

CMBI Credit Commentary

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

- *Asian IG space was unchanged to 3bps wider this morning. We saw better selling on MEITUA/SUMIBK/NTT/HYNMTR. Middle East names rebounded back to c0.5pt higher. NWDEVL 28 gained 0.5pt. HYSAN 4.85 Perp lost 0.9pt.*
- **WESCHI:** *Strong FY25 results offset by weakness in 2H25. Maintain buy on WESCHI 28-29, which were unchanged this morning. See below.*
- **VEDLN:** *NCLAT directed Vedanta Ltd to make Adani a party in petitions challenging Jaiprakash Associates' resolution. VEDLN 28-33s were 0.5-2.7pts lower yesterday and were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, the macro backdrop was very weak on the higher UST rates and higher oil given the concerns of the war among Israel, US and Iran was escalating. VNKRL 27' and 29' dropped 3.6-4.9pts. The VNKRL bonds have lost c10pts since 12 Mar'26. There has been lack of progress on the rumored rescue package from the Shenzhen municipal government for China Vanke. FUTLAN 28/FTLNHD 27-29/LNGFOR 27-32 leaked 0.3-1.5pts. EHCAR 26-27 were unchanged to 0.4pt lower. EHi launched exchange offer and concurrent exit consent for EHCAR 7 09/21/26. HONGQI 28s were 0.3pt weaker post FY25 results, reflecting largely stable operating results and notably lower leverage. See our comments on EHCAR and HONGQI [yesterday](#). WESCHI 28-29 lost 1.2-1.7pts. See comments on West China Cement's FY25 results below. FOSUNI 26-29 were up to 1.2pts lower. In SE Asian space, IHFLIN 30 were down by 3.5pts. VEDLN 28-33s leaked 0.5-2.7pts. Vedanta Group has filed two appeals before the NCLAT against the NCLT order approving Adani Enterprise's bid for insolvent Jaiprakash Associates. GLPSPs/GLPCHI lost 1.3-2.3pts. SMCGL Perps were 0.2-1.1pts weaker. In Chinese IG space, 5-10yr MEITUA/KUAISH/LENOVO widened 5-10bps amid better-selling. In HK, the NWDEVL/VDNWDL complex were 0.9-1.8pts lower. LASUDE 26/MTRC Perps leaked another 0.5-0.8pt after the profit warning. TW lifers CATLIF/FUBON/NSINTW/SHIKON widened 10bps. KR and JP IG space was also 5-10bps wider, amid better selling especially on corporate names LGENSO/HYUELE/HYNMTR. JP and Yankee AT1s/insurance subs/perps dropped 1.0-2.0pts. In AU space, we saw better selling on Bank T2s as well as bank FRNs. In the Middle East, bond prices were 0.5-1.5pts lower amid better selling across the curve. In LGFV space, flows remained largely two-way skewed to better selling. HFs and PBs were selling bonds to recycle cash, driving the space 25bps wider.

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吳蓓瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

Yujing Zhang 张钰婧
(852) 3900 0830
zhangyujing@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
YANTZE 3.2 10/16/49	75.1	1.0	VNKRLE 3.975 11/09/27	37.9	-4.9
TACHEM 5.65 07/05/54	96.1	0.8	VNKRLE 3 1/2 11/12/29	36.0	-3.6
TACHEM 5.65 07/05/44	97.9	0.7	IHFLIN 7 1/2 10/16/30	93.7	-3.5
GRNLGR 6 3/4 06/25/28	16.2	0.7	VEDLN 9.85 04/24/33	100.4	-2.7
NORBK 5.071 09/14/32	99.9	0.7	IIFOIN 8 3/4 07/24/28	98.6	-2.5

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.15%), Dow (+1.38%) and Nasdaq (+1.38%) were higher on Monday. Trump said that renewed discussions with Iran began soon after he threatened to bomb Iran's energy infrastructure and he would postpone the strikes. Iran rejected Trump's claims saying there were no negotiations with the US. UST yield was lower on Monday. 2/5/10/30 year yield was at 3.83%/3.95%/4.34%/4.91%.

❖ Desk Analyst Comments 分析员市场观点

➤ WESCHI: Strong FY25 results offset by weakness in 2H25

We maintain buy on WESCHI 28-29, in view of their good risk-return profiles, as well as West China Cement (Weschi)'s good execution of overseas expansion strategy, and considerably relieved refinancing risk following the "friendly" LMEs in Dec'25 and Feb'26, and subsequently early redemption of WESCHI 4.95 07/08/26 in full on 6 Mar'26.

Table 1: Bond profile of WESCHIs

Security name	ISIN	Amt o/s (USD mn)	Ask px	YTM
WESCHI 9.9 12/04/28	XS3219577148	400	94.1	12.5%
WESCHI 10.5 11/11/29	XS3277000900	300	93.4	12.8%

Source: Bloomberg.

Weschi reported a 15.3% yoy increase in revenue in FY25, mainly driven by higher sales volumes, partially offset by lower ASPs in both China and overseas markets. Gross profit increased 24.6% yoy to RMB2.5bn with GPM expanded to 25.6%, as the benefit from lower production costs more than offset the drag from weaker ASPs. By geography, overseas revenue and GP contribution rose to 49% of total revenue and 80% of total GP in FY25, from 38% and 67% in FY24, respectively, reflecting the continued strategic shift away from domestic operations.

