

CMBI Credit Commentary

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

- *This morning, the new HOKKEL 30 tightened 5bps from T+83 at issuance. Yesterday's IG new issues OCBCSP 4.55 35s/BOCAVI 31/JERA 4.544 30 widened 1-2bps, while the new MITSCO 4.398 30 was unchanged. Secondary IG names widened 2-4bps. LGFVs and China HYs traded softly.*
- **BTSDf:** 1H25 revenue growth supported by ANC and recovery in IMF. We maintain buy on BTSDf 9.125 07/24/28, which was unchanged post results announcement. This morning, BTSDf 28 was 0.2pt higher. See below.
- **TOPTB:** Thai Oil starts cash tender offer for four notes as part of the company's ongoing capital management strategy. See below.

❖ Trading desk comments 交易台市场观点

Yesterday, MITSCO 30s outperformed in the new issue space and tightened 10bps from T+63 at issuance. The new JERA 30s closed unchanged. The new FUKOKU 55 retreated to slightly below par after opened at 0.1pt higher. The new OCBCSP tightened 1bp amid active two-way flows, and BOCAVI 31s closed 1bp wider from T+58 at issuance. See our comments on BOCAVI [yesterday](#). MEITUA curve widened 3-5bps post announcement of a significant yoy decline in 1H25 adjusted EBITDA, reflecting the intense competition and losses of new initiatives including grocery retail and overseas expansion. CNMDHL tightened 3-4bps, even though its 1H25 revenue declined 5.4% yoy to RMB6.1bn (cUSD848.1mn). WESCHI 26 rose 0.9pt. See comments on [26 Aug'25](#). TW lifers NSINTW/SHINKON tightened 3-5bps. BTSDf rose 0.3pt after the announcement that its 1H25 revenue rises 4.9% yoy to RMB7.1bn (cUSD980.5mn). See comments below. In Chinese properties, ROADKGs were 0.1pt lower to 0.5pt higher. We saw good buying demand in the FRN space on 2-3yr Chinese names. Japanese insurance hybrids were a touch weaker amid weak JGB and JPY currency. DFHOLDs tightened 4-5bps. Korea Investment & Securities aims to increase its capital by KRW900bn (cUSD648mn). In SEA, TH bank papers were 2-3bps wider amid better selling across the curve. TOPTBs tightened 5-10bps. See below for the details of tender offers. ADSEZ 31-32s dropped 0.4-0.7pt. In Yankee AT1s we saw a fair amount of dip buying interests in French names and the usual HSBC/UBS papers from AMs and retail clients from Asia, and bonds rebounded slightly by 0.1pt. We saw some recoveries in higher-yielding LGFV USD and CNH issues, supported by buying from local AMs and securities houses. The rest of USD Greater China high-beta credits were quiet with flows limited to scattered retail buying interests in HY papers.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
TOPTB 4 7/8 01/23/43	85.2	1.4	LASUDE 5 07/28/26	52.2	-0.8
TOPTB 3 3/4 06/18/50	70.1	1.0	ADSEZ 3.1 02/02/31	87.2	-0.7
WESCHI 4.95 07/08/26	98.2	0.9	ADANEM 3.949 02/12/30	92.8	-0.5
GRNLGR 7 1/4 12/16/28	19.8	0.9	ANGSJ 6 1/2 04/15/40	104.0	-0.5
CRNAU 9 1/4 10/01/29	80.5	0.7	ADSEZ 3.828 02/02/32	89.0	-0.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.24%), Dow (+0.32%) and Nasdaq (+0.21%) were higher on Wednesday. 30yr UST yield was higher on Wednesday while 2/5/10yr yield was lower, 2/5/10/30 yield was at 3.59%/3.69%/4.24%/4.91%.

❖ Desk Analyst Comments 分析员市场观点

➤ BTSDf: 1H25 revenue growth supported by ANC and recovery in IMF

We maintain buy on BTSDf 9.125 07/24/28, in view of H&H's good access to diversified funding channels as well as the lengthened maturity profile. We view H&H is on track to deliver revenue growth in FYE25 in view of the IMF recovery in the mainland China and the YTD growth. At 104.5, BTSDf 9.125 07/24/28 (Ba3/BB/-) is trading at YTM of 7.4%, and offering yield pick-up of 61bps over FOSUNI 8.5 05/19/28 (-/BB/-, YTM of 6.8%), and 174bps over GWFOOD 3.258 10/29/30 (-/BB, YTM of 5.6%) with 2.2 years shorter in maturity.

