

CMBI Credit Commentary

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

- *Asian IG space was unchanged to 2bps tighter this morning. Front-end BNKEA, FRESHK and bank floaters were well-bid. Adani complex further down 0.5-2pts.*
- *BTSDf: Fully prepaid term loan due in Jun'25. Maintain buy on BTSDf 13.5 06/26/26. BTSDf'26 dropped 0.2pt post 9M24 results. See below comments.*
- *CQNANA: LGFV Chongqing Nan'an District Urban Construction launched bondholder identification for CQNANA 4.98'25. CQNANAs were unchanged this morning.*

❖ Trading desk comments 交易平台市场观点

Yesterday, market focus was on Indian space as US SEC charged the executives of Adani Group/Adani Green Energy/Azure Power on alleged bribery schemes. Adani Green canceled the issuance of USD600mn ADNGRE 7.45 11/27/44. ADGREG '42/ARENRJ '39 closed 7.1-9.1pts lower. ADANEM/ADTIN/ADSEZ 26-36s dropped 2.9-6.4pts. See our comments on Adani Group on [21 Nov '24](#). AZUPOE 26s also fell 4.2pts. Other renewables such as GRNKENS/RPVINs were down 0.3-0.7pt. VEDLNs were unchanged to 0.4pt lower, while VEDLN also paused its USD bonds issuance plan amid the market volatility. SBIINs/RECLINs/EXIMBKs were under better selling and closed unchanged to 2bps wider. In Chinese IGs, the new CNH BABA 34s/44s declined another 0.7-0.9pt, closed 1.5-2.0pts lower than ROs at par, as volatilities in the funding/rates/FX end persisted. The new USD BABA 35s/54s were unchanged to 2bps wider. TENCNT/MEITUA 28-30s widened 2-3bps. LENOVO 30s widened 5bps. Chinese AMCs were mixed. HRINTHs 0.2-0.4pt lower. GRWALLs were down 0.1pt. CCAMCLs/ORIEASs were unchanged to 1bp tighter. In AT1s, BACR 9.625/SANTAN 9.625/UBS 6.85 Perps were 0.1-0.3pt lower. Elsewhere, NORBKs/NOMURAs were 2bps wider. The long end TOPTBs were another 2-3bps wider on PB selling. In Chinese properties, LNGFOR 27-32s dropped 1.1-1.7pts. VNKRL 27-29s declined 0.3-0.8pt. DALWAN 24-26s, on the other hand, were 0.1-0.3pt higher. Outside properties, WESCHI '26 was up another 0.4pt, closed 1.9pts higher WTD. EHICAR 26-27s retraced 0.3-0.9pt. In Macau gaming, MPCLs/STCITYs/WYNMACs were up 0.2-0.3pt.

There were some selling flows in low-yielding CNH LGFVs on back of the funding squeeze. Meanwhile the flows in higher-yielding CNH LGFVs (such as HMRHGC 6.5 '27/HUNRUI 7.6 '27) remained orderly two-way despite gradual widening of yields after the SBBC curb news. The USD LGFVs were also better sold by cash raising needs from AMs. CHDXCH '26/NJYZSO '27 were 0.1-0.2pt lower. In SOE perps, SPICPT 3.45/CHPWCN 3.45 Perps were up 0.1pt, HUANEN 3.08/CHCOMU 4.25 Perps were down 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CITLTD 4.6 04/14/35	92.6	2.4	ADGREG 6.7 03/12/42	85.9	-9.1
PBRXIJ 7 5/8 12/31/25	10.6	1.8	ARENRJ 4 5/8 10/15/39	76.8	-7.1
TOYOTA 4 1/2 08/17/27	98.7	0.7	ADTIN 4 1/4 05/21/36	80.8	-5.5
CITLTD 5.07 04/18/48	90.8	0.6	ADINCO 3 02/16/31	83.0	-4.9
CHIOLI 6 3/8 10/29/43	102.5	0.6	ADSEZ 5 08/02/41	80.0	-4.3

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.53%), Dow (+1.06%) and Nasdaq (+0.03%) edged higher on Thursday. The latest US initial jobless claim was +213k, lower than the expectation of +220k. UST yields rallied higher yesterday, 2/5/10/30 yield reached 4.34%/4.30%/4.43%/4.61%.

❖ Desk Analyst Comments 分析员市场观点

➤ BTSDf: Fully prepaid term loan due in Jun'25. Maintain buy on BTSDf 13.5 06/26/26

We maintain buy on BTSDf 13.5 06/26/26 (Ba3/BB-), in view of H&H's lengthened debt maturity profile after the exchange and concurrent new issue in Jun'23, as well as its full prepayment of USD term loan with a remaining amount of USD581mn due in Jun'25. BTSDf 13.5 06/26/26 also offers a better risk-return profile than those of other Chinese BB-rated bonds. At 106.4, BTSDf 13.5 06/26/26 was traded at a YTM of 9.0%, offering yield pick-up of 51bps over FOSUNI 5 05/18/26 (-/BB-/-, YTM of 8.5%), and 264bps over GWFOOD 2.349 10/29/25 (-/BB, YTM of 6.4%).

