

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市場日報

- *Asia IG space was 1-5bps wider this morning. We saw better selling on the new issues BBLTB 30-35s/SMBCAC 35s, while two-way flows on European bank FRNs and JP FRNs with spread wider than +100. KNMIDI 26/SOFTBK 61-65s/VLLPM 29 were 0.6-1.3pts lower. CQSXGU 28/JZSOCO 28 were 0.6pt higher*
- **SJMHOL:** *Buy L'Arc and exit Ponte 16. We are neutral on SJMHOLS on valuation. See below.*
- **XIAOMI:** *Surging EV profit in 3Q25 offset the smartphone revenue softness. We maintain buy on XIAOMI 30-31s, which were 1bp wider post 3Q25 results announcement. See below.*

❖ Trading desk comments 交易台市场观点

Yesterday, the new BBLTB 35s closed 1bp wider from issuance at T+97, while the new BBLTB 30s tightened 1bp from T+82. The new SMBCAC 35s closed 2-3bps tighter from RO at T+115 amid AM/PB clients buying, while there were better selling flows on the existing SMBCAC 28s/34s. In Asia IG space, TW lifers and KR/TH/SG T2s recovered and closed 1-2bps tighter. On the other hand, there were better selling flows on JP corps KYUSEL/JERA/HOKKEL/MITCO as well as some bank papers. JP AT1s and insurance subs struggled to recover from the previous weakness amid further weakening in JPY and selling pressure from Chinese asset managers. However, SOFTBK 31-65s were up by 0.9-1.4pts. Yankee AT1s bounced back by 0.3-0.5pt as PB buyers emerged and dealers rushed to cover the short, especially after London entered. The NWDEVL complex rose another 0.2-1.0pt. LASUDE 26 was 0.3pt higher. In Chinese properties, VNKRL 27-29 recovered 0.5-0.8pt, and LNGFOR 27-32 increased by 0.2-0.3pt. Media report that the Chinese government is weighing stimulus package to revive the property market. In SEA space, VLLPM 27-29 dropped by 0.8-2.4pts. SMCGGL Perps were unchanged to 0.1pt higher. VEDLN 28-33s were up by 0.1-0.5pt. See comments on SMCGGL and VEDLN yesterday. In AU, INFRAB 14.5 28 lost 0.5pt. In LGFV space, HFs continued to buy higher-yielding issues (>=10%), and RMs continued to source AAA-guaranteed papers. However, JZSOCO 6 1/2 07/28/28 was 0.6pt lower.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
SOFTBK 8 1/4 10/29/65	95.7	1.4	VLLPM 7 1/4 07/20/27	67.1	-2.4
SOFTBK 7 5/8 04/29/61	95.8	1.3	VLLPM 9 3/8 07/29/29	57.0	-0.8
SOFTBK 7 1/2 07/10/35	104.2	1.0	JZSOCO 6 1/2 07/28/28	97.1	-0.6
NWDEVL 5 1/4 PERP	49.9	1.0	INFRAB 14 1/2 11/15/28	106.4	-0.5
SOFTBK 5 1/4 07/06/31	95.3	0.9	ARAMCO 3 1/2 11/24/70	64.4	-0.4

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-1.56%), Dow (-0.84%) and Nasdaq (-2.15%) were lower on Thursday. US latest initial jobless claims was +220k, lower than the market expectation of +227k. US Sep'25 nonfarm payroll +119k, higher than the market expectation of +51k. US Sep'25 unemployment rate was 4.4%, higher than the market expectation of 4.3%. UST yield was lower on Thursday. 2/5/10/30 year yield was at 3.55%/3.68%/4.10%/4.73%.

❖ Desk Analyst Comments 分析员市场观点

➤ SJMHOL: Buy L'Arc and exit Ponte 16

SJM announced the acquisition of a 100% stake in the L'Arc Hotel for a total consideration of HKD1.75bn, while terminating its plan to acquire Ponte 16 which will cease operation on 28 Nov'25 11:59pm. The L'Arc Hotel transaction comprises a nominal equity payment of cHKD175k and the repayment of the seller's bank loan of HKD1.75bn. In addition, SJM will lend the remaining amount of the bank loan of HKD177.5mn to the seller for a period of 3 years. The current service agreement of Casino L'Arc Macau will be terminated on the earlier of (i) date of receiving DICJ Approval that allow SJM to operate casino games of fortune at Casino L'Arc Macau beyond the transition period or (ii) 31 Dec'25.

