CMB INTERNATIONAL 招银国际

Fixed Income
Credit Commentary

25 Aug 2026

CMBI Credit Commentary

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

- *This morning, the new HPHTSP 31 was 5bps wider from RO at T+78. The new FRNs SUMITR 29/31s were 1-2bps wider from RO at SOFR+71/SOFR+80, respectively, while the fixed SUMITR 29s were 3-5bps tighter from ROs at T+55. The new JERA 31 was 3bps wider from RO at T+90. We saw better selling in IG front-end papers. The new CNH ZHAPIE 31 down 0.1pt from RO at par.*

- ***AACTEC:** On track to meet FY26 revenue growth and gross margin targets. Maintain buy on AACTEC 31, which was unchanged this morning. See below.*

- ***PTTGC:** S&P changed the outlook of PTT Global Chemical to positive from negative, reflected the likelihood of a faster debt reduction over the next 12 months such that it can be better withstand industry volatility and maintain a debt-to-EBITDA ratio of below 4x; BBB- rating affirmed. Maintain buy on PTTGC Perps, which were unchanged this morning.*

❖ **Trading desk comments 交易台市场观点**

Yesterday, we saw a generally quiet session in Asia IG to start a data-heavy week. Flows skewed towards better selling in tech complex across intermediates to long-end, pushing TENCNT/BABA/KUAISH/MEITUA 1-3bps wider and even cash-rich semiconductors HYUELE/TAISEM with more loose bonds gradually coming out. In KR space, HYUSEC compressed another 1bp to close on RV basis with NHSECS. We also observed some cash raising in AM/PB accounts to offload front-end FRNs, though without much spread change. India banks recent new issues HDFCB/ICICI generally widened 2-4bps under repricing on absorption.

In higher-yielding space, European AT1 space was unchanged to 0.2pt lower and we saw selling flows from PBs. China/HK names HONGQIs edged up 0.1pt, see our comment on its improved 1H26 results yesterday. WESCHIs rose 0.2-0.4pt post weak 1H26 results, though in line with the profit warning. West China Cement 1H26 revenue down 16.5% yoy to RMB4.5bn, EBITDA down 17.8% yoy to RMB1.5bn. FAEACO 12.814 Perp/REGH 6.5 Perp declined 0.9-1.1pt. NWDEVL Perps were 0.1-1.0pt lower. In LGFVs, recent new issue AHTRHK 29/SIDEVE 29/TZCONS 29 were unchanged to 0.1pt higher. In CNH space, flows remained mixed. TMT names TENCNT moved -0.1pt to +0.1pt. CHGRIDs were unchanged to 0.2pt lower. Front-end LGFV TAZHNE 27/LYGYIH 27/JJCIHG 27 dropped 0.1pt.

Cyrena Ng, CPA 吴蒨莹
(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
HAOHUA 5 1/2 03/14/48	**96.7**	**1.0**	REGH 6 1/2 PERP	**35.3**	**-1.1**
VLLPM 7 1/4 07/20/27	**76.5**	**0.9**	GARUDA 6 1/2 12/28/31	**86.8**	**-1.0**
HAOHUA 4 3/4 06/19/49	**87.1**	**0.8**	NWDEVL 4.8 PERP	**58.2**	**-1.0**
MTRC 5 1/4 04/01/55	**95.4**	**0.8**	FAEACO 12.814 PERP	**81.9**	**-0.9**
TACHEM 5.65 07/05/54	**93.8**	**0.8**	CFAMCI 4.95 11/07/47	**87.7**	**-0.8**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.28%), Dow (+0.26%) and Nasdaq (-0.76%) were mixed on Monday. 5/10/30 year UST yield was lower on Monday. 2/5/10/30 year yield was at 4.24%/4.41%/4.70%/5.23%.

❖ Desk Analyst Comments 分析员市场观点

➢ AACTEC: On track to meet FY26 revenue growth and gross margin targets

Table 1: Bond profile of AACTEC

Security Name	ISIN	Amt o/s (USD mn)	Ask px	YTM	Z-spread (bps)	Issue rating (M/S/F)
AACTEC 3 ¾ 06/02/31	XS2342248593	290.123	93.5	5.3%	116	Baa2/-/-

Source: Bloomberg.

We maintain buy on AACTEC 3 ¾ 06/02/31. We continue to view it as a lower beta and good carry play offering better risk-return profiles than peers. We like AAC Technology (AAC Tech)'s credit profile, as supported by improving operating performance, lower leverage and good liquidity profile. AAC Tech also remains a potential candidate for early redemptions through repurchases and tender offers, and this should support the performance of the bond.

AAC Tech delivered broadly solid 1H26 results. AAC Tech's revenue increased 9% yoy to RMB14.5bn, driven by growth in acoustics and electromagnetic drives, automotive acoustics, and heat dissipation products. Gross margin improved to 22.4% from 20.7% in 1H25, reflecting a more favorable product mix and higher operational efficiency. EBITDA increased 6% yoy to RMB2.4bn, as per our calculation, while EBITDA margin moderated slightly to 16.7% from 17.2% over the same period. PBT declined 1.9% yoy to RMB1.0bn. These imply the gross margin improvement was partly offset by operating cost growth and continued investment in new businesses.

