

CMBI Credit Commentary

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

- *This morning, 2-5yr IG bonds tightened up to 5bps amid better buying. On the other hand, we saw better selling in 10yr JP/KR and Chinese IG issues, notably in LGENSO/KUAISH/MEITUA. SOFTBK 31 leaked 0.5pt. EHICAR 26 gained 1.1pts.*
- **CWAHK:** *Initiate buy on CWAHK 5.87510/22/30 which was 0.1pt lower this morning. See below.*
- **VNKRLE:** *Vanke will auction off its stake in pig farming and poultry businesses for at least USD479mn and place 99.41% stake in Huanshan Group up for sale. Vanke 1Q26 revenue fell 23.9% yoy to RMB28.93bn (cUSD4.23bn). VNKRLE 27' and 29' edged 0.1-0.2pt higher this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, the new EBIUH 6.25 Perp edged 0.5pt higher from RO at par. The issue is the first USD AT1 issued by a Middle Eastern bank since start of the war in Iran. We initiate buy on the new EBIUH 6.25 Perp and maintain buy on EBIUH 4.25 Perp. See our comments [yesterday](#). The rest of EBIUHs were unchanged to 0.1pt lower. SECO/BSFR/FABUH were unchanged to 0.3pt lower. ARAMCOs were up to 1.0pt lower. In KR space, the new SKONKR 4.375 05/07/29 widened 4bps from RO at T+57 amid profit-taking flows, especially earlier in the day. Meanwhile, the recent new issues CITNAT 29-31s and HIGHWY 31 widened 1bp but remained well bid. As for the rest of the KR space, we saw PBs buying HYUELE while AMs selling LGENSO; however, spreads for both names remain unchanged. In JP space, we saw two-way flows in NIPLIF and MIZUHO 31s and profit-taking activities across bank FRNs, specifically in MUFG and SUMIBK, but the spreads remained largely stable. Taiwanese lifers remained steady, amid stronger buying interests in NSINTW. EVRGTT tightened 3bps on the back of PB buying. In Chinese IG space, we saw light selling on front-end FRESHK and GRWALL, but the space was largely range-bound in spreads. ZHOSHK 28 was 0.1pt higher. CWAHK 30 dropped 0.9pt after China Water Affairs priced the tapped tranche at 7.1%. See our comments below. In HK, NWDEVL Perps and FAEACO 12.814 Perp were up to 0.6pt higher. In Chinese properties, VNKRLE 27' and 29' lost 0.1-0.3pt. Vanke's 1Q26 revenue fell 23.9% yoy to RMB28.93bn (cUSD4.23bn). FUTLAN 28/FTLNHD 26-29/LNGFOR 27-32 were 0.1pt lower to 0.1pt higher. Seazen 1Q26 revenue was down 24.9% yoy to RMB7.3bn. In SE Asian space, MEDCIJ 26-30 and the ReNew Energy complex were unchanged to 0.1pt lower.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GLPCHI 7 3/4 04/30/29	81.0	0.8	CBAAU 4.316 01/10/48	79.6	-1.2
NWDEVL 4.8 PERP	59.0	0.6	CFAMCI 4.95 11/07/47	90.3	-1.1
FAEACO 12.814 PERP	75.5	0.3	TACHEM 5.8 07/05/64	95.9	-1.0
NWDEVL 4 1/8 PERP	77.7	0.3	ARAMCO 6 02/02/56	97.5	-1.0
NUFAU 5 01/27/30	91.7	0.3	GMGAU 5 7/8 04/28/46	97.4	-1.0

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.49%), Dow (-0.05%) and Nasdaq (-0.90%) were lower on Tuesday. US Apr'26 CB Consumer Confidence was 92.8, higher than the market expectation of 89.0. UST yield bear flattened on Tuesday. 2/5/10/30 year yield was at 3.84%/3.97%/4.36%/4.94%.