Table 1: 1H25 financial performance

RMBmn	1H24	1H25	Change
Revenue	6,692	7,019	4.9%
Gross profit	4,072	4,389	7.8%
Adj. EBITDA	1,140	1,101	-3.4%
Net profit	306	71	-76.8%
Adj. net profit	347	363	4.6%
Operating cash flow	1,053	998	-5.2%
Capex	29	41	42.7%
Gross profit margin	60.9%	62.5%	1.7pct pt
Adj. EBITDA margin	17.0%	15.7%	-1.4pct pt
Adj. net profit margin	5.2%	5.2%	-
Revenue by business			
Adult nutrition and care products (ANC)	3,276	3,439	5.0%
Baby nutrition and care products (BNC)	2,432	2,501	2.9%
Pet nutrition and care products (PNC)	985	1,079	9.6%
Revenue by geography			
Mainland China	4,541	4,936	8.7%
ANZ	976	801	-18.0%
North America	816	862	5.7%
Others	359	420	17.1%

Source: Company filing, CMBI Research.

H&H released the 1H25 results, which were largely in line with the financial updates it provided in early Jul'25. In 1H25, H&H's revenue grew 4.9% yoy to RMB7.0bn, with all business segments recording growth. The ANC segment grew 5.0% yoy, mainly driven by 13.1% yoy increase in mainland China, supported by robust demand for beauty, anti-aging and detox products. However, the growth was partially offset by 18.8% yoy decline in revenue generated from ANZ, primarily due to contraction in the corporate diagou channel.

The BNC segment grew 2.9% yoy, mainly due to 10% yoy increase in IMF sales. H&H continued to gain market share in super-premium IMF segment, reaching a historic high of 15.9% in Jun'25, compared to 12.9% a year earlier. H&H also improved channel development, with brand searches on RedNote and Douyin more than tripled compared 1H24. These gains were partially offset by 16.2% yoy decline in pediatric probiotic and nutritional supplements, reflecting persistent decline in offline pharmacy traffic. The PNC segment delivered 9.6% yoy growth, attributable to the premiumisation and pet humanisation trends in North America, mainland China and other expansion markets.

H&H adj. EBITDA declined 3.4% yoy in 1H25 to RMB1.1bn while the adj. EBITDA margin fell to 15.7%, due to higher selling and distribution expenses from the growth in Douyin channel. Net profit fell sharply by 76.8% yoy in 1H25 to RMB71mn, largely due to one-off premium paid for the tender offer and early redemption of the BTSDf 13.5 06/26/2026 in 1Q25. Excluding the non-cash and non-recurring items, the adj. net profit increased 4.6% yoy to RMB363mn. Besides, H&H generated 5.2% yoy lower in operating cash flow of RMB998mn in 1H25, while the capex remained minimal at RMB41mn.

H&H guided high-single digit growth in revenue in FY25 (1H25: +4.9% yoy), while adj. EBITDA margin at 15% (1H25: 15.7%) and adj. net profit margin at 5% (1H25: 5.2%). Assuming 7-10% yoy revenue growth in FY25 and based on the 1H25 revenue run-rate, which we estimate accounts for 49-50% of FY25 guidance, the management targets appear achievable. The growth are to be supported by the recovery in IMF post GB transition in the mainland China, as well as the growth in higher-margin PNC business.

Table 2: Jun'25 financial position

RMBmn	Dec'24	Jun'25	Change
Cash and cash equivalent	1,604	1,812	13.0%
ST debt	890	975	9.6%
LT debt	8,470	8,334	-1.6%
Total debt	9,360	9,309	-0.5%
Net debt	7,756	7,497	-3.3%
Total debt/LTM adj. EBITDA	4.8x	4.9x	-
Net debt/LTM adj. EBITDA	4.0x	3.9x	-
Adj. EBITDA/interest	2.1x	1.9x	-
Cash/ST debt	1.8x	1.9x	-

Source: Company filling, CMBI Research.

