CMB INTERNATIONAL 招銀国际

Fixed Income
Credit Commentary

11 Aug 2026

CMBI Credit Commentary

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

- *Asia IG spreads were unchanged this morning amid the JP holiday. We saw buying interest in front-end Chinese AMC papers. The new BNP 7.125 Perp gained 0.2pt on PB top-up demand. The new CNH SDGOLD 29 rose 0.1pt. GLPSP 4.6 Perp was 0.3pt higher. VNKRLE 29 up 0.7pt while VNKRLE 27 down 0.5pt.*
- ***HONGQI:*** *Early redemption of HONGQI 7.05 01/10/28 in full. Maintain neutral on HONGQIs, which were unchanged this morning. See below.*
- ***VEDLN:*** *1QFY27 EBITDA surged 98% yoy to INR84.7bn, driven by volume growth and lower costs. Maintain buy on VEDLN 9.475 07/24/30 and VEDLN 9 1/8 10/15/32. VEDLNs were unchanged this morning. See below.*

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

❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG space was quiet with light flows amid the SG holiday and spreads closed unchanged. We saw selling in front-end CCAMCL and buying in front-end ORIEAS, and two-way flows in HK T2s, including profit-taking in NANYAN 34 and buying in BNKEA 32/34. Korea space closed unchanged to 2bps tighter in a risk-on tone, with accounts bidding higher-spread names like DAESEC/LGENSO. We saw selling in high-spread FRN papers HSBC 32/SUMIBK/MUFG though levels held unchanged.

In higher-yielding space, European AT1s and JP AT1s and insurance subs closed unchanged amid the SG holiday. The risk-on move last Friday night was offset by the latest Middle East headlines over the weekend. We saw light and mixed two-way flows, driven by long-end positioning, and skewed to small better buying in the front end and to some extent 4-5yr to call issues from AM and prop desks. China/HK names CKINF Perps rose 0.4-0.7pt. WESCHI 28-29 up 0.3-0.6pt. West China Cement clarified it expected to record a decrease in its profit attributable to the owners to be RMB336.7-374.2mn in 1H26, representing a decrease of 45-50% from RMB748.3mn in 1H25. In Thailand, PTTGC Perps were unchanged. PTTGC recorded net profit of THB14.5bn in 1H26, compared to a loss of THB6.4bn in 1H25. See our comments yesterday. LGFVs remained supported, as persistent RM demand for high-yielding CNH and USD papers absorbed supply from tactical holders.

CMBI Fixed Income
fis@cmbi.com.hk

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ACENPM 4 PERP	**58.3**	**1.0**	BEIENT 6 3/8 05/12/41	**107.0**	**-1.0**
CKINF 4.2 PERP	**71.5**	**0.7**	RIOLN 5 7/8 03/14/65	**96.5**	**-0.9**
CKINF 4.85 PERP	**81.7**	**0.6**	BABA 5 5/8 11/26/54	**94.4**	**-0.9**
LOGPH 5 3/4 01/14/25	**9.2**	**0.6**	RIOLN 5 3/4 03/14/55	**96.4**	**-0.9**
WESCHI 10 1/2 11/11/29	**86.1**	**0.6**	TACHEM 5.8 07/05/64	**93.8**	**-0.9**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.06%), Dow (-0.11%) and Nasdaq (-0.32%) were lower on Monday. UST yield was higher on Monday. 2/5/10/30 year yield was at 4.25%/4.41%/4.72%/5.25%.

❖ Desk Analyst Comments 分析员市场观点

➢ HONGQI: Early redemption of HONGQI 7.05 01/10/28 in full

China Hongqiao (HONGQI) will fully redeem the outstanding USD330mn HONGQI 7.05 01/10/28 on 11 Sep'26 at par, plus the Applicable Premium and accrued and unpaid interest, if any, to but excluding 11 Sep'26. The Applicable Premium will be the greater of (i) 1.0% of the principal amount; and (ii) the excess of (A) the present value, as of 11 Sep'26, of the principal amount due on 10 Jan'28 and all remaining scheduled interest payments through 10 Jan'28, excluding accrued and unpaid interest to 11 Sep'26, discounted at the Adjusted Treasury Rate plus 100bp, over (B) the principal amount outstanding on 11 Sep'26. We understand the redemption will be funded by HONGQI's internal resources.

