Fixed Income
Credit Commentary

26 Aug 2025

CMBI Credit Commentary

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

- *This morning, the new CNH DBKAZ 3.35 09/01/28 was down 0.5pt from pricing at par. Asia IG space overall retraced and widened 1-2bps. GWFOOD 3.258 10/29/30 was 0.7pt higher, and ACPM 4.85 PERP was up 0.4pt.*

- ***GRNCH:** Strong funding flexibility underpins its credit profile despite earning pressure. We maintain buy on GRNCH 8.45 02/24/28 which was up 0.3pt post results announcement. See below.*

- ***WESCHI:** Volume and margin growth drove 1H25 profit rebound. We maintain neutral on WESCHI 4.95 07/08/26 which was 0.1pt higher post results announcement. See below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, in Asia IG space, we saw more activities on 5yr papers after the more Dovish tone in Jackson Hole. China IG benchmarks were largely unchanged; however, WB outperformed and closed 2bps tighter. CNMDHL 30 tightened 1bp amid active buying flows from global and Chinese onshore AMs. In Chinese properties, VNKRLE 27-29s were 0.2-0.3pt higher. See our comments yesterday. GRNCH was up 0.4pt. See comments below on Greentown's 1H25 results. Greater China high-beta perps such as MTRC 5 5/8 and 4 7/8 PERPs were 0.3-0.5pt higher. NWDEVL 4 ½ 05/19/30 rose 1.2pts, and NWDEVL PERPs were unchanged to 0.4pt higher. Media report that New World Development's K11 Art Mall maintains 100% overall occupancy rate. In HK bank T2s, DAHSIN 31-33s widened 1-5bps with PBs selling, and BNKEA 32 tightened 2bps with Chinese accounts buying. LIHHK 4.8 06/18/26 rose 0.9pt, while LASUDE 5 07/28/26 was down 1.3pts. In KR, we saw better selling flow on DFHOLD front-end curve, and HIGHWY front-end FRNs. NTT 32s/35s widened 1-3bps amid two-way flows. Japanese and Yankee AT1s and insurance hybrids were 0.3-0.5pt higher. In the Middle East, we saw two-way trading flows on FABUH 30 FRNs. In SEA, PERTIJ 29-60s increased by 0.1-0.4pt. Pertamina is considering a merger between energy services arm Elnusa and Pertamina Drilling Services Indonesia in upstream operations. VLLPM 9 3/8 07/29/29 was down 1.1pts, and PTTEPT 6.35 06/12/42 was 0.6pt lower. ADSEZ 29-32s tightened 8-10bps.

In LGFVs, higher-yielding USD issues tightened 5bps. Meanwhile, CNH papers across LGFVs and other sectors were overall stable, despite a weaker long end, amid moderate two-way flows among onshore Chinese institutions.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change
LLOYDS 6.413 PERP	**105.8**	**1.3**
NWDEVL 4 1/2 05/19/30	**57.4**	**1.2**
CRNAU 9 1/4 10/01/29	**80.1**	**1.0**
LIHHK 4.8 06/18/26	**91.7**	**0.9**
FRIDPT 6.2 04/14/52	**102.8**	**0.7**

Top Underperformers	Price	Change
CCAMCL 5 02/08/48	**87.7**	**-1.9**
CHGDNU 4.8 09/11/48	**88.2**	**-1.7**
LASUDE 5 07/28/26	**53.6**	**-1.3**
VLLPM 9 3/8 07/29/29	**64.4**	**-1.1**
PTTEPT 6.35 06/12/42	**106.6**	**-0.6**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.43%), Dow (-0.77%) and Nasdaq (-0.22%) were lower on Monday. US Jul'25 new home sales was 652k, higher than the market expectation of 635k. Trump orders removal of Fed governor Lisa Cook over mortgage fraud claims. UST yield was higher on Monday, 2/5/10/30 yield at 3.73%/3.80%/4.28%/4.89%.

