

CMBI Credit Commentary

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

- *Asian IG space tightened 1-3bps this morning. YPCORP 29 lost 0.6pt. NWDEVL 30 leaked 0.4pt. SHUION 26-29 were 0.1-0.2pt lower. Shui On Land circulated 9.5% FPG for proposed tap of SHUION 29. WESCHI 28 recovered 0.8pt. FAEACO 12.814 Perp was 0.7pt higher.*
- **CWAHK:** Tap CWAHK 30 to fund concurrent tender offer for CWAHK 26. CWAHK 30 down 0.4pt this morning. See below.
- **HYUELE:** Profit margins continued to surge in 1Q26 on sustained AI infrastructure demand. Maintain buy on HYUELE 2.375 01/19/31. HYUELEs were 1-2bps tighter this morning. See below.

❖ Trading desk comments 交易台市场观点

Last Friday, the new CATLIF 41 closed 1bp wider from RO at T+128. The existing CATLIF curve widened 1-3bps, while FUBON/SHIKON/NSINTW were unchanged. BTSDF 28 leaked 0.1pt. See our comments on H&H 1Q26 results [last Friday](#). CWAHK 26 was 0.1pt lower, while CWAHK 30 gained 0.4pt. China Water Affairs proposed to tap CWAHK 30 and launch concurrent cash tender offer for CWAHK 26. See comments below. WESCHI 28-29 lost 0.5-1.0pt. In Chinese/HK properties, VNKRL 27' and 29' gained 0.1-0.4pt. LNGFOR 27-32 were 0.1pt lower to 0.1pt higher. FAEACO 12.814 Perp/LIFUNG 5.25 Perp edged 0.1pt higher. In SE Asian space, ACPM/ACENPM Perps dropped 0.9-1.8pts. The CEO of Ayala Corporation says the company weighs reducing its planned capex for FY26 because of the ongoing oil crisis resulting from the war in Middle East. BBNIIJ Perps were unchanged to 0.1pt higher. We switched our buy recommendation to BBNIIJ 7.15 Perp from BBNIIJ 4.3 Perp. See our comments [last Friday](#). GLPSPs/GLPCHI recovered 0.3-0.7pt. VEDLN 28-33s were 0.1-0.5pt higher. The ReNew Energy complex and MEDCIJ 26-30 were unchanged to 0.2pt firmer. In KR space, front-end SKBTAM/HYUELE traded 2-3bps tighter in spreads. See comments below on SK Hynix 1Q26 results. We also saw some buying interests in CITNAT/SHNHAN/WOORIB, but the spreads were largely unchanged. In JP space, bank 5yr FRNs and NTT 30-31s tightened 1-2bps. MIZUHO 31 FRN tightened 3bps amid RM buying from fast-money accounts. SOFTBKs were up to 0.7pt higher. Media report that Google and Microsoft are among bidders to lease SoftBank US data center. In the Middle East, credits were under selling pressure. Long-end ARAMCO/KSA and FABUH 31s closed 0.3-0.5pt lower. In LGFV space, we continued to see decent two-way flows where AMs were selling notes to tactical bondholders. Higher-yielding issues were largely absorbed by RM and HF buyers.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GARUDA 6 1/2 12/28/31	85.8	1.0	ACPM 5 1/8 PERP	83.7	-1.8
TELP 2 1/2 01/23/31	92.6	0.8	ACPM 4.85 PERP	79.3	-1.0
SOFTBK 7 5/8 04/29/61	94.0	0.7	WESCHI 10 1/2 11/11/29	93.7	-1.0
SOFTBK 8 1/4 10/29/65	93.8	0.7	ACENPM 4 PERP	63.3	-0.9
GLPSP 9 3/4 05/20/28	78.5	0.7	ACPM 3.9 PERP	63.6	-0.9

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.80%), Dow (-0.16%) and Nasdaq (+1.63%) were mixed on last Friday. UST yield was lower on last Friday. 2/5/10/30 year yield was at 3.78%/3.92%/4.31%/4.91%.

❖ Desk Analyst Comments 分析员市场观点

➤ CWAHK: Tap CWAHK 30 to fund concurrent tender offer for CWAHK 26

Table 1: CWAHK's o/s USD bonds

Security name	ISIN	Amt o/s (USD mn)	Px	YTW	Issue rating (M/S/F)
CWAHK 4.85 05/18/26	XS2320779213	350	99.3	17.5%	Ba1/BB+/-
CWAHK 5.875 10/22/30	XS3201944314	150	97.5	6.5%	Ba1/BB+/-

Source: Bloomberg.

China Water Affairs (CWAHK) proposes to tap CWAHK 5.875 10/22/30 to fund the concurrent tender offer for CWAHK 4.85 05/18/26 at par along with its internal resources. We view the FV of the tap at mid-6%, in view of CWAHK 30 is trading at a YTW at 6.5% and down 0.4pt this morning following the announcement of tender offer and tap. The maximum acceptance amount in the tender offer will be determined on or about 29 Apr'26. Holders of CWAHK 4.85 05/18/26 who tender their bonds and subscribe for the new bond may receive priority of acceptance in the tender offer, as well as preference in the allocation of the new bond. CWAHK 30 will be its sole o/s USD bond after the full redemption of CWAHK 26.

