

CMBI Credit Commentary

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

- *This morning, the new SWHYSE Float 27s tightened 3bps from RO. BCLMHK Float 27-28s widened 1bp. The new HYSAN 7.2 Perp and MYLIFE 55s rose 1.0pt and 0.4pt, respectively from ROs at par. HYSAN 4.85/4.1 Perps were 0.1-0.2pt higher. The new KCGZIG '28 was up 0.2pt from RO at par.*
- **SJMHOL:** *First net profit since FY19. SJMHOLs were unchanged this morning. Within the Macau gaming sector, our top picks are MPELs and STCITYs/STDCTY. See below.*
- **CKHH:** *CK Hutchison entered into in-principle agreement with BlackRock and Terminal Investment on the sale of all of its interest in 43 ports in 23 countries (except ports in HK and in the mainland China), as well as its 90% interests in ports in Panama. The transaction is expected to generate cash proceeds in excess of USD19bn. CKHH/HPHTSP 26-34s tightened 1-5bps.*

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❖ Trading desk comments 交易台市场观点

Yesterday, BIDU announced new issue mandate of 5-yr and 10-yr CNH bonds. SWHYSE priced a 3-yr bond at SOFR+63. The new BCLMHK Float 28s closed unchanged from RO, while new BCLMHK Float 30s tightened 2bps from RO. The new SUMITR Float 30s tightened 12bps from RO, while the new fixed coupon SUMITR 4.5 28s/SUMITR 4.7 30s/SUMITR 5.05 35s widened 2-5bps. SUMIBK/MIZUHO Float 30-31s tightened 2-3bps. Chinese IGs were soft following Trump's additional 10% tariffs on Chinese goods. TENCNT/MEITUA/XIAOMI 30-35s were 2-4bps wider. The long-end of TENCNT/BABA/JD 49-61s were 1.4-1.6pts lower. In financials, KDB/EIBKOR Float 27-35s closed unchanged to 1bp tighter. In AT1s, BNP 7.375/UBS 6.85 Perps were 0.3-0.5pt lower. In insurance hybrids, MYLIFE priced a 30.25NC10.25 subordinated bond at par to yield 6.1%. MYLIFE 54s declined 0.5pt (trading at around YTC of 5.9%). In HK corps, HYSAN priced the new USD750mn NC5.5 Perp at par to yield 7.2%. HYSAN 4.85/4.1 Perps closed 0.3pt higher. CKPH Perps/CSIPRO 25s rose 0.3-0.8pt. NWDEVL Perps/27-31s retreated 0.3-1.5pts after the gain of 1.8-12.7pts on Mon. See our comments on [3 Mar '25](#). In Chinese properties, DALWAN 26s/LNGFOR 29s were up 0.2-0.6pt. COGO/YXREIT 26s were up 0.1-0.2pt. VNKRL 27-29s, however, declined 0.3pt. In Macau gaming, MPEL/SANLTD 29-31s were up 0.1-0.3pt. Last night, SJM announced strong FY24 results with adjusted EBITDA more than doubled in FY24. See comments below. In India, ADGREG 42s closed 0.2pt lower despite media reported that Adani Green refinanced a USD1.06bn project loan.

In LGFVs, KCGZIG priced a USD450mn 3-yr bond at par to yield 5.4%. The high-yielding USD and CNH LGFVs remained sought after. There were two way interests on CNH papers such as QDOCID 6.8 28s/JDZUDG 7.5 28s. In SOE perps, HUADIA Perps was up 0.1pt, COFCHK Perp was down 0.1pt.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CSIPRO 5.45 07/21/25	93.8	0.8	BABA 5 5/8 11/26/54	101.3	-1.6
DALWAN 11 02/13/26	93.3	0.6	JD 4 1/8 01/14/50	82.2	-1.6
GUAMET 2.31 09/17/30	87.9	0.5	TAISEM 4 1/2 04/22/52	93.9	-1.6
CNOOC 4.2 05/05/45	90.6	0.4	NWDEVL 5 1/4 PERP	45.2	-1.5
CKPH 3 1/2 PERP	64.2	0.4	TENCNT 4.525 04/11/49	87.1	-1.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-1.22%), Dow (-1.55%) and Nasdaq (-0.35%) were lower on Tuesday. The 25% tariffs on imports from Mexico and Canada, along with 20% tariffs on Chinese goods, took effect on Tuesday. UST yield was higher on Tuesday, 2/5/10/30 yield at 3.96%/4.01%/4.22%/4.53%.

❖ Desk Analyst Comments 分析员市场观点

➤ SJMHOL: First net profit since FY19

Table 1: Financial highlights of SJM

HKD mn	2019	2023	2024	Change vs. 2019	Change vs. 2023
Revenue	33,875	21,623	28,769	-15%	33%
-Gaming revenues	33,158	20,059	26,846	-19%	34%
-Other revenues	717	1,564	1,923	168%	23%
Adjusted EBITDA	4,213	1,727	3,764	-11%	118%
Adjusted EBITDA Margin	12.4%	8.0%	13.1%	65bps	510bps
Net profit/ (loss)	3,317	(1,875)	107	-97%	-
	Dec'19	Dec'23	Dec'24	Change vs. Dec'19	Change vs. Dec'23
Cash	14,504	3,542	2,208	-85%	-38%
ST Debt	217	971	1,730	697%	78%
LT Debt	15,064	23,679	21,120	40%	-11%
Total Debt	15,281	24,650	22,849	50%	-7%
Net debt (debt - all cash)	776	21,108	20,641	2559%	-2%
Total debt/adjusted EBITDA	3.6x	14.3x	6.1x	-	-

Source: Company fillings, CMBI Research.

