CMBI Credit Commentary

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

- *Asia IG space traded two-way this morning and stabilized at unchanged to 1bp tighter following selling flows yesterday afternoon. We saw front-end T2s were under better buying, while 10yr papers remained better offered. Indian bank spreads tightened 1-2bps. LAUSDE'29 rose 2pts this morning.*

- ***BTSDF:** Stronger performance and lower leverage in 1H26. Maintain neutral on BTSDF 28, which was unchanged this morning. See below.*

- ***FUTLAN/FTLNHD:** Seazen Group 1H26 revenue down 20.2% yoy to RMB17.7bn and net profit down 7.3% yoy to RMB825mn. FULTAN/ FTLNHD were unchanged to 0.1pt lower yesterday.*

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❖ Trading desk comments 交易台市场观点

Yesterday, Asian IG space was weak in overall. Recent new issue HPHTSP'31 was 2bps wider. KOBCOP'31 and SUMITR'29/31 were unchanged to 1bp wider. China TMT BABA/MEITUA/JD'28-35 were 6-9bps wider. Active bank T2 NANYAN'34/BNKEA'34/DAHSIN'33 widened 6-8bps. In KR space, HYUSEC'29/NHSECS'29 /DAESEC'31 widen 6-8bps and lost part of gains in Tuesday. In SEA, ICICI'31 and HDFCB'31 slightly widened 1-2bps. CHIOLIs were unchanged to 0.2pt lower post 1H26 results.

In higher-yielding space, SOFTBK curves dropped 1.0-1.7pts after news that the company plans up to USD20bn bond new issues to refinance its investment in OpenAI. European AT1 space was unchanged to 0.1pt lower. China/HK names were stable, HONGQI/FOSUNI/NWDEVL were unchanged to 0.1pt lower. H&H released strong 1H26 result which is in line with expectation, BTSDF'28 was unchanged post the result. See comments below. Chinese developers GRNCH/LNGFOR/CHJMAO were unchanged to 0.2pt lower after their weak 1H26 results. LGFV space remained firm, recent new issues AHTRHK'29/SIDEVE'29/TZCONS'29 were unchanged to 0.1pt higher. In CNH space, high-quality LGFVs continued to be sought after by RMs. For CNH TMT, MEITUA/TENCNT/BABA dropped 0.2-0.5pt amid weak sentiment.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
REGH 6 1/2 PERP	**36.9**	**1.5**	SOFTBK 7 1/2 07/10/35	**95.6**	**-1.7**
FRIDPT 6.2 04/14/52	**94.9**	**0.5**	SOFTBK 7 1/4 07/10/32	**94.4**	**-1.4**
AXSBIN 6 7/8 PERP	**101.9**	**0.5**	SOFTBK 8 1/2 04/22/36	**99.1**	**-1.3**
PLNIJ 6 1/4 01/25/49	**94.7**	**0.4**	SOFTBK 8 1/4 10/29/65	**94.1**	**-1.3**
PLNIJ 4 3/8 02/05/50	**71.7**	**0.4**	SOFTBK 8 1/4 10/22/31	**99.4**	**-1.3**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.02%), Dow (-0.21%) and Nasdaq (-0.08%) slightly down on Wednesday. US Jul'26 Core PCE Price Index was +0.2% mom/ +3.3% yoy, in line with the market expectation. US 2Q26 GDP was +1.5% qoq, in line with the market expectation. US latest Crude Oil Inventories was +0.095mn barrels to 428.9mn, compared with the market expectation of +1.6mn. UST yield rallied higher yesterday. 2/5/10/30 year yield was at 4.19%/4.37%/4.66%/5.18%.

❖ Desk Analyst Comments 分析员市场观点

➢ BTSDF: Stronger performance and lower leverage in 1H26

Table 1: BTSDF and Chinese HY peers

Security name	ISIN	Amt o/s (USDmn)	Ask px	YTM	Mod dur	Issue rating (M/S/F)
BTSDF 9 ⅛ 07/24/28	XS2971969287	300	105.6	5.9%	0.9	Ba3/BB/-
CWAHK 5 ⅞ 10/22/30	XS3201944314	300	95.8	7.1%	3.5	Ba1/BB+/-
FOSUNI 8 ½ 05/19/28	XS2922957746	500	102.2	7.1%	1.5	-/BB-/-
FOSUNI 6.8 09/09/29	XS3175828113	400	98.4	7.4%	2.6	-/BB-/-
HONGQI 6.925 11/29/28	XS3084116055	270	103.3	5.4%	2.0	-/BB/BB+

Source: Bloomberg.

We view Health & Happiness (H&H)'s credit profile as improving, supported by active liability management with clearer refinancing path, and revenue growth across all business segments. At current valuation, we maintain neutral on BTSDF 9.125 07/24/28. Within Chinese HY, we prefer CWAHK 5.875 10/22/30, which offers a more attractive risk-return profile than other Chinese HY peers such as BTSDF, FOSUNIs and HONGQIs.

