

CMBI Credit Commentary

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

- *This morning, financial IG bonds like DAESEC/OCBCSP and the recent new issues NORBK 31-36s tightened 3-5bps. Chinese IG space also traded 3-5bps tighter while MEITUAs were unchanged from the closes yesterday. China's manufacturing PMI showed broad-based softening in Feb'26. See comments from CMBI economic research below.*
- **WESCHI:** *Maintain buy on WESCHI 9.9 12/04/28 and initiate buy on WESCHI 10 ½ 11/11/29. WESCHI announced positive profit alert for FY25. WESCHI 26-29 were unchanged this morning. See below.*
- **YLLGSP:** *Mixed FY25 results, lower revenue but higher gross margin and profit before tax. YLLGSP 26 was unchanged this morning. See below.*

❖ Trading desk comments 交易平台市场观点

Yesterday, the new NORBK 4.683 03/10/31 and NORBK 5.356 03/16/36 tightened 5-7bps before noon from RO at T+105 and T+130, respectively, but gradually more than half of the spread gains were pared on profit taking. In Chinese IG space, MEITUA widened 5-10bps amid news that S&P downgraded the ratings of Meituan to BBB+ from A- on deteriorating profitability outlook due to intensified competition. WESCHI 26-29 were unchanged to 0.4pt lower. West China Cement announced positive profit alert for FY25. See comments below. In HK, We saw better buying on MTRC/HKE/LINREI, but their spreads closed unchanged. NWDEVL dropped 0.7-1.8pts and VDNWDLs were unchanged to 0.3pt lower. Media reported that Blackstone's proposed USD2.5bn NWD deal stalled. In Chinese properties, VNKRLE 27-29/FUTLAN 28/FTLNHD 26-29/LNGFOR 27-32 leaked 0.2-0.5pt. YLLGSP 26 was unchanged. See comments below on Yanlord's mixed FY25 results. In SE Asia, PCORPM Perps were unchanged to 0.2pt lower. Petron will redeem the remaining outstanding amount USD162.6mn of PCORPM 5.95 Perp at par on 19 Apr'26. See our comments [yesterday](#). IHFLIN 27-30 and the ReNew Energy complex lost 0.1-0.2pt. VEDLN 28-33s were unchanged to 0.4pt lower. In KR space, DAESECs traded 2-4bps tighter. In the Middle East, selling flows continued to dominate names like ARAMCO/KSA/SECO, which closed another 0.3-0.5pt weaker. Yankee AT1s led the space and recovered 0.3-1.2pts from the previous lows. In particular, UBS 7 Perp/SOCGEN 7.125 Perp/LLOYDS 6.625 Perp/BNP 6.875 Perp/INTNED 7.25 Perp edged 0.9-1.2pts higher. On the other hand, Japan AT1s and insurance subs leaked another 0.3pt amid better-selling from RMs, prop desks and PBs. SOFTBKs lost 0.1-0.4pt. S&P lowered SoftBank's credit rating outlook to negative from stable as increased bet on OpenAI may harm the group's liquidity. In LGFV space, we saw balanced two-way flows. RMs were buying higher-yielding names SHGCON/JLIDC/LYGYIH from tactical bondholders.

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❖ Last Trading Day's Top Movers

| Top Performers | Price | Change | Top Underperformers | Price | Change |
|-------------------|-------|--------|-----------------------|-------|--------|
| UBS 7 PERP | 100.3 | 1.2 | NWDEVL 5 1/4 PERP | 76.9 | -1.8 |
| SOCGEN 7 1/8 PERP | 99.1 | 0.9 | NWDEVL 8 5/8 02/08/28 | 95.3 | -1.6 |
| LLOYDS 6 5/8 PERP | 98.7 | 0.9 | NWDEVL 3 3/4 01/14/31 | 76.1 | -1.6 |
| BNP 6 7/8 PERP | 99.6 | 0.9 | NWDEVL 4 1/8 07/18/29 | 83.4 | -1.4 |
| INTNED 7 1/4 PERP | 106.5 | 0.9 | NWDEVL 4 1/8 PERP | 72.9 | -1.4 |

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.78%), Dow (+0.49%) and Nasdaq (+1.29%) were higher on Wednesday. The Feb'26 Manufacturing PMI of China was 49.0, lower than the market expectation of 49.1. The US Feb'26 S&P Global Services PMI was 51.7, lower than the market forecast on 52.3. The US Feb'26 ISM Non-Manufacturing PMI was 56.1, higher than the market expectation of 53.5. The US Crude Oil Inventories was +3.475mn, higher than the forecast of +3.000mn. UST yield was higher on Wednesday. 2/5/10/30 year yield was at 3.54%/3.67%/4.09%/4.72%.

