

## CMBI Credit Commentary

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

- *Light flows before US holiday this morning. In IG space, new BABA'35/54 and AU bank T2s were heavy. Financial floaters were well bid. Front-end LGFVs were actively two-way traded. ADANI complex rebounded 0.3-1.8pts.*
- *TPHL: Three options for RSA among haircut; defacto debt to equity swap and maturity extension. See below comments.*
- *VEDLN: Media reported that Vedanta Resources said it will redeem its USD893.8mn VEDLN 13.875'28 around 20 Dec'24. VEDLNs were unchanged to 0.2pt higher this morning.*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, the new SMCGL 8.125 Perp rose another 0.3pt from last close. See our comments on [27 Nov '24](#). In India, ADSEZs/ADTINs/ADANEMs/ADGREGs/ARENrJs bounced another 0.9-3.7pts after rebound of 0.3-2.0pt on Tue. VEDLN 26-31s closed unchanged to 0.1pt higher. Moody's upgraded Vedanta Resources one notch to B2 following its LME and recent new issuance. In JP, SOFTBKs were unchanged to 0.2pt higher following Moody's revised its outlook to positive from stable. Media also reported SoftBank Group would buy USD1.5bn Open AI shares from its employees. In Chinese IGs, HAOHUA 30s widened 1bp. TENCNTs/BABAs were another 2-3bps wider. XIAOMIs widened 2-5bps. WBs/MEITUAs were 1-3bps wider. In financials, BOCAVIs widened 2-3bps. CCAMCL/ORIEAS 26-29s closed 2bps wider. DAHSIN/BNKEA/BOCOHK T2s were 1-2bps wider. UOBSP/WSTP/MQGAU/ANZ T2s widened 2-3bps. In AT1s, French names were weak amid a political standoff over the budget. BNP/ACAFP Perps declined 0.7pt, SOCGEN Perps closed 0.8-1.0pt lower under selling from AMs/Prop desks despite dip buying from PBs. HSBC/INTNED Perps were down 0.1-0.2pt. In HK, NWDEVLs were unchanged to 0.5pt lower. In Chinese properties, FTLNHD/FUTLAN 25-26s were up 0.4-0.5pt following the issuance plan of CBICL-guaranteed onshore bonds. See our comments on [27 Nov '24](#). DALWAN 24-26s rose 0.5-1.4pts. LNGFOR 27-32s and VNKRL 25-27s were 0.5-1.2pts higher. State-owned names were mixed. CHIOLIs/CRHZCHs increased 0.2-0.9pt, while YXREITs were down 0.4pt. In industrials, HILOHO '24 was up 0.4pt. In Macau gaming, SANLTD/WYNMAC 26-28s were 0.2-0.3pt higher.

In LGFVs, HZCONI priced a USD300mn 3-yr bond at par to yield 4.7%. HZZLDE (SBLC provided by Huishang Bank) priced a USD100mn 3-yr bond at par to yield 5.3%. The flows in USD LGFVs were mixed two-way among RMs. NJYZSO '27/SXUCI '26 were 0.1-0.2pt higher. CHADEC '26/CHOHEC '25 were down 0.1-0.2pt. The lower-yielding CNH LGFVs were under small better selling as CNH funding conditions remained tight. CDURDE '26/RCSOIN '27 were down 0.1pt. In SOE perps, CHCOMU

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3.65/CHWPCN 3.08/SPICPT 3.45 Perps were up 0.1pt, CHSCOI 3.4 Perp was 0.1pt lower.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ADSEZ 5 08/02/41	76.9	3.7	MUFG 5.441 02/22/34	101.7	-1.2
ADGREG 6.7 03/12/42	82.5	3.1	SOCGEN 8 1/8 PERP	98.5	-1.0
ADSEZ 3.828 02/02/32	78.5	3.1	SOCGEN 8 1/2 PERP	100.8	-0.8
ADTIN 4 1/4 05/21/36	79.0	2.8	TSIVMG 1.55 12/17/29	58.2	-0.7
ADSEZ 3.1 02/02/31	77.8	2.8	BNP 8 PERP	103.0	-0.7

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (-0.38%), Dow (-0.31%) and Nasdaq (-0.60%) retreated on Wednesday. US Oct'24 PCE index was +2.3% yoy, in line with the expectation. The latest US initial jobless claim was +213k, lower than the expectation of +215k. UST yields edged down yesterday, 2/5/10/30 yield reached 4.19%/4.11%/4.25%/4.44%.

