

**CMBI Credit Commentary****Fixed Income Daily Market Update 固定收益部市场日报**

- *New issues KDB'27/29 tightened 3-5bps, HDFCB'27/29 widened c2bps. Asian IG space were unchanged to 2bps tighter. Front-term names were more active than long-end names with two-way flows.*
- **UPLLIN:** *Dip further into HY territory. UPLLINs were unchanged to down 0.75pt this morning. See below.*
- **GZRFPR:** *Asset disposal and concurrent consent solicitation, exchange offer. GZRFPs were unchanged this morning. See below.*

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

**Cyrena Ng, CPA** 吳蔭瑩  
(852) 3900 0801  
cyrenang@cmbi.com.hk

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

**❖ Trading desk comments 交易台市场观点**

Yesterday, overnight rates widened another 10-14bps while Asia IG space was firm. The recent new issues such as DAESEC/KORELE 27s were 2-3bps tighter. HYUCAP 27/29 tightened 4bps post Moody's one notch upgrade to A3. In JP space, SUMIFL 29s tightened 3bps under better buying. The insurance hybrids FUKOKU 6.8 Perp/SUMILF 5.875 Perp were 0.2-0.3pt lower in higher UST rates. Chinese SOE/TMT benchmarks such as HAOHUA/BABA/TENCNT 30-31s were 2-4bps tighter. The BBB TMTs MEITUA/XIAOMI/WB 30s tightened 4-8bps. In financials, BOCAVIs and CDBFLC '30/ CMINLE '29 were 3-6bps tighter. In AMC space, CCAMCL/ORIEAS 26-30s tightened 2-6bps. HRINTHs were 0.25-0.5pt higher (10-25bps tighter). Chinese AT1s BOCOHK/CINDBK/ICBCAS Perps were down 0.1pt. In HK Corp space, NWDEVLs were unchanged to 1pt lower. Chinese properties were mixed. GEMDAL '24 was up 1.7pts. DALWAN 25-26s were up 1.2-1.4pts after the media report on Abu Dhabi Investment Authority (ADIA)'s plan to buy a minority stake in Zhuhai Wanda Commercial Management. CSCHCN 24s were 1.2-2.5pts higher post the announcement of the second stake sale. However, VNKRL 25-29s were down 1.2-1.3pts. FUTLAN '25 declined 1.3pts and LNGFOR 27-28s were 0.7pt lower. In industrials, FOSUNI '27/HILOHO '24 were up 0.8-1.1pts. Macau gaming names MPEL/SANLTD/WYNMAC 27-30s were up 0.4-1pt. In Indian space, VEDLN 26-28s lowered 0.6-4.9pts. UPLLINs were up 0.5-1.5pts after falling 3.6-4.5pts on Mon. Indonesian names were quiet. LPKRIJ '25/KIJAIJ '27 were 0.4pt lower.

In LGFVs/Perps, the flows were light and remained constructive. The 5-6% LGFVs YWSOAO '25/NJYZSO '27 were up 0.1-0.2pt. QDJZWD 25s/ZHANLO 26s were 0.1-0.2pt higher. SHGUOH '25/SHDOIS '24 were also 0.2pt higher. KMRLGP '24 was up 1.6pts to close at 94 in cash price, the recent high. In SOE perps, CHSCOI 4 Perp/HUANEN 3.08 Perp were unchanged to 0.1pt lower in light of the rates widening. CPDEVs/ZHHFGRs were unchanged to 0.1pt higher. Elsewhere, ZHONAN/GRPCIN 26s were unchanged to 0.1pt lower.

## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
CSCHCN 9 04/12/24	48.2	2.5	VEDLN 13 7/8 01/21/27	90.4	-4.9
CSCHCN 9 10/09/24	45.1	1.8	VEDLN 13 7/8 12/09/28	84.1	-2.4
GEMDAL 4.95 08/12/24	64.7	1.7	FUTLAN 4.45 07/13/25	28.8	-1.3
KMRLGP 3.9 12/12/24	94.4	1.6	VNKRLE 3 1/2 11/12/29	52.4	-1.3
UPLLIN 5 1/4 PERP	78.7	1.5	VNKRLE 3.15 05/12/25	80.0	-1.2

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.23%), Dow (+0.37%) and Nasdaq (+0.07%) rallied higher on Tuesday. Several Fed officials implied that Fed might not to cut rates in Mar'24. US dollar index decreased 0.27% to 104.18. UST yields retreated yesterday, 2/5/10/30 yield reached at 4.39%/4.03%/4.09%/4.29%, respectively.

