 3 ½ 11/12/29	64.1	-2.3
YANTZE 3.2 10/16/49	74.1	1.5	VNKRLE 3.975 11/09/27	72.4	-1.9
TENCNT 3.29 06/03/60	64.0	1.5	NWDEVL 4 ⅛ 07/18/29	51.1	-1.7
TENCNT 3.94 04/22/61	73.4	1.4	NWDEVL 8 ⅝ 02/08/28	59.6	-1.5
BEIENT 6 3/8 05/12/41	108.9	1.4	NWDEVL 4 ½ 05/19/30	50.6	-1.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.04%), Dow (+0.77%) and Nasdaq (+1.50%) were higher on Thursday. US latest initial jobless claims was +213k, lower than the expectation of +217k. US Jan'25 PPI was +3.5% yoy, higher than the expectation of +3.2% yoy. US will charge a reciprocal tariff to match the duties charged by other countries on US within weeks. UST yield retreated on Thursday, 2/5/10/30 yield at 4.31%/4.39%/4.52%/4.72%.

❖ Desk Analyst Comments 分析员市场观点

➤ GRNCH: FV of new GRNCH'28 at high 7%

Security Name	ISIN	Issue size (USD mn)	Amt o/s (USD mn)	Coupon	Maturity	Ask price	YTM
GRNCH 4.7 04/29/25	XS2247552446	450.0	446.5	4.7%	4/29/2025	99.9	5.0%
GRNCH 5.65 07/13/25	XS2193529562	300.0	294.5	5.65%	7/13/2025	99.8	6.2%
GRNCH 8.45 02/24/28	XS2971601336	350.0	350.0	8.45%	2/24/2028	100.0	8.5%

Source: Bloomberg.

Yesterday, Greentown launched tender offers for to redeem its 2 USD bonds due 2025 at par, and concurrent new issue of 3NC2 USD bonds with an IPT of 8.85%. GRNCH 8.45 02/24/28 was priced at 8.45%, tightened 40bps from the IPT. The issue size is USD350mn on an order book of over USD1.5bn. Taking cues from the closest peer CHJMAO 4 ¼ 07/23/29 which is trading at YTM of 7.7%, we see the FV of GRNCH 8.45 02/24/28 at high 7%, translating into a cash price of 101.5-102. We initiate the coverage on GRNCH 8.45 02/24/28 with a buy recommendation and maintain buy on GRNCH 4.7 04/29/25 and GRNCH 5.65 07/13/25. We consider GRNCHs low beta and leverage plays on SOE developers.

As we discussed in our [Asia Credit Outlook 2025](#), we consider Greentown one of the survivors of the Chinese property sector given its state-ownership and smooth access to funding channels. Over the past 3 months, Greentown issues 3 onshore bonds totaled RMB3bn at coupon rates ranging from 3.85-4.25%. It is one of the few property developers able to issue onshore bonds on an unsecured basis and without CBICL guarantee. Greentown has also been actively early redeeming its USD bonds since 2024.

Regarding the tender offers, the tender prices for both GRNCH 4.7 04/29/25 and GRNCH 5.65 07/13/25 will be 100 and the offer will expire on 20 Feb'25. The aggregate maximum acceptance amount for both bonds will be the size of new issue plus USD100mn, i.e. USD450mn. This represents the room for up to USD100mn net reduction of o/s USD bonds. The total o/s amount of GRNCH 4.7 04/29/25 and GRNCH 5.65 07/13/25 is USD741.0mn. Holders subscribed into the new issue will be given the priority of acceptance.

Security Name	GRNCH 4.7 04/29/25	GRNCH 5.65 07/13/25
Tender price	100	100
Amt o/s (USD mn)	446.5	294.5
Aggregate max amt of acceptance (USD mn)		450
Expiration date	20 Feb'25	

Source: Company filing.

➤ **AACTEC: Positive profit alert. Maintain buy on AACTECs**

Security Name	ISIN	Amt o/s (USD mn)	Ask price	YTM	Z-spread (bps)	Issue rating (M/S/F)
AACTEC 2 % 06/02/26	XS2341038656	231.3	96.8	5.2%	102	Baa3/-/-
AACTEC 3 % 06/02/31	XS2342248593	292.1	89.9	5.7%	155	Baa3/-/-

Source: Bloomberg.

AAC Technologies (AAC Tech) expects FY24 consolidated profit attributable to owners of the company to increase 130-145% yoy from FY23 to RMB1.7-1.8bn. The notable growth was driven by recovery in global smartphone market, trend in specification upgrade, continued improvement in operational efficiency, as well as the completion of the 80% stake acquisition in PSS in Feb'24.

AAC Tech's credit profiles remained solid for IG ratings. We maintain our buy recommendations on AACTECs. The current valuations of AACTECs are less appealing in view of good performance of AACTECs, moved 0.3-0.8pts higher YTD and 7-12pts higher in 2024. That said, we continue to view AACTECs offering better risk-return profiles than peers such as SUNOTG 5.95 07/17/26 (Moody's: Baa1, YTM of 5.0%/Z-spread 83bps). Meanwhile, we also believe that AACTECs are candidates for early redemptions through repurchases and tender offers and these should support AACTECs continue to outperform.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Deqing County Cultural Tourism Development Group	94.5	2yr	5.98%	5.98%	Unrated
Greentown China Holdings	350	3NC2	8.45%	8.45%	B1/-/-
Hubei United Development Investment Group	300	3yr	5.1%	5.1%	-/-/BBB+
Wuxing City Investment HK	79	3yr	6.0%	6.0%	Unrated

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Zhejiang Tianzihu Industry Investment Co	USD	-	3yr	5%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 96 credit bonds issued yesterday with an amount of RMB85bn. As for month-to-date, 293 credit bonds were issued with a total amount of RMB248bn raised, representing a 36.8% yoy decrease
- **[AACTEC]** AAC Technologies expects profit to surge 130-145% in FY24 to RMB1.7-1.8bn
- **[ADGREG]** Adani Green Energy confirms withdrawal from wind-power projects in Sri Lanka
- **[BTSDF]** H&H completed the full redemption of BTSDF 13.5 06/26/26 of USD24.7mn at 109.54 plus accrued interest
- **[MGFLIN]** Manappuram Finance 9MFY25 interest income rises 20% yoy; board approved plan to raise up to USD2bn via foreign currency denominated bonds
- **[MUTHIN]** Muthoot Finance reported record-high 9M consolidated profit after tax in 9MFY25 at INR39.1bn, representing 19% increase yoy
- **[NWDEVL]** Media reported NWD picks BOC and DBS and HSBC for loan to refinance HKD58.1bn (cUSD7.5bn) bank borrowings maturing in 2025-26, backed by properties valued at USD15bn as collateral
- **[SHFLIN]** Shriram Finance raised over USD500m-equivalent via external commercial borrowing (ECB) backed by SACE which is controlled by the Italy Ministry of Economy & Finance
- **[SMCGL]** San Miguel Global Power approved tap at least USD100mn on SMCGL 8.125 Perp to fund the partial redemption of SMCGL 7 Perp with an outstanding amount of USD193.4mn
- **[WYNMAC]** Wynn Macau FY24 operating revenue up 19% yoy to USD3.7bn

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.