

## CMBI Credit Commentary

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

#### The Asset Asian G3 Bond Benchmark Review 2023

We hope you found our commentaries and ideas helpful. We seek to elevate our efforts and value-add further in the coming year. We highly appreciate your support to us in Sell-Side Analysts of the polls of [“The Asset Asian G3 Bond Benchmark Review 2023”](#). Thank you for your time. Your support will mean a lot to us.

- *Markets were quiet amid weak sentiment as Fed expects one or two more 25bps hike by the end of 2023. IG flows were overall better selling. Besides, we saw two-way flows on LGFV from PBs.*
- *PWRLNG: Another round of liability management exercise. See below.*
- *GRNLGR: Greenland cured the missed coupon of GRNLGR 5.6 11/13/24 despite not within the 7-day grace period. GRNLGRs were unchanged to down 1.5pts this morning*

#### ❖ Trading desk comments 交易台市场观点

Yesterday, Asia ex-JP IG space was quiet given HK and Mainland China were on holiday. TMT benchmarks TENCNT 30s/BABA 27s widened c1bp. Chinese SOEs were widened that HAOHUA, SINOCH, CNOOC widened 0.25 to 1bp. In financials, leasing names BOCAVI/ICBCIL were 1-2bps wider. In AMCs, HRINTHs, GRWALL were unchanged to down 0.25pt while CCAMCL down 0.4pt. Bank AT1 were unchanged to down 0.25pt. Chinese properties were mixed. IG developers were mostly unchanged while HY developer were dragged by PWRLNG's second exchange offer. ROADKG'26 was down 1.3pts, CENCHI'23 down 1pt and COGARDs retreated 0.25 to 0.75pt. GRNLGRs were finally cured the missed coupon of GRNLGR 5.6 11/13/24 despite not within the grace period of 7-day, which should be expired on 22 May'23 given 20 May'23 is Saturday. For industrials, EHICAR and CARINC were unchanged and FOSUNIs rebounded c0.25pt at most after Wednesday's drop. Macau gaming names moved -1 to +0.25pt. SEA space was quiet and most names were unchanged.

LGFV/SOE Perp sectors were also quiet. New issue YWSOAO'26 was traded at 99.75pt with a YTM of 5.78%. Elsewhere, sentiment on high-beta LGFVs were firmer as KMCMIN had redeemed USD110mn KMCMIN 7 06/22/23, somewhat reinforcing the “faith” that LGFVs will not default on public bonds.

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

**Cyrena Ng, CPA 吳蒨瑩**  
 (852) 3900 0801  
[cyrenang@cmbi.com.hk](mailto:cyrenang@cmbi.com.hk)

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

## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
FIHUCN 5 02/26/28	87.0	2.6	ROADKG 5.2 01/12/26	55.6	-1.3
AZUPOE 5.65 12/24/24	84.5	0.7	CNOOC 3.3 09/30/49	73.0	-1.1
CHIOIL 4.7 06/30/26	85.2	0.5	CITLTD 5.07 04/18/48	96.4	-0.9
SHUION 6.15 08/24/24	86.4	0.4	CITLTD 4.85 04/25/46	93.0	-0.9
HRINTH 4.95 11/07/47	67.1	0.4	CHIOLI 6 3/8 10/29/43	104.6	-0.9

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+0.37%), Dow (-0.01%) and Nasdaq (+0.95%) rebounded after three-day drop. US Fed chairman said on congressional testimony that there might be one or two more 25bps hike in 2023 to subdue inflation. US latest initial jobless claim was +264k, higher than expectation of +260k. Bank of England raised interest rate by 50bps to 5%, the hike pace was higher than expectation of 25bps. The US treasury yields rallied higher on yesterday, the 2/5/10/30 yield reached at 4.77%/4.03%/3.80%/3.88%, respectively.

## ❖ Desk analyst comments 分析员市场观点

## ➤ PWRLNG: Another round of liability management exercise

**Further maturity extension for 3 bonds coming due**

Powerlong announced another round of exchange offer and consent solicitation on all of its 8 offshore USD bonds with a total o/s amount of USD2.1bn. In short, this round of liability management is to extend the maturity PWRLNG 6.95 07/23/23 for 29 months, as well as further the maturities of 2 exchanged bonds: PWRLNG 4 07/14/23 and PWRLNG 7 1/8 01/15/24 for another 1-year and 2-year, respectively. Recalled that Powerlong completed an exchange offer and consent solicitation for 2 bonds originally due in 2022 and issued PWRLNG 4 07/14/23 and PWRLNG 7.125 01/15/24 in Jul'22. Comparing with its previous exchange offer, the terms offered in this round are less favorable: (1) lower incentive fee, (2) lower upfront principal repayment and (3) longer maturities extension. That said, the terms proposed by Powerlong are better than those of distressed property developers such as Sunac and Evergrande which seek for longer maturity extension, offer no upfront principal repayment, cut the coupon and coupon could be in PIK.

