

CMBI Credit Commentary

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

- *This morning, the new KOROIL 29-31s tightened 10bps from RO at T+65 and T+70, respectively. The new KOROIL Float 29s tightened 10bps from RO at SOFR+80. The new fixed-rate and floating CBAAU 29s were unchanged from RO at T+43 and SOFR +63, respectively. LGENSO 26-35s widened 10bps, LG Energy Solution proposes to issue USD bonds in four tranches. ZHOSHK 28 gained 1.0pt.*
- **BTSDF:** *A stronger set of FY25 results with an improving credit profile. Maintain neutral on BTSDF 28, which was 0.1pt higher this morning. See below.*
- **XIAOMI:** *Stronger FY25 results despite softening in 4Q25. Maintain buy on XIAOMI 30-31. Chinese TMT names were 2-4bps tighter this morning. See below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, WESCHI 28-29 leaked 0.7-1.0pt. West China Cement reported a 15.3% yoy increase in revenue in FY25 yet weaker 2H25 results. See our comments [yesterday](#). In Chinese IG space, XIAOMI 30-51 closed 1-4bps wider. Xiaomi's FY25 revenue was up 25% yoy to RMB457.3bn. See comments below. 5-10yr MEITUA tranches faced better-selling pressure and closed 3bps wider. ZHOSHK 28 was down another 0.8pt. Selling flows were also concentrated in the FRN space across Chinese financial names, EU/AU banks and Korean corporates. In Chinese properties, LNGFOR 27-32 gained 0.6-1.1pts. VNKRL 27 was 0.7pt higher, while VNKRL 29 was 0.2pt lower. In HK, HYSAN 4.85 Perp was down 1.3pts, while HYSAN 7.2 Perp gained 0.3pt. In SE Asian space, VEDLN 28-33s recovered up to 1.1pts higher. The NCLAT allowed Adani Enterprises to proceed with the resolution process for Jaiprakash Associates, even after Vedanta's appeal. GLPSPs/GLPCHI edged 0.1-0.9pt higher. In the Middle East, PB accounts were buying long-end KSAs and aoyr ARAMCOs. The space stabilized compared to the previous lows and traded 0.2pt lower to 0.5pt higher. Yankee and Japanese AT1s and insurance subs leaked 0.3pt during Asia session as PB and AM clients sought to trim risks, before gaining 0.3-0.5pt with short covering and buying from London. We saw overall balanced two-way flows with better buying concentrated in less than 5yr-to-call, and better selling in longer dated issues.

In LGFV space, we saw increased better selling from AMs in higher-grade USD issues yielding 4%, which closed 20bps wider. On the other hand, higher-yielding papers remained largely well digested thanks to demand from RMs, especially for papers with shorter-duration.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
TSINGH 6 1/2 01/31/28	87.8	1.1	HYSAN 4.85 PERP	74.9	-1.3
VEDLN 9.85 04/24/33	101.5	1.1	WESCHI 9.9 12/04/28	92.4	-1.0
LNGFOR 3.95 09/16/29	77.9	1.1	TELPM 3.45 06/23/50	70.7	-1.0
VEDLN 11 1/4 12/03/31	105.8	1.1	ZHOSHK 5.98 01/30/28	93.1	-0.8
LNGFOR 4 1/2 01/16/28	88.3	1.0	WESCHI 10 1/2 11/11/29	92.1	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.37%), Dow (-0.18%) and Nasdaq (-0.84%) were lower on Tuesday. S&P Global Mar'26 Manufacturing PMI was 52.4, higher than the market expectation of 51.5. S&P Global Mar'26 Services PMI was 51.1, lower than the market expectation of 52.0. UST yield was higher on Tuesday. 2/5/10/30 year yield was at 3.90%/4.03%/4.39%/4.94%.

❖ Desk Analyst Comments 分析员市场观点

➤ BTSDF: A stronger set of FY25 results with an improving credit profile

We view H&H credit profile is improving, supported by active liability management and IMF recovery. We maintain neutral on BTSDF 9.125 07/24/28 on current valuation. In Chinese HY space, we like FOSUNI 8.5 05/19/28 (-/BB-/-), which offer c120bps pick-up over BTSDF 28 and c2months earlier to maturity. At 100.2, FOSUNI 8.5 05/19/28 is trading at YTM of 8.4%.