## ❖ Desk analyst comments 分析员市场观点

## ➤ UPLLIN: Dip further into HY territory

Subsequent to the release of weak 3QFY24 results, Moody's downgraded the senior unsecured rating of UPLLIN to Baa3 from Ba1 and maintains a negative rating outlook. During the quarter, its revenue and EBITDA dropped 28% and 86% yoy to INR98.9bn and INR4.2bn, reflecting the destocking and resulting pricing pressure. Its EBITDA margin therefore shrank to 4.2% in 3QFY24 from 22.2% in 3QFY23. Additionally, its working capital cycle lengthened to 155 days from 121 days while net debts increased 14% to INR311.7bn. Recalled that we cut our recommendation on UPLLIN 5.25 Perp to neutral from buy in our 2024 outlook given our expectation of weakening liquidity of UPLLIN. We also believe that the incentive to call the perps (callable in Feb'25, coupon to be reset without high step-up) in a falling rate environment could be lower even though UPL is working on rights issue plan of INR42bn (cUSD506mn). UPLLINs were unchanged to down 0.75pt this morning.

## ➤ GZRFPR: Asset disposal and concurrent consent solicitation, exchange offer

On 6 Feb'24, Guangzhou R&F (GZRF) entered into Letter of Intent with London One Limited (purchaser), a company 100% owned by Cheung Chung Kiu to sell its unit R&F International Real Estate Investment Co. Limited (target company) which operates GZRF's UK business and owns the property One Nine Elms. The consideration for the sale of target company is HKD1.0 in cash and consideration for sale loan of target company is GZRF's three USD bonds to be received by purchaser under the exchange offer with minimum principal amount of USD800mn (cHKD6,247mn). As of Dec'23, the carrying value of target company is HKD3,163mn, GZRF estimates to book a net gain of cHKD3,084mn from the disposal if received bonds via exchange offer are at minimum amount of USD800mn.

As the asset disposal is substantial for GZRF and linked with its [restructuring scheme in 2022](#), GZRF will launch a consent solicitation to seek approval from bondholders for the disposal. Concurrently, the purchaser will launch two parallel exchange offers to facilitate the purchase, including:

- a). To exchange existing bonds into USD400mn Tranche B1 Perps and USD400mn Tranche B2 Perps. The purchaser will subscribe Tranche A Perps in cash of which the maximum issue amount is GBP820mn. The purchaser commits to participating in the Tranche A and B exchange offer and underwriting any shortfall amounts from the Tranche A and B exchange offer.
- b). To exchange existing bonds into Tranche C Perps with up to USD200mn principal amount.

The intentions of two exchange offers are: a). To acquire sufficient existing notes to settle the consideration for the asset disposal; and (b). To raise the necessary cash proceeds to repay the loans of R&F International Real Estate Investment Co. Limited. All exchanged new Perps will be issued by purchaser London One Limited and will be backed by potential cash flows from the property One Nine Elms. Currently, the terms of consent solicitation and exchange offer are yet finalized while the Letter of Intent will automatically terminate on 31 May'24.

Bond	ISIN	o/s amount (USD mn)	Ask Price	Ask YTM
GZRFPR 6 ½ 07/11/25	XS2495355674	1,443	6.42	373.829
GZRFPR 6 ½ 07/11/27	XS2495358009	2,461	6.07	153.396
GZRFPR 6 ½ 07/11/28	XS2495359403	1,793	5.96	131.018
		5,698		

Source: Bloomberg.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
HDFC Bank Ltd	300/450	3/5yr	5.196%/5.18%	T+95/108	Baa3/BBB-/-
Hong Kong SAR	200	2yr	4.625%	T+30	-/AA+/AA-

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
No Offshore Asia New Issues Pipeline Today					

#### ➤ News and market color

- Regarding onshore primary issuances, there were 62 credit bonds issued yesterday with an amount of RMB35bn. As for Month-to-date, 336 credit bonds were issued with a total amount of RMB377bn raised, representing a 272.1% yoy increase
- **[ADANIG]** Media reported that Adani Green Energy is in talks to raise USD500mn via USD bond
- **[CHNAAR]** China Aircraft Leasing announces USD3bn guaranteed MTN programme
- **[EHICAR]** Media reported that eHi Car is in talks with banks for cUSD290mn syndicated loans in onshore and offshore
- **[FUTLAN]** Seazen Holdings Jan'24 contracted sales down 36% yoy to RMB3.69bn

- **[JD]** Moody's affirmed JD.com's Baa1 rating and changed outlook to positive to stable
- **[VEDLN]** Vedanta Ltd aims to invest USD 4bn in energy business in the ensuing three years

*Fixed Income Department*

Tel: 852 3657 6235/ 852 3900 0801

[fis@cmbi.com.hk](mailto:fis@cmbi.com.hk)

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