

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

- *Korea IG space was unchanged to 3bps wider with two-way flows this morning after the rescission of martial law. In China space, LGFVs and FRESHK curve were active. JP insurances were well bid. NWDEVLs moved -1 to +0.4pt.*
- **Asia ex-JP USD bonds issuance:** 11M24 gross issuance increased 36.6% yoy to USD178.9bn. See comments below.
- **MDLNIJ:** Revised terms of LME circulated. See comments below.

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**❖ Trading desk comments 交易平台市场观点**

Yesterday, UST yield widened 3-4bps. Chinese IGs were under better buying. HAOHUA/MEITUA/TENCNT/BABA 28-31s tightened 1-2bps. In financials, Chinese AMCs were mixed. CCAMCL 25-30s under better buying and closed unchanged to 2bps tighter. HRINTHs 25s/29s, on the other hand, were 1-4bps wider. BNKEA/NANYAN/SHCMBK T2s were 1-3bps tighter. ANZ/WSTP/UOBSP/KBANK T2s were also 2-4bps tighter. BBLTB T2s widened 1-3bps on AM/PB selling. SPSP 29s widened 2bps. In AT1s, BNP 7.375/ACAFP 6.7 Perps were unchanged to 0.2pt higher. HSBC 6.875/UBS 7.75 Perps were up 0.2pt. In HK, NWDEVL 6.15/5.25 Perps closed 0.2-0.8pt lower. See our comments on [3 Dec '24](#). In Chinese properties, VNKRL 27-29s/LNGFOR 27-32s rose another 0.5-0.8pt after the increase of 1.2-2.4pts on Mon. FTLNHD/FUTLAN/SHUION 25-26s were up another 0.3-0.4pt after the gain of 0.5-1.4pts on Mon. CHIOLIs/CHJMAOs, on the other hand, were 0.2-0.8pt lower. Outside properties, EHICAR 26s were up 0.8pt. In India, ADANEMs/ADSEZ/ADTINs rose another 0.3-0.8pt, still closed 2.1-8.0pts lower than the levels prior to US bribery indictment. VEDLN 26-31s were 0.2-0.9pt higher following the announcement of redemption of USD313mn VEDLN 13.875 '28 and concurrent solicitation on USD894mn VEDLN 13.875 '28. See our comments on [3 Dec '24](#). In Indonesia, MDLNIJ 25s rebounded 2.6pts after the decline of 0.8pt on Mon. See comments below.

In LGFVs, CIXISO priced a USD300mn 3-yr bond at par to yield 4.85%. HZCONI/BJCONS 26s were up 0.1pt. GXCMIN 25s/LIANYU 25s were 0.1-0.2pt higher. NJYZSO/GZGETH 27s were up 0.3pt. In SOE perps, HUANEN 5.3 Perp was up 0.1pt, CHPWCN 4.25 Perp was down 0.1pt.

## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
MDLNIJ 5 06/30/25	39.9	2.6	CCAMCL 5 02/08/48	88.7	-1.3
VEDLN 11 1/4 12/03/31	103.2	0.9	CHIOLI 5.35 11/15/42	93.1	-0.8
VNKRLE 3 1/2 11/12/29	55.4	0.8	NWDEVL 6.15 PERP	86.0	-0.8
EHICAR 7 09/21/26	68.2	0.8	TAISEM 4 1/2 04/22/52	96.0	-0.7
ADANEM 3.867 07/22/31	79.3	0.8	HAOHUA 4 3/4 06/19/49	91.4	-0.6

