

CMBI Credit Commentary

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

- *New SBIIN'29 tightened 2bps this morning. Korea IG space tightened 1-2bps while China IGs were unchanged. LGFV was stable with two-way flows. NWDEVLs were well bid and rose 0.4-1.5pts.*
- *MDLNIJ: Another LME after 3 years. We are surprised by the 50% principal haircut and expect push-back from bondholders. MDLNIJs were unchanged to +0.3pt this morning. See below comments.*
- *FUTLAN/FTLNHD: Media reported that Seazen got CBICL guarantee letter for planned up to RMB1.56bn domestic notes; looking to print later this month. FUTLAN/FTLNHD rose 0.4-1.5pt post the news.*

❖ Trading desk comments 交易台市场观点

Yesterday, SBIIN priced a USD500mn 5-yr bond at CT5+82. INDOIS priced the 5.5, 10, 30-yr bonds at par to yield 5% (CT5+72), 5.25% (CT10+83.4), 5.65% (CT10+103.8), respectively. In Chinese IGs, BABA/TENCNT 30-31s were 3-5bps wider following the announcement of new issues. See our comments on [BABAs' FVs](#). MEITUA/WB/LENOVO 30s widened 2-3bps. HAOHUA 29-30s widened 3-5bps, while HAOHUA 28s tightened 3bps. In financials, Chinese AMCs were mixed. The front end of GRWALLs/ORIEASs were 1-3bps wider. CCAMCL/ORIEAS 29-30s were 1-3bps tighter on AM buying. In EU AT1s, BNP 8/UBS 7.75/INTBED 7.25 Perps were 0.1-0.3pt lower. In JP, NIPLIF 50-54s were up 0.1-0.2pt. Fitch revised outlook on Nippon Life to positive from stable. RAKUTNs were unchanged to 0.1pt higher. See our comments on [18 Nov '24](#). In HK, NANYANs/PINGINs widened 1-2bps. LIFUNG/NANFUN Perps were down 0.4-0.6pt. In Chinese properties, media reported Seazen has obtained CBICL guarantee letter to back its planned issuance of RMB1.56bn domestic interbank notes. FTLNHD '24 was up 0.3pt, FTLNHD/FUTLAN 25-26s were 0.5-1.4pts higher. VNKRL/LNGFOR 27-29s, however, declined 0.4-0.8pt. Outside properties, EHICAR '26 and '27 dropped 2.7pts and 0.4pt, respectively. In Indonesia, Moderland launches LME with a principal haircut of 50% for MDLNIJ '25. MDLNIJ '27 and '25 were unchanged to 1.6pts lower. See comments below. In India, Adani Renewable RG Units announced to issue a senior secured bond with 20-yr door-to-door tenor. ADANEMs/ADGREGs were 0.2-0.8pt lower.

In SOE perps, CHCOMU announced to call its USD1bn CHCOMU 3.425 Perp on 19 Dec'24. CHCOMU 3.425 Perp/COFCHK 3.1 Perp were 0.1pt higher. SPICPT 3.45 Perp/CHPWCN 3.45 Perp were down 0.1pt. In LGFVs, SHGUOH '26/QDJZWD '25/HKIQCL '25 were 0.1-0.3pt higher. CHDUIN '26/ZHHFGR '25 were 0.1-0.2pt lower.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
FTLNHD 4 1/2 05/02/26	77.0	1.4	EHICAR 7 09/21/26	65.0	-2.7
CITLTD 5.07 04/18/48	90.5	1.3	MDLNIJ 5 04/30/27	31.5	-1.6
FUTLAN 4.45 07/13/25	90.2	1.1	VNKRLE 3.975 11/09/27	61.5	-0.8
CITLTD 4.85 03/13/38	92.8	1.1	LNGFOR 3.95 09/16/29	77.0	-0.8
CITLTD 4.65 04/25/36	92.9	0.7	ADGREG 6.7 03/12/42	95.0	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.39%), Dow (-0.13%) and Nasdaq (+0.60%) were mixed yesterday. Short-term UST yields retreated yesterday, 2/5/10/30 yield reached 4.29%/4.28%/4.42%/4.61%.

❖ Desk Analyst Comments 分析员市场观点

➤ MDLNIJ: Another LME after 3 years

Moderland Realty (MDLN) launches tender and exchange offers for MDLNIJ 5'25 and consent solicitation for MDLNIJ 5'27 to avoid technical default resulting from the failure to meet the covenanted asset sales of USD200mn by 31 Dec'24. The tender offer and consent solicitation will be funded with USD60mn new borrowings. As per media reports, MDLN only raised USD70mn from asset sales since Dec'21 and needs another USD130mn before FYE24 to satisfy the covenants. The new borrowings, offered by Bank JTrust Indonesia and ADM Capital's Eight Rubies Ltd., are first-ranking bullet loans due Jan'27. We are surprised by the outright 50% haircut, compared with no principal haircut on the two bonds in the LME completed in Dec'21, and expect to see push back from bondholders on the LME.

