

## CMBI Credit Commentary

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

- *This morning, the new MTRC 30s/35s tightened 3-4bps from ROs. The new LGENSO 30s/35s tightened 2-3bps from ROs. The new FRESHK 6 28 widened 2bps from RO, while the old FRESHK 26-28s closed unchanged. See below.*
- **WESCHI:** GP and EBITDA margins fell in FY24. WESCHI 4.95 07/08/26 fell 0.4pts post results announcement and was unchanged this morning. See below.
- **CPDEV:** Beijing Capital launches tender offers for CPDEV 3.85 07/14/25 of USD63.2mn (any and all) and CPDEV 4.65 01/19/26 of USD500mn (subject to the size of concurrent USD bond new issuance) at par, expiration deadline on 3 Apr'25. CPDEVs were unchanged this morning.

#### ❖ Trading desk comments 交易台市场观点

Yesterday, on new issues, MARUB 35s closed 3bps tighter from RO amid two-way flows among PBs/FMs/AMs. The new SMBCAC 5.1 30s and AVIILC 4.625 28s closed unchanged around ROs, while AVIILC Float 30s widened 3bps from RO on selling flows from FMs/AMs. KR new issues were skewed to better selling. LGENSO priced 3yr, 5yr, 7yr fixed rated bonds at CT3+135, CT5+145, CT7+170 (IPTs at CT3+165, CT5+175, CT7+205), respectively. LGENSO also price 5yr floating rated bonds at SOFR+170. LGENSOs were unchanged to 5bps wider. The new KOROIL 4.625 28s and KOROIL 4.75 30s widened 5bps and 2bps, respectively from ROs. HYNMTR 5.4 32s closed 1bp wider from RO, and the rest of new HYNMTR 27s/30s and closed unchanged. In financials, FRESHK priced a 3.5yr bond at CT3+220, tightened from IPT at CT3+255. See comments below. The CFAMCI 26-30/Perps were unchanged to 0.2pt lower. In JP insurance hybrids, MYLIFE 55s/NIPLIF 54s were 0.1-0.3pt lower. In HK, MTRC priced 5yr, 10yr, 30yr USD bonds at CT5+40, CT10+58, CT30+70, tightened from IPTs at CT5+75, CT10+85, CT30+100, respectively. NWDEVL 27-31s/Perps declined 0.4-0.9pt. In Chinese properties, CHIOLIs closed 0.1-0.2pt higher. Outside properties, BTSDF 28 declined 0.2pt. WESCHI 26 dropped 0.4pt. See comments below. On the other hand, CHIOIL 26 rose another 0.4pt and closed 0.8pt higher WTD. In the Philippines, JFCPM priced a 5yr bond of USD300mn at par to yield CT5+125 (5.332%), tightened from IPT at CT5+160. See our comments on 25 Mar '25. Elsewhere, MOMMIN announced new issue mandate of a 5NC2 USD bond. MONMIN 26 was 0.6pt higher.

LGFV space was stable. WFURCD/JNHITE 25s were up 0.2-0.3pt. The lower-yielding LGFVs were sought after by RM. There were two way interests on USD papers such as DXSECU 27s/CCUDIH 28s. This morning, CPDEV announced new issue mandate of a 4yr USD bond (keepwell provided

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by Beijing Capital Group). CPDEV also launched tender offers for CPDEV 3.85 25 and CPDEV 4.65 26. In SOE perps, CHPWCN Perps was 0.2pt higher, COFCHK Perp was down 0.1pt.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
MONMIN 12 1/2 09/13/26	108.4	0.6	CCAMCL 5 02/08/48	89.8	-1.2
CHIOIL 4.7 06/30/26	97.2	0.4	NWDEVL 3 3/4 01/14/31	59.3	-0.9
SINOCH 6.3 11/12/40	110.8	0.3	NWDEVL 4.8 PERP	31.5	-0.6
WFURCD 6 08/30/25	99.3	0.3	SINOPE 4 09/13/47	86.8	-0.5
JNHITE 6.95 11/14/25	101.3	0.2	CHGRID 4 05/04/47	87.8	-0.5

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.16%), Dow (+0.01%) and Nasdaq (+0.46%) were higher on Tuesday. US Mar'25 Conference Board consumer confidence was 92.9, lower than the market expectation of 94.2. UST yield retreated on Tuesday, 2/5/10/30 yield at 3.96%/4.07%/4.31%/4.65%.