In 9M24, H&H International (H&H)'s revenue fell 6% yoy to RMB9.6bn, due mainly to the decline in infant milk formula (IMF) sales. Most of the IMF of H&H were sold in China (over 95% in past five years), the fall in IMF sales attributable to competitive environment for super-premium IMF, along with lower sell-in from depleting the old "GB" products and introduction of new "GB" series. Since China is the largest market for H&H, accounting for 66% of its revenue, the 13% yoy decline in revenue from China was more than offset the growth of other regions.

We expect the revenue to fall by mid to high single digit in FYE24 compared to FY23. Per H&H guidance, ANC and PNC revenue will grow at high single digit to low-teen (FY23: ANC: 35% yoy, PNC: 23% yoy); while BNC revenue to fall at c25% (FY23: -12% yoy). The revenue drop in BNC would outweigh the revenue increase in ANC and PNC. H&H maintains the guidance of EBITDA margin in FYE24 at mid-teen (FY23: 15.9%).

H&H had a cash balance of RMB1.9bn as of Sep'24, increased from RMB1.4bn at Dec'23. It also utilized a new 3-year term loan of USD540mn in Oct'24 to fund the full prepayment of the due-Jun'25 term loan. The maturity profile of H&H has notably lengthened. Per H&H, refinancing of USD300mn BTSDf 13.5 06/26/26 will be its top priority in 1H25, and it targets to issue new debt instruments at a lower cost than the existing bonds. We take additional comfort from H&H's good access to different funding channels, including onshore and offshore bond issuances, as well as bank borrowings. YTD, H&H tapped USD120mn of BTSDf 13.5 06/26/26, issued BTSDf 7.5 03/26/27 of RMB500mn, and obtained 3-year CHN loan of cUSD150mn equivalent due Jun'27 in two tranches (CNH1,022mn at 5% and CNH73mn at 3MHIBOR+195bps).

Table 1: H&H Financial highlights

RMBmn	9M23	9M24	Change
Revenue	10,278.4	9,647.6	-6.1%

Revenue by business

Adult nutrition and care products (ANC)	4,606.5	4,983.3	8.2%
Baby nutrition and care products (BNC)	4,286.5	3,203.4	-25.3%
Pet nutrition and care products (PNC)	1,385.4	1,460.9	5.4%

Revenue by geography

Mainland China	7,271.2	6,362.3	-12.5%
ANZ	1,376.0	1,527.9	11.0%
North America	1,125.1	1,211.8	7.7%
Others	506.1	545.6	7.8%

Source: Company filing.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Bank of China Toronto Branch	400	3yr	5.166%	SOFR+58	A1/A/A
Qingdao Development Area Investment Construction Group	87.5	3yr	6.5	6.5%	-/-/-
Yichun Yuanzhou District State-owned Investment Group	84.8	3yr	4.9%	4.9%	-/-/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Jingjiang Port (Group) Co., Ltd	USD	-	3yr	5.0%	-/-/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 147 credit bonds issued yesterday with an amount of RMB128bn. As for month-to-date, 1,432 credit bonds were issued with a total amount of RMB1,287bn raised, representing a 11.9% yoy increase
- Media reported that Macau authorities expect gaming hub visitors to increase 9.1% to 36mn in 2025
- **[ADEIN]** Adani Group said US DoJ and SEC allegations baseless, to seek all possible legal recourse
- **[CQNANA]** LGFV Chongqing Nan'an District Urban Construction launched bondholder identification for CQNANA 4.98'25
- **[FAEACO]** Far East Consortium International expects to turn to loss of cHKD900mn in FY1H25 due to fair value change of investment properties, share of impairment loss
- **[FUTLAN/FTLNHD]** Seazen Group to hold EGM on 9 Dec to consider RMB1bn loan provided by S-Enjoy Group
- **[GLPCHI]** GLP China and Toyota Motor (China) signed cooperation agreement to form partnership on hydrogen energy for logistics industry
- **[NANYAN]** Nanyang Commercial Bank completed redemption of USD700mn 3.8% Tier 2 subordinated notes due 2029

- **[NIO]** Media reported that NIO expects to double sales in 2025 and achieve breakeven point in 2026
- **[NWDEVL]** Media reported that New World Development plans to hold off on potential acquisitions to focus on debt management
- **[VEDLN]** Media reported that Vedanta reconsiders timing of potential USD bond issue following market volatility post Adani Group founder's indictment

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