

## CMBI Credit Commentary

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

- *Asia IGs were unchanged to 5bps tighter this morning. MTRC 30-35s tightened 1-3bps. SUMILF Perp/MYLIFE 55s/NIPLIF 53s were 0.4-0.6pts higher. IDASAL 6.53 28/IDASAL 6.757 48 were up another 0.1-0.5pt.*
- **COGARD:** *Choices among haircut, debt equity swap and maturity extension. See below.*
- **COGREN/CGRNEG:** *Continuum Green Energy gets regulatory approval for INR36.5bn (cUSD428mn) India IPO. COGREN/CGRNEGs were 0.2-0.4pts higher this morning.*

**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

#### ❖ Trading desk comments 交易台市场观点

Yesterday, the new MUFG Float 31 closed 2bps tighter amid two way flows while MUFG 28-31s were better sold and closed 1-4bps wider. In Chinese IGs, BABA/TENCNT/XIAOMI 30-35s closed 3-5bps tighter amid two way flows. The long end of HAOHUA/CHGRID 44-50s were 1.1-2.3pts (5-10bps wider). In financials, FRESHK 26-28s/BNKEA 27-30s were better offered and widened 1-3bps. Chinese floaters such as BCLMHK/CSILTD Float 27-30s widened 2-5bps. In AU T2s, NAB 36s tightened 2bps amid mixed flows among PBs/AMs. ANZ/CBAAU/WSTP 28-34s were also under better buying and closed 2-5bps tighter. EU AT1s were stable amid light flows. HSBC 6.95/LLOYDS 8 Perps were up 0.2-0.3pt. In JP, insurance hybrids such as MYLIFE 55s/NIPLIF 53s were 0.3-0.5pt lower. RAKUTN 8.125 Perp was up 0.2pt. In HK, HKAA/MTRC 35s tightened 1-4bps on PB buying. NWDEVL Perps/27-31s were unchanged to 0.5pt higher. In Chinese properties, VNKRL 27-29s were 2.0pts higher. DALWAN 26s were up 0.5pt. Outside properties, MPEL 26/WYNMAC 27/STCITY 28 were 0.7-1.1pts higher. In Indonesia and India, IDASAL 6.53 28/IDASAL 6.757 48 were 0.3-0.7pt higher following the tender offer. See our comments on [22 Apr '25](#). UPLLIN Perp declined 2.1pts, while UPLLIN 28/30 were unchanged to 0.2pt lower. VEDLN 28-33s were 0.3-0.5pt lower.

In LGFVs, the higher-yielding LGFVs such as BXCAIJ 7 28/CYEADI 7.5 27/ZCHLIM 6.9 27 were sought after and compressed to inside 12%. However, the recent new USD LGFVs such as HKIQCL 5.4 28/ZHANLO 5.1 28/LIANYU 4.85 28 were unchanged to 0.1pt lower in light of primary indigestion. Meanwhile SOE perps such as CHPWCN/SPICPT Perps were 0.1-0.3pt higher on the back of some solid demands from RMs.

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

## ❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
VNKRLE 3 1/2 11/12/29	64.6	2.0	HAOHUA 3.7 09/22/50	67.7	-2.3
VNKRLE 3.975 11/09/27	74.6	2.0	UPLLIN 5 1/4 PERP	89.1	-2.1
MPEL 5 1/4 04/26/26	98.5	1.1	AIA 3.2 09/16/40	73.4	-1.4
STCITY 6 1/2 01/15/28	95.5	1.0	AIA 4 7/8 03/11/44	89.7	-1.4
WYNMAC 5 1/2 10/01/27	96.4	0.9	CHGRID 4.85 05/07/44	95.6	-1.3

## ❖ Marco News Recap 宏观新闻回顾

**Macro** – S&P (+2.51%), Dow (+2.66%) and Nasdaq (2.71%) were higher on Tuesday. The IMF lowered the 2025 global growth forecast to 2.8% from 3.3% in Jan'25 forecast; 2025 US growth lowered to 1.8% from 2.7%. Trump said he has no intention to fire Powell and would like to see him be a little more active in terms of his idea to lower interest rates. UST yields was largely unchanged on Tuesday, 2/5/10/30 yield at 3.76%/3.98%/4.41%/4.88%.

