

CMBI Credit Commentary

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

- *New issue AIA'34 tightened c10bps and KOMRMR'29 was 2bps tighter. SMBCAC'29/34 widened 6-8bps. Korea IG names were heavy that HYUELE/DAESEC widened 1-3bps. Front-end LGFV/SOE perps were well-bid before holidays.*
- **SHIMAO:** *Term sheet of offshore debt restructuring. See below.*
- **MONMIN:** *Media reported that Mongolian Mining Corporation said it prefers to retire the perps over due 2026 senior bonds and hinted that it may redeem perps on 1 Oct'24. MONMINs were unchanged to 0.15pt lower post the news.*

❖ Trading desk comments 交易台市场观点

Yesterday, SMBCAC priced a USD650mn 5-yr bond at T+108, and a USD850mn 10-yr bond at T+135. SMBCAC 33s tightened 2bps post new deal announcement. KOMRMR '29 was priced at T+105. The new KOROIL '29 tightened 12bps to T+68 from RO (T+80) at open, but closed only 2bps tighter at T+78. KOROIL 3-yr fixed-rate bond tightened 3bps from its RO (T+70), and 3-yr floating-rate bond tightened 12bps to SOFR+71 from RO (SOFR+83). In Chinese IGs, HAOHUAs/TENCNTs were unchanged to 1bp wider. In financials, BOCAVI 28/33 and AVIILC '27 widened 1-2bps. In bank T2s, the front end of NANYANs/WOORIBs were under better selling and widened 1-3bps. In AT1s, EU names were mixed. HSBC 6.375 Perp was up 0.1pt, whilst BNP 8 Perp was down 0.1pt. In HK, IGs HKLSP/CKHH 33s were under better buying and closed 1-2bps tighter. NWDEVL/HYSAN Perps were up 0.3-0.5pt. Chinese properties moved higher. ROADKG 24-26s moved another 1.7-5.6pts higher and closed 3-6pts higher WTD, and its perps also rose 0.8-1.4pts. LNGFOR 28-29s moved another 1.3-1.9pts higher after gaining 2.2-3.3pts on Mon. GRNCH '25 increased 2.6pts, DALWAN '26 was up 1.2pts. FUTLAN/FTLNHD/SHUION 24-26s were also up 0.4-1.4pts. VNKRL 25-29s were 0.6-1.2pts higher. In industrials, the new HONGQI '25 (priced at par to yield 7.55%) rose 0.5pt from par to close inside 7.2%, thanks to top-up demand mainly from offshore prop desks/HFs. WESCHI '26 was up 0.9pt. HILOHO '24/EHICAR '26 were down 0.7-1.2pts. Macau gaming names were quiet. WYNMACs/STCITYs were up 0.1-0.3pt. In Indian space, UPLLIN 30/Perp were down another 0.5-1.2pts. Indonesian name LMRTSP 24/Perp were up 0.4-0.9pt.

The high-beta names yielding mid-6% or above continued to be chased after. The insurance names GRPCIN/ZHONAN/SUNSHG 26s were 0.2-0.3pt higher. In LGFVs, the quality names trading at mid-to-high 5% were under better buying. SXUCI/GZINFU 26s were unchanged to up 0.1pt. Shandong names JNHITE '24/JMUDIV '25 were up 0.1-0.3pt. Elsewhere, SHYUCD/

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

CHDUIN 26s were down 0.2-0.3pt. In SOE perps, CHPWCN 4.25 Perp/CHCOMU 3.65 Perp/HUADIA 3.375 Perp were down 0.1-0.2pt.

❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
ROADKG 6.7 09/30/24	60.0	5.6	AIA 4.47 05/23/47	83.9	-2.5
ROADKG 5.9 03/05/25	48.0	4.1	UPLLIN 5 1/4 PERP	66.2	-1.2
ROADKG 6 09/04/25	38.0	3.8	HILOHO 9 3/4 11/18/24	60.8	-1.2
GRNCH 5.65 07/13/25	92.4	2.6	JMHLDS 2 7/8 04/09/36	78.2	-1.1
ROADKG 5.2 01/12/26	26.0	2.0	EHICAR 7 09/21/26	88.5	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.28%), Dow (-0.08%) and Nasdaq (-0.42%) remained weak on Tuesday. Conference Board Mar'24 US consumer confidence was 104.7, lower than the expectation of 106.9. UST yield were stable, 2/5/10/30 yield reached 4.56%/4.22%/4.24%/4.40%.