H&H announced strong 1H26 results with revenue growth across all segments, in line with its operational updates in Jul'26. H&H revenue increased 23.9% yoy to RMB8.7bn in 1H26. Gross profit rose 29.5% yoy to RMB5.7bn and gross margin improved 2.9 ppts to 65.4%, benefited from operating leverage, product portfolio premiumization and supply chain efficiencies. H&H's adj. EBITDA jumped 71.9% yoy to RMB1.9bn, driven by cost discipline, while its adj. EBITDA margin expanded 6.1 ppts to 21.8% in 1H26.

Performance by segment is also broadly in line with previous updates. ANC revenue rose 20% yoy to RMB2.8bn, ahead of prior low-to-mid-teens guidance, driven by continued strength in Swisse China. BNC revenue surged 70% yoy to RMB1.9bn, supported by robust sell-through, the imported HMO-containing IMF launch, mother education and higher Stage 3 conversion. Biostime's share in China's super-premium IMF segment increased to 20.0% from 14.6% a year earlier, although the pace of share gains may moderate amid intensifying competition. PNC's performance was largely stable, with revenue grew at 5.1% yoy to RMB666mn, driven by high-margin pet-supplement and channel expansion in North America. Adj. EBITDA margins improved to 24.0% in ANC and 23.8% in BNC, from 20.9% and 12.4%, respectively, while PNC margin remained broadly stable at 6.6%. Looking ahead, the company expects the revenue of ANC, BNC and PNC to grow low-teens, c30% and high-single-digits, respectively, in 2026, implying mid-to-high teens growth of total revenue in the full year.

H&H's liquidity profile continues to improve. As of Jun'26, H&H had cash on hand of RMB1.9bn, increased 11.2% from RMB1.7bn as of Dec'25, driven by free cash inflow of RMB1.7bn and partly offset by net debt and interest repayment of RMB1.4bn. Net debt down 20.5% to RMB5.9bn from RMB7.4bn over the same period, and the net debt/LTM adj. EBITDA improved substantially to 2.1x from 5.4x, helped by lower total debt and higher adj. EBITDA. In Aug'26, H&H signed cUSD320mn new term-loan facilities to refinance due-2027 term loan. It had cRMB1.4bn undrawn credit facilities as of 25 Aug'26, which should support proactive management of upcoming maturities. We understand that the short-term debt mix is higher, where short-term debt rose to 24% of total debt as of Jun'26 from 12% as of Dec'25, reducing the cash/ST debt to 1.0x. That said, we view H&H has adequate liquidity to manage its debt maturities in the near term, in view of the increasing operating cash generation, funding resources, as well as new refinancing arrangement. H&H also has records of early partial repayment of its USD term loan.

Table 2: H&H's 1H26 financial highlights

RMB mn	**1H25**	**1H26**	**Change**
Revenue	7,019	8,696	23.9%
-Adult nutrition and care products (ANC)	*2,322*	*2,787*	*20.0%*
-Baby nutrition and care products (BNC)	*1,092*	*1,857*	*70.0%*
-Pet nutrition and care products (PNC)	*634*	*666*	*5.1%*
Gross profit	4,389	5,686	29.5%
Adj. EBITDA	1,100	1,892	71.9%
Net profit	71	611	759.8%
Operating cash flow	1,103	1,891	71.4%
GP margin	62.5%	65.4%	2.9 ppts
Adj. EBITDA margin	15.7%	21.8%	6.1 ppts

RMB mn	**Dec'25**	**Jun'26**	**Change**
Cash	1,669	1,856	11.2%
ST debt	1,108	1,831	65.2%
LT debt	7,943	5,891	-25.8%
Total debt	9,051	7,722	-14.7%
Net debt	7,382	5,865	-20.5%
Total debt/LTM adj. EBITDA	6.6x	2.7x	-
Net debt/LTM adj. EBITDA	5.4x	2.1x	-
Cash/ST debt	1.5x	1.0x	-

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 USD New Issues Priced Today					

Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	IPT/IPG	Issue Rating (M/S/F)
No Offshore Asia USD New Issues Pipeline Today					

News and market color

- Regarding onshore primary issuances, there were 131 credit bonds issued yesterday with an amount of RMB159bn. As for month-to-date, 1,896 credit bonds were issued with a total amount of RMB1,886bn raised, representing a 15% yoy increase

- **[CHIOLI]** China Overseas Land & Investment 1H26 revenue rose 17.3% yoy to RMB97.6bn and operating profit up 3.5% yoy to RMB12.6bn

- **[ROADKG]** Road King Infrastructure 1H26 revenue rose 149.4% yoy to HKD4.4bn and loss attributable to owners narrowed to HKD1.9bn from HKD2bn in 1H25

- **[SOFTBK]** Media reported that SoftBank is in talks for up to USD20bn bond issurance to refinance investment in OpenAI

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