Table 1: Bond profile of BTSDF

Security name	ISIN	Amt o/s (USD mn)	Ask px	YTM	Issue rating (M/S/F)
BTSDF 9.125 07/24/28	XS2971969287	300	104.2	7.1%	Ba3/BB/-

Source: Bloomberg.

H&H's revenue rose 10.0% yoy to RMB14.4bn in FY25, with all business segments recording growth. Gross profit increased 13.2% yoy to RMB9.0bn, with GPM expanded to 62.4%, primarily driven by improved margins within the ANC and PNC segments and sourcing costs optimization. Adj. EBITDA rose 5% yoy to RMB2.1bn, though adj. EBITDA margin contracted slightly to 14.3% due to higher revenue mix from the lower-margin BNC segment, higher SG&A on increased investment for ANC and PNC expansion in the Southeast Asia.

H&H met its revised FY25 guidance of high-single-digit to low-double-digit revenue growth (revised post 9M25 results), though adj. EBITDA margin and adj. net profit margin of 14.3% and 4.6%, respectively, was broadly in line with its targets of c15% and c5%.

China continued to be H&H's largest market with strong revenue growth of 17.5% yoy to RMB10.2bn in FY25, primarily driven by robust IMF revenue growth of 28.3% yoy in the BNC segment. As per H&H, its market share in super-premium IMF segment rose to 17.1% as of Dec'25 from 13.3% a year earlier, while Biostime retained its No.1 position in the paediatric probiotic market. ANC revenue also recorded healthy growth of 13.3% yoy, and Swisse ranked No. 1 in the overall VHMS market.

Revenue growth in North America was steady at 7.8% yoy to RMB1.7bn, supported by Zesty Paws in the PNC segment. Zesty Paws' revenue grew 12.8% yoy on a LFL basis, while Solid Gold recorded 13.1% yoy decline in revenue on a LFL basis under H&H's product premiumisation strategy. Revenue from ANZ markets contracted 21.8% yoy to RMB1.6bn owing to decline in corporate daigou business in the ANC segment, through Swisse became the No.1 VMS brand in Australia on both volume and value basis.

As of Dec'25, H&H's cash balance increased to RMB1.7bn, supported by positive FCF. The cash conversion cycle was also shorter to 88 days from 109 days in FY24. H&H has been proactive in managing its debt maturity profile throughout 2025, including a tender offer and concurrent new USD bond issuance and prepayment of USD term loan. Debt maturities are more concentrated in 2027, comprising CNH bond with an outstanding amount of cUSD58mn equivalent due Mar'27, cUSD147mn RMB term loan due Jul'27, and USD463mn term loan due Nov'27. That said, we expect H&H to refinance these obligations given its good access to diversified funding channels. Management reiterated its target to lower the leverage ratio to below 3x by end-2027 and below 2x by end-2028, from 3.45x as of Dec'25, through a combination of debt reduction and EBITDA growth, in our view.

The review of H&H's objection by the Australian Tax Office (ATO) remains ongoing, and expects to receive an official reply from ATO on the objection by Jun'26. As we wrote before, we are not overly concerned of the ongoing tax audit of H&H's subsidiary Biostime Healthy Australia Pty (BHA) to materially impact its near-term liquidity. No further deposit is required until the case reaches a final conclusion.

Table 2: H&H's financial highlights

RMB mn	FY24	FY25	Change
Revenue	13,052	14,354	10.0%
Gross profit	7,916	8,964	13.2%
Adj. EBITDA	1,952	2,051	5.0%
Net profit/(loss)	(54)	196	-
Adj. net profit	541	664	22.7%
Operating cash flow	1,346	1,537	14.1%
Capex	97	94	-3.0%
Gross profit margin	60.6%	62.4%	1.8 pct pt
Adj. EBITDA margin	15.0%	14.3%	-0.7 pct pt
Adj. net profit margin	4.1%	4.6%	0.5 pct pt
Revenue by business			
Adult nutrition and care products (ANC)	6,696	6,946	3.7%
Baby nutrition and care products (BNC)	4,382	5,257	20.0%
Pet nutrition and care products (PNC)	1,973	2,150	9.0%
Revenue by geography			
Chinese mainland	8,685	10,201	17.5%
ANZ	2,013	1,574	-21.8%
North America	1,622	1,748	7.8%
Others	732	830	13.4%

RMB mn	Dec'24	Dec'25	Change
Cash and cash equivalent	1,604	1,669	4.1%
Total debts	9,360	9,051	-3.3%
Net debts	7,756	7,382	-4.8%
Total debts/Adj. EBITDA	4.8x	4.4x	-
Net debts/Adj. EBITDA	4.0x	3.6x	-
Adj. EBITDA/int	2.5x	2.2x	-
Cash/ST debts	1.8x	1.5x	-

Source: Company filing, CMBI FICC Research.