❖ Desk Analyst Comments 分析员市场观点

➢ GRNCH: Strong funding flexibility underpins its credit profile despite earning pressure

Security name	Issue amt (USD mn)	O/s amt (USD mn)	Coupon	Maturity	Ask price	YTM
GRNCH 8.45 02/24/28	500.0	500.0	8.45%	2/24/2028	103.5	6.6%

Source: Bloomberg.

We maintain buy on GRNCH 8.45 02/24/28 and consider the bond a low-beta and carry play. At 103.5, GRNCH 8.45 02/24/28 is trading at YTM of 6.6%. We consider Greentown one of the survivors of the Chinese property sector given its state-ownership and smooth access to funding channels.

RMB mn	1H24	1H25	Change
Revenue	69,562.0	53,368.3	-23.3%
-Property sales	*63,757.0*	*49,651.4*	*-22.1%*
-Non property sales	*5,805.0*	*3,716.9*	*-36.0%*
Gross profit	9,103.6	7,158.9	-21.4%
Recognized GFA (mn sqm)	2.6	2.0	-22.7%
Recognized ASP/sqm (RMB)	24,100.0	24,264.0	0.7%
Gross profit margin	13.1%	13.4%	0.3 pct pt

Source: Company filling.

In 1H25, Greentown's revenue decreased by 23.3% yoy to RMB53.4bn. Recognized GFA fell by 22.7% yoy to 2.0mn sqm, while the recognized ASP rose slightly to RMB24,264/sqm. The gross profit margin (GPM) improved by 0.3 pct pt to 13.4% in 1H25, mainly due to a higher proportion of revenue coming from Shanghai Waitan Lanting project which carried a higher GPM.

Greentown reported 90% yoy decline in net profit attributable to the equity holders in 1H25 to RMB210mn, in line with the profit warning issued in early Aug'25. The sharp decrease was primarily attributable to an uneven distribution of delivery schedules and the asset impairment losses. Excluding the impairment losses, the net core profit dropped 41% to cRMB2.9bn.

In 1H25, its gross contract sales from self-invested projects declined 6.0% to RMB80.3bn. This translated into a sell-through rate of c55%. As of Jun'25, Greentown's self-invested saleable resources totaled RMB176.3bn (5.8mn sqm), of which 83% (by value) are located in Tier 1 and 2 cities. In 7M25, Greentown's contract sales declined 7.3% yoy to RMB136.8bn, equivalent to 49% of FY24 contract sales of RMB276.8bn.Assuming a sell-through rate of 55%, we estimate Greentown's gross contract sales from self-invested projects to be cRMB220mn in FY25.

Meanwhile, Greentown had RMB143.5bn in attributable unbooked sales, c56% of these are expected to be recognized in FY25. Greentown anticipates further improvement in the GPM in 2H25 to mid-to-high teens from 13.4% in 1H25, as projects scheduled for deliveries in 2H25 will have higher margin than that of projects recognized n 1H25.

RMB mn	**Dec'24**	**Jun'25**	**Change**
Cash	72,987.7	66,795.0	-8.5%
Cash in escrow and restricted	*28,200*	*27,300.0*	*-3.2%*
ST debt	31,717.0	23,296.8	-26.5%
LT debt	105,978.6	120,231.1	13.4%
Net debt	64,707.9	76,733.0	18.6%
Net gearing	57.0%	64.3%	7.3 pct pt
Cash/ST debt	2.3x	2.9x	-
Adj. liab/assets	68.5%	67.1%	-1.6 pct pt

Source: Company filling.