As of Sep'25, SJM had cash on hand and short-term bank deposits of HKD3.4bn and undrawn facilities of HKD2.7bn. Assuming the transaction totaled HKD1.9bn is 50% debt-funded, we estimate the proforma net debt/LTM EBITDA will increase to c7.3x, from c6.8x as of Sep'25. In our view, adding HKD1.9bn in net debt could delay the deleverage trajectory of SJM, that could lead to negative rating action when there is ongoing market share losses after satellite casino restructuring. Recalled that in Sep'25, Moody's/Fitch changed the outlook of SJM to negative from stable and affirmed Ba3/BB- rating, respectively.

YTD, SJM has closed 4 satellite casinos. SJM will close the remaining 3 (Casino Fortuna, Casino Kam Pek Paradise and Casino Landmark) by the end of 2025 as per the agreement with Macau government. The excess staff cost had been fully absorbed and gaming tables of satellites will be transferred to other properties of SJM. As discussed, its market share could be adversely affected over the next few months as gaming tables are in the course of transfer. Please also read our comment on SJM 3Q25's result on 17 Nov'25. We are neutral on SJMHOLs on valuation. Our picks in Macau gaming are MPELs/STCITYs.

Table 1: Our Macau gaming USD bond picks

Security name	ISIN	Amt o/s (USD mn)	Ask Px	YTM	Mod dur
MPEL 5 3/8 12/04/29	USG5975LAE68	1,150	97.8	6.0%	3.5
MPEL 7 5/8 04/17/32	USG5975LAK29	750	104.5	6.7%	3.0
MPEL 6 1/2 09/24/33	USG5975LAL02	500	99.6	6.6%	4.1
STCITY 6 1/2 01/15/28	USG85381AF13	500	99.5	6.7%	2.0
STCITY 5 01/15/29	USG85381AG95	1,100	95.0	6.8%	2.8
WYNMAC 5 1/2 10/01/27	USG98149AD29	750	99.8	5.6%	1.7
WYNMAC 5 1/8 12/15/29	USG98149AE02	1,000	97.7	5.7%	3.5

Source: Bloomberg.

➤ XIAOMI: Surging EV profit in 3Q25 offset the smartphone revenue softness

Xiaomi's growth momentum continued in 3Q25, with revenue increased by 22% yoy to RMB113.1bn, mainly driven by growth in the Smart EV segment, also mild growth in the smartphone x AIoT segment. We maintain buy on XIAOMI 3.375 04/29/30 and XIAOMI 2.875 07/14/31 in view of Xiaomi's solid credit profiles.

Xiaomi's smartphones revenue declined by 3.1% yoy in 3Q25 due to lower ASP, partly offset by 0.5% yoy increase in shipment volumes to 43.3mn units. The ASP fell by 3.6% yoy to RMB1,063 per unit in 3Q25. The lower ASP overseas was partially offset by higher ASP of premium smartphone in mainland China, led by the newly launched Xiaomi 17 Series in Sep'25. In 3Q25, Xiaomi remained as the world's 3rd largest smartphone manufacturer (after Samsung and Apple) by shipments with 13.6% market shares. In 3Q25, revenue of IoT and lifestyle products grew 5.6% yoy, primarily supported by robot vacuums, power banks, electric scooters, smart bands and smart watches overseas, partially offset by lower sales in smart large home appliances in the mainland China. We noted revenue from this segment decreased by 64.8% qoq, due to the decrease of air conditioner shipments, a cut in national subsidies and a rise in competitions in mainland China compared to 2Q25.

Smart EV segment revenue rose 199% yoy and reached a record high of RMB29bn in 3Q25, driven by a record high total delivery of 108,796 units and the recently launched XIAOMI YU7 Series, which topped in SUV sales in mainland China in Oct'25. The ASP of Xiaomi's smart EV also grew by 9% yoy to RMB260k per unit in 3Q25. In 3Q25, the Smart EV segment recorded first quarterly operating profit at RMB0.7bn. In our view, the growing contribution from smart EV should help to mitigate the softened smartphone market.

Xiaomi's GP margin improved to 22.9% in 3Q25, compared to 20.4% in 3Q24, due to a higher GP margin in both the smart EV and the Smartphone x AIoT segment. A decrease in the cost of key components and lower manufacturing cost per unit contributed to margin expansion. Adj. EBITDA rose 29% yoy to RMB8.9bn in 3Q25, with adj. EBITDA margin improved 0.4 pct pt to 7.9%.

