

CMBI Credit Commentary**Fixed Income Daily Market Update 固定收益部市场日报**

- *New BNKEA 6.625'27 tightened c10bps this morning. Flows of Asian IGs were skewed to better selling and the space was unchanged to 2bps wider. VNKRLs were weak and down another 0.4 to 0.7pt this morning.*
- *EHICAR: Thoughts on the partial exchange plan for EHICAR'24. EHICAR 24/26 moved 1.9-3.7pts higher yesterday. EHICAR'24 rose 0.2pt while EHICAR'26 down 0.8pt this morning.*
- *SJMHO: EBITDA turned positive and GLP reached breakeven. SJMHOLs were unchanged to down 0.1pt post the results. See below.*

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❖ Trading desk comments 交易台市场观点

Yesterday, overnight UST yield tightened 4-8bps across the curve. On the new issues, BNKEA priced a USD500mn 3NC2 Loss-absorbing-capacity note (LAC) at T+230. BNKEA 5.875 Perp/BNKEA 5.825 Perp moved 0.4-0.6pt higher on new LAC pricing. In KR, DAESEC/HYUELE/HYUCAP 29s widened 1-2bps. In Chinese IGs, HAOHUA 30s were 2bps wider. TMT benchmarks such as TENCNTs/BABAs were 1-3bps wider. The BBB TMTs MEITUA/JD 30s were also 2-4bps wider. In financials, Chinese AMCs such as CCAMCL '26/ORIEAS '27 widened 2-3bps. In AT1s, ANZ 6.75 Perp/WSTP 5 Perp were traded in decent two-way flows and closed 0.1pt higher. EU AT1s were mixed, the short-dated-to-call papers such as BACR 8 Perp/BACR 6.125 Perp increased 0.1-0.3pt under PB buying, whilst the NC5-NC7 papers such as INTNED 8 Perp/UBS 5.75 Perp were 0.1pt lower. In HK, NWDEVL Perps were down another 0.4-0.9pt after declining 0.3-0.6pt on Tue. Chinese properties moved lower. ROADKG 24-26s were 0.9-2.5pts lower. LNGFOR 27-32s dropped another 0.8-2.1pts to close 4-6pts lower WTD. DALWAN 24-26s declined 0.6-1.5pts. FUTLAN/FTLNHD 24-26s were 0.4-0.9pt lower. VNKRL 24-25s closed unchanged to 0.3pt lower while VNKRL 27-29s were up 0.3-0.4pt. In industrials, EHICAR 24/26 moved 1.9-3.7pts higher. Macau gaming names MPELs/STCITYs were down 0.2-0.4pt. Indonesian name BUMAIJ '26 was up 0.7pt and closed at 100.3. Bukit Makmur (BUMA) launched a tender offer and consent solicitation to purchase for cash any-and-all of its o/s USD365.74mn BUMAIJ 7.75 02/10/26 at 99.75. GLPCHI '26 was down 0.5pt.

The high-beta insurance names were sought after. GRPCIN '26/ZHONAN '25 were 0.1pt higher. FRESHK 25-26s were unchanged to 0.1pt higher, whilst TIANFS '26 closed around 0.1pt lower amid mixed two-way flows. SOE perps and LGFVs were stable and the flows were balanced two-way. CHCOMU 3.425 Perp/HUADIA 3.375 Perp were up 0.1-0.2pt. The 5-6% LGFVs HZCONI '26/NJYZSO '27 were down 0.1pt. Shandong names QDJZWD/HKIQL 24-25s were 0.1-0.2pt higher. CPDEV 25/26/Perp closed

another 0.3-0.6pt lower amid the choppy sentiment from properties spillover. We saw some PB selling on CPDEV, but were largely digested by Chinese RMs. ZHHFGR '25 was up 0.8pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
EHICAR 7 3/4 11/14/24	95.5	3.7	ROADKG 6.7 09/30/24	82.0	-2.5
EHICAR 7 09/21/26	84.8	1.9	LNGFOR 3 3/8 04/13/27	50.3	-2.1
ZHHFGR 2.8 11/04/25	94.1	0.8	ROADKG 5 1/8 07/26/26	29.5	-1.6
TAISEM 3 1/4 10/25/51	76.0	0.8	DALWAN 11 01/20/25	74.8	-1.5
BUMAIJ 7 3/4 02/10/26	100.3	0.7	DALWAN 11 02/13/26	64.8	-1.3

