

CMBI Credit Commentary

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

- *This morning, market focus was on Trump's new set of reciprocal tariffs. UST 10yr yields tightened another 8bps to 4.05%, lowest level since mid-Oct'24. Asia IGs widened 5-15bps in spreads in light of lower rates. LIHHK 26 declined another 1.7pts.*
- **GRNCH:** *Relatively good FY24 and strong access to funding channels are key differentiators. GRNCHs were unchanged this morning. See below.*
- **MEDCIJ:** *Sufficient liquidity and good funding channel access continue to support Medco's credit profile. We maintain buy on MEDCIJs and prefer MEDCIJ 6.95 11/12/28 for better risk-return profile within the curve. MEDCIJs were 0.2-0.5pts lower this morning. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, the market tone remained cautious. The recent new LGENSO Float 30s tightened 2bps, while LGENSO 28s/34s widened 1-2bps. The recent new PETMK/MTRC 35s/55s were 1-2bps wider. In Chinese IGs, BABA 31-35s widened 1-2bps. AVIILC Float 30s widened 10bps despite some onshore accounts buying. See our comments on [2 Apr '25](#). In financials, BBLTB 40s tightened 2bps on better buying from AM/PBs. BNKEA/NANYAN 34s were under better selling and widened 1-2bps. In insurance hybrids, MYLIFE 55s/NIPLIF 54s were unchanged to 0.1pt higher. In EU AT1s, HSBC 6.95 Perp (callable in 2031)/BACR 7.625 Perp (callable in 2035) rose 0.2-0.3pt on buying from PBs/HFs/Prop desks. In HK, REGH 6.5 Perp dropped another 2.6pts and closed 25.3pts lower WTD. LIHHK 4.8 26 declined 1.8pts following Lifestyle International announced its FY24 results would not be available before end of Apr. LIHHK also announced further repurchases of USD25.4mn and reduced the o/s size of LIHHK 4.5 25 to cUSD197.8mn. NWDEVL Perps/27-31s were 0.6-1.8pts lower. In Chinese properties, VNKRL 25-29s rebounded 0.7-0.9pt. LNGFOR 27-32s were unchanged to 0.2pt higher. See our comments on Longfor's FY24 results on [2 Apr '25](#). In Indonesia, MEDCIJ 26-29s were up 0.1-0.4pt. See comments below. The long end of PERTIJs/PLNIJs were 1.5-1.9pts higher. Elsewhere, the recent new MONMIN 30 declined 0.8pt and closed 2.0pts lower WTD.

In LGFVs, the new HKIQCL 5.4 28 was declined 0.1pt from RO at par to 99.9 (around YTM of 5.5%) on primary supply indigestion despite some Chinese AM buying. The higher-yielding papers such as SROUHG 28s/SDGAOC 28s were sought after, while the lower yielding LGFVs especially the short-dated 25s papers were being switched out to make room for longer-dated/new issue LGFVs.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
PLNIJ 4 06/30/50	70.3	1.7	REGH 6 1/2 PERP	21.6	-2.6
PLNIJ 4 7/8 07/17/49	81.2	1.6	LIHHK 4.8 06/18/26	88.4	-1.8
PLNIJ 4 3/8 02/05/50	75.1	1.6	NWDEVL 6 1/4 PERP	33.0	-1.8
PERTIJ 4.175 01/21/50	74.8	1.5	NWDEVL 4 1/2 05/19/30	56.4	-1.5
PERTIJ 4.15 02/25/60	70.7	1.4	NWDEVL 5 1/4 PERP	52.9	-1.3

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.67%), Dow (+0.56%) and Nasdaq (+0.87%) were higher on Wednesday. Trump imposes reciprocal tariffs on US trading partners worldwide, including China: 34% (total 54% with existing 20%), EU: 20%, Cambodia: 49%, Vietnam: 46%, Taiwan: 32%, India: 26%, South Korea: 25%, Japan: 24%. Trump also ends de minimis provision, or duty-free treatment, for low-value shipments from China. UST yield was higher on Wednesday, 2/5/10/30 yield at 3.91%/3.95%/4.20%/4.54%.

