

CMBI Credit Commentary

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

- *This morning, we saw better-selling flows on long-end Korean corps HYNMTR/HYUELE/HANMIL, HK/China T2s, and BBLTB. Japanese insurance bonds and AT1s edged 0.3pt higher. VNKRL 27-29 were down another 0.6-0.7pt.*
- **WESCHI:** *FV of the new WESCHI 28 to be high 9-10% vs IPT at 10.375%. See below.*
- **LASUDE:** *Media reported Lai Sun Development to sell 50% stake in CCB Tower in HK and expects to receive net proceeds of HKD2bn (cUSD257mn). LASUDE 26 was 2.1pts higher this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, the Asia IG space traded 2bps tighter to 2bps wider. In KR space, HYNMTR/HYUELE curves widened 2-3bps, while financial names held up well and closed unchanged. We saw better-selling on JP long-end bank fixed rate papers and 10yr corps KYUSEL/MITCO. In the Middle East, PBs were buying ADQABU/ADCBUH/EBIUH/FABUH FRNs and fixed rate papers with tenor shorter than 5yr. We saw two-way flows on Chinese benchmark names, with MEITUA curve 2-3bps tighter while BABA/TENCNT/HAOHUA 2-3bps wider. There was small selling on BNKEA/SHCMBK T2s and TW lifers NSINTW/CATLIF. LASUDE 26 lowered by 1.0pt. Media report that Lai Sun Development to sell 50% stake in CCB Tower in HK. WESCHI 26 was 0.1pt lower. See our comments on FV of the new WESCHI 28 below. FAEACO 12.814 Perp dropped 1.1pts after the profit warning. In Chinese properties, VNKRL 27-29 were down by 1.1-1.4pts. YLLGSP 26 edged 0.3pt higher. Yanlord repurchased USD32mn YLLGSP 5 1/8 05/20/26, and the outstanding amount reduced to USD312.94mn. In SEA space, SMCGL Perps were 0.3-0.5pt lower. San Miguel Global Power launched exchange and tender offers for SMCGL 5.7 Perp, and announced a concurrent issuance of additional USD senior perps fungible with the exchanged new perps. VLLPM 29 dropped another 1.5pts. Yankee AT1s bounced back and edged 0.3pt higher upon London opened against a firmer macro tone. Long-end insurance subs RESLIF/NIPLIF/MYLIFE strengthened 0.1-0.2pt with PBs and prop desks buying. The LGFV space had a slow start of the week. Flows remained better buying from RMs and PBs in names at both ends of the credit curve, whereas flows were better selling for issues in between the curve.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GRNLGR 6 3/4 03/03/30	10.8	1.3	VLLPM 9 3/8 07/29/29	54.4	-1.5
AGILE 5 1/2 05/17/26	6.6	0.9	AGILE 13.476 PERP	3.1	-1.4
SINOPC 4 1/4 04/24/43	93.2	0.9	VNKRLE 3.975 11/09/27	55.7	-1.4
TACHEM 5.8 07/05/64	100.1	0.9	FAEACO 12.814 PERP	71.7	-1.1
TENCNT 4.525 04/11/49	92.2	0.9	VNKRLE 3 1/2 11/12/29	48.8	-1.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.55%), Dow (+0.44%) and Nasdaq (+2.69%) were higher on Monday. UST yield was lower on Monday. 2/5/10/30 year yield was at 3.46%/3.61%/4.04%/4.68%.

❖ Desk Analyst Comments 分析员市场观点

➤ **WESCHI: FV of the new WESCHI 28 to be high 9-10% vs IPT at 10.375%**

West China Cement (Weschi) proposes to issue a new 3NC2 senior unsecured USD bond (-/B/B). We view the FV of the new WESCHI 28 to be high 9-10% vs IPT of 10.375%, taking cues from the valuation of similarly-rated HY peers. See Table 1. The net proceeds, along with its internal cash, will be used to fund a concurrent tender offer for the USD600mn WESCHI 4.95 07/08/26, subject to new issue conditions. We understand that Weschi targets to issue USD400mn for the new issue versus its NDRC quota of USD700mn. Weschi plans to use part of the quota for purposes other than refinancing. The new WESCHI 28 is callable at par plus 50% of the coupon (as per roadshow presentation) and carries a Change of Control put at 101%.