SJM reported a strong recovery in FY24 with 33% increase in revenue to HKD28.8bn, attributable to the continued recovery in inbound tourism to Macau in 2024, the ramping up of GLP, as well as higher occupancy rate of hotels. The hotel occupancy rate of Grand Lisboa Palace Resort and Grand Lisboa Hotel were 97.0% and 98.7%, respective in FY24, higher than the industry average of 86.5%. Moreover, the GGR market share of SJM increased to 13.1% in FY24 from 11.9% in FY23, thanks partly to the increase in market share of GLP to 2.4% in FY24 from 1.5% in FY23. SJM expects its GGR market share to increase through continuous ramping up of GLP, as well as enhanced products and services offerings such the refurbishment of GL. The market share of SJM and GLP increased to 13.5% and 2.7%, respectively. As per SJM, the GGR market share of GLP further increased to c3% YTD.

In FY24, SJM's adjusted EBITDA increased by 118% yoy to HKD3.8bn while adjusted EBITDA margin increased to 13.1%. The adjusted EBITDA margin in FY24 exceeded the 12.4% in FY19. FY24 is also the first year recording net profit since FY19. See Table 1.

We expect that the operating performance of SJM will continue to improve in 2025 supported by the sustained recovery in tourism and moderating GGR growth in Macau. As per SJM, the property visitation in GLP has increased by 40% yoy while the casino visitation increased by 49% yoy in Jan-Feb'25. Besides, we view the opening of Kam Pek Market revitalizing project in Jan'25 will add on to the revenue growth in FY25. The continuous effort in cost control should also improve its profitability. SJM is acquiring office properties in Hengqin to convert them into a three-star hotel, expanding its room capacity and align its boarder strategy to grow mid-market hospitality offerings. The acquisition and conversion would support the revenue growth in the near-term

The total debt/adjusted EBITDA fell to 6.1x as of Dec'24 from 14.3x as of Dec'23, driven by higher adjusted EBITDA and lower total debt balance. As of Dec'24, SJM's bank and cash balances dropped to HKD2.2bn from HKD3.5bn as of Dec'23 due mainly to debt repayment. SJM has available liquidity of HKD6.6bn (after adding the undrawn banking facilities of HKD4.4bn) was sufficient to meet its ST debts of HKD1.7bn. We take additional comfort that Macao gaming operators have resumed their access to capital markets after the sharp recovery of GGR and operating performance. SJM budgeted HKD1.5-2bn capex for FY25, we believe SJM continues to fund its capex with its operating cash inflow and cash on hand. Hence we expect further room for deleveraging.

Within the Macau gaming sector, our top picks are MPELs and STCITYs/STDCTY. We also consider SJMHOLs good carry play. Meanwhile, we consider MGMCHIs and WYNMAC'27 yield pick-up plays, trading at 18-82bps and 50bps pick-up over bonds of their US parents, respectively. We are neutral on SANLTDs on valuation.

Table 2: Macau gaming USD bond profile

	Ask YTM (%)	Mod Duration	Ask px
MGMCHI	5.3-6.5	0.1-3.6	98.3-103.4
MPEL	5.6-7.5	0.3-4.0	93.1-100.9
SANLTD	4.2-5.6	0.3-5.6	87.4-100.6
SJMHOL	5.9-6.1	0.9-2.6	96.8-98.7
STCITY/STDCTY	5.8-7.5	0.1-3.4	91.8-101.0
WYNMAC	4.0-6.5	0.8-4.1	94.3-101.9

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Hysan Development	750	PerpNC5.5	7.2%	7.2%	Baa3/-/-
IIFL Finance	100	3yr	8.75%	8.35%	-/B+/B+
Knowledge City (Guangzhou) Investment Group	450	3yr	5.4%	5.4%	-/-/BBB
Meiji Yasuda Life	2100	30.25NC10.25	6.1%	6.1%	A3/A/-/-
Saudi National Bank	750	5yr	SOFR+120	SOFR+120	-/A-/A-
Shenwan Hongyuan Securities	300	3yr	T+63	T+63	-/BBB/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
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Cikarang Listrindo	USD	Max 350	10yr	6.125%	Baa3/BBB-/-
Zhejiang Changxing Financial Holdings	USD	-	3yr	5.7%	Unrated

➤ **News and market color**

- Regarding onshore primary issuances, there were 107 credit bonds issued yesterday with an amount of RMB101bn. As for Month-to-date, 183 credit bonds were issued with a total amount of RMB171bn raised, representing a 16.3% yoy increase
- **[PCORPM]** Petron to raise PHP25bn (cUSD432mn) from retail-bond offering with an oversubscription option of up to PHP7bn (cUSD121mn)
- **[SMCPM]** San Miguel and the Philippines' City Government of Surigao are working together to reopen the Pacific Cement Corp
- **[VEDLN]** The National Company Law Tribunal rejected a proposed demerger plan by Talwandi Sabo Power (TSPL), a subsidiary of Vedanta Limited (VEDL). The rejection of TSPL's application could delay VEDL's demerger

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