➤ XIAOMI: Stronger FY25 results despite softening in 4Q25

We maintain buy on XIAOMI 30-31, on Xiaomi's solid credit profile with a sizeable net cash position. We also view Xiaomi as less vulnerable to geopolitical risk as well as proxies on domestic consumption, such that to benefit from government's measures to stimulate domestic consumption. At 95.5 and 91.7, XIAOMI 3.375 04/29/30 and XIAOMI 2.875 07/14/31 are both trading at YTM of 4.6%.

Table 3: Bond profile of XIAOMIs

Security name	ISIN	Amt o/s (USD mn)	Ask px	Z-spread (bps)	YTM	Mod dur	Issue rating (M/S/F)
XIAOMI 3.375 04/29/30	US98422HAA41	600	95.5	61	4.6%	3.7	Baa1/BBB/BBB+
XIAOMI 2.875 07/14/31	US98422HAC07	800	91.7	68	4.6%	4.8	Baa1/BBB/BBB+

Source: Bloomberg.

The revenue of Xiaomi increased by 25.0% yoy to RMB457.3bn in FY25. The strong result was driven by a strong 223.8% yoy revenue growth in the Smart EV, AI and other new initiatives, as well as a steady 5.4% yoy revenue growth in the segment of Smartphone x AIoT.

Within the Smartphone x AIoT segment, Xiaomi's smartphones revenue declined by 2.8% yoy in FY25 due to lower ASP and shipment volumes. The ASP fell by 0.8% yoy to RMB1,129 per unit in FY25. The higher ASP of smartphone in China was more than offset by the lower ASP overseas. In FY25, the shipment volumes of Xiaomi's smartphones decreased 2.0% yoy to 165.2mn units, compared to 168.5mn in FY24. Decline of shipments in India was partially offset by increased shipments of premium smartphones in the China, Latin America and Africa. Xiaomi remained as the world's 3rd largest smartphone manufacturer (after Samsung and Apple) by shipments with 13.3% market shares in FY25.

In FY25, revenue of IoT and lifestyle products grew 18.3% yoy, primarily supported by tablets, smart large home appliances and wearables. Smart EV segment revenue rose 223.8% yoy and reached RMB106.1bn in FY25, driven by a 200.4% yoy growth in vehicle deliveries and 7.1% yoy increase in ASP, primarily due to the introduction of Xiaomi SU7 Ultra and Xiaomi YU7 Series. In our view, the growing contribution from smart EV should help to mitigate the softened smartphone market.

The GP margin of Xiaomi in FY25 improved to 22.3%, compared to 20.9% in FY24, driven by higher gross margin in both the Smartphone x AIoT segment and Smart EV segment. The margin expansion was attributable to an increase in GP margin of certain products, as well as higher revenue contribution of those products, namely wearables and certain lifestyle products. EBITDA rose 34.9% yoy to RMB37.6bn in FY25, with EBITDA margin improved 0.6 pct. pt. to 8.2%.

We saw Xiaomi's operating performance softened in 4Q25, primarily due to the decrease of revenue from smartphones as well as IoT and lifestyle products, partly offset by solid growth in the smart EV segment. As per Xiaomi, decline of smartphones revenue in 4Q25 was attributable to reduced promotions in the overseas markets. Lower revenue from IoT and lifestyle products was a result of reduced national subsidies and increased competition in the Chinese mainland.

As of Dec'25, Xiaomi had net cash (unrestricted cash and short term investments minus total debts) of RMB71.6bn, representing an 2.4% increase from RMB69.9bn as of Dec'24. Xiaomi's operating cash flows, after R&D of RMB33.1bn, decreased by 13.1% yoy to RMB34.1bn. In FY25, Xiaomi invested RMB18.2bn in capex (73% yoy increase). Xiaomi expects to spend over RMB40bn in R&D in FY26 and over RMB200bn over the next five years. Xiaomi has a strong liquidity profile with unrestricted cash to ST debts ratio at 2.0x.