## ❖ Desk Analyst Comments 分析员市场观点

## ➤ COGARD: Options among haircut, debt equity swap and maturity extension

**Our View**

The restructuring options, in our view, are choices among deep haircut, debt-to-equity swap through MCBs with huge conversion premium and lengthy maturity extension. We prefer a combination of Option 1 and Option 2 given our preference for more speedy cash recovery. While the debt restructuring plan, if successfully completed, will significantly relieve its debt load and interest expenses, as well as increase its equity base and lengthen its maturity profile, the recovery path for COGARD will be long given its focuses on lower tier cities. In 3M25, COGARD's attributable contracted sales fell 42% yoy to RMB7.8bn.

The options available to COGARD's creditors in the debt restructuring plan are similar to those of other distressed peers, i.e. small fee, upfront cash with deep haircut, MCBs with huge conversion premium, and new bonds with lengthy maturity extensions. The potential debt reduction will be up to USD11bn (cRMB79.2bn). Additionally, COGARD's equity will increase by cRMB24bn (excl. accrued and unpaid interests) based on conversion prices after the MCBs full conversion. As at Dec'24, COGARD had total debts of RMB256.0bn and share capital and premium of RMB50.8bn. Furthermore, the new bonds to be issued will have an average maturity for 9.5 years and weighted average of maturity of c8years (from 30 Jun'25, excl. accrued and unpaid interests) with lower coupon rates at 1.0%-2.5%, down from c5.8% for existing debts.

The Option 1 upfront cash will have 90% haircut on the principal amount. The haircut on the MCB options is also significant. For Option 2-4, the conversion prices of MCB (A) at HKD2.6 and MCB (B) at HKD10, i.e 5.9x and 22.7x, respectively, over the last close of COGARD's stock at HKD0.44. For the new bonds to be issued under Option 3-5, part of the In-Scope debts can be exchanged into new bonds with maturities of 7.5-11.5 years without haircut.

An AHG holdings 29.9% in aggregate principal amount of the USD bonds and HKD CBs have entered into the RSA, i.e. c22% of the In-Scope debts as per our estimate. COGARD is soliciting creditor's support at the current stage, there is no requisite consent for the RSA or minimum participation amount. We believe that major push-back for the restructuring plan will be shareholder loan of USD1.1bn to be used to subscribe warrants with an initial strike price of HKD0.6 per share, way below MCBs' conversion prices of HKD2.6 per share and HKD10 per share to be issued to scheme creditors.

Creditors who accede to the RSA by 9 May'25 will be eligible to receive an early bird RSA fee of 0.1% on the outstanding principal amount claims; or general RSA fee of 0.05% by 23 May'25. RSA fee will be paid in MCB (A) with the equivalent face value. COGARD aims to complete the restructuring by 31 Dec'25. The longstop date is 31 Mar'26.

To facilitate the debt restructuring, COGARD proposes a consent solicitation to change the governing law of its HKD6.9bn CB in order to include these CBs in the scheme. The CBs are currently governed by English law, COGARD proposes to implement its scheme of arrangement via the Hong Kong and Cayman Island laws.

