招銀国际 CMB INTERNATIONAL

Fixed Income
Credit Commentary

03 Sep 2026

CMBI Credit Commentary

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

- *This morning, the new BBLTB'31s widened 1bps while BBLTB'36s tightened 4bps. KDB'29 widened 2bps. SUMIBK Perp rose 0.25pt. In secondary, TW lifers and long-end Chinese TMT widened 1-2bps. Front-end FRNs were under better selling from AMs. CNH LGFVs remained firm and high-yielding names performed better.*

- ***TME:** FV of the new TME'31 to be T+55bps and the new TME'36 to be T+90bps. TME'30 was unchanged this morning. See below.*

- ***SWIRE:** Swire Pacific repurchased cUSD598mn of SWIRE 0 27 and sold 362.6mn shares of Cathay Pacific Airways. SWIREs were unchanged to 0.1pt higher this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, primary and secondary flows finished mixed across Asia IG. In new issues, new 3yr fixed SUMIBK tighten 3bps while FRNs drifted 1-2bps wider on heavy floating-rate selling, whereas NORBK 31/36s performed well after coming wide, with the 5yr rallying 7bps and 10yr tightening 2bps. China IG remained mostly stable, supported by front-end MEITUA buying against selling pressure in long-end BABA/TENCNT 10s. TW lifers softened 2-3bps on CATLIF/NSINTW. HK T2 held steady with two-way interest in NANYAN 34s. In KR space, front-end FRN demand persisted in KORELE/KORGAS/KOROIL without spread change, while select industrials POHANG/PKX/SAMAER rallied 1-3bps tighter on better bids. SEA space was in a softer tone, with better selling pushing OCBCSP 35/36s and BBLTB 36/40s 2-3bps wider. See our comments on BBLTB new issues yesterday.

In higher-yielding space, AT1s, insurance subs and high-beta perps dropped a further ~0.25pt against a weak macro backdrop as rates continued to creep higher. Flows remained better selling from London across the curve, though front-end issues could still attract modest demand from Asian AMs. The new SUMIBK 6.95 PERP AT1 nonetheless managed to recoup an early ~0.375pt loss and return to par into the London session and towards Asia close, thanks mainly to PB demand. Elsewhere, LGFV space remained largely upbeat in the high-yielding segment, where yields compressed a further 10-15bps led by CNH issues. Meanwhile, low-yielding LGFV CNH papers remained fairly easy to digest, but USD issues still saw better selling flows across those yielding below low-5%.

Cyrena Ng, CPA 吴倩莹
(852) 3900 0801
cyrenang@cmbi.com.hk

Jerry Wang 王世超
(852) 3761 8919
jerrywang@cmbi.com.hk

CMBI Fixed Income
fis@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3.975 11/09/27	**55.8**	**0.6**	VLLPM 7 1/4 07/20/27	**78.7**	**-0.8**
HAOHUA 5 1/2 03/14/48	**96.2**	**0.6**	REGH 6 1/2 PERP	**36.9**	**-0.8**
EHICAR 7 09/21/26	**76.8**	**0.5**	PMBROV 11 1/2 02/18/30	**89.1**	**-0.7**
CSCHCN 9 10/09/24	**23.9**	**0.5**	GENTMK 8.3 PERP	**95.5**	**-0.6**
TACHEM 5.65 07/05/54	**93.3**	**0.3**	ACNRGY 5.1 PERP	**74.3**	**-0.6**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.46%), Dow (+0.56%) and Nasdaq (+0.45%) rebounded on Wednesday. US Aug'26 ADP employment was 38k, lower than the expectation of 47k. UST yield was stable yesterday. 2/5/10/30 year yield was at 4.39%/4.54%/4.79%/5.27%.

❖ Desk Analyst Comments 分析员市场观点

➢ TME: FV of the new TME'31 to be T+55bps and the new TME'36 to be T+90bps

Tencent Music Entertainment Group (TME, 1698.HK) purposes to issue 5yr and 10yr SEC registered USD senior unsecured bonds (A2/A/-). We view the FV of the new TME'31 to be T+55bps vs IPT of T+90bps and the new TME'36 to be T+90bps vs IPT of T+125bps. The estimation is based on the yield curves of its parent Tencent Holdings and other Chinese TMT peers while adjusted for rating difference. The use of proceeds is for general corporate purposes including refinancing of offshore indebtedness and share repurchases.

Table 1: Kuaishou's peers

Security name	ISIN	Amt o/s (USD mn)	Px	T-spread (bps)	YTM(Ask)	Issue rating (M/S/F)
TME 2 09/03/30	US88034PAB58	500	89	54	5.0	A2/A/A-
TENCNT 2.88 04/22/31	US88032WBA36	500	92	25	4.7	A1/A+/A
TENCNT 5 06/16/36	US88032WBE57	1750	98	56	5.3	A1/A+/A
BABA 2 1/8 02/09/31	US01609WAX02	1500	89	36	4.8	A1/A+/A
BABA 5 1/4 05/26/35	US01609WBP68	1145	99	62	5.3	A1/A+/A
BIDU 2 3/8 08/23/31	US056752AU22	700	89	39	4.9	A3/-/A-

Source: Bloomberg.

TME was listed in NYSE/HKEX in 2018 and 2022, respectively. The company's 57.2% beneficial ownership belongs to its parent Tencent Holdings. It is a leading music platform in China with 125mn paying users. In 1H26, TME's total revenue up 6.5% yoy to RMB16.8bn and gross profit up 7.2% yoy to RMB7.5bn with gross margin improved to 45% from 44% in 1H25. Its adj. EBITDA rose 7.6% yoy to RMB6.1bn from RMB5.7bn with adj. EBITDA margin was broadly stable at 36% over the same period.

TME's liquidity profile is robust. As of Jun'26, it has net cash of RMB27.7bn, dropped 19.8% from RMB34.5bn as of Dec'25. Despite lower net cash position, its operating cash inflow improved 25% yoy to RMB5.2bn in 1H26 from RMB4.2bn in 1H25. We view TME's credit profile to be stable in the near term.

➢ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bangkok Bank	450	5yr	5.299%	T+105	Baa1/BBB+/-
	300	10yr	5.796%	T+130	

➢ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	IPT/IPG	Issue Rating (M/S/F)
Bank Mandiri Persero Tbk	USD	-	PNC5	7.7%	Ba2/-/-
Hana Securities	USD	-	30NC5	-	-/BBB/-
Jinan Lixia Holdings Group	USD	-	3yr	5.2%	-/-/BBB
Tencent Music Entertainment	USD	-	5yr	T+90	A2/A/-
Tencent Music Entertainment	USD	-	10yr	T+125	

➢ News and market color

- Regarding onshore primary issuances, there were 85 credit bonds issued yesterday with an amount of RMB70bn. As for Month-to-date, 206 credit bonds were issued with a total amount of RMB164bn raised, representing a 131.1% yoy increase

- **[FTLNHD/FUTLAN]** Seazen Group targets fresh REIT issuances backed by RMB15-20bn in shopping mall assets

- **[GZRFPR]** Guangzhou R&F repurchased RMB27.6mn of H16Fuli4 bonds

- **[TAISEM]** Media reported that TSMC planned equipment purchases nearly double since Dec'25 to fuel production ramp-up

Fixed Income Department
Tel: 852 3900 0801/ 852 3761 8919
fis@cmbi.com.hk

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