

## CMBI Credit Commentary

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

- *Light flows this morning. New BABAs were unchanged with two-way flows. Front-end HRINTHs were under better selling. CNH LGFVs were weak.*
- **ADANEM:** *Downgrade DANEM 3.867 07/22/31 to sell from buy on uncertainties over funding access. ADGREG '42 plunged 16pts, ARENRJ '39 fell 11pts, ADANEMs/ADSEZs/ADTINs dropped 4-8pts post alleged bribery news. See below comments.*
- **DALWAN:** *Media reported that Dalian Wanda Commercial Management seeks to extend DALWAN 11 01/20/25 by one year; funds readied for USD240mn final amortization on DALWAN'24. DALWANs down 0.5-0.9pt post the news.*

**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

#### ❖ Trading desk comments 交易台市场观点

Yesterday, the new CNH BABA 34s/44s were 0.6-0.9pt lower under heavy selling as repo/funding costs remained elevated. The new USD BABA 30s closed unchanged amid mixed two-way flows, its 35s widened 3bps, while its 54s tightened 6bps. Among other Chinese IGs, HAOHUA/BIDU 28-30s were unchanged to 2bps tighter. In financials, CCMACLS/ORIEASs were 1-3bps tighter. BCHINAs/ICBCASs tightened 2bps. CBAAUs/NABs/MQGAUs were 1-3bps wider. Meanwhile in SEA, KRKPSCs were 2bps tighter. The long end of TOPTBs were 5-10bps wider. In EU AT1s, INTNED 8/BNP 7.375/HSBC 6.95 Perps were 0.1-0.4pt lower. In HK, AIA 27-29s/BNKEA 27-32s were 1-4bps tighter. BTSDF '26 was unchanged following its 9M24 results. See our comments below. Chinese properties were mixed. DALWAN '24 was up 0.6pt, DALWAN 25-26s lowered 0.4-0.9pt. Media reported DALWAN has readied funds to pay the final amortization of DALWAN 7.25 12/29/24, while it is seeking maturity extension for its USD400mn DALWAN 11 01/20/25. VNKRL 25-29s declined 0.3-0.7pt following the S&P's one notch downgrade to B+ with a negative outlook. LNGFORs were also down 0.2-0.5pt. On the other hand, SHUIONs were up 0.3-0.5pt. Outside properties, EHICAR/WESCHI 26s were up 0.8-1.3pts. HILOHO '24 declined 1.2pts. MPELS/SANLTDs were down 0.2-0.3pt. In India, UPLLINs rose 0.2-1.7pts following the updates on rights issue plan of cUSD400.3mn and selling of minority stakes in Advanta to Alpha Wave to raise USD250mn at UPL's level. VEDLNs were unchanged following the new issue mandates of 3.5NC1.5 and 7NC3 guaranteed senior bonds. In Indonesia, MDLNIJs were unchanged to 0.3pt lower. MDLNIJ delayed commencement of its proposed ALM exercise and expects to hold another investor call on 25 Nov '24.

In LGFVs, there were more selling flows in high-yielding CNH papers, with some investors offloading in-the-money positions at a thinner profit margin. Meanwhile, non-SBBC cross-border RM investors remained better buyers. See our comments on LGFVs on [20 Nov '24](#). We saw two-way interests on

the CNH names such as GXDVIN 6.3 '27/SHEDCI 6.3 '27/HUASST 6.5 '27. In SOE perps, CHSCOI 3.4/CHINLP 3.55 Perps were up 0.1-0.2pt.

#### ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
UPLLIN 5 1/4 PERP	86.4	1.7	HILHO 9 3/4 11/18/24	45.6	-1.2
WESCHI 4.95 07/08/26	78.8	1.3	DALWAN 11 01/20/25	86.5	-0.9
EHICAR 7 09/21/26	64.9	0.8	BABA 3 1/2 11/28/44	99.1	-0.9
DALWAN 7 1/4 12/29/24	96.9	0.6	VNKRLE 3 1/2 11/12/29	56.4	-0.7
UPLLIN 4 5/8 06/16/30	87.9	0.6	TAISEM 3.1 09/23/51	69.7	-0.6

#### ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.13%), Dow (+0.32%) and Nasdaq (-0.11%) were mixed on Wednesday. PBOC hold 1/5yr LPR unchanged at 3.1%/3.6% as expected. UST yields rallied higher yesterday, 2/5/10/30 yield reached 4.31%/4.28%/4.41%/4.59%.

#### ❖ Desk Analyst Comments 分析员市场观点

##### ➤ ADANEM: Downgrade ADANEM 3.867 07/22/31 to sell from buy on uncertainties over funding access

We downgraded ADANEM 3.867 07/22/31 to sell from buy, on uncertainties over the offshore funding access of Adani Group, funding pressure resulting any defease of bond issues and rating downgrade pressure amid the bribery charges by the US SEC. Gautam Adani, the chairman of Adani Group, and his nephew Sagar Adani, Executive Director of Adani Green, are alleged to orchestrate a bribery scheme from 2020 to 2024. This involves paying cUSD265mn in bribes to Indian government officials to obtain solar energy supply contracts, as well as falsely touting Adani Green's compliance with anti-bribery principles. A key moving part of the charge will be how determined is the US regulator to pursue the charge with the new administration coming onboard soon.

