

CMBI Credit Commentary**Fixed Income Daily Market Update 固定收益部市场日报**

- *Markets were quiet amid JP/US holiday. LGFV space was relatively more active with better selling flows. FABUH T2s were weak as the Middle East conflict escalated over the weekend. FTLNHD/LNGFOR were unchanged to 0.1pt higher.*
- *TENCNT: FV of proposed USD TENCNT'36s and TENCNT'46s to be T+70-75bps and T+90-95bps, respectively. TENCNTs were unchanged this morning. See below.*
- *SOFTBK: Media reported that Softbank looking to raise USD100bn from Gulf investors for further AI investments. SOFTBKs moved -0.2 to +0.3 this morning.*

❖ Trading desk comments 交易台市场观点

Last Friday, long-end credit spreads came under pressure following overnight moves in rates. In China TMT, flows were skewed towards better selling across BABA/TENCNT/KUAISH/MEITUA, with spreads widened 2-5bp. TW lifer also widened 5bp. Active bank T2s BNKEA/DAHSIN/ NANYAN were 1-3bps wider. China AMC CCAMCL/ORIEAS widened 1-3bps. In contrast, the new DBSSP issues tightened 2-5bp, led by the 3-yr fixed-rate tranche at 5bp tighter from RO at T+40bps, while we saw the FRN tranche with more balanced two-way flows.

In higher-yielding space, Japanese and European insurance subs and bank AT1s recovered 0.1-0.3pt, supported by the rebound in USTs during the overnight New York session. Overall activity remained light, with sentiment still cautious. PBs were better buyers of risk across the curve, while Asia-based institutional flows leaned towards modest net selling, as investors trimmed long-end exposure and recycled cash into short-dated paper that had held up relatively well. In Greater China, CNH credit and LGFV bonds stabilized as moderate buying returned, although selling interest in LGFVs persisted, with sellers remaining patient. CNH TMT BABA/MEITUA/TENCNT dropped 0.1-0.4pt. SOFTBK curve moved -0.3 to +0.2pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
GENTMK 8.3 PERP	90.2	1.2	CFAMCI 4.95 11/07/47	84.2	-1.0
GLPSP 9 3/4 05/20/28	87.0	1.0	CKPH 3 1/2 PERP	55.4	-1.0
GENTMK 7 5/8 PERP	92.0	0.9	CKPH 3.8 PERP	59.0	-0.8
CWAHK 5 7/8 10/22/30	91.7	0.9	ACPM 4.85 PERP	68.5	-0.8
CITLTD 4.85 04/25/46	81.2	0.9	NUFAU 5 01/27/30	92.3	-0.6

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.59%), Dow (+0.83%) and Nasdaq (+0.64%) rallied higher on last Friday. UST yield retreated last Friday. 2/5/10/30 year UST yield was at 4.80%/5.02%/5.24%/5.60%.

❖ Desk Analyst Comments 分析员市场观点

➤ **TENCNT: FV of proposed USD TENCNT'36s and TENCNT'46s to be T+70-75bps and T+90-95bps, respectively**

Tencent Holdings Limited (0700.HK, Tencent) proposes to issue 10yr and 20yr 144A/Reg S USD senior unsecured bonds (A1/A+/-), alongside 10yr and 20yr CNH senior unsecured bonds. The proceeds will be used for general corporate purposes. We view the FV of the new USD TENCNT'36s to be T+70-75bps and the new TENCNT'46s to be T+90-95bps. The FV estimation is based on the yield curve of TENCNT and its TMT peer BABA. In 2026, Tencent and its subsidiary Tencent Music Entertainment had issued USD bonds totaled USD2.45bn and USD1bn, respectively. Against this backdrop and the continuous funding need, we believe the additional supply warrants a modest new issue concession, particularly for the 20yr tranche, and could exert near-term widening pressure on Tencent's outstanding curve.

Table 1: TENCNT and peers

Security name	ISIN	Amt o/s (USD mn)	Px	T-spread (bps)	YTM(Ask)	Issue rating (M/S/F)
TENCNT 5 06/16/36	US88032WBE57	1750	93.3	70	5.9	A1/A+/A
TENCNT 5.6 06/16/46	US88032WBF23	700	89.7	91	6.5	A1/A+/A
BABA 5 ¼ 05/26/35	US01609WBP68	1145	95.4	77	5.9	A1/A+/A
BABA 4.2 12/06/47	US01609WAV46	1750	73.6	91	6.5	A1/A+/A

Source: Bloomberg.

Tencent's credit profile remained robust. In 1H26, Tencent's revenue increased 10.1% yoy to RMB401.2bn and gross profit up 11.8% yoy to RMB229.7bn. The gross margin slightly improved to 57.2% from 56.4% in 1H26. Its adj. EBITDA rose 10.9% yoy to RMB170.0bn from RMB153.3bn in 1H25, while adj. EBITDA margin was unchanged at 42%. As of Jun'26, Tencent had total debt of RMB471.8bn and net debt of RMB12.9bn, turning from a net cash position of RMB16.2bn as of Dec'25. Despite higher debt, its operating cash inflow was stable at RMB154.1bn in 1H26, compared to RMB151.3/RMB151.8bn in 1H25/2H25, respectively. We expect Tencent's credit profile to remain resilient in the near term, supported by its earnings base and liquidity buffers.

For the bonds, near-term spread performance is likely to be driven primarily by supply technicals and broader technology sector sentiment, while remain sensitive to US Treasury yields, particularly at the long end.

➤ **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	IPT/IPG	Issue Rating(M/S/F)
PT Bank KB Indonesia Tbk	USD	-	3yr	-	-/-/-
Tencent Holdings Limited	USD	-	10/20yr	-	A1/A+/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 39 credit bonds issued on last Friday with an amount of RMB33bn. As for month-to-date, 68 credit bonds were issued with a total amount of RMB52bn raised, representing a 55.6% yoy increase
- **[GLPCHI]** Media reported that GLP's China unit eyes December 2026 IPO bookbuild to raise at least USD2bn
- **[PDD]** Meida reported that PDD Holdings acquired Shanghai office building for USD194mn
- **[SOFTBK]** Media reported that Softbank looking to raise USD100bn from Gulf investors for further AI investments
- **[XINAOG]** ENN energy will early redeem XINAOG 4.625 05/17/27 of USD550mn in full on 30 Nov'26

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