## ❖ Marco News Recap 宏观新闻回顾

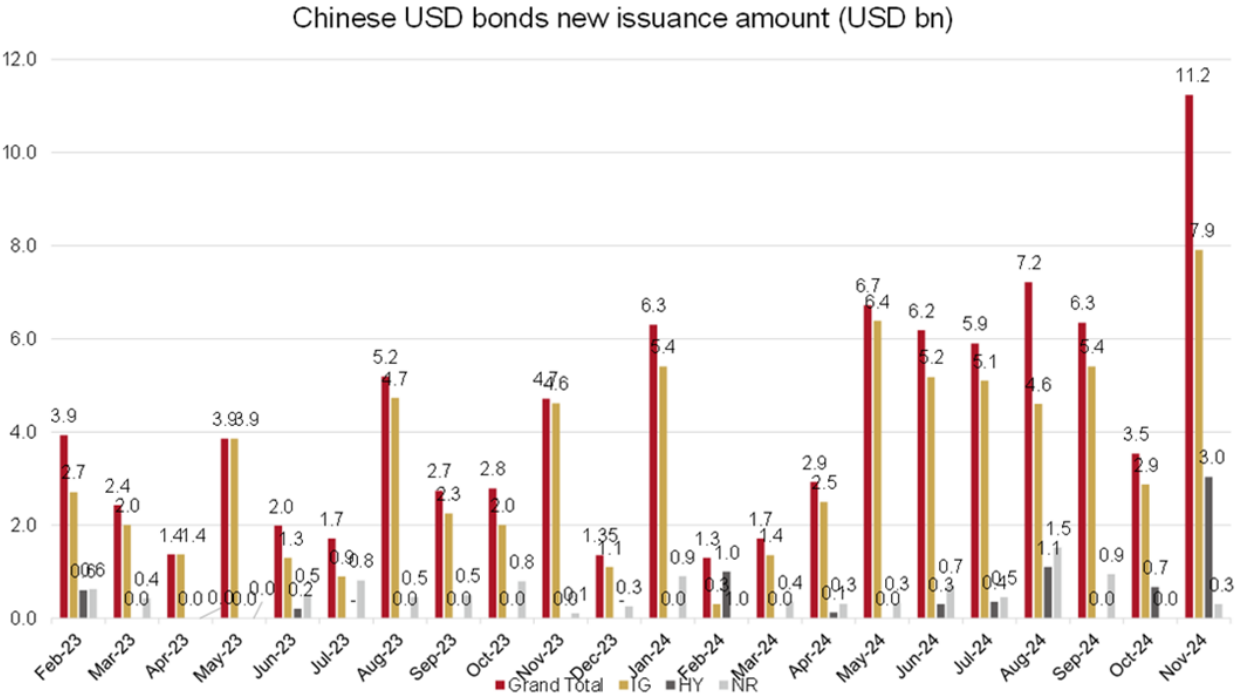
**Macro** – S&P (+0.05%), Dow (-0.17%) and Nasdaq (+0.40%) were mixed on Tuesday. China Caixin Nov'24 service PMI was 51.5, lower than the expectation of 52.5. UST yields edged higher yesterday, 2/5/10/30 yield reached 4.17%/4.11%/4.23%/4.40%.

## ❖ Desk Analyst Comments 分析员市场观点

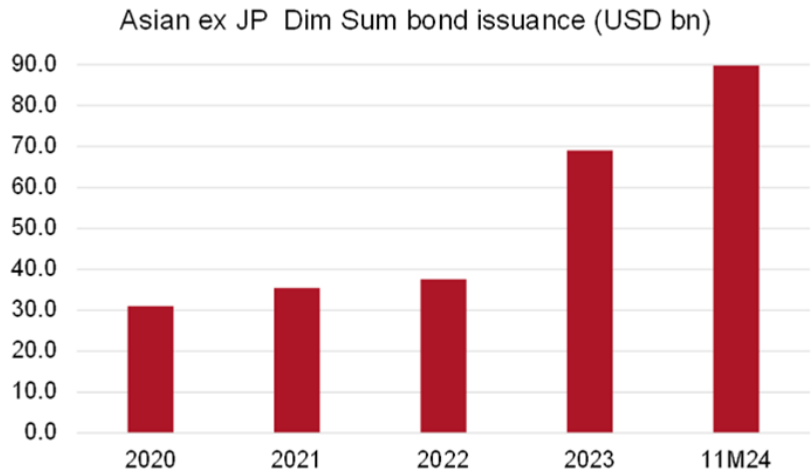
## ➤ Asia ex-JP USD bonds issuance: 11M24 gross issuance increased 36.6% yoy to USD178.9bn

In Nov'24, the gross issuance of Asia ex-JP USD bonds rose 72.8% yoy to USD16.6bn from USD9.6bn in Nov'23. China (USD11.2bn), Indonesia (USD2.8bn) and South Korea (USD0.6bn) were amongst the largest issuers. IGs contributed 75.6% of the gross issuance amount and issuance from sovereign entities and financial institutions totaled USD5.3bn and USD4.1bn, accounting for 31.6% and 24.5% of total gross issuance of the month, respectively. In 11M24, the gross issuance of Asia ex-JP USD bonds increased 36.6% yoy to USD178.9bn. China (USD59.4bn), South Korea (USD45.9bn), and Hong Kong (USD13.7bn) were the major contributors. Financial institutions issued USD bonds totaled USD102.0bn, accounting for 57.0% of the gross issuance amount.

