

CMBI Credit Commentary – CHPWCN

Power Construction Corporation of China New Issue

CHPWCN [Baa1/BBB+/BBB+, all stable outlook by M/S/F]

Issuer: DianJian Haiyu Limited.

Guarantor: Power Construction Corporation of China

Tenor: Perp NC5

Ranking: Subordinated perp

UOP: repay existing offshore debt

Issuance size: Benchmark, Reg S only

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Fair value for new CHPWCN Sub perp at 4.2%

vs IPG 4.7%. This will be CHPWCH's first and only subordinated perp with an issue rating Baa2 by Moody's, compared to its existing senior perps trading at YTC~3.3%- 4.1%% with corresponding first call date in 2023-2026 respectively.

Power Construction Corp of China is a strong Central SOE 100% owned by SASAC, it is also the largest power construction operator in China. Our FV is derived from a comparison of China SOE sub perps SPICPF 3.38 Perp (YTC~3.9%) (Baa1 issue rating, keepwell structure) and CHCOMU 3.65 Perp (YTC~4%) (Baa2 issue rating), both with their first call date in 2026.

This new issue contains 101 CoC put, 300bp step up on 1st call date, dividend stopper.

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