#### ❖ Desk Analyst Comments 分析员市场观点

##### ➤ WESCHI: GP and EBITDA margins fell in FY24

West China Cement (Weschi) reported 7.5% yoy lower revenue to RMB8.4bn in FY24, mainly due to 3% lower in cement sales volume and 6% lower in cement ASP compared to FY23. Revenue from China dropped by 21% yoy with lower volume sold and ASP; revenue from overseas increased by 12% yoy with higher volume sold and partly offset by lower ASP. The weak demand and falling ASP under intense competition in China were tempered by the higher sales volume offshore.

In Ethiopia, Weschi built a new production line with daily production capacity of 10k tons of clinker following the acquisition of the National Cement plant. In Nov'24, the Ethiopian government allowed the cement producers to choose their own distributors and retailers to offer products at market price and hence ASP rebounded to RMB600/ton. Weschi expects the ASP to further increase to USD100 (cRMB726)/ton. However, the higher ASP could be partly offset by depreciation of Ethiopia's birr (ETB) against RMB. On the other hand, the Uzbekistan plant was commissioned in May'24 with annual capacity of 2.5mn tons of cement. This helps increase the production capacity and further diversify geographically.

The gross profit fell by 20% to RMB2.0bn in FY24 and the GP margin fell by 3.6 pct pts to 23.7%. The higher raw material costs was partly offset by lower coal and electricity costs. All markets showed decline in GP/ton in FY24, the largest drop was in Congo where GP dropped by 48% yoy to RMB265/ton, yet it is still higher than the Weschi's average of RMB86/ton in FY24. That said, the impact of higher raw material costs on Weschi's profitability was mitigated by its effort in controlling SG&A expenses. Hence, Weschi's EBITDA dropped by 10% to RMB2.6bn while EBITDA margin dropped slightly by 1 pct pt to 31.7%.

As a result of lower EBITDA, Weschi's FY24 operating cash flow dropped by 24% to RMB2.0bn, yet the capex increased by 16% to RMB4.6bn. We expect that Weschi will continue to rely on external funding for its capex in FY25. As of Dec'24, Weschi had bank and cash balances of RMB1.2bn, 25% higher than the level as of Dec'23. Net debt increased by 7% to RMB10.4bn, reflected the negative FCF after capex. The cash to ST debts remained low at 0.3x.

Weschi's only o/s USD bond, WESCHI 4.95 07/08/26 of USD600mn, will be due in Jul'26. As per Weschi, it will prioritize the bond repayment over new project developments. It is considering to refinance half of the bond with new bonds and the remaining via its cash on hand. Weschi plans to sell the projects in Xinjiang, Guizhou and Sichuan for RMB2-3bn (cUSD276-414mn) as well as offshore projects to fund the bond repayment. However, we are yet to be convinced without a timetable of sales.

At 76.9, WESCHI 4.95 07/08/26 is trading at YTM of 26.8% with c1.3 years to maturity. We are neutral on the bonds as given the challenging operating environment in China, margin pressure of its operations and uncertain timetable of project sales. In the China HY space, we prefer BTSD 9.125 07/24/28 and EHICARs.

**Table 1: Financial highlights of WCC**

	FY23	FY24	Change
Revenue	9,021	8,345	-7.5%
GP	2,460	1,974	-19.8%
Reported EBITDA	2,949	2,643	-10.4%
Net profit	686	828	20.7%
Operating cash flow	2,700	2,043	-24.3%
Capex	3,986	4,607	15.6%
GP margin	27.3%	23.7%	-3.6 pct pt
Reported EBITDA margin	32.7%	31.7%	-1.0 pct pt
Net profit margin	7.6%	9.9%	+2.3 pct pt
Sales volume			
-Cement (mt)	19.8	19.2	-3.0%
-Aggregates (mt)	4.05	3.48	-14.1%
-Commercial concrete (mcm)	1.91	1.39	-27.2%
ASP			
-Cement (t/RMB)	360	338	-6.1%
-Aggregates (t/RMB)	45	36	-20.0%
-Commercial concrete (cm/RMB)	378	330	-12.7%
	Dec'23	Dec'24	Change
Cash	923	1,157	25.4%
ST debt	3,633	3,917	7.8%
LT debt	7,044	7,642	8.5%
Total debt	10,676	11,559	8.3%
Net debt	9,754	10,402	6.6%
Total debt/EBITDA	3.6x	4.4x	-
Cash/ST debt	0.3x	0.3x	-

Source: Bloomberg, CMBI Research.

