

CMBI Credit Commentary

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

- *Asian IG credits were largely unchanged this morning amid mixed flows. GLPSP 28 down 0.7pt. FAEACO 12.814 Perp was 0.5pt lower. NWDEVL 28 edged 0.6pt higher. We saw two-way flows in LGFV space, with better buying concentrated in higher-yielding issues.*
- **MEITUA:** *Liquidity profile remained robust despite persistent margin pressure from competitive headwinds. MEITUAs were 3bps wider yesterday and unchanged this morning. See below.*
- **ZHOSHK:** *Zhongsheng recorded net losses of RMB1.9bn in FY25, as expected after the profit warning. ZHOSHK 28 was 1.5pts higher this morning. See our comments on [Zhongsheng's FY25 results](#).*

❖ Trading desk comments 交易台市场观点

Yesterday, the new fixed-rate LGENSO 29-36 initially traded 5bps tighter inside ROs but eventually eased back to RO levels, while the new LGENSO Float 31 closed 10bps wider than RO at SOFR+156. ZHOSHK 28 gained 1.2pts. Zhongsheng announced net losses of RMB1.9bn in FY25, as expected after the profit warning but we see the silver linings of the weak FY25 results. See our comments on [Zhongsheng's FY25 results](#). In contrast, WESCHI 28-29 lost 0.6pt. BTSDf 28 was 0.1pt lower. See our comments on H&H on [25 Mar'26](#). Chinese IG spreads widened 1-5bps, driven by better selling on MEITUA and KUAISH 7-10yr tranches. Meituan's FY25 adj. EBITDA was negative RMB13.8bn versus positive RMB49.1bn in FY24, while Kuaishou's FY25 adj. EBITDA increased by 20.5% yoy to RMB29.8bn. See comments on Meituan's FY25 results below. Taiwanese lifers eased to 1-2bps wider with light selling on SHIKON. In Chinese/HK properties, FAEACO 12.814 Perp was 1.1pts higher. On the other hand, VNKRL 27' and 29' leaked 1.2-1.3pts. Media reported that Vanke is asking holders of an RMB bond maturing on 23 Apr'26 to postpone repayment while it plans for a larger restructuring. NANFUN 5 Perp was 1.1pts weaker. In SE Asian space, GLPSPs/GLPCHI edged 0.1-0.8pt higher. PTTGC/TOPTB Perps leaked 0.1-0.3pt. In the Middle East, FABUHs were unchanged to 0.2pt lower. First Abu Dhabi Bank will redeem USD750mn FABUH 4.5 Perp on the first call date on 5 Apr'26. Japanese and Yankee AT1s and insurance subs leaked by up to 1.0pt. We saw better selling from prop desks, whilst PBs remained better buyer in HSBC 6.75 Perp and HSBC 7 Perp, though the bonds eventually closed 1.0pt lower. In LGFV space, lower-yielding IG issues were being switched out by AMs for cash, whereas higher-yielding issues remained under demand.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ZHOSHK 5.98 01/30/28	95.1	1.2	VNKRLE 3.975 11/09/27	38.7	-1.3
FAEACO 12.814 PERP	83.2	1.1	LGENSO 5 1/2 07/02/34	98.9	-1.2
GLPSP 9 3/4 05/20/28	82.4	0.8	VNKRLE 3 1/2 11/12/29	36.6	-1.2
GLPCHI 7 3/4 04/30/29	80.4	0.7	NANFUN 5 PERP	77.1	-1.1
TSINGH 6 1/2 01/31/28	87.8	0.7	HSBC 7 PERP	98.8	-1.0

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-1.74%), Dow (-1.01%) and Nasdaq (-2.38%) were lower on Thursday. The US latest initial jobless claims were +210k, lower than the market expectation of +211k. UST yield was higher on Wednesday. 2/5/10/30 year yield was at 3.96%/4.08%/4.42%/4.93%.

❖ Desk Analyst Comments 分析员市场观点

➤ **MEITUA: Liquidity profile remained robust despite persistent margin pressure from competitive headwinds**

Despite near-term headwinds, we view Meituan's overall credit profile remains robust with a strong net cash position of RMB80.2bn as of Dec'25. This should continue to cushion the near-term impact on its earnings from the price war. We maintain buy on MEITUA 3.05 10/28/30 and MEITUA 0 04/27/28 (CB).

Table 1: Meituan's o/s USD bonds

Security name	ISIN	Amt o/s (USDmn)	Ask px	YTW	Z-spread (bps)	Mod dur	First put date	Put px
MEITUA 4.5 04/02/28	USG59669AE46	1,200	99.7	4.7%	88	1.9	-	-
MEITUA 0 04/27/28	XS2333569056	1,500	100.8	6.2%	-	0.1	04/27/26	101.28
MEITUA 4.625 10/02/29	USG59669AF11	1,300	99.2	4.9%	117	3.1	-	-
MEITUA 3.05 10/28/30	USG59669AC89	1,250	91.8	5.1%	131	4.1	-	-
MEITUA 4 ½ 05/05/31	USG59669AG93	600	97.0	5.2%	142	4.4	-	-
MEITUA 4 ¾ 11/05/32	USG59669AH76	600	96.9	5.3%	150	5.5	-	-
MEITUA 5 ½ 11/05/35	USG59669AJ33	800	96.2	5.6%	171	7.3	-	-

Source: Bloomberg

Intense competition in China's food delivery market materially weighed on Meituan's FY25 profitability, primarily driven by elevated incentives and marketing expenses aimed at defending market share against aggressive subsidy campaigns from its competitors. While the price war has eroded sector-wide margins, we expect this pressure to persist until the competitive landscape becomes more rational, a normalization that may require regulatory intervention to curb excessive subsidies.