Xiaomi's FY26 outlook includes: 1) deeply integrate AI in Xiaomi's ecosystem and invest RMB60bn in AI over the next three years; 2) expand the overseas market from 450 stores in FY25 to 1k stores in FY26 for higher sales of IoT products; and 3) reach 550,000 vehicle deliveries (compared to 410,000 units in FY25). We expect Xiaomi to maintain a sizeable net cash position over the medium term as increasing R&D expenses and capex will be largely covered by internal resources and strong operating cash inflow which, in turn, will be supported by the growing contribution from the Smart EV segment.

Table 4: Xiaomi's financial highlights

RMB mn	FY24	FY25	Change
Revenue	365,906	457,287	25.0%
-Smartphone x AIoT	333,153	351,217	5.4%
-Smart EV and other new initiatives	32,754	106,070	223.8%
Gross profit	76,560	101,806	33.0%
EBITDA	27,837	37,563	34.9%
Profit for the year	23,578	41,566	76.3%
Operating cash flow	39,295	34,142	-13.1%
Gross margin	20.9%	22.3%	1.4 pct pt
-Smartphone x AIoT	21.2%	21.7%	0.5 pct pt
-Smart EV, AI and other new initiatives	18.5%	24.3%	5.8 pct pt
EBITDA Margin	7.6%	8.2%	0.6 pct pt
Net profit margin	6.4%	9.1%	2.6 pct pt
Smartphone ASP (RMB)	1,138	1,129	-0.8%
Smartphone shipment (mn unit)	168.5	165.2	-2.0%
Smart EV ASP (RMB)	234,479	251,171	7.1%
Smart EV deliveries (unit)	136,854	411,082	200.4%
RMB mn	Dec'24	Dec'25	Change
Cash and bank balances	33,661	26,914	-20.0%
Short-term bank deposits and investment	66,855	80,782	20.8%
Unrestricted cash and ST investment	100,517	107,697	7.1%
ST debts	13,327	13,202	-0.9%
LT debts	17,276	22,921	32.7%

Total debts	30,603	36,124	18.0%
Net cash	69,914	71,573	2.4%
Cash/ST debts	2.5	2.0	-

Source: Company filling, CMBI FICC Research.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Commonwealth Bank of Australia	1100/	3yr/	4.355%/	T+43/	Aa2/AA-/AA
	900	3yr	SOFR+63	SOFR+63	
Korea National Oil Corporation	400/	3yr/	4.5%/	T+65/	Aa2/AA/-
	500/	3yr/	SOFR+80/	SOFR+80/	
	300	5yr	4.625%	T+70	

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
LG Energy Solution	USD	-	3yr/	T+150/	Baa2/BBB/-
			5yr/	T+165/	
			5yr/	SOFR Equiv/	
			10yr	T+200	
Nippon Life Insurance	USD	-	5yr/	T+120/	A2/A/-
			7yr	T+135	

➤ News and market color

- Regarding onshore primary issuances, there were 192 credit bonds issued yesterday with an amount of RMB136bn. As for month-to-date, 2,037 credit bonds were issued with a total amount of RMB1,680bn raised, representing a 8.8% yoy increase
- **[BCDHGR]** Beijing Capital Development plans up to USD517mn bond offering to refinance BCDHGR 3.25 07/15/26
- **[CHJMAO]** China Jinmao FY25 revenue rose 0.5% yoy to RMB59.4bn (cUSD8.6bn); mulls offshore issuance to refinance CHJMAO 3.2 04/09/26 of USD600mn
- **[CWAHK]** China Water Affairs repurchased USD25mn of CWAHK 4.85 05/18/26, outstanding amount is reduced to USD325mn
- **[FRIDPT]** Freeport Indonesia expects to resume operations at its Grasberg Block Cave underground mine in 2-3 weeks after being hit by a landslide
- **[HAIDIL]** Haidilao International FY25 revenue rose 1.1% yoy to RMB43.2bn (cUSD6.3bn)

- **[HYUELE]** SK Hynix's board approved a plan to acquire machinery and equipment assets from ASML Korea worth KRW12.0tn (cUSD8.0bn); aims to raise KRW10-15tn (cUSD6.7-10bn) from a potential US listing
- **[LENOVO]** Lenovo PC shipments in Asia-Pacific rose 20% to 30.4mn units in 2025
- **[VEDLN]** NCLAT declined to stay implementation of Adani's resolution plan for Jaiprakash Associates on Vedanta's appeal

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