On the tender and exchange offers for MDLNIJ 5'25, the tender and exchange considerations are 48 for every 100 in principal. MDLN will settle the offer with 25 pts upfront cash and 23 pts to be exchanged for new bonds due in Apr'27 with c2 years maturity extension. An additional upfront cash of 2pts will be given for early bird acceptance. The exchanged bonds will mirror the covenants of MDLNIJ 5'27 (the collateral coverage will be 100%, same as that of MDLNIJ 5'27 if the consent solicitation goes through). See Table 1. The early bird deadline of the tender and exchange offers will be on 26 Nov'24. MDLN aims to complete the transactions before 31 Dec'24.

On the consent solicitation for MDLNIJ 5'27, MDLN will pay 2 pts consent fee to solicit the relaxation of restrictions on new borrowings, as well as extension of the deadline of current asset sales covenant to 14 Feb'27 from 31 Dec'24 and prioritization of repayment of new borrowings. Consent deadline will be on 29 Nov'24.

Under the LME, the collateral coverage of MDLNIJ 5'25 and MDLNIJ 5'27 will be increased to 100% from 60%. However, MDLN did not specify how the coverage ratio will be raised.

The repayment ability of MDLN remains uncertain, in view of the deteriorating financial performance of MDLN since 2017. MDLN started turning into net losses since 2018 and the net losses were IDR166mn in 9M24. As at Sep'24, MDLN had cash and cash equivalent of IDR111bn, compared with total debts of IDR6.3tn. MDLN expects to see debt/EBITDA lower to 29x at Dec'24 from 182x at Dec'23, and the lower leverage would help regain access to traditional onshore financiers. We estimate that the debt to equity ratio would drop by 20 pct pt to 140% from 160% as of Sep'24 after the LME. The leverage of MDLN will remain high even after the LME. These will continue to pressure its refinancing and profitability the medium term.

Table 1: Summary of the tender and exchange offer under Pre-pack scheme

Security name	MDLNIJ 5 06/30/25	MDLNIJ 5 06/30/27
Amt o/s	MDLNIJ 5 06/30/25: USD130.7mn	MDLNIJ 5 06/30/27: USD213.9mn
	MDLNIJ 5 06/30/25 (PIK): USD10.3mn	MDLNIJ 5 06/30/27 (PIK): USD19.1mn
Consideration (for every USD100 in principal)	USD48: USD25 in cash, USD23 in new bonds	-
Early bird consideration (for every USD100 in principal)	USD50: USD27 in cash, USD23 in new bonds	-
New bonds maturity	30 Apr'27	
New bonds coupon rate	3% cash 3% PIK	
Consent fee	-	USD2
USD60mn new borrowing allocation (USDmn)	38.1	3.7
Net borrowing conditions	(i) the successful tender and exchange offer and concurrent consent solicitation of MDLNIJ 5'25 and (ii) consent solicitation of MDLNIJ 5'27.	
Collateral coverage	Increase to 100% from 60%	
Accrued cash and PIK interest	Capitalized to the new bonds at par	-
Early bird deadline	26 Nov'24	
Expiration time for tender and exchange offers and consent solicitation	29 Nov'24	
Voting result announcement	4 Dec'24	
Minimum approval threshold	75% of bondholders	50% of bondholders
Effective date	Before 31 Dec'24	

Source: Company filling.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Republic of Indonesia	1100/900/750	5.5/10/30yr	5%/5.25%/5.65%	5%/5.25%/5.65%	Baa2/BBB/BBB
State Bank of India	500	5yr	5.125%	T+82	Baa3/BBB-/BBB-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Alibaba Group Holding Limited	USD	-	5.5/10.5/30yr	T+90/115/130	A1/A+/A+
Adani Renewable	USD	-	20yr	-	-/BBB-
National Australia Bank Ltd	USD	-	3yr	T+60/SOFR Equiv	Aa2/AA-/A-

➤ News and market color

- Regarding onshore primary issuances, there were 87 credit bonds issued yesterday with an amount of RMB83bn. As for month-to-date, 1,021 credit bonds were issued with a total amount of RMB948bn raised, representing a 1.2% yoy increase
- **[CHCOMU]** China Communications Construction announced to redeem USD1bn CHCOMU 3.425 PERP on 19 Dec'24
- **[COGARD]** Media reported that Country Garden confirmed submitting preliminary terms for offshore debt restructuring to main creditors' group

- **[FUTLAN/FTLNHD]** Media reported that Seazen got CBICL guarantee letter for planned up to RMB1.56bn domestic notes; looking to print late this month
- **[MDLNIJ]** Modernland Realty plans to offer up to 27% upfront cash to exchange MDLNIJ 5'25 with principal haircut
- **[MONGOL]** Government of Mongolia repurchased USD76.8mn of 2027 bonds; Moody's upgraded Mongolia to B2 from B3 with stable outlook
- **[SUNHKC]** Sun Hung Kai & Co completed redemption of all outstanding USD276.9mn SUNHKC 5.75'24
- **[VEDLN]** Vedanta Resources to redeem USD295.7mn of 13.875% bonds due 2028 on 20 Nov'24

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