

CMBI Credit Commentary

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

- *Asian IG space was unchanged to 2bps wider with light flows this morning. We saw profit taking on new BABAs and ChemChina curve. Adani complex further down 1.5-5.5pts.*
- **DALWAN:** *Consent solicitation to extend DALWAN 11 01/20/25. DALWAN'25 rose 0.25pt this morning. See below comments.*
- **VEDLN:** *Vedanta Resources proposes to issue 3.5NC1.5/7NC3 USD bonds with IPT of 10.375%/11.375%; Vedanta Ltd directed by National Company Law Tribunal to hold shareholder and creditor meetings within 90 days in relation to proposed demerger scheme. VEDLNs were unchanged to 0.1pt higher this morning.*

❖ Trading desk comments 交易平台市场观点

Last Friday, Indian space remained weak. S&P revised the rating outlook of Adani group companies to negative. ADANEM/ADSEZ 26-36s dropped another 1.8-4.0pts, closed 5.4-7.4pts lower WoW. ARENRJ/ADGREG 39-42s were down 1.1-1.3pts, closed 8.7-10.7pts lower WoW. This morning, VEDLN resumed the issue plan of 3.5NC1.5 and 7NC3 bonds. In KR, DAES26s/29s were 1bp tighter, while HYNMTR/HYUELE 29-31s were 1-2bps wider. In Chinese IGs, the new BABA 35s/54s were unchanged to 2bps wider. WB/XIAOMI/MEITUA/LENOVO 28-30s were 1-3bps wider. In financials, Chinese AMCs were traded in mixed two way flows. CCAMCL 28-30s were unchanged to 2bps wider. ORIEAS 29-30s were 1bp tighter. Meanwhile, LUSOIB T2s were better sold by PBs despite partially being absorbed by AMs, closed unchanged to 0.1pt lower. In AT1s, BNP 7.375/SOCGEN 8.5/LLOYDS 8 Perps were 0.1-0.3pt lower. In HK, NWDEVL Perps were 0.3-0.5pt lower. In Chinese properties, DALWAN launched a consent solicitation this morning to extend the maturity of its USD400mn DALWAN 11 01/20/25 by a year to 12 Jan '26. See comments below. DALWAN 25-26s were unchanged last Friday, closed 1.6-2.0pts lower WoW. State-owned CHIOILs/YXREITs were 0.2-0.6pt higher on RM buying despite some AM/PB offloading. On the other hand, LNGFOR '32 lowered 1.0pt. VNKRL 25-29s were down 0.3pt. Outside properties, EHICAR '27 dropped 1.6pts, closed 2.9pts lower WoW. In Indonesia, MDLNIJ '27 lowered 0.5pt last Friday post Modernland delay the launch of LME.

In LGFVs, DLDETA priced a CNH400mn 3-yr bond at par to yield 4.5%. GDSTAI priced a USD106mn 3-yr bond at par to yield 6.8%. There were better selling flows in CNH LGFVs, led by offshore accounts for cash raising and risk management purposes in an orderly manner. The cross-border flows were better buyers at repriced levels adjusted against the recent offshore funding. In the USD LGFVs, the quality names remained sought-after. CDCOMM/NJYZSO 27s were up 0.1pt. DFINVH '25/LIANYU '25/CDHIIN '26

Glenn Ko, CFA 高志和
(852) 3657 6235
glennko@cmbi.com.hk

Cyrena Ng, CPA 吳蓓瑩
(852) 3900 0801
cyrenang@cmbi.com.hk

Jerry Wang 王世超
(852) 3761 8919
jerrywang@cmbi.com.hk

were 0.1-0.2pt higher. In SOE perps, CHPWCN 4.25/HUADIA 3.375/SPICPT 3.45 Perps were up 0.1-0.2pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
MUFG 4.153 03/07/39	91.1	0.7	ADSEZ 4 3/8 07/03/29	85.7	-4.0
CCAMCL 5 02/08/48	87.2	0.7	ADSEZ 3.1 02/02/31	77.0	-2.8
GARUDA 6 1/2 12/28/31	65.1	0.6	ADSEZ 4.2 08/04/27	90.2	-2.4
CHIOLI 5.35 11/15/42	91.8	0.6	ADSEZ 3.828 02/02/32	78.3	-2.3
CHGRID 4.85 05/07/44	99.1	0.5	ADSEZ 4 07/30/27	90.1	-2.1

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.35%), Dow (+0.97%) and Nasdaq (+0.16%) rallied higher on last Friday. US Nov'24 Markit manufacturing/service PMI was 48.8/57.0, compared to expectation of 48.8/55.2. UST yields were stable on Friday, 2/5/10/30 yield reached 4.37%/4.30%/4.41%/4.60%.

