招銀国际 CMB INTERNATIONAL

Fixed Income
Credit Commentary

01 Sep 2026

CMBI Credit Commentary

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

- *Asia IG traded 1-2bps tighter this morning. Chinese TMT benchmark BABA/KUAISH/TENCNT tightened 2bps, while MEITUA tightened 1-5bps. TW lifers and HK names were broadly unchanged. JP IG was well bid, although JP HY insurance subs down 0.2-0.3pt. SOFTBKs traded two-way. CNH space was broadly better bid overall.*

- ***ZHOSHK:*** *Hold on weaker earnings cushion. ZHOSHK 28 rose 1.0pt yesterday post 1H26 results announcement, and was unchanged this morning. See below.*

- ***CCAMCL:*** *China Cinda AMC 1H26 total income decreased 28% yoy to RMB22.6bn and net profit dropped 66% to RMB0.8bn; to redeem USD1.7bn CCAMCL 4.4 Perp on the first call date in Nov'26. CCAMCLs were unchanged this morning.*

❖ **Trading desk comments 交易台市场观点**

Asian IG space closed mixed yesterday. Chinese TMT benchmark edged 1-2bps tighter on steady all-in yield buying, contrasting with TW lifers leaked 1-3bps wider across SHIKON/NSINTW/FUBON. Meanwhile, we saw solid institutional support on front-end cash and FRNs, led by better buying in MEITUA/HAOHUA 28-29 amidst higher front-end rates, mirroring broader demand for FRNs across the wider Asia IG complex. Conversely, the Greater China 5yr space leaned defensive with mixed-to-better selling hitting AACTEC/MEITUA/XIAOMI. ZHOSHK 28 rose 1.0pt. See comments below. Korea stayed relatively quiet with light PB interest picking up 29-31 FRNs such as HYNMTR/SHINCA, leaving most sovereign and corporate spreads largely unchanged week-on-week.

In higher-yielding space, we saw better selling flows on SOE/semi-SOE property names due to the property presale rules news on last Friday. CHJMAO/GRNCH/LNGFOR/YUEXIU/YXREIT/CPDEV/ZHHFGR down 0.2-0.9pt. BCDHGR remained relatively resilient due to its more LGFV-like technical. In LGFVs, we saw slightly more profit taking flows from tactical holders in recent issues at low-to-high-3%, as bonds were gradually being absorbed by RM buying. Meanwhile high-yielding papers (>=6% in CNH, >=7% in USD) remained in demand. BTSDF/HONGQI/FOSUNI were unchanged to 0.1pt lower. Away from China, despite a weak macro risk sentiment flows were indeed rather slow with London out. European and Japanese AT1s and insurance subs were 0.3pt lower although flows were little beyond PB buying scraps out of Asia.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VLLPM 9 3/8 07/29/29	**61.3**	**1.1**	GRNCH 7 05/19/29	**97.3**	**-0.9**
ZHOSHK 5.98 01/30/28	**93.9**	**1.0**	ARAMCO 3 1/2 11/24/70	**57.5**	**-0.9**
CRNAU 9 1/4 10/01/29	**85.9**	**0.5**	ARAMCO 5 7/8 07/17/64	**89.2**	**-0.8**
VEONHD 7.45 06/01/33	**100.1**	**0.4**	GARUDA 6 1/2 12/28/31	**86.9**	**-0.8**
TRAFIG 5 5/8 07/01/31	**98.6**	**0.4**	LNGFOR 3.95 09/16/29	**85.7**	**-0.8**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.33%), Dow (-0.70%) and Nasdaq (-0.12%) were weak on Monday. China Aug'26 Manufacturing/Non-Manufacturing PMI was 49.8/49.0, respectively, compared to the market expectation of 49.5/49.5. UST yield moved higher yesterday. 2/5/10/30 year yield was at 4.34%/4.49%/4.75%/5.25%.

❖ Desk Analyst Comments 分析员市场观点

➢ ZHOSHK: Hold on weaker earnings cushion

We view ZHOSHK 5.98 01/30/28's relatively short remaining tenor, reduced outstanding principal and adequate liquidity as of Jun'26 as supportive of near-term repayment capacity. However, weaker 1H26 earnings have reduced Zhongsheng's cash generation buffer against further operating stress and increased reliance on liquidity preservation and continued bank support. While we do not view the results as signaling an immediate repayment concern, the bond offers less compelling upside to add on a risk-adjusted return basis. Therefore, we switch ZHOSHK 5.98 01/30/28 to hold from buy. At 93.9, ZHOSHK 5.98 01/30/28 is trading at Z+652bps/YTM of 10.7%. Positive catalysts for the bond to perform would be further stabilization in new car gross margin, sustained positive operating cash flow and earlier visibility on the refinancing plan of ZHOSHK 28.

Zhongsheng reported weaker yoy 1H26 results, although operating performance improved hoh from 2H25. Revenue fell 18.5% yoy to RMB63.0bn, mainly due to lower new car sales under weak domestic demand and diminished government subsidies on EV. Gross profit increased 20.0% yoy to RMB5.0bn, gross margin improved to 8.0% from 5.4%, driven by a narrower new car gross loss margin of 1.4% from 4.1% in 1H25. After-sales services revenue was broadly stable at RMB11.5bn, despite a 9.4% decline in customer visits, while segment gross margin improved to 48.4% from 47.5%. Profit attributable to shareholder declined 89.1% yoy to RMB111mn, largely due to a 78.7% decline in commission income after the termination of "high-interest, high-rebate" auto financing since 2H25.