CWAHK is listed in Hong Kong (0855.HK). Chairman and founder Mr. Duan Chuan Liang owns 27.4%; ORIX Corp and affiliates hold 27.3%; and Great Wall Life Insurance holds 6.0%. CWAHK is a holding company with no material operations, conducting the majority of its business through PRC subsidiaries. CWAHK 30 is guaranteed by certain non-PRC-incorporated subsidiary guarantors that do not have material operations.

CWAHK is one of the largest water supply companies in China with 0.8bn tons of water sold to 8.2mn customer accounts in 1HFY26 (ended Sep'25). It focuses on water supply (mainly city water supply) and sewage treatment which accounted for c68% and c16% of its revenue in 1HFY26, respectively. CWAHK generates stable cash flow from exclusive concession rights to operate its water supply business in 58 districts, counties, and county-level cities including Beijing, Chongqing, Guangdong, Heilongjiang, Jiangsu, Tianjin, etc. CWAHK serves residential, industrial, and other end users, with potential coverage of over 30mn people across China.

In 1HFY26, CWAHK's revenue declined 12.9% yoy to HKD5.2bn, reflecting slower installation, maintenance and construction works. Gross profit fell 20.1% yoy to HKD1.8bn, with GP margin narrowed to 35.2% from

38.4% in 1HFY25. PBT decreased 25.6% yoy to HKD1.2bn, primarily dragged by a one-off deemed loss on partial disposal of Kangda, as triggered by Kangda's issuance of new shares to option holders, that resulted in a share of loss from associates. As of Sep'25, CWAHK had cash and cash equivalent of HKD4.0bn, down from HKD4.7bn as of Mar'25, reflecting lower operating cash inflows and higher investment outflows. Total debts declined to HKD24.9bn from HKD25.6bn over the same period. Total debt/EBITDA rose to c5.9x from 5.0x as per our estimates, due to lower EBITDA. That said, we take some comfort that the collection risk remains largely manageable. CWAHK collects tariff on a monthly basis and tariff accounts for less than 1% of residents' disposable income on average. Its account receivable days was 73 days, notably shorter than peers such as SIIC Environment, Beijing Capital, etc.

Table 2: Summary of the tender offer

Security name	CWAHK 4.85 05/18/26
ISIN	XS2320779213
Amt o/s (USD mn)	325
Tender px	100
Pricing of new bond	On or about 28 Apr'26
Maximum acceptance amount	To be announced on or about 29 Apr'26
Expiration deadline	6 May'26 4pm GMT

Source: Bloomberg, Company filling.

➤ **HYUELE: Profit margins continued to surge in 1Q26 on sustained AI infrastructure demand**

Table 3: SK Hynix's o/s USD bonds

Security Name	ISIN	Amt o/s (USDmn)	Ask px	Z-Spread (bps)	YTM	Mod Dur
HYUELE 5.5 01/16/27	USY8085FBT67	500	100.9	46	4.2%	0.7
HYUELE 6.375 01/17/28	USY8085FBK58	1000	103.3	64	4.3%	1.6
HYUELE 4.25 09/11/28	USY8085FBY52	600	99.8	66	4.3%	2.2
HYUELE 5.5 01/16/29	USY8085FBU31	1000	103.0	68	4.3%	2.5
HYUELE 4.375 09/11/30	USY8085FBZ28	600	99.8	77	4.4%	3.9
HYUELE 2.375 01/19/31	USY8085FBD16	1000	91.3	77	4.4%	4.4
HYUELE 6.5 01/17/33	USY8085FBL32	750	110.3	95	4.7%	5.4

Source: Bloomberg.

We maintain buy on HYUELEs in view of SK Hynix (Baa1/BBB+)’s strong market position globally and solid operating cash flow, as well as HYUELEs’ more balance risk-return profiles compared with those of peers such as MUs (Baa2/BBB) and KIOXIAs (NR/BB+). Within the HYUELE complex, we prefer HYUELE 2.375 01/19/31 most for lower cash prices. At 91.3, HYUELE 2.375 01/19/31 is trading at 4.4% YTM.

SK Hynix delivered another record-high quarterly revenue of KRW52.6tn in 1Q26, up 60% qoq and 198% yoy. Operating profit almost doubled qoq to KRW37.6tn, representing an operating profit margin of 72%, up 14pct pt qoq and 30 pct pt yoy. The strong growth was primarily attributable to robust AI infrastructure investment demand while the supply remained tight. The demand and supply imbalance was more than offset the typical seasonal softness in the first quarter.