AAC Tech's operating cash flow declined 34% yoy to RMB1.9bn in 1H26, partly due to lower PBT despite the cash conversion cycle was shorter as of Jun'26. Capex rose 10% yoy to RMB1.6bn, as AAC Tech continued to invest in automation equipment for modifications, upgrades, and capacity expansion. Management guided lower capex to be spent in 2H26 from 1H26, which should help free cash flow generation. We expect AAC Tech to continue to fund capex with operating cash inflows while preserving adequate liquidity. As of Jun'26, AAC Tech had cash and cash equivalent of RMB5.4bn, declined from RMB8.6bn as of Dec'25, primarily due to the placement of RMB1.7bn short-term fixed deposit. AAC Tech's gross leverage improved, total debt/LTM EBITDA down modestly to 1.8x as of Jun'26 from 1.9x as of Dec'25, attributable to 4% lower in total debt. AAC Tech repaid USD300mn AACTEC 26 at maturity in Jun'26. Management expected the ratio to decline further to 1.1x by Dec'26, supported by earnings growth and proactive debt repayment. Net debt/LTM EBITDA up to 0.9x from 0.4x on higher net debt.

Management guided FY26 revenue to grow at least in line with FY25's 16.4% yoy, alongside steady increase in GPM from FY25's 22.1%, supported by an AI-driven spec upgrade cycle and stronger demand for higher-value components. We view AAC Tech is on track to meet its FY26 targets, based on the current run-rate and continuous growth in acoustics, thermal management and automotive-related products. While the optics business could remain a drag for the overall earnings in view of the softer global smartphone demand that weigh on camera modules and lens sales volume, we view the premiumization strategy of optics should partly cushion the profitability impact. Overall, we view AAC Tech's credit profile as solid for its Baa2 rating. In Apr'26, Moody's upgraded AAC Tech by one notch to Baa2 from Baa3 and revised the outlook back to stable, in line with our expectation as we wrote in our daily on 20 Mar'26.

Table 2: AAC Tech's 1H26 financial highlights

RMB mn	1H25	1H26	Change
Revenue	13,318	14,506	9%
- Acoustics and electromagnetic drives products	*5,267*	*6,012*	*14%*
- Precision mechanics and heat dissipation products	*2,891*	*3,251*	*12%*
- Optics products	*2,648*	*2,047*	*-23%*
- Automotive acoustics products	*1,815*	*2,235*	*23%*
- Sensor and semiconductor products	*608*	*858*	*41%*
- Other products	*91*	*103*	*14%*
Gross profit	2,754	3,244	18%
EBITDA	2,284	2,417	6%
Profit before tax	1,035	1,015	-2%
Operating cash flow	2,893	1,914	-34%
Capex	1,457	1,599	10%
Gross profit margin	20.7%	22.4%	1.7 ppts
EBITDA margin	17.2%	16.7%	-0.5 ppts

RMB mn	Dec'25	Jun'26	Change
Cash and cash equivalent	8,612	5,406	-37%
ST debt	2,514	2,302	-8%
LT debt	8,316	8,059	-3%
Total debt	10,830	10,362	-4%
Net debt	2,218	4,956	123%
Total debt/LTM EBITDA	1.9x	1.8x	-
Net debt/LTM EBITDA	0.4x	0.9x	-
Cash/ST debt	3.4x	2.3x	-

Source: Company filling, CMBI FICC Research.

Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Hutchison Port Holdings	500	5yr	5.125%	T+78	Baa1/A-/-
Jera Co	500	5yr	5.317%	T+90	-/A-/-
Korea Ocean Business Corp	300	5yr	SOFR+70	SOFR+70	Aa2/-/-
Sumitomo Mitsui Trust	500	3yr	4.85%	T+55	A1/A/-
	750	3yr	SOFR+71	SOFR+71	
	1000	5yr	SOFR+80	SOFR+80	
Union Bank of India	300	3yr	5.23%	T+93	-/BBB/BBB-
	300	5yr	5.417%	T+102	

Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	IPT/IPG	Issue Rating (M/S/F)
Kyushu Electric	USD	-	10yr	T+140	A3/-/-
NEC Corporation	USD	-	5yr	T+100	-/A-/-

News and market color

- Regarding onshore primary issuances, there were 113 credit bonds issued yesterday with an amount of RMB83bn. As for month-to-date, 1,637 credit bonds were issued with a total amount of RMB1,614bn raised, representing a 10.2% yoy increase

- **[FTLNHD/FUTLAN]** Seazen Holdings plans to issue up to RMB400mn onshore corporate bonds this year

- **[JD]** Media reported that JD.com's JV plans to invest cUSD2.1bn to build logistics hub in Hong Kong

- **[MONMIN]** Fitch affirmed Mongolian Mining at B+; outlook stable

- **[MPEL]** Melco Resorts announced to redeem all the USD600mn MPEL 5.625 07//17/27

- **[PDD]** PDD 1H26 revenue up 9.5% yoy to RMB218.6bn and operating profit rose 13% yoy to RMB47.3bn

- **[SOFTBK]** SoftBank seeks to raise JPY1tn through seven-year bond offering

- **[WESCHI]** West China Cement 1H26 revenue down 16.5% yoy to RMB4.5bn, EBITDA down 17.8% yoy to RMB1.5bn

CMB International Global Markets Limited
Fixed Income Department
Tel: 852 3900 0801/ 852 3761 8919
fis@cmbi.com.hk

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