

CMBI Credit Commentary – ZHLGHD

Zhongliang: Exchange and consent solicitation

Zhongliang announced the exchange and consent solicitation for ZHLGHD 8.5%'22 and 9.5%'22 due 19 May'22 and 29 Jul'22, respectively to extend maturity, as well as the concurrent consent solicitation for ZHLGHD 12%'23 to carve out cross-default trigger for the exchanged notes. The maturity extension should not be too surprising given the negative impact on property sales resulting from the lockdown in YRD and the effective shutdown of capital markets for most developers. We acknowledge that Zhongliang had 3 USD bonds/notes (issue size totaled USD850mn) since 2H21. There will not be upfront cash repayment but 1pt incentive fee and payment of accrued interests (c3-4pts) in cash. The coupon rates for the new notes/bonds will be increased 25bps effectively. Please see below for the key terms of the liability management exercise.

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

Polly Ng 吴宝玲
 (852) 3657 6234
 pollyng@cmbi.com.hk

James Wen 温展俊
 (852) 3757 6291
 jameswen@cmbi.com.hk

EXCHANGE AND CONSENT SOLICITATION FOR ZHLGHD 8 1/2 05/19/22 & 9 1/2 07/29/22

INCENTIVE FEE	1pt
NEW NOTES/BONDS	Par-par exchange with no upfront repayment 70% of exchange notes/bonds will be exchanged into new bonds due 31 Dec'23, subject to the cap of USD533mn, Zhongliang's available NDRC quota The remaining exchange notes/bonds will be exchanged into new notes due 15 Apr'23.
COUPON OF NEW NOTES/BONDS	25bps step-up effectively compared with 8.5% and 9.5% of the existing notes/bonds 8.75% for news notes due Apr'23 9.75% for new bonds due Dec'23
ACCRUED INTERESTS	Paid in cash, to be accrued up to settlement date (to be on or before 17 May'22)
MINIMUM ACCEPTANCE LEVEL	90%
DEADLINE	10 May'22

CONCURRENT CONSENT SOLICITATION FOR ZHLGHD 12 04/17/23

CONSENT FEE	0.25pt
APPROVAL THRESHOLD	50%
DEADLINE	10 May'22

CMB International Securities Limited

Fixed Income Department

Tel: 852 3761 8867/ 852 3657 6291

fis@cmbi.com.hk

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