As of Jun'25, Greentown held RMB66.8bn in cash, including RMB27.3bn in escrow accounts. Its net debt increased by 18.6% to RMB76.7bn during 1H25, reflecting its more active land replenishment. In 1H25, Greentown acquired 35 projects (3.6mn sqm) for an attributable land cost of RMB36.2bn. The newly acquired saleable resources are cRMB90bn (vs contract sales of RMB122.2 in 1H25). Greentown plans to invest RMB120-130bn in land acquisition in FY25. That said, we estimate Greentown to achieve cash flow breakeven on a full-year basis, such that key credit ratios will be largely stable.

Greentown has actively managed its debt maturity profile since 2024. In 1H25, Greentown redeemed totaled RMB452mn of GRNCH 4.7 04/29/25 and GRNCH 5.65 07/13/25 through tender offers, funded by concurrent issuance of USD500mn GRNCH 8.45 02/24/28 in Feb'25. This was the first USD bond issuance by Chinese property developer since Feb'23.

Additionally, Greentown issued six onshore bonds totaled RMB6bn, with coupon rates trending down from 4.25% in Jan'25 to 3.27% in Aug'25. Greentown is one of the few property developers able to issue onshore bonds on an unsecured basis and without CBICL guarantee. We consider Greentown's debt maturity profile to be manageable, supported by a consistently cash/ST debt ratio of over 2x and its good access to various funding channels.

- **WESCHI: Volume and margin growth drove 1H25 profit rebound**

We maintain neutral on WESCHI 4.95 07/08/26 on valuation. Despite the increasingly likelihood that West China Cement (Weschi) will early redeem part of WESCHI 4.95 07/08/26, we consider WESCHI 4.95 07/08/26 fairly priced. At 97.6, WESCHI 4.95 07/08/26 is trading at YTM of 7.8%. In the China HY space, we prefer BTSDF 9.125 07/24/28 and EHICARs for better risk-adjusted return profiles.

Weschi reported 93.4% yoy increase in profit attributable to the owners, reaching to RMB748.3mn in 1H25, in line with the positive profit alert issued in Jul'25. Revenue for 1H25 rose by 46.4% to RMB5.4bn, driven primarily by 23.6% increase in cement and clinker sales volume, improvement in overall ASP and property sales. Gross profit (GP) per ton also increased, reflecting higher overall ASP and lower unit costs, with GP margin climbing by 3.7 pct pt to 30.0%. However, EBITDA margin was down to 34.1%, mainly due to higher SG&A expenses associated with the sale of properties under development and the commissioning of new capacities in Africa. Weschi's 1H25 EBITDA was RMB1.8bn, up 43.8% yoy, while PBT more than doubled to RMB1.1bn.

During 1H25, 42% of the GP was generated in China, up from 37% in 1H24, reflecting improved domestic profitability. In absolute terms, GP from overseas remained higher due to higher overseas ASP and GP/tons achieved in Africa compared to China. Going forward, we expect the importance of overseas operation will be even higher given the ramp-up of its overseas production capacity (such as Lemi in Ethiopia and CILU in DRC) and disposals of non-core China operations. Weschi completed the sale of Xinjiang operations in mid Aug'25 for RMB1.65bn. it plans to sell the projects in Xinjiang, Guizhou and Sichuan for RMB2-3bn.

In 1H25, Weschi spent RMB2.3bn in capex, up from RMB1.6bn in 1H24, mainly for the maintenance and upgrades of existing production facilities as well as the construction of new production facilities in Mozambique and Uganda. The CILU acquisition, which extends Weschi's footprint into western DRC, is expected to complete in the 2H25, while the construction of the new cement and grinding capacity in Uganda is expected to complete in 1H26. We expect Weschi to continue relying on external funding to support its capex plans for the remainder of 2025.

As of Jun'25, Weschi had bank and cash balances of RMB854mn, down from RMB1.2bn in Dec'24. Net debt increased by 4.3% over the same period to RMB10.9bn, reflected the negative FCF after capex. The cash to ST debts remained low at 0.2x. The disposal of non-core assets in Xinjiang was completed on 15 Aug'25. Part of the RMB1.65bn net proceeds earmarked for the repayment or early redemption of the USD600mn WESCHI 4.95 07/08/26. During the analyst briefing this morning, Weschi sounded out the refinancing plan for WESCHI 4.95 07/08/26; issuance of new USD bonds of USD300mn and tender offer for the remaining with internal resources. Weschi targets to complete the new issue and tender offer by FYE25.