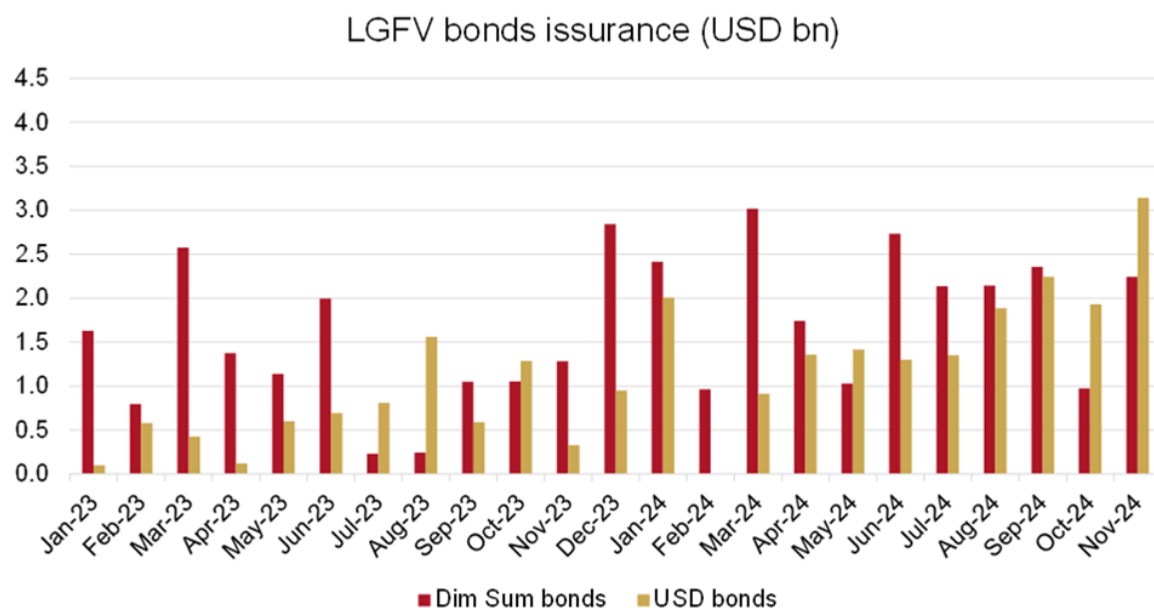
In 11M24, the gross USD bonds issuance from Chinese issuers rose 78.3% yoy to USD59.4bn. The offshore USD and Dim Sum issuances by LGFVs increased 147.4% and 62.7% yoy to USD17.5bn and USD21.8bn equivalent, respectively. On the other hand, the Asia ex-JP Dim Sum bonds issuance accelerated in Nov'24. The total issuance amount rose 373% yoy to USD12.8bn in Nov'24. The total issuance in 11M24 increased 40.2% yoy to USD89.8bn equivalent, compared with the growth rate of 37.9% yoy in 10M24. We expect LGFV Dim Sum issuance to continue to be active given its lower funding cost and yield pick-up over onshore bonds.



Source: Dealogic, Bloomberg.



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Source: Bloomberg, Dealogic.

#### ➤ MDLNIJ: Revised LME terms circulated

Modernland Realty (MDLN) revised terms of the LME on its two outstanding USD bonds, i.e. MDLNIJ 5 06/30/25 and MDLNIJ 5 06/30/27. On 27 Nov'24, MDLN circulated terms of revised exchange offer and consent solicitation on MDLNIJ 5 06/30/25, the concurrent consent solicitation on MDLNIJ 5 06/30/27, as well as the terms of a pre-pack scheme of arrangement on MDLNIJ 5 06/30/25. On 2 Dec'24, MDLN removed the early bird deadline which was originally on 3 Dec'24, and extended the expiration deadline to 16 Dec'24 from 6 Dec'24.