❖ Desk Analyst Comments 分析员市场观点

➤ **WESCHI: Maintain buy on WESCHI 9.9 12/04/28 and initiate buy on WESCHI 10 ½ 11/11/29**

West China Cement (WESCHI) announced positive alert and expects its FY25 profit attributable to owners to increase 33-43% to RMB832.8-895.5mn. The drivers for the significant profit growth are: 1) an uptick in international cement sales; 2) lower COGS of cement product sales in China; and 3) the negative goodwill from the acquisition of Cimenterie de Lukala SA. Recalled that WESCHI issued USD400mn WESCHI 9.9 12/04/28 to fund the tender offer for WESCHI 4.95 07/08/26 for the equivalent amount in Dec'25. WESCHI also launched a tender offer for WESCHI 4.95 07/08/26 and concurrently issued USD300mn WESCHI 10.5 11/11/29 in Feb'26. The company accepted a total of USD 148.024mn in principal amount for WESCHI 4.95 07/08/26. Subsequent to the 2 rounds of tender offers, the outstanding amount of WESCHI 4.95 07/08/26 had reduced to USD52.0mn from USD600mn. WESCHI's debt maturity profile has effectively been extended for 2-3 years and refinancing pressure is considerably relieved.

In view of WESCHI's stronger operating results, good execution of overseas expansion and considerably relieved refinancing risk, we maintain buy on WESCHI 9.9 12/04/28 and initiate buy on WESCHI 10 ½ 11/11/29. At 100.5 and 100.8, WESCHI 28 and WESCHI 29 are trading at YTM of 9.7% and 10.2%, respectively.

➤ **YLLGSP: Mixed FY25 results, lower revenue but higher gross margin and profit before tax**
Table 1: Bond profile of YLLGSP

| Security Name | O/S (USD mn) | Maturity | Coupon | Offer price | YTM (%) |
|-----------------------|--------------|-----------|--------|-------------|---------|
| YLLGSP 5 1/8 05/20/26 | 256.9 | 5/20/2026 | 5.125% | 100.1 | 4.5% |

Source: Bloomberg.

We have a neutral recommendation on YLLGSP 5 ½ 05/20/26 on valuation. Yanlord posted mixed FY25 results with considerably lower revenue but higher gross margin and profit before tax, boosted by the delivery of a Shenzhen urban redevelopment project (URP) with gross margin over 30%. In FY25, its total contract sales declined 37.1% to RMB14.0bn with an attributable ratio of 43% and saleable resources of cRMB30bn. In 2M26,

its contract sales were cRMB10bn, down c60% yoy. It has saleable sources of cRMB30bn, mainly in Suzhou, Nantong and Wuxi, in FY26. Since Yanlord has been muted in land acquisition, we expect its sales momentum to remain slow under the current market backdrop. Additionally, subsequent to the full delivery of the SZ URP, Yanlord's gross margin will likely be "normalized" to a level of below 20%.

Nonetheless, we continue to consider Yanlord one of the few non state-owned survivors of the sector given its prudent financial management and manageable debt maturity profile. Its net debt level was stable and net gearing ratio increased moderately to 44.0% in Dec'25 compared with 41.8% in Dec'24 but lowered from 46.5% in Jun'25. While cash/ST debts ratio dropped below 1x, we take comfort from the financial flexibility offered by its investment properties (IPs), especially those in Singapore. As of Dec'25, the BV of its IPs in Singapore was cRMB12bn and loans against these IPs were RMB3.9bn (funding cost at 2.2%), representing a LTV ratio of 32.5%. Assuming it can raise the LTV ratio to 50%, the headroom for offshore loans against its Singaporean IPs will be RMB2.1bn or cUSD300mn. This, coupled with its cash on hand (excluding cash in escrow account from property sales) of cRMB1.4bn or cUSD200mn, should offer adequate liquidity for Yanlord to repay its only outstanding USD bond due May'26. Since Apr'25, the company has repurchased its USD bond totaling USD243.1mn and outstanding amount of this bond has reduced to USD256.9mn.