Table 1: Weschi's financial highlights

RMBmn	1H24	1H25	Change
Revenue	3,702	5,418	46.4%
Gross profit	973	1,627	67.2%
EBITDA	1,284	1,847	43.8%
Net profit	495	895	80.8%
Capex	1,636	2,295	40.3%
GP margin	26.3%	30.0%	3.7 pct pt
EBITDA margin	34.7%	34.1%	-0.6 pct pt
Sales volume			
-Cement (mt)	8.75	10.82	23.6%
-Aggregates (mt)	1.60	2.23	39.4%
-Commercial concrete (mcm)	0.66	0.63	-4.6%
ASP (t/RMB)	344	355	3.2%
-China	269	280	4.1%
-Ethiopia	842	456	-45.8%
-Mozambique	626	613	-2.1%
-Great Lakes	842	899	6.8%
-Uzbekistan	218	196	-10.1%

RMBmn	Dec'24	Jun'25	Change
Cash	1,157	854	-26.2%
ST debt	3,917	3,939	0.6%
LT debt	7,642	7,765	1.6%
Total debt	11,559	11,704	1.3%
Net debt	10,402	10,850	4.3%
Total debt/LTM EBITDA	4.4x	3.7x	-
Net debt/LTM EBITDA	3.9x	3.4x	-
Cash/ST debt	0.3x	0.2x	-

Source: Bloomberg, CMBI Research.

- **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)
BOC Aviation	USD	-	5.5yr	T+90	-/A-/A-
Boxinyuan International	USD	-	3yr	5.6%	Unrated
JERA Co	USD	-	5yr	T+115	
MITSUI & CO.	USD	-	5yr	CT5+100	A3/A/-
Muthoot Finance	USD	-	4.5yr	6.625%	Ba1/BB+/-
Oversea-Chinese Banking Corporation	USD	-	10NC5	CT5+115	A2/BBB+/A

- **News and market color**

- Regarding onshore primary issuances, there were 104 credit bonds issued yesterday with an amount of RMB75bn. As for month-to-date, 1,796 credit bonds were issued with a total amount of RMB1,551bn raised, representing a 0.8% yoy decrease

- Shanghai scrapped restrictions on the number of homes people can buy in the suburbs to spur housing demand, following in the footsteps of Beijing,

- **[ADSEZ]** Adani Ports to invest INR6bn (cUSD69mn) in new logistics park in southern India

- **[CHPWCN]** Power Construction Corporation of China to redeem CHPWCN 3.45 Perp of USD300mn on the first call date on 29 Sep'25

- **[CPREIT]** Moody's downgraded Champion REIT by one notch to Ba1 from Baa3, outlook changed to stable from negative

- **[CTFSHK]** CTF Services has terminated talks with Yuexiu for the sale of toll roads in China valued at USD 2bn

- **[DALWAN/JD]** Dalian Wanda Commercial Management, JD.com forms business consulting JV
- **[HAIDIL]** Haidilao International 1H25 revenue falls 3.7% yoy to RMB20.7bn (cUSD2.9bn)
- **[HYUELE]** S&P revised the outlook of SK Hynix to positive from stable, BBB rating affirmed
- **[PDD]** PDD Holdings 1H25 revenue climbs 8.6% yoy to RMB200.0bn (cUSD27.9bn)
- **[SMCPM]** San Miguel aims to raise PHP30bn (cUSD528.5mn) through an offer of preferred shares to finance share redemption and infrastructure projects
- **[TAISEM]** TSMC to stop using Chinese gear at most advanced plants to avoid potential US curbs

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