As of Sep'25, Xiaomi net cash increased to RMB82.6bn, an 18% increase from RMB69.9bn as of Dec'24, driven by operating cash inflows of RMB33.5bn during 9M25, share placement of RMB39.2bn, net of debt repayment. During 9M25, Xiaomi invested RMB13.0bn in capex, 87% yoy increase, and RMB23.5bn in R&D, 52% yoy increase. Xiaomi expects to spend cRMB6bn in 4Q25, and RMB200bn over the next five years which represents cRMB40bn per year. We expect Xiaomi to sustain elevated levels of R&D and capex, and these investment are to be funded by internal resources and strong operating cash inflows, supported by the growing contribution from Smart EV segment which achieved quarterly profitability in 3Q25.

Table 2: Xiaomi's o/s USD bonds

Security Name	ISIN	Amt o/s (USD mn)	Ask Px	T-spread	YTM/YTP	First put date	Put px
XIAOMI 0 12/17/27 (CB)	XS2269112863	855	117.7	-	-7.8%	12/17/25	100.0
XIAOMI 3 ½ 04/29/30	USY77108AA93	600	96.3	58	4.3%	-	-
XIAOMI 2 ½ 07/14/31	USY77108AD33	800	92.5	69	4.4%	-	-
XIAOMI 4.1 07/14/51	USY77108AF80	400	81.8	68	5.4%	-	-

Source: Bloomberg.

Table 3: Xiaomi's financial highlights

RMB mn	3Q24	3Q25	Change
Revenue	92,507	113,121	22%
-Smartphone x AIoT	82,809	84,111	2%
-Smart EV and other new initiatives	9,697	29,010	199%
Gross profit	18,881	25,936	37%
EBITDA	6,926	8,942	29%
Profit for the year	5,340	12,257	130%
Operating cash flow	12,858	5,474	-57%
Gross margin	20.4%	22.9%	2.5 pct pt
-Smartphone x AIoT	20.8%	22.1%	1.3 pct pt
-Smart EV, AI and other new initiatives	17.1%	25.5%	8.4 pct pt
EBITDA Margin	7.5%	7.9%	0.4%
Net profit margin	5.8%	10.8%	5.1%
Smartphone ASP (RMB)	1,102	1,063	-3.6%
Smartphone shipment (mn unit)	43.1	43.3	0.5%
Smart EV ASP (RMB)	238,650	260,053	9.0%
	Dec'24	Sep'25	Change
Cash and bank balances	33,661	35,548	6%
Short-term bank deposits and investment	66,855	74,602	12%
Unrestricted cash and ST investment	100,517	110,150	10%
ST debts	13,327	9,589	-28%
LT debts	17,276	18,000	4%
Total debts	30,603	27,589	-10%
Net cash	69,914	82,561	18%
Cash/ST debts	2.5x	3.7x	

Source: Company filings, CMBI FiCC Research.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Agricultural Bank of China Limited, Singapore Branch	300	3yr	SOFR+43	SOFR+43	A1/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
First Abu Dhabi Bank	USD	-	PerpNC6	6.375-6.5%	Baa3/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 153 credit bonds issued yesterday with an amount of RMB137bn. As for month-to-date, 1,456 credit bonds were issued with a total amount of RMB1,561bn raised, representing a 34.3% yoy increase
- **[GRWALL]** China Great Wall issued CNY2.8bn (cUSD389.6mn) asset-backed special plan
- **[IDASAL]** Danantara is conducting due diligence on a possible investment in a smelter-grade alumina refinery owned by two units of MIND ID
- **[JSWIN]** JSW Energy receives LoI to acquire Champa Rail Infrastructure out of insolvency
- **[MINAU]** Fitch revised Mineral Resources outlook to stable from negative on lithium-asset stake sale, affirmed BB- rating
- **[NWDEVL]** New World Development settled first early payment in connection with exchange offers on 20 Nov'25
- **[PERTIJ]** Pertamina shuttered two overseas units, TRB London and Pertamina Energy Services, as part of its business streamlining and refocusing; Danantara intends to acquire Pertamina's hospital arm and aims to boost healthcare business profitability
- **[PKX]** POSCO International's Singapore-based subsidiary AGPA acquired a majority stake in Indonesia-listed Sampoerna Agro for KRW830bn (cUSD565mn)
- **[SHUION]** Shui On Land formed RMB2.3bn (cUSD326mn) JV to redevelop Sanlin project in Shanghai
- **[SKONKR]** SK On's plan to sell 40% stake in Daekyung attracts Japanese, Middle East investors; SK On and its Chinese partner, EVE Power Hongkong, will carry out a share swap in their two battery joint ventures (JV)
- **[VNKRLE]** China Vanke shareholders approved RMB22bn loan from Shenzhen Metro at EGM

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