❖ Desk Analyst Comments 分析员市场观点

➤ DALWAN: Consent solicitation to extend DALWAN 11 01/20/25

Wanda Properties Global Co. Limited, the issuer of DALWAN 11 01/20/25 and wholly-owned subsidiary of Dalian Wanda Commercial Management (DWCM), announced the consent solicitation to extend the maturity of DALWAN 11 01/20/25 for about 1 year to 12 Jan'26; upfront repayment of 25%, i.e. USD100mn on 20 Jan'25, the original maturity and the remaining 75%, i.e. USD300mn to be repaid on 12 Jan'26. Besides, the issuer will have a par call option in whole or in part at any time upon the receipt of payments from strategic investors of Zhuhai Wanda Commercial Management. The early consent fee is 1pt and early consent deadline is on 3 Dec'24. Recalled that DWCM completed a similar consent solicitation to extend the maturity of DALWAN 7.25%'24 for 11 months. DWCM had subsequently repaid the 60% of scheduled amortization by Sep'24. As per media report, DWCM has prepared funds for the amortization payment of the remaining 40% due Dec'24.

On 31 Oct'24, DWCM released slightly better 9M24 operating results. Its revenue rose 2.8% yoy to RMB39.9bn though the growth rate decelerated from +5.5% yoy in 1H24. DWCM's gross margin was flat at 64.3%, same with that in 9M23 but was lower than 1H24 level of 65.6%. In 9M24, its SG&A expenses reduced 14.8% yoy. Hence, recurring EBIT increased 6.5% to RMB22.1bn. EBIT margin widened to 55% from 53% in 9M23 (vs 57% in 1H24). We expect its operating performance to remain resilient with the stimulus packages, such as lowering interest rate of existing home mortgage, to stimulate domestic consumption. We understand the occupancy rate of its IPs remains at high 90%.

The liquidity of DWCM had improved notably as ST debts (incl. pre-IPO redemption) dropped 39.7% to RMB44.0bn in Sep'24 from RMB73.0bn in Jun'24. We believe that the significant decrease in ST debts was attributable to the settlement of pre-IPO investments in Zhuhai Wanda (ZWCM) by end of 3Q24. Indeed, we understand that majority of the redemption obligations had been resolved by Oct'24. Recalled that COGARD service sold 1.49% shareholding of ZWCM to DWCM for RMB3.1bn in Sep'24. Furthermore, COGARD service is selling the remaining 0.31% shareholding of ZWCM to DWCM for RMB649mn. In Sep'24, DWCM repaid USD180mn amortization of DALWAN 7.25%'24.

As per our discussions with DWCM, its loans against its IPs is below RMB100bn. This implies a LTV of low 20% against IPs totaled RMB455bn. For the sake of discussions, DWCM can raise additional RMB30-40bn (USD4.2-5.6bn) from its IPs if it raises the LTV against IPs to 30%, compared with o/s offshore of cUSD1bn. Its IPs

remains a potential liquidity source for offshore bond refinancing. We continue to believe DWCM to be a survivor of the sector and maintain buy on DALWANs.

Table 1: Summary of consent solicitation

Bond	DALWAN 11 01/20/25
Outstanding amt	USD400mn
Original maturity	01/20/25
Extended maturity	01/12/26
Mandatory redemption	
-20 Jan'25	25%
-12 May'26	75%
Early consent fee	USD1
Base consent fee	USD0.25
Early consent deadline	3 Dec'24
Voting deadline	12 Dec'24
Bondholders' meeting	17 Dec'24
Consent condition	Meeting shall be quorate if two or more persons representing not less than 66% of the aggregate principal Extraordinary resolution shall be passed if a majority of at least 50% of the votes cast at the meeting are in favor of the resolution

Source: Company filing.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Jinjiang Port Group Co Ltd	60	3yr	4.85%	4.85%	-/-/-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
San Miguel Global Power	USD	-	PNC5.25	8.375%	-/-/-
Vedanta Resources	USD	-	3.5NC1.5 /7NC3	10.375%/11.375%	-/B-/B-

➤ **News and market color**

- Regarding onshore primary issuances, there were credit bonds issued on Friday with an amount of RMB0bn. As for month-to-date, 1,432 credit bonds were issued with a total amount of RMB1,287bn raised, representing a 3.3% yoy increase
- **[ADANIG]** Adani Group said SEBI probing possible disclosure rules violation by Adani Green Energy
- **[HYUELE]** SK Hynix expects to start mass produce higher capacity NAND flash memory chip
- **[SINOCE]** Sino-Ocean Group announced HK scheme approved at scheme meeting
- **[TPHL]** Times China signed support agreement for USD2.9bn offshore debt restructuring

- [UPLLIN] Moody's confirmed UPL'S Ba2 CFR and changed rating outlook to negative

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

fis@cmbi.com.hk

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