In 4Q25, Meituan's revenue increased 4.1% yoy, supported by 18.9% yoy increase in new initiatives segment, despite the discontinuation of Meituan Select. Core local commerce revenue down 1.1% yoy to RMB64.8bn, as higher incentives and elevated marketing and promotional costs more than offset growth transaction volumes and GTV. Meituan continued to record an operating loss in 4Q25 of RMB16.1bn, with both segments in loss, attributable to higher cost of revenue, SG&A, and R&D expenses. Keeta's expansion into four new markets during 4Q25 also added to upfront investment costs. These headwinds were partially offset by FV gains on

other financial investments and other income. Adj. EBITDA was negative RMB14.0bn while adj. net loss was RMB15.1bn in 4Q25.

In FY25, Meituan's revenue grew 8.1% yoy to RMB364.9bn. Core local commerce segment swung to an operating loss of RMB6.9bn due to intensified industry competition, particularly in 2H25. New initiatives segment's operating loss widened to RMB10.1bn, reflecting increased investment in overseas operations. As a result, Meituan recorded an operating loss of RMB25.0bn in FY25, from a profit of RMB36.8bn in FY24. Adj. EBITDA turned to negative at RMB13.8bn, and adj. net loss was RMB18.6bn.

That said, on a qoq basis, user incentives and promotional expenses declined qoq in 4Q25, reflecting marketing strategy optimization. There appear signs of Meituan's pivoting toward a more rational, sustainable approach to growth. The local core commerce operating loss narrowed qoq, to RMB10bn in 4Q25 from RMB14.1bn in 3Q25, with operating margin improved to negative 15.5% from negative 21.0%. Operating cash outflow also improved sequentially, narrowed to RMB6.6bn from RMB22.1bn in 3Q25. While Meituan saw a meaningful improvement in food delivery per order loss in 1Q26 compared to 4Q25, we envisage the segment operating loss continue to narrow in 1Q26, as Meituan pulls back resources on low-quality orders.

Meituan's liquidity position remained solid with net cash position of RMB80.2bn as of Dec'25, despite it down from RMB106.7bn as of Dec'24. Meituan had a net cash position averaged RMB70.6bn over past five years. This provides a large buffer to absorb near-term earnings volatility.

In Feb'26, Meituan announced the acquisition of Dingdong Grocery for an initial consideration of USD717mn (cUSD5.0bn), subject to regulatory approval, aimed at strengthening its on-demand grocery capabilities in East China. We view the cash outlay as manageable, represented c6% of Meituan's net cash position of RMB80.2bn as of Dec'25. At the current stage, the acquisition does not raise a material concern to us. We view the main credit driver for Meituan remains the pace of margin recovery in core local commerce.

Table 2: 4Q25 and FY25 financial

RMB mn	FY24	FY25	Change	4Q24	4Q25	Change
Revenue	337,592	364,855	8.1%	88,487	92,096	4.1%
-Core local commerce	250,247	260,826	4.2%	65,567	64,835	-1.1%
-New initiatives	87,344	104,029	19.1%	22,920	27,262	18.9%
Gross profit	129,785	111,009	-14.5%	33,444	24,127	-27.9%
Operating profit/(loss)	36,845	(25,041)	-	6,693	-16,074	-
-Core local commerce	52,415	(6,904)	-	12,900	-10,046	-
-New initiatives	(7,273)	(10,082)	38.6%	-2,176	-4,650	113.7%
Adj. EBITDA	49,119	(13,783)	-	11,523	-14,025	-
Net profit/(loss)	35,808	(23,354)	-	6,222	-15,144	-
Operating cash flow	57,147	(13,815)	-	16,862	-6,571	-
Gross margin	38.4%	30.4%	-8.0 pct pt	37.8%	26.2%	-11.6 pct pt
Adj. EBITDA margin	14.5%	-3.8%	-	13.0%	-15.2%	-
Net profit margin	10.6%	-6.4%	-	7.0%	-16.4%	-
RMB mn	Dec'24	Dec'25	Change			
Unrestricted cash and cash equivalent	70,834	106,771	50.7%			
Short-term treasury investments	97,409	60,062	-38.3%			

Unrestricted Cash and ST investment	168,243	166,834	-0.8%
ST debts	19,191	17,117	-10.8%
LT debts	42,319	69,502	64.2%
Total debts	61,510	86,619	40.8%
Net cash	106,734	80,215	-24.8%
Cash/ST debts	3.7x	6.2x	

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)
No Offshore Asia New Issues Pipeline Today					

➤ News and market color

- Regarding onshore primary issuances, there were 131 credit bonds issued yesterday with an amount of RMB95bn. As for month-to-date, 2,150 credit bonds were issued with a total amount of RMB1,765bn raised, representing a 6.4% yoy increase
- **[FOSUNI]** Fosun plans Shanghai listing of REIT backed by tourism resort Atlantis Sanya
- **[HYUELE]** SK Hynix aims to achieve KRW100tn (cUSD66.7bn) in net cash to strengthen financials in AI era
- **[NICAU]** Nickel Industries' Hengjaya Mine suspended all operations, pending an investigation by the Ministry of Energy and Mineral Resources
- **[SHUION]** Shui On Land FY25 revenue decreased by 50% yoy to RMB4.1bn (cUSD593mn) due to lower property sales
- **[VNKRLE]** Media reported China Vanke seeks onshore bond repayment delay amid restructuring talks

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