

CMBI Credit Commentary

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

- *Constructive tone in Asia IG space. The high-beta TMTs MEITUA/WB 30s tightened 3-4bps. Korean names DAESEC '26/HYUELE '28 tightened 2-5bps. PINGRE/GEMDAL papers were up 1-2pts. In LGFVs, CPDEV 25/26 were up another 0.3-0.4pt.*
- **DALWAN:** Q&As on the consent solicitation. See below.
- **FUTLAN/FTLNHD:** Plans to issue up to RMB2bn (cUSD280mn) 3-year CBICL-backed onshore bonds. FUTLANs/FTLNHDs were unchanged to 0.3pt higher this morning. See below.

❖ Trading desk comments 交易平台市场观点

Yesterday, Chinese TMT benchmarks TENCNT/BABA 30-31s were 1-5bps tighter. The high beta TMTs MEITUA/LENOVO/XIAOMI closed 5-10bps tighter, despite some profit taking. WB 30s tightened 18bps. Chinese SOEs CHITRA/SHPORT/HAOHUA were traded in mixed two-way flows and closed 1-2bps tighter. In Chinese financials, there were very active two-way flows on front-end of Chinese bank T2s. BCHINA/ICBCAS 24-26s closed unchanged to 2bps wider. In the leasing names, BOCAVI 28/33 tightened 1-3bps while BCLMHK/CMINLE widened 1-2bps. In AMCs, HRINTHs were unchanged to 0.3pt lower (around 10bps wider). In AT1s, MUFG 8.2 Perp/FUKOKU 6.8 Perp were up 1-1.5pts amid the rally of JPY. Meanwhile EU AT1s UBS/SOCGEN Perps continued to be sought after by PB, whereas c24 issues were being switched out by RMs. HK IGs AIA/CKHH 33s were under better buying and closed 3-6bps tighter. HKLSP 33s also tightened 2bps. In HK Corp perps, NWDEVL/NWSZF Perps gained 1.3-2.7pts. CKPH/HYSAN Perps were up 1.1-1.5pts. Chinese/HK properties performed well. FUTLAN/FTLNHD 24-25s gained 2.6-5.8pts to close 6-8pts higher WTD. LNGFOR 27-32s were 3.5-4.4pts higher. VNKRLs were up 1.8-2.5pts. GEMDALs/CHJMAOs/PINGREs closed 2.7-4.3pts higher. SHUION/YLLGSP 24-26s were 1.7-3.1ps higher. ROADKGs were up another 0.4-0.9pt. Industrials were a bit mixed. DALWAN '24, on the other hand, plunged 10.2pts to close at low-50s, while DALWAN 25-26s dropped 3.0-6.3pts after DWCM announced the consent solicitation on the proposed 11-month maturity extension of DALWAN '24. See below for comments. Industrials were mixed. WESCHI '26 were up 2.5pts whilst EHICAR '26 declined 0.6pt. In Macau gaming names, SANLTD/STCITY/WYNMAC 24-29s were up 0.4-0.7pt. In Indian space, renewables GRNKENS/RPVINs were up 0.3-0.5pt. Indonesian SOEs PLNIs/PERTIJs were up 0.9-1.4pts. Elsewhere, GLPCHI 24/26 were up 0.7-1.6pts.

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The LGFV/Perp spaces had another very strong session with upbeat sentiment in light of the so-called '50-developer whitelist' headline. The property-related LGFV CPDEV 25-26s were 0.7-1.6pts higher. ZHHFGR 24/Perp were up 0.2pt. The 6-7% LGFVs HZCONI '26/JHNITE '24 were up 0.1pt. The higher-yielding LGFVs remained to be under better buying. CQNANA 26s/GSHIAV 25s were 0.2-0.5pt higher despite profit taking in the 24s LGFVs trading at low-6%. CQLGST '24 was down 0.3pt. In Chinese SOE perps, CHSCOI 3.4 Perp/HUANEN 3.08 Perp were down 0.1pt. Elsewhere, FRESHK '25/SUNSHG '26 were up 0.4pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
FUTLAN 4.45 07/13/25	30.0	5.8	DALWAN 7 1/4 01/29/24	53.7	-10.2
FUTLAN 6 08/12/24	48.9	4.9	DALWAN 11 01/20/25	31.8	-6.3
LNGFOR 4 1/2 01/16/28	56.0	4.4	DALWAN 11 02/13/26	28.2	-3.0
GEMDAL 4.95 08/12/24	43.2	4.3	REGH 6 1/2 PERP	35.0	-1.5
LNGFOR 3 3/8 04/13/27	58.5	4.2	PINIFL 2 1/2 08/27/24	94.9	-1.0

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.20%), Dow (-0.18%) and Nasdaq (-0.59%) were weak yesterday. The minutes from the latest Fed meeting showed officials agreed to take a cautious approach to raising interest rates going forward, and they would only raise interest rates if progress in controlling inflation faltered. The UST yield retreated yesterday, 2/5/10/30 yield reached 4.86%/4.41%/4.41%/4.57%, respectively.

