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Hongqiao Dollar Bonds Drop After Delay of Financial Results

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(Bloomberg) -- China Hongqiao Group Ltd.'s dollar bonds dropped to the lowest in almost two months after the aluminum producer said it needs more time to release its annual results.

The company's \$400 million of 7.625 percent notes due 2017 slumped 4.6 cents to 96 cents on the dollar as of 6:00 p.m. in Hong Kong, the lowest since Jan. 21, according to prices compiled by Bloomberg. China Hongqiao said yesterday that it had pushed back its board meeting to approve its financial results for the year ended Dec. 31 to March 27 from today.

Aluminum prices have dropped 13 percent over the past six months as China, which produces about half the world's primary supply of the metal, boosts capacity and exports while smelters elsewhere struggle to cut output. Global bond investors suffered losses after Shenzhen developer Kaisa Group Holdings Ltd. flirted with default, denting sentiment about other companies from the nation.

"Investors are naturally jumpy and react to any uncertainty, particularly those that might trigger concerns over corporate governance," said Dilip Parameswaran, the Hong Kong-based head of independent advisory firm Asia Investment Advisors Ltd. "Performance in high yield has become more dependent on avoiding landmines than choosing outperformers."

The meeting was rescheduled because Hongqiao "needs more time to finalize the consolidated financial results," Christine Wong, China Hongqiao's head of corporate finance, said in an e-mailed statement today.

China Hongqiao, the nation's second-largest aluminum producer, reported net income of 2.04 billion yuan (\$326 million) in the six months ended June 30, according to data compiled by Bloomberg. The biggest, Aluminum Corporation of China Ltd., reported a 4.1 billion yuan loss.

China Hongqiao, based in Shandong, a province in China's north, raised \$700 million selling two dollar-denominated bonds last year, Bloomberg-compiled data show.