As per our discussions with Yanlord, it plans to repay the USD bond with internal resources. Yanlord appears less enthusiastic to engage investors as evidenced by not hosting an investors' call for FY25 results. That said, whether Yanlord will repay or refinance the USD bond with another issue will, in our opinion, depend very much on the market condition over the coming 2 months.

Table 2: Financial highlights of YLLGSP

| RMB mn | 2022 | 2023 | 2024 | 2025 | % change |
|--|----------|----------|----------|----------|----------|
| Revenue | 28,712.3 | 43,395.4 | 36,396.7 | 14,368.9 | -60.5% |
| Property sales | 24,723.1 | 38,138.2 | 31,243.0 | 9,764.9 | -68.7% |
| Non property sales | 3,989.2 | 5,257.2 | 5,153.7 | 4,604.0 | -10.7% |
| Gross profit | 7,751.8 | 8,287.1 | 3,431.6 | 4,004.5 | 16.7% |
| Adj gross profit | 7,761.3 | 9,739.6 | 6,801.2 | 4,496.7 | -33.9% |
| Profit before tax | 5,448.6 | 3,053.2 | -687.4 | 1,898.4 | NA |
| Adj PBT (excl write-down, valuation and impairment losses) | 27,045.6 | 39,756.5 | 34,604.2 | 12,660.6 | -63.4% |
| Recognized GFA, incl JVs and associates (mn sqm) | 1.7 | 1.5 | 1.5 | 0.8 | -46.8% |
| Gross margin | 27.0% | 19.1% | 9.4% | 27.9% | |
| Adj Gross margin | 27.0% | 22.4% | 18.7% | 31.3% | |
| Total contract sales | 68,091 | 32,352 | 22,206 | 13,972 | -37.1% |
| GFA pre-sold (mn sqm) | 1.4 | 1.2 | 0.9 | 0.6 | -33.0% |
| RMB bn | Dec'22 | Dec'23 | Dec'24 | Dec'25 | |
| Cash | 20,716.1 | 13,022.5 | 10,242.8 | 7,316.5 | |
| Cash in escrow | 8,500.0 | 4,900.0 | 3,000.0 | 5,900.0 | |
| ST debts | 16,688.2 | 12,660.7 | 7,415.3 | 8,949.2 | |
| LT debts | 29,243.6 | 20,974.2 | 19,207.4 | 15,202.7 | |
| Total debts | 45,931.8 | 33,634.9 | 26,622.7 | 24,151.9 | |
| Net debts | 25,215.7 | 20,612.4 | 16,379.9 | 16,835.4 | |
| Net gearing | 55.6% | 47.1% | 41.8% | 44.0% | |
| Cash/ST debts | 1.2x | 1.0x | 1.4x | 0.8x | |
| Adj. liab/assets | 66.0% | 64.0% | 63.2% | 58.4% | |

Source: Company filing. CMBI Research.

➤ **China economy: PMI weakened amid CNY distortions**

China's manufacturing PMI showed broad-based softening in Feb amid distortions from the Chinese New Year (CNY). Demand and production both deteriorated, with new order index and export index both dropping to a new low. Nevertheless, reflation continued as raw material and ex-factory prices remained in expansion. Non-manufacturing PMI remained in contraction, as construction sites mostly suspended during CNY. A softening property market, weaker durable goods sales, and slower manufacturing have pointed to fading growth momentum in early 2026. At tomorrow's annual NPC meeting, policymakers may keep the broad fiscal deficit at around 8% of GDP, to underpin the economy, including RMB5.9tn general budget deficit (4% of GDP), RMB1.3tn ultra-long central government special bonds (0.9%), and RMB4.5tn local government special bonds (3.1%) based on our estimates. The 2026 GDP growth target may be lowered to "4.5-5%" compared to "around 5%" in 2025, consistent with the downward revisions seen in recent local "Two Sessions" targets. Any newly introduced policy language on stabilizing the property sector and boosting domestic consumption will be key areas to watch.

