

## CMBI Credit Commentary – JIAYUA

### JIAYUA: The exchange, consent and RSA

#### Par-par exchange to extend maturities for 27 months

Jiayuan announced the debt restructuring plan for its 6 offshore USD bonds with an o/s amount totalling USD1.3bn. In short, Jiayuan proposes par-par exchanges to extend the maturities for its 6 USD bonds for 27 months and cut the coupon to 6.5%. There will be no upfront repayment but incentive/instruction fee of 0.25 per 100. The minimum acceptance levels for the exchange are 90% of the o/s amount of each USD bonds. At the same time, Jiayuan requires holders to sign RSA as a back-up. If Jiayuan fails to secure the minimum acceptance amount from each of its existing bonds, it will resort to a scheme of which the approval threshold will be 75%. JIAYUAs are quoted at 10ish and should have largely priced the debt restructuring plan. See the next page for the summaries of key terms of the debt restructuring plan.

#### Exchange and consent/exchange vs. RSA

We notice that the expiration date for the exchange and consent/exchange is 7 Sep'22 while the instruction fee deadline for the RSA is on 8 Sep'22. Our interpretation is that the exchange and consent/exchange and RSA are 2 separate processes, although investors will only get the incentive/instruction fee if they submit the tender for exchange and consent/exchange, as well as executing the RSA.

#### Exchange and consent vs exchange

Why we are so cumbersome to repeatedly write exchange and consent/exchange? Indeed, Jiayuan seeks consent solicitation from holders of the 4 non-default bonds. The consent is mainly to amend restrictive covenants and to carve out the cross default clauses to be triggered. Jiayuan only goes for exchange for the 2 defaulted bonds: JIAYUA 11.375 10/29/22 (failed to redeem when investors put) and JIAYUA 12.5 7/21/23 (fail to cure missed coupon within grace period).

#### Straight bonds vs CBs

The USD100mn CBs due Jan'25 is left out of this restructuring plan. As per our discussions with Jiayuan, the CBs are governed by English law and the consent threshold for maturity extension of the CBs is less restrictive (75%). Jiayuan will pursue the maturity extension for the CBs separately.

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

**CMBI Fixed Income**  
fis@cmbi.com.hk

## Summary of key terms of debt restructuring

	O/s (USD mn)	Original coupon	New coupon	Original maturity	New maturity		Incentive fee	Payment dates of accrued/unpaid interests		
								9 months	12 months	15 months
								50%	30%	20%
JIAYUA 11.375				29-Oct-			0.25 per		29-Oct-	29-Jan-
10/29/22	99.25	11.375%	6.50%	22	29-Jan-25	2025A	100	29-Jul-23	23	24
JIAYUA 12				30-Oct-			0.25 per		30-Oct-	30-Jan-
10/30/22	200	12.000%	6.50%	22	30-Jan-25	2025B	100	30-Jul-23	23	24
JIAYUA 13 3/4				18-Feb-	18-May-		0.25 per		18-Oct-	18-Jan-
02/18/23	175.715	13.750%	6.50%	23	25	2025C	100	18-Jul-23	23	24
JIAYUA 12 1/2							0.25 per		8-Oct-	8-Jan-
04/08/23	300	12.500%	6.50%	8-Apr-23	8-Jul-25	2025D	100	8-Jul-23	23	24
JIAYUA 12 1/2				21-Jul-			0.25 per		21-Jul-	21-Oct-
07/21/23	300	12.500%	6.50%	23	21-Oct-25	2025E	100	23	23	23
JIAYUA 11				17-Feb-	17-May-		0.25 per		17-Aug-	17-Nov-
02/17/24	230	11.000%	6.50%	24	26	2026	100	23	23	23
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Expiration date	7 Sep'22
Minimum acceptance level	90% of o/s amount of each of the USD bonds

RSA	
Approval threshold	75% of the total o/s amount of USD1.3bn
Instruction fee	0.25 per 100
Instruction fee deadline	8 Sep'22

*CMB International Securities Limited*

*Fixed Income Department*

*Tel: 852 3761 8867/ 852 3657 6291*

[fis@cmbi.com.hk](mailto:fis@cmbi.com.hk)

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