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.51%), Dow (+0.20%) and Nasdaq (+0.58%) rebounded on Wednesday. US Feb'24 ADP employment was 140k, lower than the expectation of 149k. China Feb'24 export/import increased 7.1%/3.5% yoy, higher than the expectation of +1.9%/1.5% yoy. UST yield retreated yesterday, 2/5/10/30 yield reached 4.55%/4.12%/4.11%/4.24%.

❖ Desk analyst comments 分析员市场观点

➤ EHICAR: Thoughts on the partial exchange plan for EHICAR'24

Over the past days, media reported eHi's partial exchange plan for EHICAR 7.75 11/14/24. The partial exchange plan does not surprise us as we have been discussing with clients eHi's refinancing needs after its active fleet expansion to cope with the recovering businesses. We have been drawing the similarity between eHi and H&H and believe that eHi will be able to refinance its near-term maturities given the significant recovery of its operating performance. In 9M23, eHi's revenue and EBITDA increased 32% and 66% yoy to RMB3.5bn and RMB1.5bn, respectively. We understand the strong recovery momentum continued in 1Q24. While terms of partial exchange is yet to be finalized, we consider the partial exchange credit positive to notably lengthen its debt maturity profile. Recalled H&H's exchanged bonds BTSDF 13 ½ 06/26/26 was re-offered at 97 in Jun'23 and is trading at 106. We maintain buy on EHICARs.

As per our discussions with eHi, the partial exchange will be an important step to secure longer-term onshore funding. While it could fully repay the remaining onshore syndicated loans of RMB100mn+ due Apr'24 with internal resources, the company is in discussions for new 3-yr onshore syndicated loans of RMB700mn-1bn. The funding cost will be similar to that of the maturing onshore syndicated loans (LPR+0.35%). As per eHi, the company would only secure the final commitment and be able to draw down these facilities if the refinancing of EHICAR 7.75 11/14/24 is resolved. Hence, eHi would explore options to early refinance EHICAR 7.75 11/14/24. The tentative plan would include an upfront payment and partial exchange into new 3.5-yr bonds. The partial exchange, if successful, will push its next major maturity to Sep'26, i.e. EHICAR 7 09/21/26. By then, we expect eHi's credit profile to notably improve from the current level given the positive cash inflow from its recovering operations.

On the other hand, eHi is planning the re-IPO in the US. It prefers to re-list in the US instead of HK in view of better trading liquidity. eHi was listed in the US through ADR until being privatized in Apr'19. eHi does not any concrete plan in terms of size and timetable of the IPO. Its near-term refinancing plan does not count on the IPO.

➤ **SJMHOL: EBITDA turned positive and GLP reached breakeven**

HKD mn	2019	2022	2023	Change vs. 2019	Change vs. 2022
Revenue	33,875	6,679	21,623	-36.2%	223.7%
-Gaming revenues	33,158	6,092	20,059	-39.5%	229.3%
-Hotel&Service revenues	717	587	1,564	118.1%	166.4%
Gross Profit	17,967	3,596	12,505	-30.4%	247.7%
Net Income	3,317	-7,849	-1,875	-156.5%	-76.1%
Adjusted EBITDA	4,213	-3,095	1,727	-59.0%	-155.8%
Gross Margin	53.0%	53.8%	57.8%		
Adjusted EBITDA Margin	12.4%	-46.3%	8.0%		
	2019	2022	2023		
Cash	15,525	7,039	3,579	-76.9%	-49.2%
ST Debt	217	707	971	347.5%	37.3%
LT Debt	15,064	27,669	23,679	57.2%	-14.4%
Total Debt	15,281	28,376	24,650	61.3%	-13.1%
Net debt (debt - all cash)	-244	21,337	21,070	-	-1.3%
Cash/ST debts	-	10.0x	3.7x		
Undrawn facilities	-	-	3,300		

Source: Company filings.