The tender offer price for the WESCHI 26 is 101.238, same as the current call price. Holders of WESCHI 26 who subscribe to the new USD bond may receive priority acceptance in the tender offer as well as preferential allocation in the new issue. The tender offer will expire on 28 Nov '25 at 5pm CET, after which Weschi plans to early redeem any amount not tendered.

Table 1: Weschi's peers

Security name	ISIN	Amt o/s (USD mn)	Px	YTM	Mod dur	Issue rating (M/S/F)
WESCHI 4.95 07/08/26	XS2346524783	600	99.3	6.1%	0.6	Caa2/-/-
GRNCH 8.45 02/24/28	XS2971601336	500	101.7	7.6%	2.0	B1/-/-
VEDLN 10.25 06/03/28	USG9T27HAH76	300	102.3	9.2%	2.1	-/B/B+
VEDLN 10.875 09/17/29	USG9T27HAG93	1,200	103.8	9.6%	3.0	-/B/-

Source: Bloomberg.

Weschi is the largest cement producer in Shaanxi Province in terms of NSP production capacity as of Dec'24. Weschi expanded its footprint into sub-Saharan Africa and Central Asia since 2020, establishing production capacity across Ethiopia, Mozambique, DRC, Rwanda, Tanzania and Uzbekistan, and new construction in Uganda. As of Jun'25, Weschi's annual cement capacity totaled 37.3mt. Weschi has c30% market share in Shaanxi Province and c40% in each country of operation in sub-Saharan Africa.

In 1H25, 43% of its gross profit was generated from mainland China and the remaining 57% was from overseas operations. Weschi expects to upstream the first dividend of USD5mn from its Ethiopia subsidiary, with further

cash repatriation expected. Weschi guided full-year EBITDA of RMB4bn in FY25, RMB6bn in FY26 and RMB7.5-8.0bn in FY27, supported by higher production capacity offshore. In Aug'25, Weschi divested its non-core Xinjing assets for a total consideration of RMB1.65bn in three installments, such that 80% in 2025, 14% in 2026, and 6% in 2027. As per Weschi, part of the net proceeds earmarked for the repayment or early redemption of the WESCHI 26, supporting its refinancing plan.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Guangzhou Development District Holding Group	500	2yr	4.4%	4.4%	-/-/BBB+

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
BDO Unibank	USD	-	5yr	T+110	Baa2/-/-
San Miguel Global Power	USD	-	Perp	8.125%	Unrated
West China Cement	USD	-	3NC2	10.375%	-/B/B

➤ **News and market color**

- Regarding onshore primary issuances, there were 113 credit bonds issued yesterday with an amount of RMB157bn. As for month-to-date, 1,685 credit bonds were issued with a total amount of RMB1,838bn raised, representing a 31.7% yoy increase
- Danantara seeks to raise IDR15tn in second issuance of Patriot bond
- **[FOSUNI]** Fosun International completed the sale of 99.743% of share in HAL for EUR703mn (cUSD810mn)
- **[FRIDPT]** Freeport Indonesia lowered its 2025 revenue outlook by 18% to USD8.5bn after a landslide slashed output at its biggest mine
- **[HYUELE]** SK Hynix is in preliminary discussions to set up its first memory assembly plant in India
- **[LOGPH]** Logan proposed to amend USD350mn LOGPH 8.7 Perp
- **[MINAU]** Mineral Resources pull out of negotiations for long-term lease at Kambalda airport
- **[PERTIJ]** Pertamina signed USD2.6bn worth upstream oil, gas investment deals
- **[SINOCH/SYNNVX]** Sinochem-owned agribusiness Syngenta weighs Hong Kong IPO for next year
- **[SMCGL]** San Miguel Global Power launched exchange and tender offers for SMCGL 5.7 Perp

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