Management maintained its FY26 target for aggregate new car profit (incl. commission income) to breakeven. We view Zhongsheng is progressing toward this target, in view of the reduced loss of RMB800 per car in 1H26 from RMB1,400 per car in 2H25, alongside continued NEV network expansion. In 1H26, Zhongsheng opened 65 NEV brand stores, and a net decrease of 43 traditional brand stores mainly among mid-to-high-end brands. It operated 461 dealerships at of Jun'26, comprising 359 traditional and 102 NEV brand stores, as well as 48 collision centers. NEV brand stores represented 22% of the network, up from 10% in FY25, and management targets 300 NEV brand store by Dec'26. In addition to AITO, Zhongsheng expanded partnerships with Geely, Lynk & Co, Aistaland, Leapmotor and VOYAH. We view the portfolio realignment toward NEV brands as a key driver of near-term operating performance improvement. Meanwhile, the termination of high-interest, high-rebate financing, to some extent, should reduce incentives for dealers to cut new car ASPs, which in turn, supporting gradual margin improvement.

We view Zhongsheng's near-term refinancing risk is mitigated following the repurchase of 19.7% of ZHOSHK 5.98 01/30/28 in early Aug'26, reducing the amount outstanding to USD482mn. The buyback represents proactive liability management and demonstrates management's willingness to address the maturity despite a challenging operating environment. The next major maturities are RMB1.0bn Panda bonds due Aug'27, followed by cRMB3.2bn ZHOSHK 28 in Jan'28. Management indicated that it expects to begin refinancing planning after Mar'27 and may consider early redemption, subject to market conditions. We take comfort from its RMB17.0bn of cash and ST deposits as of Jun'26, and we estimated that the balance would decline to cRMB16bn after the repurchase of USD117.9mn principal amount of ZHOSHK 28 at market price of c92 in early Aug'26. Compared to the remaining principal amount of ZHOSHK 28, the maturity appears to be manageable. That said, its refinancing capacity also dependent on liquidity preservation and continued bank support.

Table 2: Zhongsheng's 1H26 financial highlights

RMB mn	1H25	1H26	Change
Revenue	77,322.1	63,022.3	-18.5%
-New cars	*57,931.0*	*46,194.5*	*-20.3%*
-After-sales services	*11,445.3*	*11,538.8*	*0.8%*
Gross profit	4,209.3	5,052.7	20.0%
-New cars	*(2,387.8)*	*(631.1)*	*-73.6%*
-After-sales services	*5,440.5*	*5,585.6*	*2.7%*
Gross profit margin	5.4%	8.0%	2.6 ppts
-New cars	*-4.1%*	*-1.4%*	*2.8* ppts
-After-sales services	*47.5%*	*48.4%*	*0.9* ppts
Commission income (under other income and gain)	1,845.1	392.4	-78.7%
Aggregate profit	6,054.4	5,445.1	-10.1%
New car sales as % of aggregate profit	-39.4%	-11.6%	-
Operating cash flow	5,948.4	617.6	-89.6%
Capex	1,605.0	1,018.1	-36.6%

RMB mn	Dec'25	Jun'26	Change
Cash	15,421.2	13,578.0	-12.0%
Other ST deposits	5,016.7	3,441.9	-31.4%
ST debt	16,666.9	14,755.4	-11.5%
LT debt	17,991.5	17,386.4	-3.4%
Total debt	34,658.4	32,141.8	-7.3%
Net debt	14,220.5	15,121.9	6.3%
Total debt/LTM EBITDA	7.6x	9.4x	-
Net debt/LTM EBITDA	3.1x	4.4x	-
EBITDA/gross int	2.8x	3.2x	-
Net debt/equity	32.7%	34.5%	-

Source: Company filling, CMBI FICC Research.

➢ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore Asia USD New Issues Priced Today					

➢ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	IPT/IPG	Issue Rating (M/S/F)
Norinchukin Bank	USD	-	5yr	T+120	A1/A/-
		-	10yr	T+140	
Sumitomo Mitsui Banking Corp	USD	-	3yr	T+80	A1/A/-
		-	3yr	SOFR Equiv	
		-	5yr	SOFR+115	
Sumitomo Mitsui Financial Group	USD	-	PNC10.25	7.25%	Baa3/BB+/-

➢ News and market color

- Regarding onshore primary issuances, there were 47 credit bonds issued yesterday with an amount of RMB26bn. As for Aug'26, 2,119 credit bonds were issued with a total amount of RMB2,040bn raised, representing a 11.3% yoy increase

- **[CCAMCL]** China Cinda AMC 1H26 total income decreased 28% yoy to RMB22.6bn and net profit dropped 66% to RMB0.8bn; to redeem USD1.7bn CCAMCL 4.4 Perp on the first call date in Nov'26

- **[CDBFLC]** CDB Leasing 1H26 revenue up 4.9% yoy to RMB12.6bn and net profit up 22.1% yoy to RMB2.9bn

- **[CFAMCI]** China CITIC Financial AMC 1H26 total income increased 52.2% yoy to RMB14.9bn and net profit attributable to shareholder increased 11.3% yoy to RMB6.9bn

- **[SKONKR]** Media reported that SK On signed USD1.1bn deal to supply battery cells to US-based Neovolta Power *CMB International Global Markets Limited*

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