

CMBI Credit Commentary

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

- *New issue CINDBK 4.8 PERP hovered at reoffer level as we saw limited sell-flow. BNKEA 4.875 4/32 performed well and once tightened 15bp to T+215 as we saw PB buy flow.*
- *INALUM: Tender offer for IDASAL'28, 48 and '23. The tender is conditional upon Inalum's new USD bond issues of 3-yr, 10-yr and 30-yr tranches. We see the FV of new 3-yr/10-yr/30-yr IDASAL to be priced at mid 4%, mid 5% and mid 6%, respectively. See below.*
- *EHOUSE: terminated Exchange offer but will proceed to restructuring via Cayman scheme, as it receives >75% submission of its RSA. See below.*

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❖ Trading desk comments 交易台市场观点

Mixed day yesterday with low trading flows. SUNAC curve traded down 2-4pts after its first offshore coupon miss on Monday. Other property names like AGILE/CENCHI/LOGPH/SHIMAO also down 0.5-1pt. On the other hand, we saw some market buying in some high-quality names, outperformers include CIFIHG/COGARD/HPDLF (+1pt). The Macau gaming sector continued to perform weak with SJMHOL further down 0.5-1pt.

Chinese IG market was mixed, and the trading flows were low. In TMT sector, TENCNT/MEITUA widened 4-6bps while HUAWEI tightened 5-10bps. In SOE sector, names like CSSHI/CHALUM tightened 3-5bps. Financial sector generally widened 1-2bps while price for AT1 names broadly rose.

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➤ **Yesterday's Top Movers**

| Top Performers | Price | Change | Top Underperformers | Price | Change |
|------------------------|-------|--------|-----------------------|-------|--------|
| CSCHCN 10 3/4 04/11/23 | 83.8 | 14.5 | GRNLGR 6 3/4 03/03/24 | 65.5 | -5.2 |
| COGARD 4 3/4 01/17/23 | 92.4 | 1.9 | SUNAC 6.8 10/20/24 | 21.7 | -4.2 |
| COGARD 5 1/8 01/14/27 | 68.1 | 1.8 | SUNAC 8.35 04/19/23 | 24.6 | -3.7 |
| RONXIN 8 3/4 10/25/22 | 42.8 | 1.5 | SUNAC 7 07/09/25 | 21.7 | -3.4 |
| CIFIHG 5 1/4 05/13/26 | 76.2 | 1.5 | SUNAC 7.95 08/08/22 | 28.0 | -3.3 |

❖ **Macro News Recap 宏观新闻回顾**

Macro – U.S. stock market ended higher on Wednesday as investors looked to the unofficial start of the first-quarter earnings season to drive momentum for stocks in the face of accelerating inflation pressures. The S&P (+1.12%), Dow (+1.01%), Nasdaq (+2.03%) closed higher. Treasury bond yield curve remained largely unchanged day-to-day, with 1/5/10/30Yr yield reaching 1.78%/2.66%/2.70%/2.81%.

❖ **Desk analyst comments 分析员市场观点**

➤ **EHOUSE: Terminating EO and proceed with RSA**

Ehouse terminated EO as valid tender is below minimum acceptance amount of 90%, but the valid tender (together with signing of RSA) exceeds 75%, the RSA approval threshold. Hence Ehouse will proceed with Cayman Scheme to exchange all of its existing notes, both EHOUSE'22 and EHOUSE '23. Holders of every USD100 of its these two notes will get USD 6 upfront cash repayment + accrued interest in cash up to 18 Apr'22, and remaining USD94 in one new notes with amortizing maturities of 3 years. In addition, holders get USD 1 instruction fee if they consent to the RSA on or before 22 Apr'22.

Summary of Restructuring Support Agreement

- Instruction Fee: 1pt
- Upfront cash: 6pts
- New Notes: 94pts in principal amount
- Approval threshold: 75%
- RSA deadline: 22 Apr'22
- Long stop date: 11 Oct'22
- Accrued Interest: in cash up to 18 Apr '22, and in new notes from 18 Apr '22 up to Restructuring Effective Date
- Amortizing repayment schedule: 10%, 6%, 8%, 10% at end of 1 year, 18, months, 2 year and 30 months. Remaining 66% on maturity date on 14 Apr' 2025.

