

CMBI Credit Commentary**Fixed Income Daily Market Update 固定收益部市场日报**

- *Flows were light this morning. We saw some buying flows in EU AT1s and JP insurance subs. SOFTBK '30-34 dropped 0.1-0.3pt. GLPSPs were unchanged to 0.2pt higher. NWDEVL/VDNWDL were unchanged.*
- **KUAISH:** *Kling IPO broadens funding options. KUAISHs were unchanged this morning. See below.*
- **VEDLN:** *Vedanta board meeting scheduled for 8 Oct'26 to consider first interim dividend for FY27. VEDLNs were unchanged this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, Asia IG spreads widened 2-3bps, with the long end continuing to struggle for support amid limited conviction on long-end rate levels. We saw improved buying interest in front-end T2 papers offering attractive spreads, while higher-spread bank FRNs remained resilient. BNKEA'32 /DAHSIN'33 /NANYAN'34 were unchanged to 1bp tighter. In contrast, tighter-spread front-end paper came under pressure, including China AMC and several Korean names in the 3yr sector KOROIL/SAMAER/SKONKR. Chinese TMT tightened 1-2bps.

In higher-yielding space, European AT1s rebounded by 0.4-1.0pt during the London session, led by the three French names, as a partial recovery in 10yr USTs prompted short covering in longer-dated issues. Flows were skewed towards better buying from PB and dealers covering shorts, absorbing moderate risk reduction by AM accounts into the rally. The recovery also appeared to spur short covering in Asian high-beta perps, including HYSAN/PTTGC, and Japanese insurance subs, which bounced 0.3-0.5pt from intraday lows before noon. Japanese insurance subs had earlier softened by 0.1-0.3pt as RM continued to de-risk. HK names NWDEVL '27-31 rose 0.3-1.3pts, NWDEVL Perps moved -0.3pt to +0.6pt, while VDNWDLs down 0.1-0.2pt. NWD announced exchange offers for NWDEVL '27-28. See our comments yesterday. Elsewhere, GLPSP/GLPCHI dropped 1.0-2.7pts. SOFTBKs rose 0.1-0.8pt. LGFV and CNH markets remained quiet with onshore participants still absent. Activity was largely confined to moderate buying from offshore Chinese AM.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ARION 8 1/8 PERP	100.1	1.5	GLPSP 7.865 PERP	52.3	-2.7
NWDEVL 5 7/8 06/16/27	98.3	1.3	CRNAU 9 1/4 10/01/29	83.5	-2.5
BNP 7.2 PERP	93.5	1.2	GARUDA 6 1/2 12/28/31	82.4	-2.2
SOCGEN 7 1/8 PERP	91.4	1.1	GLPSP 4.6 PERP	50.0	-2.2
BNP 7 3/8 PERP	96.7	1.1	GARUDA 6 1/2 12/28/31	83.6	-1.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.58%), Dow (+0.49%) and Nasdaq (+0.45%) were higher on Tuesday. UST yield was lower yesterday. 2/5/10/30 year UST yield was at 4.79%/5.03%/5.27%/5.64%.

❖ Desk Analyst Comments 分析员市场观点

➤ KUAISHI: Kling IPO broadens funding options

Media reported that Kuaishou's video generation model provider, Kling AI, is planning an IPO in Hong Kong as early as 2027, aiming to raise at least USD1bn. In Jul'26, Kling concluded a USD2.8bn funding round at a pre-money valuation of cUSD15bn, with investors including Alibaba, Tencent, and Baidu. We view the IPO plans as credit positive for Kuaishou in view of greater funding flexibility. Kling's potential IPO should help fund its model development and computing requirements, and moderate incremental borrowing requirements at Kuaishou. That said, the benefit would depend on proceeds allocation and Kuaishou's funding commitments to Kling.

In 2Q26, Kuaishou's revenue increased 1.4% yoy to RMB35.5bn, of which Kling contributed RMB850mn, or 2.4% of the total. While Kling's revenue grew more than 200% yoy, its contribution remained relatively small against the Kuaishou's broader earnings base. Gross profit decreased 6.0% yoy to RMB18.3bn, with the margin narrowed to 51.6% from 55.7% in 2Q25, mainly due to increase in revenue sharing costs. R&D expenses increased 34.7% yoy to RMB4.6bn on continued AI investment. Adj. EBITDA decreased 7.7% to RMB7.1bn, with the margin declined to 20.0% from 22.0%. Finance cost rose to RMB258mn from RMB54mn on higher borrowing. PBT decreased 33.0% yoy to RMB3.5bn.

For 1H26, Kuaishou's capex increased to RMB17.9bn from RMB7.1bn in 1H25, exceeded operating cash inflow of RMB9.0bn. We expect Kuaishou to continue funding part of its elevated capex requirements through external borrowing. Total debt increased to RMB39.0bn as of Jun'26 from RMB23.0bn as of Dec'25, while cash and short-term time deposits increased to RMB24.1bn from RMB19.8bn.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
CSLB Holdings Inc	500	7yr	5.948%	T+80	A3/A-/
	1000	10yr	6.201%	T+93	

➤ **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	IPT/IPG	Issue Rating (M/S/F)
Scentre Group	USD	-	10yr	-	A2/A/-

➤ **News and market color**

- Onshore primary issuances suspended yesterday during the National Day Holiday
- **[MEITUA]** Keeta expands into 21 more cities in Brazil, extending operations from Sao Paulo state into inland areas, bringing its coverage to 32 cities

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