#### ❖ Desk Analyst Comments 分析员市场观点

##### ➤ TPHL: Three options for RSA, among haircut; defacto debt to equity swap and maturity extension

Times China announced the RSA for its cUSD2.9bn offshore debts (In-Scope Debt), including USD2.65bn offshore bonds and USD250mn syndicated loan. See Table 1 for the summary of key terms of RSA. Creditors are offered 3 options. They can choose one or a combination of the three options (see Table 2). All accrued interests of the In-Scope Debt will be exchanged to MCB II.

For Option 1, creditors' every USD100 principal claims will be converted to upfront cash of USD1.5 and USD28.5 of new 3.5-yr short-term notes, as well as certain new shares. The actual number of new share could be very small. Assuming Option 2 hit the cap, Creditors pick Option 1 will not get any new shares. If Option 1 was oversubscribed, the creditors' claims will be allocated on pro-rata basis and the oversubscribed parts will be allocated to Option 2 with priority. The oversubscription parts of Option 2 will be allocated to Option 3. Option 1 is an option for a principal haircut of up to 70%, with shorter-term maturity extension.

For Option 2, creditors' every USD100 principal claims will be converted to USD45 medium-term notes and USD55 MCB. The over subscription parts of Option 2 will be allocated to Option 1 if Option 1 maximum acceptance amount not met then be allocated to Option 3. Option 2 is more or less of a 55% debt to equity swap with the balance extends for 7 years. For the principal portion, i.e MCB I, the conversion price is HKD6 compared with the last close of HKD0.37.

For Option 3, creditors' claims will be converted into 8-10 years long-term notes without principal hair-cut. The over subscription parts will be allocated to other option(s) which is (are) not oversubscribed according to above sequence. Option 3 will have no principal haircut but the longest maturity extension among the 3 options.

The RSA fee of the scheme is 0.125%/0.05% of the aggregate principal amount of creditor's principal before 20 Dec'24/20 Jan'25. The approval threshold of the scheme will be a simple majority in number who represent at least 75% of creditors by value of the In-Scope Debt present and voting at scheme meeting. The longstop date of the restructuring plan is 30 Sep'25. As of 22 Nov'24, AHG representing 26.8% of the principal amount of the In-Scope Debt has acceded the RSA. To support the RSA, the controlling shareholders has committed to subordinating the shareholder loan of USD70mn to prioritize the repayment of new notes under RSA.

**Table 1: Key terms of the RSA**

Security Name	ISIN	Amt Issued (USD mn)	Amt Out (USD mn)	Ask Price
TPHL 6.6 03/02/23	XS1725308859	300	300	4.44
TPHL 6 ¾ 07/16/23	XS2027426027	500	500	4.56
TPHL 5.55 06/04/24	XS2348280962	500	500	4.56
TPHL 6 ¾ 07/08/25	XS2198851482	550	550	4.5
TPHL 6.2 03/22/26	XS2234266976	450	450	4.5
TPHL 5 ¾ 01/14/27	XS2282068142	350	350	4.5
			2,650	

RSA fee: Early/Base RSA fee-0.125%/0.05% of the aggregate principal amount of participating debts

RSA deadline: Early/Base deadline-20 Dec'24/20 Jan'25

Required approval: 75% of creditors by value of the In-Scope Debt present and voting at scheme meeting

Reference date: 30 Jun'25

Longstop date: 30 Sep'25

Source: Company fillings.

**Table 2: Key terms of the new notes**

Every USD100 exchanged to	Principal of In-Scope Debt					Accrued Interest of In-Scope Debt	
	Cash	Short-term note	Medium-term note	Long-term note	Company share	MCB I	MCB II
<b>Option 1</b>	1.5	28.5	-	-	certain new shares in pro-rata basis	-	30
<b>Option 2</b>	-	-	45	-	-	55	45
<b>Option 3</b>	-	-	-	100	-	-	100

**Allocation Mechanism:**

-Bondholders elect Option 1: Over subscription part will be allocated to Option 2 in priority; The oversubscription part of option 2 will be allocated to Option 3.