Manufacturing PMI dropped to another low amid CNY distortions. Manufacturing PMI edged down to 49% in Feb from 49.3% in Jan, below market expectations at 49.7%. Demand notably deteriorated, as new order index dropped to 48.6% in Feb from 49.2%, the biggest contraction since July 2023. New export order also declined to 45% in Feb from 47.8%, signaling the headwinds in exports heading into 2026. Production fell back into contraction at 49.6%. Reflation continued as raw materials purchase price and ex-factory price remained in expansion at 54.8% and 50.6%. Breaking down by sector, food processing and computer & electronic devices expanded in both new orders and production, while textile & garment and auto notably contracted.

Non-manufacturing PMI remained in contraction. Non-manufacturing PMI edged up to 49.5% in Feb from 49.4%, below market expectation at 50%. Service PMI edged up to 49.7% from 49.5%, while new order index dropped to 45.7% from 47.1%. Price index of input and final sale picked up, indicating the reflation process also sustained in the service sector. Breaking down by sector, activities related to tourism and holiday consumption remained in high prosperity, including lodging & dining, sports & recreational activities, retail and air transportation; while capital market and real estate contracted. Construction PMI dipped from 48.8% to 48.2% in Feb as construction sites mostly suspended during the CNY.

Eyes on the national Two Sessions for additional stimulus. A softening property market, weaker durable goods sales, and slower manufacturing have pointed to fading growth momentum in early 2026. At tomorrow's annual NPC meeting, policymakers may keep the broad fiscal deficit at around 8% of GDP, to underpin the economy, including RMB5.9tn general budget deficit (4% of GDP), RMB1.3tn ultra-long central government special bonds (0.9%), and RMB4.5tn local government special bonds (3.1%). Additional measures include RMB500bn of CGSBs for capital injections into banks and insurance companies, and RMB2tn in local government debt-swap bonds. The 2026 GDP growth target may be lowered to "4.5-5%" compared to "around 5%" in 2025, consistent with the downward revisions seen in recent local "Two Sessions" targets.

Click [here](#) for the full report.

➤ **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) |
|-------------------------------------|----------|---------------|-------|----------|----------------------|
| Industrial Bank Co., Ltd. HK Branch | USD | - | 3yr | SOFR+100 | Baa2/-/- |

➤ **News and market color**

- Regarding onshore primary issuances, there were 97 credit bonds issued yesterday with an amount of RMB82bn. As for Month-to-date, 220 credit bonds were issued with a total amount of RMB186bn raised, representing a 10.4% yoy increase
- Fitch revised Indonesia's outlook to negative from stable on reasons such as rising policy uncertainty and sustained spending pressure, and affirmed BBB rating
- Several Chinese financial firms are scaling back exposure to Middle Eastern debt as creditors cut risk from the region
- **[DAESEC]** Mirae Asset Indonesian unit was accused of gaining up to USD857.6mn from illegal trading
- **[FIRPAC]** First Pacific-owned Meralco projects a 3% rise in 2026 energy sales volume
- **[IIFOIN/PIFINL]** Piramal Finance and IIFL Finance are in discussions for a deal in the microfinance business
- **[MEITUA]** S&P downgraded the ratings of Meituan to BBB+ from A- on deteriorating profitability outlook due to intensified competition, particularly from Alibaba
- **[ORIX]** Orix will sell its 90% stake in a scaffolding and temporary construction materials business for JPY95.8bn (cUSD608mn)
- **[RIOLN]** Rio Tinto and the Western Australian government formed a JV for an AUD1.1bn (cUSD776mn) seawater desalination project
- **[SHFLIN]** Shriram Finance received USD76mn loan from DEG and Citi
- **[SOBKCO]** S&P revised SoftBank Corp's outlook to negative from stable and affirmed BBB rating, as its creditworthiness might remain constrained to some extent by that of its parent, SoftBank Group Corp
- **[TACHEM]** Takeda Pharmaceutical is cutting 400 jobs in the US this year amid strategic rethink
- **[TAISEM]** TSMC plans to build another Taiwan plant amid surging AI demand

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