➤ **IDASAL: Tender offer and concurrent new issue**

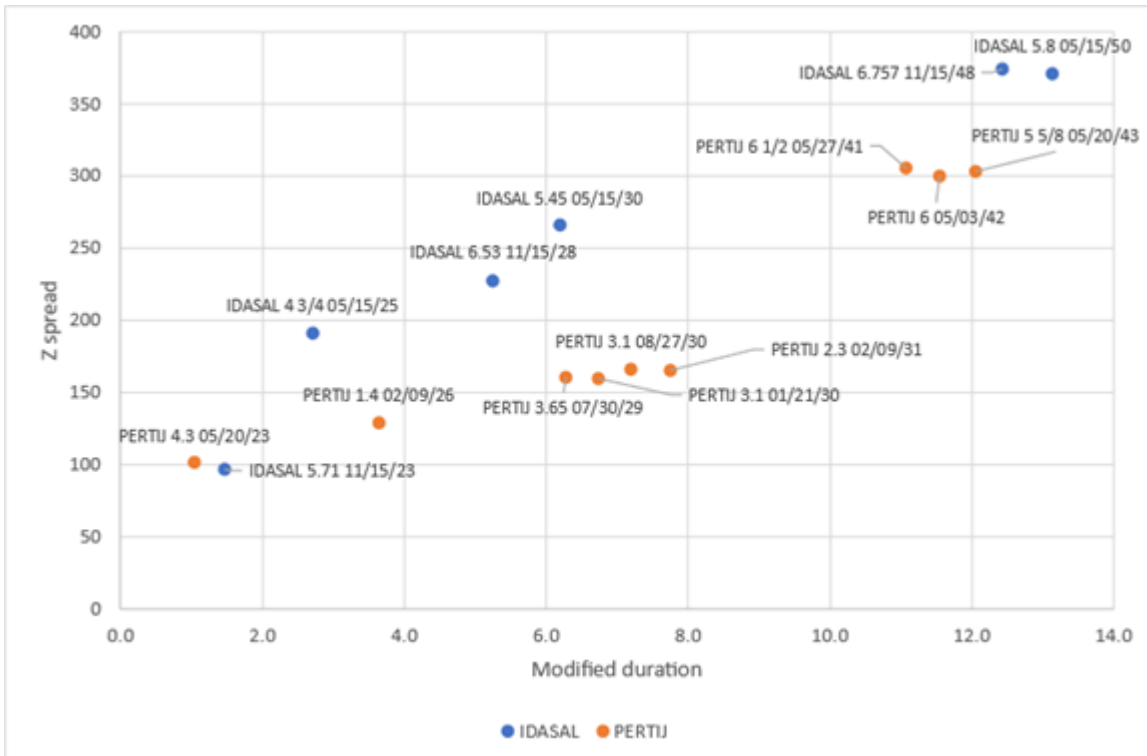
Inalum announced the tender offer for IDASAL'28, 48 and '23 with a premium over market price. The maximum acceptance amount of USD1.1bn. The tender is conditional upon the completion of Inalum's new USD bond issues, comprised of 3-yr, 10-yr and 30-yr tranches. The priority for tender offer is given to bonds with higher coupon rates and larger outstanding amount. Inalum did similar tender offer and concurrent new issue in May'20 to lower funding cost the lengthen debt maturity profile.

| | Acceptance priority | Early tender price | Subsequent tender price | Offer price | Coupon | O/s (USD mn) |
|-----------------------|---------------------|--------------------|-------------------------|-------------|--------|--------------|
| IDASAL 6.53 11/15/28 | 1st | 110.75 | 105.75 | 110.233 | 6.53% | 1000 |
| IDASAL 6.757 11/15/48 | 2nd | 108.875 | 103.875 | 107.59 | 6.757% | 750 |
| IDASAL 5.71 11/15/23 | 3rd | 104.125 | 100 | 103.875 | 5.71% | 674.233 |

Early tender expiration 27 Apr'22
 Tender expiration 11 May'22

We believe the FV of new 3-yr/10-yr/30-yr IDASAL to be priced at mid 4%, mid 5% and mid 6%, respectively, based on current UST. IDASAL (Baa2/BBB- rated by Moody's/Fitch) did offer decent pick-up of 45-100bps over PERTIJ (Baa2/BBB rated by Moody's/Fitch). We see room for tightening given the strong operating performance of its mining subsidiaries and expect a significant increase in dividend contribution from Freeport Indonesia as the new dividend sharing formula kicking in FY23. Recalled that Freeport Indonesia paid an interim dividend of USD850mn in Feb'22, with Inalum attributable share of USD162mn, i.e. 19%. The dividend sharing will increase to 41.2% starting from FY23. Freeport Indonesia contributed over 50% of Inalum's dividend income in FY21.

Inalum is appointed by Indonesian government as a holding company of Indonesia's mining operators. In addition to the 51.2% stakes in Freeport Indonesia, Inalum also owns 65% stakes in Aneka Tambang and Timah TBK, as well as 66% stakes in Bukit Asama.



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

| Issuer | Size (mn) | Tenor | Coupon | Yield | Issue Rating (M/S/F) |
|-------------------------------------|-----------|---------------|--------|-------|----------------------|
| Towngas Smart Energy | 200 | 5 | 4 | 4.096 | Baa1/BBB+/- |
| Korea Midland Power | 300 | 5 | 3.625 | 3.678 | Aa2/AA/- |
| Bank of East Asia | 500 | 10NC5 T2 | 4.875 | 4.91 | Baa2/BBB-/- |
| Yunnan Provincial Energy Investment | 230 | 3 | 5.3 | 5.5 | -/-/BBB- |
| China Citic Bank International | 600 | AT1 (PerpNC5) | 4.8 | 4.8 | Ba2/-/- |

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

| Issuer | Currency | Size (mn) | Tenor | IPG | Issue Rating (M/S/F) |
|--|----------|-----------|-------|-----|----------------------|
| Precinct Properties | USD | - | 6 | - | -/-/- |
| Shengzhou Communications Investment and Development Group (SBLC by Bank of Ningbo) | USD | - | 3 | 3.6 | -/-/- |
| Liangshan Development Group | USD | - | 3 | 6.5 | -/-/- |

➤ **Market conditions and color**

- Regarding onshore primary issuances, there were 88 credit bonds issued yesterday with an amount of RMB80bn. As for Month-to-date, 424 credit bonds were issued with a total amount of RMB510bn raised, representing a 24.5% yoy decrease.
- **[CIFIHG]** to pay around RMB 806.96mn for purchase of RMB 782.12mn in principal amount of outstanding 6.70% senior notes due 2022.
- **[COGARD]** gauging investor interest in possible up to RMB 1bn bond issue.
- **[DALWAN]** says USD 273.15mn of 7.25% guaranteed bonds due 2022 remain outstanding following purchase offer.
- **[GJTLIJ]** Gajah Tunggal's headroom thins on rising cost pressures - S&P.
- **[RDHGCL]** deposits funds into designated account for payment of 21 Qianhai Radiance ABN001 Notes on 30 April.

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