❖ Desk Analyst Comments 分析员市场观点

➤ GRNCH: Relatively good FY24 and strong access to funding channels are key differentiators

Security name	Issue size (USD mn)	O/s amt (USD mn)	Coupon	Maturity	Ask price	YTM
GRNCH 4.7 04/29/25	450.0	134.3	4.7%	4/29/2025	100.0	4.0%
GRNCH 5.65 07/13/25	300.0	154.8	5.65%	7/13/2025	100.0	5.5%
GRNCH 8.45 02/24/28	500.0	500.0	8.45%	2/24/2028	102.0	7.7%

Source: Bloomberg.

We maintain buy on GRNCH 8.45 02/24/28 and consider the bond a low beta and leverage play on bonds of SOE developers. At 102, GRNCH 8.45 02/24/28 is trading at YTM of 7.7%, 40bps over CHJMAO 4 ¼ 07/23/29, the closest peer in our view. We consider Greentown one of the survivors of the Chinese property sector given its state-ownership and smooth access to funding channels.

RMB mn	FY23	FY24	% change
Revenue	131,383.2	158,546.2	20.7%
-Property sales	120,580.3	147,016.6	21.9%
-Non property sales	10,802.9	11,529.5	6.7%
Gross profit	17,072.9	20,225.3	18.5%
Attributable net core profit	6,417.0	8,200.0	27.8%
Recognized GFA (mn sqm)	6.2	6.4	2.5%
Recognized ASP/sqm (RMB)	19,456.2	23,144.5	19.0%
Gross margin	13.0%	12.8%	-0.2%

Source: Company filling.

Greentown posted relatively good FY24 results under the backdrop of weak property market in China. Excluding non-cash impairment losses, its attributable core profit increased 28.7% to cRMB8.2bn, driven mainly by higher GFA delivered and recognized ASP. These reflect the company' strong execution, as well as its strong brand name and high quality land bank. Its gross margin also held up relatively stable at 12.8% in FY24 even the share of higher-margin non-property development operations declined to 7.2% of its total revenue in FY24 from 8.2% in FY23.

In FY24, its gross contract sales from its own projects declined 11.5% to RMB171.8bn (vs a decrease of 42% on average for developers under our radar). This translated into a sell-through rate of c66%. It had attributable unbooked sales of RMB142bn, c75% of these will be booked in FY25. As of Jan' 25, Greentown has saleable resources totaled RMB200.2bn (6.3mn sqm), 58% of these in value are in its 10 strategic core cities in Hangzhou, Zhejiang, YRD, etc. Assuming a sell-through rate of 65%, we estimate Greentown's contract sales in FY25 to be cRMB130bn. In 3M25, its gross contract sales were RMB14.6bn.

RMB bn	Dec'23	Dec'24	% change
Cash	73,444.6	72,987.7	-0.6%
Cash in escrow	23,879.0	24,031.0	0.6%
ST debts	32,641.6	31,717.0	-2.8%
LT debts	114,082.8	105,978.6	-7.1%
Net debts	73,279.9	64,707.9	-11.7%
Net gearing	64.3%	57.0%	-11.3%
Cash/ST debts	2.3x	2.3x	2.3%
Adj. liab/assets	69.7%	68.5%	-1.6%

Source: Company filling.

In FY24, Greentown's net debts reduced 11.7% to RMB64.7bn, reflected the positive free cash flow. The company guided positive free cash flow for FY25, hence its credit profile should continue to improve. Greentown has been actively early redeeming its USD bonds since 2024. In Feb'25, Greentown launched tender offers for to partial redeem its 2 USD bonds due 2025 at par, and concurrent new issue of 3NC2 USD bonds totaled USD500mn. Additionally, Greentown issues 3 onshore bonds totaled RMB4bn at coupon rates ranging from 3.85-4.37% since Nov'24. It is one of the few property developers able to issue onshore bonds on an unsecured basis and without CBICL guarantee. Its debt maturity profile is manageable in view of cash/ST debt ratio of over 2x consistently and its good access to various funding channels.

➤ **MEDCIJ: Sufficient liquidity and good funding channel access continue to support Medco's credit profile**

Security Name	ISIN	Amt o/s (USDmn)	Ask Px	YTM	Issue rating (M/S/F)
MEDCIJ 7 ¾ 05/14/26	US58405FAA30	242.3	101.1	6.3%	B1/BB-/BB-
MEDCIJ 6 ¾ 01/30/27	US58406LAA98	435.3	99.7	6.5%	B1/BB-/BB-
MEDCIJ 6.95 11/12/28	US58406RAA68	299.4	98.9	7.3%	B1/BB-/BB-
MEDCIJ 8.96 04/27/29	US58407HAA77	500.0	103.9	7.7%	B1/BB-/BB-

Source: Bloomberg.