❖ Desk Analyst Comments 分析员市场观点

➤ CWAHK: Initiate buy on CWAHK 5.875 10/22/30

Table 1: CWAHK 5.875 10/22/30 and peers

Security name	Amt o/s (USDmn)	Ask px	YTM	Issue rating (M/S/F)
BTSDF 9 1/8 07/24/28	300	105.5	6.4%	Ba3/BB-
CWAHK 5.875 10/22/30	300	95.6	7.0%	Ba1/BB+/-
FOSUNI 6.8 09/09/29	400	98.6	7.3%	-/BB-
FOSUNI 8 ½ 05/19/28	500	102.9	7.0%	-/BB-
HONGQI 6.925 11/29/28	270	104.3	5.1%	-/BB-/BB+
HONGQI 7.05 01/10/28	330	103.3	5.0%	-/BB+
YANGZH 4.98 03/19/28	330	100.4	4.7%	Ba1/BB+/BBB-

Source: Bloomberg.

We initiate buy recommendation on CWAHK 5.87510/22/30 (Ba1/BB+) in view of its utility-type business profile and diversifying funding access. At 95.6, CWAHK 5.87510/22/30 is trading at YTM of 7.0%. We believe that CWAHK 5.87510/22/30 offers more attractive risk-return profile than those of other BB-rated Chinese HYs such as BTSDF, FOSUNIs and HONGQIs. Subsequent to the recent tap for another USD150mn, the issue size of CWAHK 5.87510/22/30 increased to USD300mn which should make the bond index-eligible. This should support a stronger technical of the bonds. Recalled that the tap price of CWAHK 5.875 10/22/30 is 95.384, i.e. YTM of 7.1% (vs IPG of 7.3%) and the use of proceeds is to fund the concurrent tender offer for CWAHK 4.85 05/18/26 at par. The maximum acceptance amount is USD150mn, same as the re-tap size, and the tender offer will be expired on 6 May'26. See Table 2.

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. The company is listed in Hong Kong (855 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.

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 an one-off deemed disposal loss from Kangda, triggered by Kangda's issuance of new shares to option holders. 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. However, total debt/EBITDA rose to c5.9x from 5.0x as per our estimates, due to lower EBITDA. 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. We also take comfort that its funding access has been improving with Dim Sum bond issue of RMB1bn in Jan'25, onshore bond issue totaling RMB700mn since Feb'25 and USD bond issue (CWAHK 5.87510/22/30) totaling USD300mn since Oct'25.

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
Maximum acceptance amount	USD150
Expiration deadline	6 May'26 4pm GMT

Source: Bloomberg, Company filling.

➤ **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 106 credit bonds issued yesterday with an amount of RMB69bn. As for month-to-date, 2,407 credit bonds were issued with a total amount of RMB2,316bn raised, representing a 5.2% yoy increase

- **[CHIOIL]** China Oil and Gas will gain 51% stake in Shandong Shengli via USD256m asset swap
- **[FUTLAN/FTLNHD]** Seazen 1Q26 revenue was down 24.9% yoy to RMB7.3bn
- **[GRNLGR]** Greenland failed to disclose USD3.3bn in overdue debt and regulator issued warning
- **[LGELEC]** LG Electronics 1Q26 EBITDA was up 20% yoy to KRW2.54tn (cUSD1.72bn)
- **[NICAU]** Nickel Industries 1Q26 adjusted EBITDA surged 264% to USD135.6mn qoq on strong sales volumes
- **[SHUION]** Shui On closed onshore loan to repay due-8 May'26 facility backed by Shanghai office building
- **[SMPM]** SM Investments 1Q26 revenue rose 5% yoy to PHP159.4bn (cUSD2.6bn)
- **[SOFTBK]** SoftBank plans to list new AI company in US this year at USD100bn valuation
- **[VEDLN]** Vedanta FY26 EBITDA rose 29% to record high of INR559.76bn (cUSD5.92bn)

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