

## 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, UPLIN 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 JNHTE '24/JMUDIV '25 were up 0.1-0.3pt. Elsewhere, SHYUCD/

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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	UPLIN 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 Group announced term sheet of offshore debt restructuring for its cUSD11.45bn offshore debts, comprising of USD6.79bn offshore bonds and USD4.66bn offshore loans. 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 are less appealing for no upfront cash payment, longer tenors of new instruments and less consent fee.

Creditors can elect any single option or a combination of option 1/2/3, or only elect option 4. For creditors who choose option 1 and 2 or a combination including 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 are to exchange into short term loans/notes (STI) with a cap of USD3bn at 100% principal amount. The tenor of short term loans/notes is 6 years with mandatory redemption since 4th year. Coupons and repayments of new STI will be paid at 50% of principal amount, which means a 50% haircut. If Option 1 was 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 are to exchange into long term loans/notes (LTI) with a cap of USD4bn at 100% principal amount. 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 is no hair-cur for repayment of new LTI. The allocation of Option 2 will base on 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 have 1yr tenor and will be converted 25% of issue amount into share of Shimao Group (0813.HK) at a price of HKD8.5 per share every 3 months. Offshore creditors will hold c50% of the company's common shares after full conversion of MCB. The closed share price of Shimao Group (0813.HK) is HKD0.475 per share on 25 Mar'24.

Option 4 is a fixed combination of short term instruments(STI), long term instruments(LTI) and MCB. All considerations have same terms with those in Option 1/2/3. Under Option 4, each USD100 existing debts will be exchanged into USD25 of STI, USD35 of LTI and USD40 of 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 its loans into long term notes which have same terms with LTI in Option 2 expect for having a tenor of 9.5yr. The rest USD400mn shareholder loans will be exchanged into MCB.

The early consent fee for the restructuring is 0.1% 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 consent deadline is 30 Apr'24(early) and 31 May'24 (base).

**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
<b>Consideration</b>	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
<b>Issue cap</b>	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
<b>Allocation</b>	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
<b>Tenor</b>	6 years	Series A: 7 years Series B: 8 years Series C: 9 years	1 year	Combination of instruments under Option 1-3
<b>Interest</b>	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

<b>Payment/Conversion</b>	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
<b>Guarantor &amp; Collateral</b>	Guaranteed by 25 subsidiaries; Collaterals are 100% shares of 9 subsidiaries and receivables of 12 subsidiaries	Same with Option 1	-	-
<b>Consent fee</b>	0.1% cash and 1% short term instrument (early); 0.1% cash and 0.5% short term instrument (base)			
<b>Consent deadline</b>	30 Apr'24 (early)/31 May'24 (base)			
<b>Longstop date</b>	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)
No Offshore Asia New Issues Pipeline Today					

## ➤ 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

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