➤ **FRESHK: Initiate buy on the new FRESHK 6 10/01/28**

Yesterday, Far East Horizon (FEH) issued 3.5-year USD bond (S&P: BBB-) with IPT at T+255. The new FRESHK 6 10/01/28 was priced at T+220, tightened 35bps from the IPT, compared with our FV estimation of T+215 as discussed yesterday. We initiate buy on the new FRESHK 6 10/01/28 for its highest YTM among

FRESHKs as well as better trading liquidity. At 99.4, FRESHK 6 10/01/28 is trading at Z+241bps/YTM of 6.2%, and is trading 21bps higher than FRESHK 5.875 03/05/28 with c7 months longer in tenor.

Meanwhile, we also maintain buy on FRESHK 26-28s on FEH's stable operating performance and asset quality with diversified leasing asset base. FRESHKs also offer more attractive risk-return profiles than those of their peers BOCAVI 26-28s (YTM of 4.4-4.6%). Please also read our comments on FEH's FY24 results in [our daily on 10 Mar'25](#).

**Table 1: Bond profile of FEH**

Security name	ISIN	Amt o/s (USD mn)	Ask px	T-spread (bps)	Z-spread (bps)	YTM (%)	Issue rating (M/S/F)
FRESHK 4.25 10/26/26	XS2393797530	300	98.2	139	148	5.4	-/BBB-/-
FRESHK 6.625 04/16/27	XS2800583606	500	101.8	165	180	5.7	-/BBB-/-
FRESHK 5.875 03/05/28	XS2886144232	550	99.7	199	218	6.0	-/BBB-/-
FRESHK 6 10/01/28	XS3025777221	500	99.4	220	241	6.2	-/BBB-/-

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Far East Horizon	500	3.5yr	6.0%	T+220	-/BBB-/-
Jollibee Worldwide Pte/ Jollibee Foods Corp	300	5yr	5.332%	T+125	Unrated
LG Energy Solution	400/	3yr/	5.25%/	T+135/	Baa1/BBB-/-
	600/	5yr/	5.375%/	T+145/	
	300/	5yr/	SOFR+170/	SOFR+170/	
	700	10yr	5.875%	T+170	
MTR Corporation	500/	5yr/	4.375%/	T+40/	Aa3/AA+/-
	1000/	10yr/	4.875%/	T+58/	
	1500	30yr	5.25%	T+70	
New Development Bank	1250	3yr	4.375%	SOFR MS+65	-/AA+/AA
Xiangyu Investment (BVI) Co/ Huai'an Development Holdings	145	3yr	5.3%	5.3%	Unrated

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Central Plaza Development	USD	-	4yr	7.25%	Unrated
Mongolian Mining Corp	USD	-	5NC2	8.8%	B3/-/B+
Petronas Capital	USD	-	5yr/	T+120/	A2/A-/-
			10yr/	T+130/	
			30yr	T+150	
Qingdao Jiaozhou Bay Development	USD	-	3yr	7.2%	Unrated
			3yr/	T+65/	
United Overseas Bank	USD	-	3yr/	SOFR Equiv/	Aa1/AA-/AA-
			5yr	T+90	

➤ **News and market color**

- Regarding onshore primary issuances, there were 157 credit bonds issued yesterday with an amount of RMB196bn. As for month-to-date, 1,813 credit bonds were issued with a total amount of RMB1,544bn raised, representing a 13.3% yoy decrease
- China considers adding services to RMB300bn (cUSD41bn) stimulus program to bolster demand
- **[BTSDf]** Health & Happiness FY24 EBITDA falls 29.2% yoy to RMB1.4bn (cUSD194mn)
- **[CCAMCL]** China Cinda Asset Management FY24 total income falls 4.1% yoy to RMB73.0bn (cUSD10.1bn)
- **[CHJMAO]** China Jinmao FY24 revenue drops 18% yoy to RMB59.1bn (cUSD8.1bn)
- **[CRHZCH]** China Resources Land FY24 revenue climbs 11% yoy to RMB278.8bn (cUSD38.4bn)
- **[HAIDIL]** Haidilao International FY24 revenue rises 3% yoy to RMB42.8bn (cUSD5.9bn)
- **[NDPAPE]** Nine Dragons Paper 1HFY25 operating profit rises 28.4% yoy to RMB1.6bn (cUSD221mn)

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