❖ Desk analyst comments 分析员市场观点

➤ DALWAN: Q&As on the consent solicitation

What are the key terms of the consent solicitation?

Dalian Wanda Commercial Management (DWCM) launched a consent solicitation to extend the final maturity on DALWAN 7.25 01/29/24 (o/s amount USD600mn) for 11 months to 29 Dec'24. The bonds will be subject to mandatory redemptions of 10% on 5 Jan'24, 20% on 29 May'24 and 30% on 29 Sep'24. The early consent fee is USD1 and early consent deadline will be on 29 Nov'23. The approval threshold will be a meeting quorum with holders of not less 66% in principal amount and at least 50% votes in favour of the consent. The extension of final maturity for 11 months will leave DALWAN 7.25 01/29/24 to be repaid in full prior to DWCM's next USD bond maturity on 20 Jan'25. Please click the link for the full report:-

<https://www.cmbi.com.hk/article/9142.html?lang=cn>

Table 1: Summary of consent solicitation

Bond	DALWAN 7.25 01/29/24
Outstanding amt	USD600mn
Original maturity	01/29/24
Maturity extension	By 11 months to 12/29/24
Mandatory redemption	
-5 Jan'24	10%
-29 May'24	20%
-29 Sep'24	30%

-29 Dec'24	40%
Early consent fee	USD1
Base consent fee	USD0.25
Early consent deadline	29 Nov'23
Electronic consent deadline	29 Nov'23
Voting deadline	8 Dec'23
Bondholders' meeting	13 Dec'23
Consent condition	Meeting shall be quorate if two or more persons representing not less than 66% of the aggregate principal
	Extraordinary resolution shall be implemented if a majority of at least 50% of the votes cast at the meeting are in favor of the resolution

Source: Company filing.

➤ **FUTLAN/FLTNHD: Plans to issue up to RMB2bn (cUSD280mn) 3-year CBICL-backed onshore bonds**

Seazen plans to issue 3-year CBICL-guaranteed bonds up to RMB2bn (cUSD280mn) at 3.5%-4.5% coupon. This will be Seazen's 4th CBICL-guaranteed notes issuance, and the issuance is targeted to be completed within this month. The planned issuance size is upsized by RMB500mn from RMB1.5bn as reported in mid-Oct. Since Sep'22, it has issued 3 CBICL-guaranteed tranches totaled RMB3.85bn.

Meanwhile, Seazen is a potential candidate to be included in the whitelist of 50 developers being drafted by Chinese regulators so that it could receive a range of funding from banks including bank loans, debt and equity financing. It is also one of the few non-state-owned developers remain current on its debt obligations, and maintain access to various funding channels..

On top of the CBICL-guaranteed issuances onshore, Seazen successfully issued 364-day FTLNHD 7.95 05/20/24 of USD100mn offshore in May'23 to refinance another 364-day paper due in Jun'23. It has totaled USD1.8bn USD bonds outstanding, and the next maturity will be in May'24 of USD100mn. We consider Seazen a survivor of the sector and prefer longer-dated, lower cash price FUTLANs/FTLNHDs.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Pioneer Reward Limited (Guaranteed by Huatai Securities)	800	3y	SOFR+90	SOFR+90	-/BBB+/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
China Construction Bank Dfrc Branch	USD	-	3y	SOFR+110	A1/-/-

➤ News and market color

- Regarding onshore primary issuances, there were 97 credit bonds issued yesterday with an amount of RMB137bn. As for Month-to-date, 1,075 credit bonds were issued with a total amount of RMB1,144bn raised, representing a 13.3% yoy increase
- Media reported that the whitelist of 50 Chinese real estate developers being drafted by Chinese regulators may include Country Garden and CIFI
- **[CAPG]** Aoyuan Healthy Life Group to hold EGM on 19 Dec to consider proposed name change to Starjoy Wellness and Travel Co
- **[EVERRE]** Creditors of China Evergrande have submitted documents to take over two luxury mansions owned privately by Chairman Hui Ka Yan on The Peak in Hong Kong, the combined market value of the two mansions exceeds HKD1.5bn (cUSD192mn)
- **[SHDOIS]** Shandong Iron & Steel proposes to offer RMB1.5bn (cUSD210.3mn) 180-day bills to repay debts

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