**Table 1: COGARD's offshore debts in principal amount**

	USDmn
Class 1: Syndicated loans	3,612
Class 2: USD bonds, HKD CBs, and bilateral loans	10,462
<b>In-Scope Debts</b>	<b>14,074</b>
Additional debts not included in the scheme: USD, HKD and RMB bank loans	1,206
<b>Indicative Timetable</b>	
Early bird RSA fee deadline & fee	9 May'25, 0.1%
General RSA fee deadline & fee	23 May'25, 0.05%
Launch restructuring	By 15 Aug'25
Convene hearing	Sep'25
Creditor meeting	Oct'25
Sanction hearing	Nov'25
Expected RED	Dec'25
Longstop date	31 Mar'26

*Source: Company filling.*

### The Restructuring Plan

In-Scope Debts totaled USD14,074mn outstanding principal plus accrued and unpaid interests up to 30 Sep'24. There are two classes of creditors. See Table 1. COGARD provides the two classes with the same options, upfront cash with significant haircut, MCB, and amortizing new bonds without a haircut. It will be at COGARD's discretion to allocate an option to a creditor who does not make any election. Class 1 holders are entitled to a portion of USD178mn to be paid in cash on RED, and the remaining amount to be paid by way of a loan. This cash payment is to compensate the Class 1 holders to release the securities granted under the syndicated loans in 2023 so that the package can be shared with all In-Scope creditors.

For the 5 options provided, there are cap on each of the options except Option 4. If Option 1,2,3,5 are oversubscribed, the excess amount will be subject to a reallocation mechanism. To illustrate, when Option 1 is oversubscribed, the excess will be allocated to Option 2 on a pro-rata basis. After allocating the oversubscribed portion of Option 1 to Option 2, the remaining amount of Option 2 will be allocated to creditor who elect for Option 2. When Option 2 is oversubscribed, the excess will be allocated to Option 3. Creditors who elected Option 3 will be allocated with instruments under Option 3 before the oversubscribed portion of Option 2. Finally, when Option 3 or 5 is oversubscribed, the excess will be allocated to Option 4. There will be no cap for Option 4, reflecting COGARD's preference for debt-to-equity swap and lengthy maturity extension.

Additional credit enhancements, include COGARD's interests in substantially all of its major offshore assets and certain onshore assets, and cash sweep package will be provided to the creditors. Details to be agreed in the later stage.

For the shareholder loan of USD1.15bn from the controlling shareholder, USD50mn will be used to acquire 60% interest in Country Garden Pacificview Sdn. Bhd. indirectly held by COGARD, and the remaining will be used to subscribe the company's share at HKD0.6 per share, such that controlling shareholder can maintain a shareholding in COGARD of not less than 40%. The introduction of management incentive plan is to incentivize the management to execute the business plan, with 5% of the shares of the Company on a fully diluted basis to be granted to the management team.

Furthermore, COGARD has 16 bank loans in USD, HKD and RMB totaled cUSD1.2bn are not included as In-Scope Debts currently. COGARD has the discretion to include any of them as additional scheme debt to fall within Class 1 or 2 that COGARD deems necessary. The total In-Scope Debts would increase to USD15.3bn after adding these bank loans.

**Table 2: Summary of scheme considerations**

Option	Cap (USDmn)	Allocation
1 – Cash tender (90% haircut)	200	-
2 – MCB (A)	2,000	-
3 – Medium Term Instrument and MCB (A)		100%
Medium Term Instrument	2,709.3	33%
MCB (A)	5,500.7	67%
4 – Long Term Instrument (A) and MCB (B)		100%
Long Term Instrument (A)	No Cap	65%
MCB (B)	No Cap	35%
5 – Long Term Instrument (B)	1,500	-

Source: Company filing.