❖ Desk analyst comments 分析员市场观点

➤ SHIMAO: Term sheet of offshore debt restructuring

On 25 Mar'24, Shimao announced the terms of offshore debt restructuring for its offshore debts of cUSD11.45bn, comprising of offshore bonds of USD6.79bn and offshore loans of USD4.66bn. The company provided four options for creditors with different considerations (see table 2). Compared with offshore restructuring schemes proposed by other developers in early 2024, e.g. YUZHOU and PWRLNG, we consider SHIMAO's restructuring terms less appealing given no upfront cash payment, longer tenors of new instruments and lower consent fee.

Creditors can elect any single options or a combination of option 1/2/3, or only elect option 4. For creditors who choose option 1 and 2 or a combination involving option 1 and 2, they will receive considerations based on subscription conditions. Creditors who only elect option 3 and 4 will be guaranteed to receive full allocations:

For Option 1, existing debts will be 100% exchanged into short term loans/notes (STI) with a cap of USD3bn in a principal amount equal to 100% of creditor's claim. The tenor of short term loans/notes is 6 years with mandatory redemption since 4th year. Coupons will be cut by half and principal will experience a hair-cut of 50%. If Option 1 is oversubscribed, the creditors shall receive considerations on a pro-rata basis and their unallocated claims shall be allocated to Option 2.

For Option 2, existing debts will be exchanged into long term loans/notes (LTI) with a cap of USD4bn in a principal amount equal to 100% of creditor's claim. The new long term notes will be divided into series A/B/C with 7/8/9yr tenor and issue amount of series A/B/C is 25%/37.5%/37.5% of claimed amount. The new long term loans will be repaid 25%/37.5%/37.5% of principal amount in 7th/8th/9th year. There will be no principal hair-cut for the new LTI. The allocation of Option 2 will be on a pro-rata basis if oversubscribed and unallocated claims will be allocated to Option 3.

For Option 3, claims will be exchanged into MCB without cap. The MCB will have a tenor of 1yr and will be converted 25% of issue amount into share of Shimao (0813.HK) at a conversion price of HKD8.5 per share every 3 months starting from 3 months after issuance. Offshore creditors will hold c50% of the company's common shares after full conversion of MCB. Shimao was closed at HKD0.475 per share on 25 Mar'24.

For Option 4, 25%/35%/40% of claims will be exchanged into STI/LTI/MCB.

Shimao's controlling shareholder Mr. Hui Wing Mau has cHKD7.8bn (cUSD1bn) shareholder loans to Shimao Group. The controlling shareholder will exchange USD600mn of his loans into long term note B. The long term note B ranks pari-passu with STI and LTI while the tenor of long term note B is 9.5yr and coupon is 2.0% PIK. The remaining shareholder loan of USD400mn will be exchanged into MCB.

The early consent fee for the restructuring is 0.1% in cash and 1% STI of creditor principal amount and base consent fee is 0.1% cash and 0.5% STI of creditor principal amount. The early consent deadline is 30 Apr'24 while the consent deadline is on 31 May'24.

Table 1: SHIMAO's In-Scope Debts

Existing Notes	ISIN	Maturity	Amt Out (USD mn)	Ask Price
SHIMAO 4.5 04/28/22	XS2334142986	28/4/2022	700	-
SHIMAO 0 06/14/22	XS2355408514	14/6/2022	374	-
SHIMAO 4 ¾ 07/03/22	XS1637274124	3/7/2022	1,000	4.4
SHIMAO 3.975 09/16/23	XS2385392779	16/9/2023	300	4.2
SHIMAO 6 ½ 02/21/24	XS1953029284	21/2/2024	1,000	4.2
SHIMAO 5.2 01/30/25	XS1759179002	30/1/2025	500	4.3
SHIMAO 5.6 07/15/26	XS2025575114	15/7/2026	1,000	4.3
SHIMAO 5.2 01/16/27	XS2385392936	16/1/2027	748	4.3
SHIMAO 4.6 07/13/30	XS2198427085	13/7/2030	300	4.1
SHIMAO 3.45 01/11/31	XS2276735326	11/1/2031	872	4.1
			6,794	
Syndicated Loans			3,311	
Bilateral Loans			1,348	
Total In-Scope Debts			11,453	

Source: Bloomberg, Company fillings.