EBITDA rose 14.6% yoy to RMB3.0bn in FY25 on the back of higher gross profit, though EBITDA margin edged down slightly to 31.3% due to higher SG&A expenses. A net reversal of impairment on trade and loan receivables of RMB79.7mn, compared to an impairment charge of RMB54.9mn in FY24, provided an additional support to net profit, which grew 31.3% yoy to RMB1.1bn in FY25.

As we wrote before, Weschi's overseas operations are gaining greater strategy importance underpinned by the ramp-up of overseas production capacity, and the ongoing disposal of non-core China operations. These reflect Weschi's broader strategic pivot towards more profitable overseas markets, as the domestic cement sector continued to face overcapacity and pricing pressure. In Aug'25, Weschi divested its entire operations in Xinjiang

provinces, totaling 3.5mn tons of cement capacity, for a total consideration of RMB1.65bn. The CILU acquisition, which extended Weschi's footprint into western DRC, was completed in Dec'25. Weschi is also in preliminary discussions with a potential buyer, an associate of Conch International which is a substantial shareholder of the company, regarding the disposal of certain assets in mainland China.

That said, we view Weschi's operating performance weakened in 2H25. As per Weschi, the weakness in 2H25 was attributable to the lower ASP and volume in China, c13% depreciation of Ethiopian Birr (ETB) against the USD in 2H25, and continued logistic disruption at its Great Lakes operations steaming from the regional political conflict. The semi-shutdown at the Rwanda facility persisted throughout 2025, and these altogether led to cRMB700mn lower in profit, including cRMB200mn in FX loss. Looking ahead, we see signs of stabilization. Logistics at Rwanda have resumed normal operations starting from Mar'26, while ETB only depreciated c1% against the USD YTD. While the operating environment in China remains challenging, the company see some stabilization in ETB and price recovery, as well as normalization of logistics in Rwanda.

In FY25, Weschi spent RMB2.9bn in capex, down from RMB4.6bn in FY24, mainly for the maintenance and upgrades of existing production facilities as well as the construction of new production facilities in Mozambique and Uganda. Management guided capex of cRMB2bn in FY26, and expect the new cement and grinding capacity in Uganda to complete in 1H26. We anticipate Weschi will continue to partially fund its capex through external funding in the near-term. As of Dec'25, Weschi had bank and cash balances of RMB766mn, down from RMB1.2bn in Dec'24. Net debt increased by 3.4% over the same period to RMB10.8bn, reflected the negative FCF after capex. The cash to ST debts remained low at 0.2x.

Table 2: Weschi's financial highlights

RMB mn	FY24	FY25	Change
Revenue	8,345	9,621	15.3%
GP	1,974	2,459	24.6%
EBITDA	2,630	3,015	14.6%
Net profit	828	1,087	31.3%
Operating cash flow	2,043	1,847	-9.6%
Capex	4,607	2,919	-36.6%
GP margin	23.7%	25.6%	1.9 pct pt
EBITDA margin	31.5%	31.3%	-0.2 pct pt
Cement & clinker sales volume (mt)	20.0	21.8	9.0%
-China	16.0	13.0	-18.8%
-Overseas	4.0	8.8	120.0%
ASP (t/RMB)	341	339	-0.6%
-China	268	251	-6.3%
-Overseas	631	470	-25.5%
GP/ton (RMB)	88	92	4.5%
-China	41	39	-4.9%
-Overseas	272	171	-37.1%

RMB mn	Dec'24	Dec'25	Change
Cash	1,157	766	-33.8%
ST debts	3,917	4,880	24.6%
LT debts	7,642	6,646	-13.0%
Total debts	11,559	11,526	-0.3%
Net debts	10,402	10,760	3.4%
Total debts/EBITDA	4.4x	3.8x	-
Net debts/EBITDA	3.9x	3.6x	-
Cash/ST debts	0.3x	0.2x	-

Source: Bloomberg, 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)
Korea National Oil Corporation	USD	-	3yr/ 3yr/ 5yr	T+90/ SOFR Equiv/ T+95	Aa2/AA/-

➤ News and market color

- Regarding onshore primary issuances, there were 113 credit bonds issued yesterday with an amount of RMB109bn. As for month-to-date, 1,693 credit bonds were issued with a total amount of RMB1,407bn raised, representing a 13.3% yoy increase
- **[ARAMCO]** Media reported Aramco is preparing to sell a stake in its oil export and storage terminals business in the coming weeks
- **[COGARD]** Country Garden expected to swing to a profit in FY25 due to a non-cash gain from the completion of its debt restructuring
- **[LGCHEM]** LG Chem plans to close its No.2 ethylene plant in the near future amid surging naphtha prices due to the ongoing Iran war
- **[PIFINL]** Moody's changed the outlook of Piramal Finance to positive from stable as asset quality, profitability likely to further improve; Ba3 rating affirmed
- **[SINOPE]** Sinopec has stockpiled enough oil to maintain stable production and operations as the Iran war disrupts supply

- **[SOFTBK]** Softbank Group announced Portsmouth Consortium for large-scale power generation, AI infrastructure project in US
- **[VEDLN]** Vedanta Ltd approved third interim dividend of INR43bn (cUSD458mn) for FY26; NCLAT directed Vedanta Ltd to make Adani a party in petitions challenging Jaiprakash Associates' resolution

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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