We view the early redemption as credit positive, reflecting HONGQI's proactive liability management, improved operating cash generation and continued smooth access to diversified funding channels. The transaction retires a relatively high-cost USD bond at 7.05%, albeit at the expense of a one-off call premium. Recalled that HONGQI issued a positive profit alert on 10 Jul'26, guiding for c39% yoy growth in net profit to cRMB18.8bn in 1H26, from RMB13.6bn in 1H25, mainly driven by higher selling prices of aluminum alloy products. On the funding front, a HONGQI subsidiary proposed on 31 Jul'26 to raise up to RMB12bn (cUSD1.8bn) through a private placement. HONGQI also raised RMB10.2bn through a zero-coupon, 363-day CB in Apr'26. In the onshore market, HONGQI raised RMB2.0bn YTD at a weighted-average coupon of 2.6%.

We expect HONGQI's credit profile to remain stable in the near term, assuming aluminum prices remain at elevated levels and management sustains its financial discipline. Within Chinese HY, we maintain neutral on HONGQIs. We view the current valuations as less compelling relative to its peers such as CWAHK 5.875 10/22/30, which in our view offers a more attractive risk-return profile within the space.

Table 1: HONGQI and Chinese HY peers

Security name	ISIN	Amt o/s (USD mn)	Ask px	YTM	Mod dur	Issue rating (M/S/F)
BTSDF 9 ⅛ 07/24/28	XS2971969287	300	105.4	6.1%	0.9	Ba3/BB/-
CWAHK 5 ⅞ 10/22/30	XS3201944314	300	95.6	7.1%	3.6	Ba1/BB+/-
FOSUNI 5.05 01/27/27	XS2281321799	500	99.2	7.0%	0.4	-/BB-/-
FOSUNI 8 ½ 05/19/28	XS2922957746	500	101.9	7.3%	1.6	-/BB-/-
FOSUNI 6.8 09/09/29	XS3175828113	400	98.1	7.5%	2.6	-/BB-/-

HONGQI 7.05 01/10/28	XS2968971676	330	101.8	5.7%	1.3	-/-/BB+
HONGQI 6.925 11/29/28	XS3084116055	270	102.8	5.6%	2.1	-/BB/BB+

Source: Bloomberg.

➢ **VEDLN: 1QFY27 EBITDA surged 98% yoy to INR84.7bn, driven by volume growth and lower costs**

Table 2: VRL's o/s USD bonds

Security name	ISIN	Amt o/s (USD mn)	Ask px	YTM	Mod dur	Issue rating (M/S/F)
VEDLN 9.475 07/24/30	**USG9T27HAL88**	322.68	100.5	9.3%	**3.2**	**Ba3/BB-/-**
VEDLN 7 07/13/32	XS3427418432	500	100.3	6.9%	**4.3**	**Ba3/-/BB**
VEDLN 9 1/8 10/15/32	USG9T27HAN45	313.93	100.5	9.0%	**4.5**	**Ba3/-/BB**
VEDLN 9.85 04/24/33	USG9T27HAK06	220.57	100.6	9.7%	**4.7**	**Ba3/BB-/-**
VEDLN 7 3/8 07/13/34	XS3427418606	700	100.3	7.3%	**5.9**	**Ba3/BB-/BB**
VEDLN 7 3/4 07/13/37	XS3427418788	550	100.9	7.6%	**7.3**	**Ba3/BB-/BB**

Source: Bloomberg.

Within the VEDLN complex, we prefer VEDLN 9.475 07/24/30 and VEDLN 9 1/8 10/15/32, which, in our view, offer a more balanced risk-return profile given their lower cash prices and higher YTM. We acknowledge Vedanta Limited's (VEDL) good access to diversified funding channels and Vedanta Resources' (VRL) improved debt maturity profile following its LMEs since Jan'24. Recent bonds issuance, tender offers for the '30-33s, full early redemption of the '28s, '29s, '31s, and the partial redemption of the '33s have reduced VRL's near-term refinancing pressure. These transactions have also extended VRL's maturity profile and lowered its average funding cost. In addition, the amortizing structures of the new '32s, '34s and '37s should support a more orderly deleveraging path by spreading repayment obligations over time.