Table 2: Creditor's options and key terms of term sheet

	Option 1	Option 2	Option 3	Option 4
Consideration	Short Term Loan/Note (STI) in principal amount of 100% of the principal amount of existing loan/note	Long Term Loan/Note (STI) in principal amount of 100% of the principal amount of existing loan/note	Mandatory Convertible Bonds (MCB)	Combination of STI, LTI and MCB; Every USD100 principal amount of existing debts will be exchanged to USD25 of STI, USD35 of LTI and USD40 of MCB
Issue cap	USD3bn	USD4bn in Series A/B/C with 25%/37.5%/37.5% of claimed amount	No cap and not less than USD4.5bn	No cap
Allocation	Allocation will base on pro-rata basis if oversubscribed, unallocated claims will be allocated to Option 2	Allocation will base on pro-rata basis if oversubscribed, unallocated claims will be allocated to Option 3	Guaranteed allocation	Guaranteed allocation
Tenor	6 years	Series A: 7 years Series B: 8 years Series C: 9 years	1 year	Combination of instruments under Option 1-3
Interest	Interest shall be accrued on an amount of 50% of the outstanding principal amount: 0-4yr: 5% in cash or 6% PIK 5-6yr: 5% in cash	0-6yr: 3% PIK 6-9yr: 2% in cash	-	Combination of instruments under Option 1-3

Payment/Conversion	Mandatory Redemption Date: % of STI issue amount 4yr: 33% 5yr: 66% 6yr: 100% Redemption price is 50% of the principal amount of STI redeemed	Redemption price is 100% of the principal amount of LTI redeemed at due date	Mandatorily converted 25% of issue amount into share at price of HKD8.5 per share every 3 months	Combination of instruments under Option 1-3
Guarantor & Collateral	Guaranteed by 25 subsidiaries; Collaterals are 100% shares of 9 subsidiaries and receivables of 12 subsidiaries	Same with Option 1	-	-
Consent fee	0.1% cash and 1% short term instrument (early); 0.1% cash and 0.5% short term instrument (base)			
Consent deadline	30 Apr'24 (early)/31 May'24 (base)			
Longstop date	31 Dec'24, can be extended but shall not exceed 31 Dec'25			

Source: Bloomberg.

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
AIA Group	1000	10yr	5.375%	T+125	A2/A-/A
CSL Finance Plc	500/750	10/30yr	5.106%/5.417%	T+87/102	A3/A-/A
Guangzhou Jiankong Investment	50	3yr	5.5%	5.5%	-/-/-
Indiabulls Housing Finance	350	3.25yr	9.7%	9.7%	-/B/-
Korea Mine Rehabilitation	400	5yr	5.125%	T+105	-/A+/A+
SMBC Aviation Capital	650/850	5/10yr	5.3%/5.55%	T+108/135	-/A-/BBB+

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Bank Negara Indonesia Persero Tbk PT	USD	-	5yr	T+145	-/BBB/BBB-

➤ News and market color

- Regarding onshore primary issuances, there were 168 credit bonds issued yesterday with an amount of RMB135bn. As for month-to-date, 2,098 credit bonds were issued with a total amount of RMB1,919bn raised, representing a 1.2% yoy increase
- [CCAMCL]** China Cinda AMC FY23 revenue down 6% to cUSD10.6bn and pre-tax profit down 22% to cUSD1.1bn as income from distressed assets and sale of inventories were lower
- [EHICAR]** eHi Car Services completed exchange offer for outstanding 7.75% senior notes due 2024; USD44.6mn remain outstanding
- [HAIDIL]** Haidilao FY23 revenue rose 33.6% to cUSD5.75bn and pre-tax profit rose 175.5% to cUSD810mn

- **[HYUELE]** SK Hynix plans to invest USD4bn to build advanced chip-packaging factory in Indiana
- **[LOGPH]** Logan Group announced over 77.8% of aggregate outstanding principal amount of existing noteholders accede to CSA
- **[MONMIN]** Media reported that Mongolian Mining Corporation hinted that it may redeem perps on 1 Oct'24 so that its shareholders can get dividend. The company said it prefers to retire the perps over its due 2026 senior bonds
- **[PWRLNG]** Powerlong Real Estate announced scheme creditors holding 77.9% of in-scope debt accede to RSA

Fixed Income Department

Tel: 852 3657 6235/ 852 3900 0801

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

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months.

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.