**Table 3: MCB key terms**

	MCB (A) – Option 2 & 3	MCB (B) – Option 4										
Cap (USDmn)	7,500.7 (Option 2: 2,000; Option 3: 5,500.7)	Nil										
Tenor	6.5 years	9.5 years										
Maturity	31 Dec'31	31 Dec'34										
Coupon	Nil	Nil										
Mandatory conversion	15% per year of the initial size starting from 1 Jan'27 and the balance on the maturity date	10% per year of the initial size starting from 1 Jan'27 and the balance on the maturity										
Voluntary conversion	Anytime on or following RED	Anytime on or following RED										
Conversion price	HKD2.6/share	HKD10/share										
Issuer's call option	COGARD has the option to redeem all or some of the MCB (A) at the following respective % of their principal amount on specified date:	N/A										
	<table border="1"> <thead> <tr> <th>Exercise date</th> <th>Strike price</th> </tr> </thead> <tbody> <tr> <td>On or prior to 30 Jun'26</td> <td>30% of the principal amount</td> </tr> <tr> <td>On or prior to 30 Jun'27</td> <td>35% of the principal amount</td> </tr> <tr> <td>On or prior to 30 Jun'28</td> <td>45% of the principal amount</td> </tr> <tr> <td>On or prior to 30 Jun'29</td> <td>50% of the principal amount</td> </tr> </tbody> </table>	Exercise date	Strike price	On or prior to 30 Jun'26	30% of the principal amount	On or prior to 30 Jun'27	35% of the principal amount	On or prior to 30 Jun'28	45% of the principal amount	On or prior to 30 Jun'29	50% of the principal amount	
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On or prior to 30 Jun'29	50% of the principal amount											

Source: Company filing.

Table 4: New bonds key terms

	Medium Term Instrument – Option 3	Long Term Instrument (A) – Option 4	Long Term Instrument (B) – Option 5
<b>Cap (USDmn)</b>	2,709.3	Nil	1,500
<b>Tenor</b>	7.5 years	9.5 years	11.5 years
<b>Maturity</b>	31 Dec'32	31 Dec'34	31 Dec'36
<b>Coupon</b>	Cash 2.5% p.a., PIK up to 1.5%	30 Jun'25 – 31 Dec'26: PIK 2% p.a. 1 Jan'27 – 31 Dec'30: Cash 2% p.a. (1.5% can PIK) 1 Jan'31 onward: cash 2% p.a.	30 Jun'25 – 31 Dec'26: PIK 1% p.a. 1 Jan'27 – 31 Dec'31: Cash 1% p.a. (0.5% can PIK) 1 Jan'32 onward: cash 1% p.a.
<b>Amortization</b>	At RED 31 Dec'26 31 Dec'27 31 Dec'28 31 Dec'29 31 Dec'30 31 Dec'31 At maturity	2% 1% 1% 2% 5.5% 5.5% 35% 48%	31 Dec'33 50% At maturity 50% 31 Dec'35 36% At maturity 64%

Source: Company filling.

➤ **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)
Fuzhou Digital Economy Investment	USD	-	3yr	7.0%	Unrated
Hanwha Futureproof Corp/ The Korea Development Bank	USD	-	3yr	T+130	Aa2/AA/-

➤ **News and market color**

- Regarding onshore primary issuances, there were 184 credit bonds issued yesterday with an amount of RMB225bn. As for month-to-date, 1,645 credit bonds were issued with a total amount of RMB1,494bn raised, representing a 17.5% yoy increase
- **[ADGREG]** Adani Group is preparing to launch its biggest township project of around 1,100 acres at USD1.2bn in Navi Mumbai
- **[AVIILC]** AVIC Industry plans to delist onshore bonds and redeem in full on maturity OTC while it does not intend to delist offshore bonds
- **[GRNLGR]** Greenland Holding increased nominal amount of GRNLGR 7.125 04/22/29 due to USD13.48mn PIK interest
- **[GZRFPR]** Guangzhou R&F disclosed that a court-ordered auction of a hotel provided as collateral for three onshore bonds failed

- **[IHFLIN]** Sammaan Capital beat 4Q25 collection target from legacy loan book
- **[KARAU]** Fitch affirmed Karoon Energy Limited's B rating; outlook stable
- **[LGENSO]** LG Energy Solution withdraws from IDR142tn (cUSD8.45bn) EV battery project partners with MIND ID
- **[NIO]** NIO is seeking local partners to speed up European growth
- **[PUFG]** Peking University Founder keepwell trustee filed a USD1.7bn recovery suit in HK
- **[XIAOMI]** Xiaomi delays the launch of its first-ever SUV following a fetal accident in China involving its SU7 sedan

*Fixed Income Department*

*Tel: 852 3657 6235/ 852 3900 0801*

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

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