

CMBI Credit Commentary

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

- *Markets were heavy this morning. Front-end SOE/bank T2s/leasing were under better selling while bonds with larger spreads such as DAHSIN T2 tightened 3-5bps. By region, Korea names were better sold while JP/AU names were stable.*
- **GZRFPR:** *Requisite consent secured for the sale of its London asset. See below.*
- **VNKRLE:** *Media reported that China Vanke has initiated relevant swap, repayment preparations for offshore debts due in 2Q24. VNKRLE'24 rose 0.6pt while VNKRLE'25-29 down 0.1 to 0.4pt this morning.*

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❖ Trading desk comments 交易台市场观点

Last Friday, the new AIA '34 widened 1bp. In KR, KOROILs/KOMRMRs were traded in mixed two-way flows, and closed unchanged to 2bps tighter. In AU, WSTP/ANZ 33s tightened 2-3bps under better buying from global AMs. In Chinese IGs, TENCNT '28/HAOHUA '30 widened 1-2bps. In the high beta TMTs, WB/XIAOMI/MEITUA/LENOVO 30-31s tightened 2-5bps. In financials, the front-end T2 were better bid. ICBCAS/CCB 24-26s were unchanged to 2bps tighter. In Asian AT1, the short-dated-to-call BBLTB/DBSSP Perps were unchanged to 0.1pt higher. In EU AT1s, the longer-dated-to-call papers were under small better selling. INTNED 7.5 Perp/BNP 8 Perp/SWEDA 7.625 Perp were 0.1-0.3pt lower. Chinese properties performed mixed. FTLNHD/FUTLAN 24-26s were another 0.3-1.3pts higher and closed 4-6pts higher WoW. LNGFOR 27-28s were 0.5-0.9pt higher. COGO '26/CHIOLI '35 were up 0.4pt. However, ROADKG 24-25s lowered 1.4-3.4pts. GEMDAL '24 declined 1.1pts. In industrials, HILOHO '24 was 2.4pts higher. CHIOIL '26 was up 0.8pt. The new HONGQI '25 was 0.1pt lower and closed at 100.3-handle. In Indian space, UPLLIN 28/30/Perp were 1.1-2.5pts higher. Media reported UPL Ltd would launch the IPO for its seeds business Advanta Enterprises in FY25 and the proceeds from the IPO could be used for deleveraging. VEDLN 25-28s declined 2.0-2.4pts. Indonesian names were quiet.

In the 5-6% LGFVs, HENANG'25/WUXIND '26 were up 0.2pt whilst HZCONI '26/NJYZSO '27 were down 0.1pt. Shandong names such as SHDOIS/QDJZWD 24s were 0.1pt lower. In the high-yielding names, CPDEV/BCDHGR 26s were up 0.3-0.5pt. In SOE perps, COFCHK 3.1 Perp/CHPWCN 3.45 Perp/RLCONS 3.97 Perp were up 0.1pt, whereas HAUDIA 4 Perp/CHPWCN 3.08 Perp was down 0.1pt. In the insurance names, SUNSHG/ZHONAN 26s were 0.2pt lower.

❖ Last Trading Day's Top Movers

| Top Performers | Price | Change | Top Underperformers | Price | Change |
|-----------------------|-------|--------|-----------------------|-------|--------|
| UPLLIN 5 1/4 PERP | 71.3 | 2.5 | ROADKG 6.7 09/30/24 | 57.1 | -3.4 |
| HILOHO 9 3/4 11/18/24 | 64.7 | 2.4 | VEDLN 9 1/4 04/23/26 | 79.3 | -2.4 |
| UPLLIN 4 5/8 06/16/30 | 81.9 | 1.5 | VEDLN 13 7/8 12/09/28 | 88.8 | -2.4 |
| FTLNHD 4 5/8 10/15/25 | 42.2 | 1.3 | VEDLN 13 7/8 01/21/27 | 92.2 | -2.0 |
| UPLLIN 4 1/2 03/08/28 | 87.2 | 1.1 | ROADKG 5.9 03/05/25 | 45.7 | -1.6 |

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+1.11%), Dow (+0.80%) and Nasdaq (+1.24%) rebounded on last Friday. US Mar'24 NFP was +303k, higher than the expectation of +212k. The US Mar'24 unemployment rate was 3.8%, lower than the expectation of 3.9%. UST yields rallied higher on Friday, 2/5/10/30 yield reached 4.73%/4.38%/4.39%/4.54%.