**The Exchange offers**

The exchange offers cover PWRLNG 4 07/25/22 and PWRLNG 7 1/8 11/08/22 (the holdouts of the 2 bonds subject to exchange offer in Jul'22), as well as PWRLNG 6.95 07/23/23. The exchange offers are to extend the maturities of these 3 USD bonds to 2024-26. See the table below. For the holdouts of the 2 bonds subject to exchange offers in Jul'22, the "effective" maturity extension is in line with holders of the exchanged bonds (PWRLNG 4 07/14/23 and PWRLNG 7 1/8 01/15/24), i.e. 1-year and 2-year, from Jul'23 to Jul'24 and Jan'24 to Jan'26, respectively. For PWRLNG 6.95 07/23/23 which is the first time subject to an exchange offer, the extension is 29-month. The coupon rates will remain the same and coupon will be payable semi-annually. The deferred upfront payments will be 2-3 pts. Only the exchange offer of PWRLNG 6.95 07/23/23 will be subject to a minimum acceptance level of 90% of the principal amount of USD420mn. The incentive fee for the exchange offers is 0.25pt and deadline for the exchange is 4 Jul'23.

**The consent solicitation**

The consent solicitation covers PWRLNG 6.25 08/10/24, PWRLNG 5.95 04/30/25 and PWRLNG 4.9 05/13/26. The consent solicitation is to carve out any event of default resulting from the default PWRLNG 6.95

07/23/23 which is subject to the exchange offer in this round of liability management exercise. The approval threshold of the consent solicitation is 50%. The consent fee is 0.15pt and the deadline for the exchange is 4 Jul'23

### The concurrent consent solicitation

The concurrent consent solicitation covers the 2 exchanged bonds from the liability management exercise in Jul'22: PWRLNG 4 07/14/23 and PWRLNG 7.125 01/15/24. In brief, the keys for the concurrent consent solicitation are to further extend the maturities of the 2 exchanged by 1-2 years, as well as to carve out any event of default resulting from the default PWRLNG 6.95 07/23/23. The approval threshold will be 75%. The consent fee is 0.25pt and the deadline for the exchange is 4 Jul'23.

	O/s amt (USDmn)	New Notes principal	New maturity	New Coupon	Deferred upfront payment
<b>Exchange offer</b>					
PWRLNG 4 07/25//22	21.294	USD100	Jul'24	4%	2%, payable on 4 Aug'23
PWRLNG 7.125 11/08/22	37.259	USD100	Jan'26	7.125%	2%, payable on 6 Mar'24
PWRLNG 6.95 07/23/23	420	USD97	Dec'25	6.95%	3%, payable on 6 Oct'23
<b>Consent solicitation</b>					
PWRLNG 6.25 08/10/24	500				
PWRLNG 5.95 04/30/25	535				
PWRLNG 4.9 05/13/26	200				
<b>Concurrent consent solicitation</b>					
PWRLNG 4 07/14/23	169.77	-	12 Jul'24	-	2%, payable on 4 Aug'23
PWRLNG 7.125 01/15/24	247.51*	-	15 Jan'26	-	2%, payable on 6 Mar'24
Minimum acceptance amount	Any and all, except USD378mn for PWRLNG 6.95 07/23/23				
Additional entitlement					
- PWRLNG 4 07/25//22	An amount equal to interest accruing from the settlement date to and excluding 14 Jul in cash. 2% of entitlement payable on 4 Aug'23, 98% of the entitlement payable on 11 Aug'23.				
- PWRLNG 7.125 11/08/22	An amount equal to interest accruing from the settlement date to and excluding 15 Jul in cash. 2% of entitlement payable on 6 Mar'24, 98% of the entitlement payable on 14 Aug'23.				
- PWRLNG 4 07/14/23	An amount equal to interest accruing from the settlement date to and excluding 14 Jul in cash.				
- PWRLNG 7.125 01/15/24	An amount equal to interest accruing from the settlement date to and excluding 15 Jul in cash.				
Deferred interest consideration	Accrued and unpaid interest up to and excluding the settlement date in cash, payable on 4 Aug'23				
- PWRLNG 6.95 07/23/23					
Mandatory redemption - PWRLNG 7.125 01/15/24	Upon the full redemption of PWRLNG 4 07/14/23 on or prior to 12 Jul'24, it shall redeem on a pro rata basis equal to 10% of the issue amount equal to 100% of the principal amount plus accrued and unpaid interest to (but excluding) 12 Jul'24				
Incentive fee/ consent fee/ concurrent consent fee	USD0.25				
Expiration deadline	4 Jul				
Settlement date	On or about 6 Jul				
Listing of new notes	On or about 7 Jul				
Consent fee payment date	6 Jul				
Required consent	Not less than a majority in the respective aggregate principal amount				
Required concurrent consent	No less than 75% of the respective aggregate principal amount				

*Note: The amount does not include USD2.09mn held by company's affiliates.*

*Source: Company's fillings.*

Click [here](#) for full report.

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

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Yield	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)
No Offshore Asia New Issues Pipeline Today					

➤ **News and market color**

- Onshore primary issuances suspend during the Public Holiday. As for Month-to-date, 1,462 credit bonds were issued with a total amount of RMB1,355bn raised, representing a 20.4% yoy increase
- [KIJAIJ]** Media reported that Jababeka is seeking loans to repay USD14.1mn outstanding due-2023 notes
- [RSMACA]** Red Star Macalline announced that the sale of a controlling stake to Xiamen C&D has completed
- [VEDLN]** Vedanta denies reports on sale of copper plant in southern India for cUSD550mn
- [YNPOWE]** Yunnan Provincial Energy Investment issues RMB1bn 340-day bills at 4.4% to repay debts
- [ZHPRHK]** Zhenro Properties to sell 80% of project company holding Nanjing land parcel for RMB75mn to Changjiang Industrial Investment Group

*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.