招银国际 CMB INTERNATIONAL

Fixed Income
Credit Commentary

6 Jul 2026

CMBI Credit Commentary

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

- *Chinese TMTs, DAESECs and recent JP new issues MIZUHO 30-47s/SUMIBK 32-47s traded 1-3bps tighter this morning. GLPCHI 29/GLPSP 28 gained 0.5-0.6pt. VNKRLE 27/ACENPM 4 Perp lost 0.3pt. FTLNHD 29 was 0.2pt lower.*

- ***BTSDF:** Strong revenue and profit growth in 1H26; to initiate tax audit appeal shortly. BTSDF 28 was unchanged this morning. See below.*

- ***FAEACO:** Far East Consortium (FEC) will sell a 100% stake in a student accommodation property in Hong Kong to JD.com for HKD750mn (cUSD95.6mn) to repay debts. FEC will continue to manage and operate the property for a term of three years and to receive guaranteed income each year. Separately, FEC will reassess options for a LME for FAEACO 12.814 Perp as per media report, which rose 1.3pts this morning.*

❖ Trading desk comments 交易台市场观点

Last Friday, AACTEC/MEITUA/XIAOMI were largely unchanged to 2bps tighter. ZHOSHK 28 lost 0.5pt. TW lifers CATLIF/FUBON/NSINTW/SHIKON traded 1bp tighter to 2bps wider. As for higher-yielding papers, BTSDF 28 closed 0.1pt higher. H&H anticipated 1H26 adj. EBITDA to rise 60-70% yoy underpinned by double-digit revenue growth. See comments below. FAEACO 12.814 Perp edged 0.5pt higher. Media reported that FEC will reassess options for LME for USD360mn FAEACO 12.814 Perp. CWAHK 30 lost 0.2pt. In LGFV, we saw better buying in higher-yielding issues from RMs and retail clients across CNH and USD issues.

In JP, RAKUTNs traded 0.1pt lower to 0.1pt higher. Media reported that Rakuten will get USD924mn in subsidies from the Japanese government to develop domestic satellite project. See our comments last Friday. SOFTBKs were up to 0.4pt higher. SoftBank will set up neocloud business in US, tentatively named SB Neo. In SE Asia, VEDLN 28-37s traded unchanged to 0.3pt higher. Vedanta Resources obtained bondholders approval on the consent solicitation proposals for VEDLN 30-33s, and the consent fee payment is expected on or about 16 Jul'26. Meanwhile, Vedanta Ltd 1QFY27 ore output surged 41% yoy to record high. GENTMK Perps edged 0.2-0.3pt higher. Genting Malaysia's US unit Empire Resorts early redeemed USD300mn RWCATS 7.75 11/01/26 in full. PTTGC/TOPTB Perps gained 0.4pt. On the other hand, VLLPM 27/GLPSP 28-29/ACNRGY 5.1 Perp were down 0.4-1.0pt. Elsewhere, European AT1s were 0.1-0.6pt firmer, led by HSBC 6.75 Perp/HSBC 6.95 Perp/LLOYDS 6.625 Perp. Nonetheless, flows were skewed to slightly better selling from AMs out of Asia and London.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
TSTSME 11 3/8 02/05/31	**106.8**	**1.3**	CFAMCI 4.95 11/07/47	**91.3**	**-1.1**
HSBC 6 3/4 PERP	**101.5**	**0.6**	VLLPM 7 1/4 07/20/27	**68.7**	**-1.0**
LLOYDS 6 5/8 PERP	**100.2**	**0.6**	YANTZE 3.2 10/16/49	**74.4**	**-1.0**
HSBC 6.95 PERP	**102.6**	**0.5**	GLPSP 9 3/4 05/20/28	**85.2**	**-0.9**
TENCNT 3.94 04/22/61	**74.2**	**0.5**	ACNRGY 5.1 PERP	**79.7**	**-0.8**

❖ Marco News Recap 宏观新闻回顾

Macro – The US stock and bond markets were closed on Independence Day on last Friday. 2/5/10/30 year UST yield was at 4.14%/4.23%/4.49%/4.98%.