Our immediate takes are the impact of the charges could be much larger than that of a short-seller report, and the near-term funding access to Adani Group, especially Adani Green, could be severely affected. We quickly went through the 41-page Grand Jury Charges which contain details on alleged bribery scheme and the involvement of individual. The charge on misleading US investors is on the offering of USD750mn bonds (USD175mn were offered to US investors) in Sep'21. We believe that the charge refers to ADANIG 4 ¾ 09/08/24 which was supposed to mature on 8 Sep'24 but was defeased on 18 Jan'24.

The first impact to Adani Green's access to funding is the cancellation of the 20-year green bonds of USD600mn at 7.45% priced last night. We are concerned of the risk of further defease of USD bonds since 2020, especially ADGREG 6.7 03/12/42 which was issued in Mar'24, after the defease of ADANIG 4 ¾ 09/08/24. There will also be a lot of uncertainties in terms of attitude of other creditors, i.e. whether they will reduce or cut the credits to Adani Green and its affiliates. Furthermore, Adani group companies will likely be under rating downgrade pressure on governance issues. As most of the bonds in the Adani complex are rated at Baa3/BBB-/BBB-(M/S/F), any rating downgrades will put bonds in the complex into the HY territory. The Adani complex fell 4-16pts this morning post alleged bribery news.

**Table 1: Bond profiles of Adani Group**

Bond	Amt o/s (USD mn)	Mod duration	Px	YTM (%)	Z-spread (bps)	Rank	Issue rating (M/S/F)
ADANEM 3.949 02/12/30	880	4.4	80.4	8.70	476	1st lien	Baa3/BBB-/BBB-

ADANEM 3.867 07/22/31	300	5.5	77.5	8.35	443	1st lien	Baa3/-/BBB-
ADSEZ 4 07/30/27	500	2.4	90.7	7.93	389	Sr Unsecured	Baa3/BBB-/BBB-
ADSEZ 4.2 08/04/27	750	2.4	90.7	8.11	406	Sr Unsecured	Baa3/BBB-/BBB-
ADSEZ 4 3/8 07/03/29	750	4.0	87.5	7.65	370	Sr Unsecured	Baa3/BBB-/BBB-
ADSEZ 3.1 02/02/31	500	5.3	77.6	7.72	380	Sr Unsecured	Baa3/BBB-/BBB-
ADSEZ 3.828 02/02/32	300	5.9	78.4	7.83	391	Sr Unsecured	Baa3/BBB-/BBB-
ADSEZ 5 08/02/41	450	10.2	77.8	7.33	338	Sr Unsecured	Baa3/BBB-/BBB-
ADTIN 4 08/03/26	500	1.6	92.7	8.72	456	1st lien	Baa3/-/BBB-
ADTIN 4 1/4 05/21/36	363	5.8	79.9	6.79	507	1st lien	Baa3/-/BBB-
ARENRJ 4 5/8 10/15/39	308	6.7	72.8	7.72	610	1st lien	Ba1/BB+/BBB-
ADGREG 6.7 03/12/42	408	7.1	79.0	9.14	623	Secured	Ba1/-/BBB-

Source: Bloomberg, Company fillings.

### ➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Commonwealth Bank of Australia NY	1300/700	2yr	4.577%/5.056%	T+28/SOFR+46	Aa2/AA-/AA-
Ningbo Nanbin Group	83	3yr	5.4%	5.4%	-/-/-

### ➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Bank of China Toronto Branch	USD	-	3yr	SOFR+105	A1/A/A
Qingdao Development Area Investment Constriction Group	USD	-	3yr	6.5%	-/-/-
Shandong Commercial Group	USD	-	3yr	6.5%	-/-/-
Yichun Yuanzhou District State-owned Investment Group	USD	-	3yr	5.0%	-/-/-

### ➤ News and market color

- Regarding onshore primary issuances, there were 127 credit bonds issued yesterday with an amount of RMB95bn. As for month-to-date, 1,276 credit bonds were issued with a total amount of RMB1,150bn raised, representing a 14.2% yoy increase
- **[ADEIN/AZUPOE]** Adani Green, Azure Power senior execs charged by US SEC for alleged massive bribery scheme
- **[DALWAN]** Media reported that Dalian Wanda Commercial Management seeks to extend DALWAN 11 01/20/25 by one year; funds readied for USD240mn final amortization on DALWAN'24
- **[FOSUNI]** Fosun International accepted for purchase USD300mn of FOSUNI 5.95'25 via tender offer
- **[GTJA/HALSEC]** Guotai Junan Securities, Haitong Securities deal received approval from Shanghai SASAC, SAMR
- **[NIO]** NIO 3Q24 revenue down 2.1% yoy to cUSD2.58bn and gross profit rose 31.8% yoy to cUSD276mn

- **[RNW]** ReNew Energy Global FY1H25 revenue rose 5% yoy to USD587mn and adj.EBITDA rose 8.2% yoy to cUSD512mn
- **[UPLIN]** UPL seeks up to INR33.8bn (cUSD400mn) in rights issue
- **[VEDLN]** S&P placed Vedanta Resources on CreditWatch Positive; assigned preliminary B- rating on proposed guaranteed notes

*Fixed Income Department*

Tel: 852 3657 6235/ 852 3900 0801

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

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

## Author Certification

The author who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the author covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that author in this report.

Besides, the author confirms that neither the author nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

## Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM and/or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

### Disclaimer:

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.