DRAM bit shipments in 1Q26 were broadly flat qoq, in line with management guidance. ASP, on the other hand, rose by mid-60% qoq, with pricing strength in conventional DRAM accelerated during the quarter. For NAND, bit shipments declined 10% qoq on a high base from 4Q25, while ASP rose by mid-70% qoq, supported by

strong pricing across all product lines. SK Hynix guided DRAM bit shipments in 2Q26 to increase by high-single-digit % qoq, driven by growing demand for high-density server modules and mobile products. It also guided NAND bit shipments in 2Q26 to increase by mid-teen % qoq, driven by expanded sales of 321-layer-based products and eSSDs. We view robust AI infrastructure demand, in particular higher-margin HBM products, as the primary driver supporting pricing strength and shipment growth in 2Q26 and onwards.

As of Mar'26, SK Hynix's cash balance increased by 55% qoq to KRW54.3tn, reflecting a 26% qoq increase in operating cash flow and lower capex spent during 1Q26. Management guided the FY26 capex to increase significantly compared to that of FY25, primarily allocated to infrastructure preparation for the Yongin cluster, M15X ramp-up and procurement of key equipment. That said, we expect SK Hynix's strong operating cash inflows and cash on hand to be sufficient to fund its capex.

SK Hynix's strong operating cash flow generation continues to underpin its solid liquidity profile. It turned into a net cash position since Sep'25, and held a net cash of KRW35.0tn as of Mar'26. The total debt/LTM EBITDA fell to 0.2x, reflecting significant EBITDA growth. The next USD bond maturity, HYUELE 5.5 01/16/27 of USD500mn, will be due in Jan'27 that SK Hynix could address the redemption through its internal resources given its strong net cash position. Furthermore, SK Hynix is proceeding with the plans to list on a US stock exchange via ADR offering within 2026. While the size and structure are yet to be finalized, we view the ADR offering to further broaden its access to capital markets.

Table 4: SK Hynix's 1Q26 financial highlights

KRW bn	1Q25	1Q26	yoy change	4Q25	qoq change
Revenue	17,639	52,576	198%	32,827	60%
-DRAM	14,111	41,009	191%	24,949	64%
-NAND	3,175	11,041	248%	7,550	46%
-Others	353	526	49%	328	60%
Gross profit	10,102	41,679	313%	22,576	85%
Operating profit	7,441	37,610	405%	19,169	96%
EBITDA	10,769	41,336	284%	22,732	82%
Net profit	8,108	40,346	398%	15,246	165%
Operating cash flow	9,075	26,430	191%	20,939	26%
Capex	6,284	7,657	22%	11,871	-35%
Gross profit margin	57%	79%	22 pct pt	69%	10 pct pt
Operating profit margin	42%	72%	30 pct pt	58%	14 pct pt
EBITDA margin	61%	79%	18 pct pt	69%	10 pct pt
Net profit margin	46%	77%	31 pct pt	46%	31 pct pt
KRW bn	Mar'25	Mar'26	yoy change	Dec'25	qoq change
Cash and equivalent	14,311	54,330	280%	34,942	55%
Total debt	23,334	19,318	-17%	22,248	-13%
Net debt/(net cash)	9,023	(35,012)	-	(12,694)	176%
Total debt/LTM EBITDA	0.6x	0.2x	-	0.4x	-
Net debt/LTM EBITDA	0.2x	-	-	-	-

Source: Company filling, CMBI FICC 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)
Kookmin Bank	USD	-	3yr/ 5yr	SOFR+85/ T+70	Aa3/A+/-
Korea Expressway Corporation	USD	-	5yr	T+75	Aa2/AA/-
Shui On Land (Tap)	USD	-	3yr	9.5%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 144 credit bonds issued last Friday with an amount of RMB107bn. As for month-to-date, 1,984 credit bonds were issued with a total amount of RMB1,998bn raised, representing a 10.2% yoy increase
- China issued a set of broad guidelines governing gig economy workers, including delivery riders and live streamers
- **[ADGREG]** Adani Green Energy total revenue rose 15.3% yoy to INR129.3bn (cUSD1.4bn) in FY26
- **[GLPSP]** GLP set investor meeting for 8 May'26 following the publication of its FY25 financials also scheduled for the same date
- **[MGMTGE]** Mongolian Mortgage repurchased USD18.1mn of MGMTGE 11.5 01/18/27, outstanding amount is reduced to USD141.434mn
- **[MPEL]** Melco Resorts FY25 adjusted property EBITDA up 31.5% yoy to USD786.9mn
- **[NOMURA]** Nomura Holdings FY26 net revenue rose 14.5% yoy to JPY2.2tn (cUSD13.6bn)
- **[PEAKRN]** Moody's upgraded Peak Reinsurance by one notch to A3 from Baa1; outlook stable
- **[SOFTBK]** SoftBank-led power plant project in US to receive JPY220bn (cUSD1.4bn) loan from Japanese banks
- **[STCITY]** Studio City FY25 adjusted EBITDA up 15.9% yoy to USD285mn
- **[TYANLI]** Tongyang Life Insurance 1Q26 sales rose 30.7% yoy to KRW1.1tn (cUSD754mn)

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