SJM posted a sharply improved FY23 results as expected. Its revenue rose 223.7% yoy to HKD21.6bn in FY23 and adj. EBITDA turned to positive HKD1.7bn from negative HKD3.1bn in FY22. Its adj EBITDA margin improved to 8.0% in FY23 but remained lower than 12.4% in FY19, reflecting higher daily OPEX in the course of ramping up Grand Lisboa Palace (GLP).

By properties, GLP's adj. property EBITDA was negative HKD317mn in FY23, significantly improved from negative HKD969mn in FY22. Furthermore, GLP reached breakeven in 4Q23. It recorded adj. property EBITDA of HKD2mn and reached market share of 1.8% in the quarter. For Grand Lisboa (GL), its adj. property EBITDA turned to HKD1.3bn, compared with negative HKD758mn in FY22. In FY23, the adj. property EBITDA of self-promoted casinos turned to HKD1.3bn from negative HKD497mn in last year.

SJM's market share in FY23 was 11.9%, compared with 15.8% in FY22 and 14.4% in 4Q19. The lower market share reflected that the closure of satellite casinos more than offset the market share gained through GLP. SJM closed 5 satellite casinos in Dec'22. As of Dec'23, SJM ran 9 satellite casinos with adj. property EBITDA of negative as HKD338mn. The closure of satellite casinos helped improve SJM's profitability though at the expense of market share.

SJM targets to raise its market share to 12-14%, driven by the ramping up of GLP and synergies from its integrated platform. In Dec'23, SJM launched reorganizing program to integrate the businesses of different properties into one platform. The new platform unifies gaming and service operations, allocating available resources e.g. rooms or restaurant seats within the group to customers of SJM's properties.

As of Dec'23, SJM had net debts of HKD21.1bn, slightly lower than HKD21.3bn in Dec'22. Its cash/ST debts ratio was 3.7x. We believe that SJM has a sufficient liquidity to cover its short debts and budgeted capex of cHKD1.5bn in FY24. We take additional comfort from its positive adj. property EBITDA and undrawn facilities of HKD3.3bn as of Dec'23. We maintain buy recommendations on SJMHOLs and consider SJMHOLs our top picks in the Macau gaming sector in view of their more appealing risk-return profiles. In the sector, we also like MPELS

and STCITYs/STDCTY for their better risk-return profiles. We also consider WYNMACs as yield pick-up plays (120-130bps) over the bonds of its US parents.

	Ask YTM (%)	Mod Duration	Ask price
MGMCHI	5.92-6.67	0.2-2.7	95.0-99.9
MPEL	6.73-7.26	1.2-4.8	91.2-97.8
SANLTD	5.88-6.19	1.4-6.3	83.4-98.6
SJMHOL	7.12-7.51	1.8-3.5	91.2-95.4
STCITY/STDCTY	6.86-8.00	1.3-4.2	88.1-100.4
WYNMAC	3.59-7.01	0.6-4.8	91.2-104.2

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
The Bank of East Asia	500	3NC2	6.625%	T+230	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 125 credit bonds issued yesterday with an amount of RMB106bn. As for Month-to-date, 415 credit bonds were issued with a total amount of RMB356bn raised, representing a 28.1% yoy increase
- **[ADANIG]** Media reported that Adani Green considers offering another USD1.2bn bonds by Jun'24
- **[AGILE]** Media reported that Agile Group plans to hold separate meetings with investors to discuss resale of RMB500mn bonds eligible for repurchase on 28 Mar
- **[EVERRE]** China Evergrande received share trading resumption guidance from HKEx
- **[GEMDAL]** Gemdale schedules redemption of RMB1.5bn 21JindiMTN002 notes on 10 Mar
- **[JD]** JD.com FY23 revenue rose 3.7% to RMB1.08tn (cUSD150bn), EBITDA increased 26.3% to RMB42.5bn (cUSD5.9bn). Its board approved up to USD3bn share buyback program through Mar'27
- **[SINOPE]** Media reported that Sinopec is in talks to acquire UAE fuel oil facility which was traded at USD80mn in 2023
- **[VNKRL]** Media reported that China Vanke denied rumor on sale of stake in rental apartment operator Inboyu

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