VEDL reported its second-highest quarterly revenue in 1QFY27, with revenue up 51% yoy to INR234.6bn. EBITDA increased 98% yoy to INR84.7bn, while EBITDA margin expanded to 36.1% from 27.5%, as per our calculation. The strong operating performance was driven by higher volumes and lower cost of production, particularly at Zinc India. Finance costs increased 9% yoy to INR6.6bn, mainly due to one-off items, despite average borrowing costs declined to c8.4% in 1QFY27 from c9.7% in 1QFY26 following refinancing at lower costs. As a result, PBT increased 145% yoy to INR71.9bn.

During 1QFY27, VEDL generated operating cash flow of INR58.4bn, more than sufficient to cover the capex of INR25.7bn. Management guided for FY27 capex of INR110bn, implying that 1QFY27 spending represented c23% of the full-year budget. Given the strong operating backdrop and cash generation, we expect VEDL to continue funding the majority of its capex through internal operating cash flows. As of Jun'26, VEDL's total debt/LTM EBITDA and net debt/LTM EBITDA improved to 1.0x and 0.3x, respectively.

VRL sold a 1.7% stake in VEDL during the quarter to accelerate deleveraging. It targets a 280bps reduction in average funding cost, equivalent to annual interest savings of cINR10bn. To achieve this goal, VRL raised USD1.7bn during the quarter at an average coupon of 7.4% and an average maturity of 8.5 years, and used proceeds to redeem higher-coupon USD bonds. It also secured a 3-year syndicated term loan of up to USD2.25bn at a 6.4% interest rate.

Overall, we view VEDL's stronger operating cash flow, lower reported net leverage and improved liquidity continue to support its credit profile. The recent demerger simplified the group structure and enhanced funding visibility, which we view as constructive for both VRL and VEDL's credit profiles. That said, we remain mindful of structural subordination risk at the VRL holdco level, as well as its continued dependence on dividend upstream and other cash flows from key operating subsidiaries.

Table 3: VEDL's 1QFY27 financial highlights

INR bn	1QFY26	1QFY27	Change
Revenue	155.4	234.6	51%
-Zinc, lead and silver	75.4	129.9	72%
-Zinc International	11.5	13.9	21%
-Copper	63.7	85.4	34%
-Others	4.8	6.2	28%
EBITDA	42.7	84.7	98%
EBITDA margin	27.5%	36.1%	8.6 ppts
Finance cost	6.1	6.6	9%
Profit before tax	29.3	71.9	145%

INR bn	Mar'26*	Jun'26	
Cash and cash equivalent	284.9	199.9	
Total debts	817.4	282.9	
Net debts	532.5	83.0	
Total debt/LTM EBITDA	1.5x	1.0x	-
Net debt/LTM EBITDA	1.0x	0.3x	-

Note: Mar'26 data included demerged entities
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 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 New Issues Pipeline Today					

➢ **News and market color**

- Regarding onshore primary issuances, there were 64 credit bonds issued yesterday with an amount of RMB41bn. As for month-to-date, 477 credit bonds were issued with a total amount of RMB464bn raised, representing a 22.9% yoy decrease

- Beijing government authorities further relaxed property market restrictions to support housing demand and stabilize the real estate market

- **[ADGREG]** US court dropped criminal case against Gautam Adani, two others

- **[BHP]** BHP workers go on strike on weekend that could cost company USD85mn in revenue
- **[BNP]** BNP Paribas priced USD1.5bn PerpNC5.5 AT1 at 7.125%, tightened from IPT at 7.5%
- **[CKHH]** CK Hutchison unit CKI kicks off sale of EDL Energy in deal valued at up to USD2.1bn
- **[JFCPM]** Jollibee to double its Canadian restaurants to 54 in next five years
- **[RAKUTN]** Rakuten Group 1H26 EBITDA rose 22.4% yoy to JPY224.1bn (cUSD1.4bn)
- **[SDGOLD]** SDG Finance priced RMB2.035bn 3yr dim sum bond at 1.8%, tightened from IPT at 2.4%
- **[TAISEM]** TSMC and Sony to invest USD6.3bn to make advanced image sensor chips in Japan
- **[WESCHI]** West China Cement clarified it expected to record a decrease in its profit attributable to the owners to be RMB336.7-374.2mn in 1H26, representing a decrease of 45-50% from RMB748.3mn in 1H25

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

Author Certification
CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months.
The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.
Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

Important Disclosures
There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.
This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.
The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy,

completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I)falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time)(“The Order”) or (II) are persons falling within Article 49(2) (a) to (d) (“High Net Worth Companies, Unincorporated Associations, etc.,) of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority (“FINRA”). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.