Moreover, H&H aims to lower the net leverage ratio to 3.7-3.8% by Dec'25, from 3.9% as of Jun'25. H&H's net leverage was lower as of Jun'25 compared to Dec'24. The net debt/LTM adj. EBITDA improved to 3.9x in Jun'25 from 4.0x in Dec'24, reflected higher cash balance at RMB1.8bn. As of Jun'25, H&H's debts comprised of cUSD57mn CNH bonds BTSDf 7.5 03/26/27, cUSD151mn RMB term loan due in Jul'27, cUSD255mn RMB bilateral loans with maturities up to Mar'28, USD527mn USD term loan due in Nov'27, as well as USD300mn BTSDf 9.125 07/24/28 due in Jul'28. H&H has no major maturity in the next 1.5 years.

We are not too concerned of the ongoing tax audit of H&H's subsidiary Biostime Healthy Australia Pty (BHA) to impact its near-term liquidity. BHA has made a cash deposit of AUD104mn to Australian Tax Office (ATO)

on 15 Jul'25, in line with ATO administrative practice for disputed tax debts. This deposit is recorded as an asset on BHA's balance sheet. No further deposit will be required until the final conclusion of the case. BHA maintains that it does not expect a final fund outflow in relation to the dispute, and is prepared to initiate further legal proceedings if necessary.

➤ **TOPTB: Tender offers for four o/s bonds**

Thai Oil announced tender offers for its o/s USD137.931mn TOPTB 4 ⅞ 01/23/43, USD262.07mn TOPTB 4 ⅞ 01/23/43, USD480mn TOPTB 5 ¾ 11/20/48, and USD480mn TOPTB 3 ¾ 06/18/50. The maximum acceptance amount will be USD27.9mn, USD32.0mn, USD90mn and USD50mn, respectively. The expiration deadline for the tender offers is 5:00 p.m. on 25 Sep'25 New York time. The early tender date is 5:00 p.m. on 10 Sep'25 New York time. The Offerors will pay an early tender premium of 0.5. The tender offers are launched as part of the company's ongoing capital management strategy to reduce leverage and optimize its debt profile. Thai Oil plans to use cash on hand to finance the tender offers. See Table below.

Table 3: Summary of the tender offers

Security name	Amt o/s (USDmn)	Max acceptance amt (USDmn)	Early tender px	Tender px	Ask px	YTM
TOPTB 4 ⅞ 01/23/43 (TO)	137.931	27.9	868.75	818.75	85.332	6.272
TOPTB 4 ⅞ 01/23/43 (TC)	262.070	32.0	868.75	818.75	85.189	6.286
TOPTB 5 ¾ 11/20/48	480.000	90.0	916.25	866.25	90.156	6.178
TOPTB 3 ¾ 06/18/50	480.000	50.0	715.00	665.00	70.452	6.069
Total	1360.001	199.9				

Source: Bloomberg, Company filling.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Hokkaido Electric Power	500	5yr	4.587%	T+83	-/BBB+/-
Luoyang Cultural Tourism Investmen	37.3	3yr	7.4%	7.4%	Unrated
Saudi Awwal Bank	1250	10NC5	5.947%	T+220	Baa2/-/BBB

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

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

➤ **News and market color**

- Regarding onshore primary issuances, there were 134 credit bonds issued yesterday with an amount of RMB99bn. As for month-to-date, 2,051 credit bonds were issued with a total amount of RMB1,737bn raised, representing a 6% yoy decrease
- [CHIOLI]** China Overseas Land 1H25 revenue dropped 4.3% yoy to RMB83.2bn (cUSD11.6bn)
- [CHIOIL]** China Oil and Gas obtained USD500mn bond-issuance quota to refinance USD400mn CHIOIL 4.7 06/30/26
- [CHMEDA]** Mengniu Dairy 1H25 revenue declined 6.9% yoy to RMB41.57bn (cUSD5.81bn)

- **[FOSUNI]** Fosun Pharma licensed the international rights to one of its planned medications to UK biotech firm Sitala for up to USD675mn; Fosun International 1H25 revenue fell 10.8% yoy to RMB87.28bn (cUSD12.20bn)
- **[JD]** JD.com unit teams up with two firms to launch USD1bn Singapore REIT
- **[NWDEVL]** NWD has sold the podium shopping centre at 83 Wing Hong Street in Hong Kong Cheung Sha Wan for HKD120mn (cUSD15mn)
- **[WESCHI]** West China Cement expects offshore bond quota approval by late Sep'25
- **[ZHOSHK]** Zhongsheng Group completed early redemption of USD450mn ZHOSHK 3 01/13/26 on 27 Aug'25

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