❖ Desk Analyst Comments 分析员市场观点

➢ BTSDF: Strong revenue and profit growth in 1H26; to initiate tax audit appeal shortly

Table 1: BTSDF and Chinese HY peers

Security name	Amt o/s (USDmn)	Ask px	YTM	Mod dur	Issue rating (M/S/F)
BTSDF 9 1/8 07/24/28	300	105.3	6.4%	1.8	Ba3/BB/-
CWAHK 5.875 10/22/30	300	95.8	7.0%	3.7	Ba1/BB+/-
FOSUNI 8 ½ 05/19/28	500	102.9	6.8%	1.7	-/BB-/-
FOSUNI 6.8 09/09/29	400	99.1	7.1%	2.7	-/BB-/-
HONGQI 7.05 01/10/28	330	102.3	5.4%	1.4	-/-/BB+
HONGQI 6.925 11/29/28	270	103.4	5.4%	2.2	-/BB-/BB+

Source: Bloomberg.

We view H&H 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.

In 1H26, H&H guided for double-digit yoy revenue growth (excl. forex), 60-70% yoy growth in adj. EBITDA with adj. EBITDA margin exceeding 20%, and adj. net profit to grow over 100% yoy. The strong earnings growth is driven by broad-based revenue expansion, disciplined cost control, and lower finance costs. We expect adj. EBITDA margin to moderate in 2H26 from 1H26, as promotional intensity ramps up to support new product launches and market expansion in the 2H26.

By segment, ANC recorded low-to-mid-teen yoy growth, led by China where Swisse continued to outperform in strategic categories. BNC growth accelerated to high double-digit yoy, with IMF up over 50% yoy, supported by strong sell-through, the launch of imported IMF with HMO in China, ongoing mother education, and Stage 3 conversion. Biostime further increased market share in China's super-premium IMF segment to 20.0% from 14.6% a year earlier, though the pace of gains may moderate amid rising competition. PNC delivered mid-to-high single digit yoy growth, driven by high-margin pet supplements and channel expansion in North America.

As of Jun'26, H&H's gross debt declined by cRMB1bn from RMB9.1bn at Dec'25, mainly due to voluntary prepayment of USD term loans funded by lower-cost RMB borrowings. H&H guided net leverage to improve to 2.25x from 3.45x over the same period. Cash remained broadly stable at cRMB2bn. H&H has secured in-principle credit approvals from banks to refinance its offshore RMB term loan due Jul'27 and USD term loan due Nov'27 (totaled cUSD610mn as of Dec'25). This should ease near-term refinancing pressure. Post refinancing, H&H's major debt maturities include a CNH bond of cUSD58mn due Mar'27 and USD300mn BTSDF 28 due Jul'28. We expect H&H to refinance these bonds, supported by its diversified funding access and internal resources fueled by adj. EBITDA growth.

The Australian Tax Office (ATO) issued a decision on 3 Jul'26 to Biostime Healthy Australia Pty (BHA), maintaining its primary position but reduced tax and penalties by AUD39.6mn to AUD312.1mn. BHA will file a Notice of Appeal to formally initiate legal proceedings shortly. With AUD104mn already deposited in Jul'25, incremental exposure is AUD208.1mn (cRMB980mn) if payment is required. As we wrote before, we do not expect near-term liquidity impact as no further payment is required before final resolution, though the case may weigh on its medium-term balance sheet flexibility.

- **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	Pricing	Issue Rating (M/S/F)
Korea East-West Power	USD	-	5.5yr	T+90	Aa2/-/AA-
KT Corp	USD	-	3.5yr	T+85	A3/-/A

- **News and market color**

- Regarding onshore primary issuances, there were 67 credit bonds issued last Friday with an amount of RMB43bn. As for Month-to-date, 196 credit bonds were issued with a total amount of RMB186bn raised, representing a 20.3% yoy decrease

- **[BABA/KUAISH]** Alibaba participated in a USD2bn funding round for Kling AI, a generative AI video platform developed by Kuaishou Technology

- **[BHP]** BHP Group plans to invest USD1.5bn in the Cerro Colorado copper mine in Chile as it plans to reopen the facility; its San Manuel property in Arizona was acquired by Canada-headquartered Faraday Copper

- **[SINOCH]** Sinochem Holdings is in talks to reduce its stake in Pirelli after the Italian government curtailed its influence over the tiremaker

- **[TYANLI]** Tongyang Life Insurance offered a 10% increase in appraisal rights price to shareholders who opposed a previous share swap offer

- **[VEDLN]** Vedanta Ltd 1QFY27 ore output surged 41% yoy to 153k tons to record high; Vedanta Ltd's unit Ferro Alloys signed a debt facility of INR16.2bn (cUSD170.4mn) from a consortium of banks

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