❖ Desk analyst comments 分析员市场观点

➤ GZRFPR: Requisite consent secured for the sale of London asset

| Bond | ISIN | o/s amount | Ask Price | Ask YTM |
|---------------------|--------------|------------|-----------|---------|
| GZRFPR 6 ½ 07/11/25 | XS2495355674 | 1,443 | 4.2 | 546.1 |
| GZRFPR 6 ½ 07/11/27 | XS2495358009 | 2,461 | 4.1 | 197.1 |
| GZRFPR 6 ½ 07/11/28 | XS2495359403 | 1,793 | 4.3 | 164.2 |
| Total | | 5,697 | | |

Source: Bloomberg.

Guangzhou R&F (GZRF) announced results of consent solicitation and exchange offers related to its three USD bonds totaled cUSD5.7bn. The company secured the requisite consents from bondholders for the sale of One Nine Elms project to London One Limited, a SPV 100% owned by Cheung Chung Kiu. The consent fee will be paid concurrently with the consummation of the transaction which is expected to be closed on 23 Apr'24. GZRF did not disclose the percentage of consent votes in the EGMs. We were a bit surprised that GZRF could secure the consent especially Cheung Chung Kiu's USD bond positions in GZRF appear to be smaller than expected, reflecting by only USD300mn of his positions were tendered for the exchange offers.

Regarding the exchange offers, the aggregate principal amount of existing bonds validly tendered was cUSD1.53bn, c26.8% of total outstanding principal amount, including USD300mn bonds from Anchor Investor, a company wholly owned by Cheung Chung Kiu, as part of the Anchor Investor commitment. Concurrently, the exchange offeror announced initial capital call amount of new tranche A1 perps is GBP840mn. Based on such initial capital call amount, the allocation of tranche A1 perps to Anchor Investor/Key investor/Investor are GBP315mn/GBP315mn/ GBP210mn, respectively.

We would like to share some of the photos on GZRF's One Nine Elms we took on 27 Mar'24 in London. Recalled that GZRF anticipated the project to be completed in Apr'24. From our observation, the completion of this project appears to be quite remote Please see below.



Source: CMBI.

➤ **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) |
|--------------------------------------|----------|---------------|-------------|-----------|----------------------|
| Far East Horizon | USD | - | 3yr | - | -/BBB-/- |
| LG Electronics Inc. | USD | - | 3/5yr | - | - |
| Mitsubishi UFJ Financial Group | USD | - | 6NC5/11NC10 | T+110/130 | A1/A-/A- |
| Nippon Life Insurance | USD | - | 30NC10 | - | A3/A-/A- |
| Putian State-owned Assets Investment | USD | - | 3yr | 7.8% | -/-/- |
| Shinhan Bank | USD | - | 10yr | T+175 | Baa1/BBB+/BBB+ |

➤ **News and market color**

- Regarding onshore primary issuances, there were 11 credit bonds issued yesterday with an amount of RMB10bn. As for month-to-date, 156 credit bonds were issued with a total amount of RMB201bn raised, representing a 37.6% yoy decrease
- **[COGARD]** Country Garden engaged Linklaters to advise on offshore liability restructuring
- **[DALWAN]** Dalian Wanda Commercial Management scheduled redemption of RMB500mn 21Dalianwanda MTN002 notes on 12 Apr'24
- **[EVERRE]** China Evergrande New Energy Vehicle terminated proposed transactions with NWTN
- **[SHIMAO]** Shimao Group announced that CCB Asia has filed a winding-up petition against the company in connection with HKD1.58bn financial obligation
- **[VEDLN]** Vedanta Limited plans to raise up to INR25bn (cUSD300mn) in NCDs following board approval
- **[VEYONG]** ENN Energy signed 15-year deal to sell natural gas to BASF
- **[VNKRL]** Media reported that China Vanke has initiated relevant swap, repayment preparations for offshore debts due in 2Q24

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