Medco Energi (Medco) maintained the stable revenue growth momentum in 4Q24, and reported 7% revenue increase to USD2.4bn in FY24. This was driven by 32% increase in oil lifting to 40.6mbopd, while the average realized oil price in FY24 and FY23 remained stable at USD78/bbl. The gas production and lifting both dropped, by 13% yoy and by 15% yoy, respectively. The average realized gas price stood at USD7/mmbtu in FY24 and FY23. Due to higher crude oil purchase costs, the gross profit dropped by 10%. EBITDA increased slightly by 1% to USD1.3bn, with lower SG&A expenses and offset by higher finance costs.

Medco maintains the operational guidance in FY25 largely the same as that in FY24. The oil and gas production will remain at 145-150mboepd and cash cost of below USD10/boe. In FY25, the budgeted capex is USD430mn, the same as that of FY24. Out of this amount, USD400mn is for oil and gas and USD30mn is for power.

Medco also guides power sales to increase 400Gwh to 4,500Gwh in FY25. We believe that the new operations in East Java and East Bali plants will support the higher power sales target in FY25. During 1Q25, Medco commences operation of Ijen Geothermal Power Plant in East Java with a PPA contract of 110MV sold to PLN.

The initial capacity of the plant is 35MW. The East Bali solar PV project will commence operation in 2Q25 with 25MWp sold to PLN. In pipeline, Medco was awarded a conditional license in Sep'24 to import 600MW to Singapore via the Bulan solar PV project, one of the largest solar power projects in SEA. The Bulan solar PV project will commence operation in FY29.

In FY24, its operating cash flow increased to USD1.2bn from USD723mn in FY23. As a result, the cash on hand increased to USD697mn as of Dec'24 from USD425mn as of Dec'23. We expect the operating cash flow and cash in hand to be sufficient to cover the upcoming capex of USD430mn and ST debt of USD559mn. As of Dec'24, the total debt increased slightly to USD3.6bn from USD3.5bn. The net debt/EBITDA fell to 2.3x at Dec'24 from 2.5x at Dec'23, attributable to higher EBITDA and higher cash balances.

Medco has been actively managing its maturity profile by riding on the favorable commodity prices in past two years. Medco repurchased totaled USD337mn of USD bonds through tender offers and market repurchases in FY24. We expect Medco to conduct more early redemptions or early calls given its sufficient liquidity and good access to onshore funds. In Jan'25, Medco issued IDR bonds totaled IDR2.5bn (cUSD155mn), i.e. MEDCIJ 7.75 01/07/30 and MEDCIJ 8.25 01/07/32. We maintain buy on MEDCIJs and prefer MEDCIJ 6.95 11/12/28 for better risk-return profile within the curve.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Liangshan Development (Holdings) Group	151	3yr	6.5%	6.5%	Unrated

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Zhangzhou Transportation	USD	-	3yr	5.7%	-/-/BBB-

➤ **News and market color**

- Regarding onshore primary issuances, there were 76 credit bonds issued yesterday with an amount of RMB69bn. As for Month-to-date, 121 credit bonds were issued with a total amount of RMB128bn raised, representing a 23.4% yoy decrease
- Media reported Chinese authorities are restricting investment by local companies in the US amid escalating trade tensions.
- **[HPDLF]** Fitch downgraded Hopson by 4 notches to CCC- from B on deterioration in liquidity
- **[KMLHDM]** Kunming Anju issues a call notice to redeem KMLHDM 8 12/14/25 of USD100mn in full on 15 Apr'25
- **[LIHHK]** Lifestyle International further repurchases USD25.4mn of LIHHK 4.5 06/26/25, the outstanding amount is reduced to USD197.763mn
- **[MUTHIN]** Moody's upgraded Muthoot Finance by 1 notch to Ba1 from Ba2 on strong credit profile, outlook stable

- **[RCBPM]** Rizal Commercial Banking will redeem RCBPM 6.5 Perp in full on the first call date in Aug'25
- **[SINOPEC]** Sinopec partners with CATL to build up to 10,000 battery swap stations in China
- **[XIAOMI]** Fitch revised the outlook of Xiaomi to positive from stable, affirmed BBB rating

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