The terms of the exchange offer and consent solicitations were slightly improved from the previous [LME launched by MDLN on 18 Nov'24](#). At the same time, MDLN increased the consent fee on consent solicitation on MDLNIJ 5 06/30/27 by 1pt to 3pts, to extend the deadline of asset sales and allow the incurrence of additional debts. MDLN expects to complete one or more asset sales with net cash proceeds at least in aggregate of USD130.6mn on or before 14 Feb'27, 75% of the net cash proceeds will be used for bond repayments.

#### The exchange offer and consent solicitations

MDLN offers to exchange MDLNIJ 5 06/30/25 of USD130.7mn, i.e. excludes the PIK portion, and solicits the consent from the bondholders. The exchange considerations are 24pts in new bonds due Apr'27 and 31pts in cash. MDLN also has launched the concurrent consent solicitation on MDLNIJ 5 06/30/25 and MDLNIJ 5 06/30/27, to revise the terms on covenanted asset disposals, cross-default, debt incurrence, etc. Bondholders can participate in the consent solicitation only without participating in the exchange offer. However, no fee will be paid to bondholders who deliver consent but do not tender for exchange. The approval threshold of exchange offer is 50% in aggregate principal amount of MDLNIJ 5 06/30/25. The consent solicitation requires bondholders of not less than a majority in aggregate principal amount of the bonds, and the consent will bind all the bondholders when it becomes effective.

#### The scheme

If MDLN fails to gather the requisite majority from the exchange, the company could resort to the scheme of arrangement to push for the LME forward. The approval threshold is 75% in aggregate principal amount of the bonds who will participate in the exchange offer. The scheme considerations are the same as those of the exchange, i.e. 24pts in new bonds due Apr'27 and 31pts in cash. The estimated recovery (incl. accrued interest)

is 54-56% from the scheme, compared with 29% as base case under liquidation scenario. The scheme will become effective and binding on all the bondholders, after obtaining requisite approval on the scheme, consent solicitations on MDLNIJ 5 06/30/25 and MDLNIJ 5 06/30/27, as well as court's sanction of the scheme.

#### Any minimum participation rate required for the exchange offer?

From MDLN's perspective, the launch of the scheme could dis-incentivized creditors to be the hold-outs. The approval threshold for the scheme, i.e. 75% from those participating in the exchange offer appears to be low. The major moving part is whether there will be a minimum participation rate in the exchange required for the court to sanction the scheme.

**Table 1: Summary of the revised LME**

Security name	MDLNIJ 5 06/30/25 Exchange offer	MDLNIJ 5 06/30/25 Scheme of arrangement	MDLNIJ 5 06/30/27 Consent solicitation
Amt o/s	USD130.7mn	USD141mn (incl. PIK of USD10.3mn)	USD233mn (incl. PIK of USD19.1mn)
Consideration (for every USD100 in principal)	USD55: USD31 in cash, USD24 in new bonds	USD55: USD31 in cash, USD24 in new bonds	-
New bonds maturity	30 Apr'27	30 Apr'27	-
New bonds coupon rate	3% cash 3% PIK	3% cash 3% PIK	-
Incentive fee	-	-	Consent fee of 3 pts
Expiration deadline	16 Dec'24	16 Dec'24	16 Dec'24
Effective date	By 31 Dec'24	By 31 Dec'24	-
Longstop date	-	27 Apr'25	-
Minimum approval threshold	Not less than 50% in aggregate principal amount of the bonds	75% in aggregate principal amount of the bonds participated in the exchange offer	Not less than 50% in aggregate principal amount of the bonds

Source: Company filling.

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

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

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

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
BOCOM Hong Kong Branch	USD	-	3yr	SOFR+105	A2/A-/A

#### ➤ News and market color

- Regarding onshore primary issuances, there were 112 credit bonds issued yesterday with an amount of RMB101bn. As for Month-to-date, 162 credit bonds were issued with a total amount of RMB138bn raised, representing a 82.4% yoy increase
- Media reported that Hong Kong Nov'24 property deals rose 118% yoy to seven-month high
- China government to hold Central Economic Work Conference on 10 Dec'24 to set economic targets for 2025
- [AZUPOE]** Azure Power Global 1H25 revenue rose 2.7% yoy to cUSD130mn and pretax loss increased to USD7.7mn

- **[GRNCH]** Greentown sold 111 properties for USD66mn to cut exposure to China office building market
- **[YUEXIU]** Yuexiu properties announced to sell Guangzhou properties for RMB1.09bn

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