-Bondholders elect Option 2: Over subscription part will be allocated to Option 1 if Option 1 maximum acceptance amount not met then be allocated to option 3.

-Bondholders elect Option 3 or no election: Over subscription part will be allocated to other option(s) not oversubscribed.

Note: Each Scheme Creditor who elects Option 1 shall be entitled a pro rata share of certain new shares of the Company. The aggregate number of the New shares to be issued will be determined such that post the issuance of the New Shares, the shareholding of the Chairman in the Company would be diluted to 30.1% assuming (a) the Mandatory Convertible Bonds are fully converted; (b) there is no other change to the Company's share capital and (c) an exchange rate between USD and HKD of 7.8.

Source: Company fillings.

**Table 3: Key terms of the new notes**

	Short-term note	Medium-term note	Long-term note	MCB I	MCB II
<b>Principal amount</b>	Up to USD190mn	Up to USD825mn	Up to USD400mn	Up to USD1008mn	The sum of respective options
<b>Maturity</b>	3.5-yr	7-yr	8-yr (TPHL have option to extend the maturity for up to 2 years)	1.5-yr	1.5-yr
<b>Coupon</b>	4.0%	4.2%	4.5%	-	-
<b>Coupon payment</b>	-1st and 2nd year: at least 1% in cash	-1st year: in cash or PIK by company election  -2nd and 3rd year: at least 0.3% in cash on 24/36 month	-First 5 years: in cash or PIK by company election	-	-
	-From 3rd year: all in cash	-From 4th year: all in cash	-From 6th year: all in cash		
<b>Mandatory redemption</b>	-	-48 month: 2% -54 month: 6% -60 month: 14% -66 month: 22% -72 month: 34%	-66 month: 2% -72 month: 6% -78 month: 10% -84 month: 14% -90 month: 18%	-	-

		-78 month: 64%	-96 month: 100%		
		-84 month: 100%			
<b>Conversion price</b>	-	-	-	HKD6 per share	HKD10 per share
<b>Cash Sweep</b>	Remit 70% of the Net Consideration derived from any Specified Asset Sale to the Cash Sweep Account.				
<b>Guarantee</b>	Collateral: Collateral under the Existing June 2021 Notes plus a charge over the Cash Sweep Account; Subsidiary Guarantors: Same as the Existing June 2021 Notes.				
<b>Subordination</b>	The Short Term Notes will have priority over the Medium Term Notes, the Long Term Notes and the MCBs; The MCBs, the Medium Term Notes and the Long Term Notes shall rank pari passu in right of payments.				

Source: Company fillings.

### ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Huzhou City Investment Development	300	3yr	4.7%	4.7%	-/-/BBB

### ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Zhejiang Hanghai Xincheng Holdings	USD	-	3yr	5.2%	-/-/-

### ➤ News and market color

- Regarding onshore primary issuances, there were 113 credit bonds issued yesterday with an amount of RMB141bn. As for month-to-date, 1,896 credit bonds were issued with a total amount of RMB1,860bn raised, representing a 21.2% yoy increase
- **[DAESEC]** Media reported that Mirae Asset Securities' USD364mn acquisition of Indian brokerage Sharekhan has been approved by Indian regulators
- **[DALWAN]** Fitch placed Wanda Commercial and Wanda HK on rating watch negative (CC) due to distressed debt exchange
- **[MDLNIJ]** Modernland Realty announces launch of scheme for due-2025s
- **[NSINTW]** S&P upgraded Nan Shan Life Insurance's long-term financial strength and issuer credit ratings to A- from BBB+ with stable rating outlook
- **[RNW]** Fitch affirmed ReNew Energy Global and ReNew Private rated at BB- with stable outlook
- **[SOFTBK]** Moody's affirmed SoftBank Group's Ba3 rating and revised rating outlook to positive from stable; Media reported that Softbank mulls further USD1.5bn investment in OpenAI
- **[VEDLN]** Media reported that Vedanta Resources said it will redeem its USD893.8mn VEDLN 13.875'28 around 20 Dec'24

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