

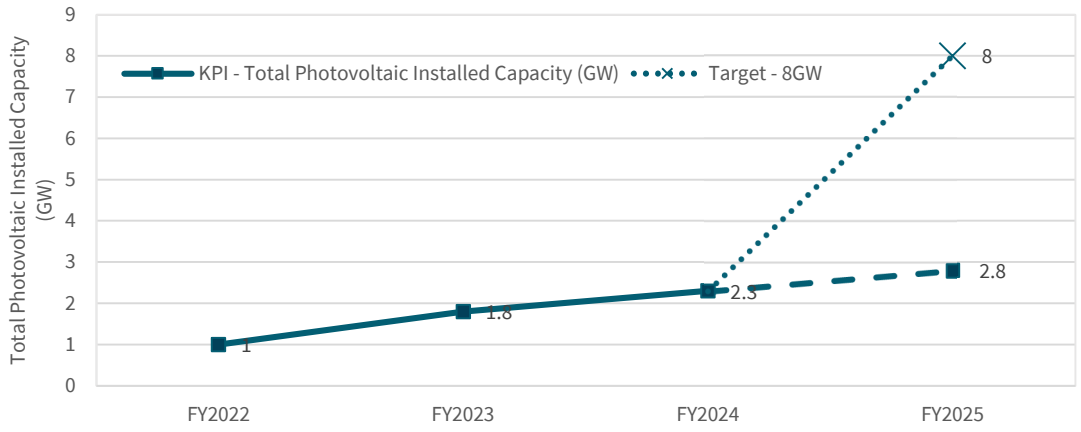
Towngas SLB likely to miss target with 25bps step-up

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Towngas Smart Energy (ticker PANVA), is a Hong Kong–listed energy company with operations focused on city gas distribution and renewable energy development in mainland China. The company, rated Baa1/BBB (Moody's/S&P), issued a USD-denominated Sustainability-Linked Bond (SLB) (ISIN XS2457484181) in April 2022. The bond has reached its Sustainability Performance Target (SPT) observation date of 31 December 2025, with external verification expected by 30 April 2026.

The bond's SPTs are based on two KPIs: (i) achieving photovoltaic (PV) installed capacity of 8 GW and (ii) reaching a solar energy sales to total energy sales ratio of 7% by end-2025. PV.[1]

Figure 1. SPT 1 – Total PV installed capacity (MW). Source: Company's reports.



Under the bond terms, failure to meet either SPT results in a 25bp coupon step-up, applied from 26 October 2026 to maturity on 26 April 2027.

Latest disclosures from the 2025 annual results announced on 18 March 2026 indicate PV capacity of 2.8 GW at end-2025, materially below the 8 GW target (Figure 1), suggesting the PV capacity SPT is likely to be missed, subject to external verification by 30 April 2026.[2] Disclosure on the second KPI (solar energy sales ratio) is not provided in a form that allows independent assessment of target achievement. However, failure of the PV capacity target alone would be sufficient to trigger the step-up.

A 25bp coupon step-up translates to approximately 0.1 per 100 face value over the remaining term to April 2027, reflecting higher expected future cashflows. This impact is of low materiality and not

[1] " Towngas SLB - Offering Circular and Pricing Supplement ", accessed 08 Apr 2026.
[2] "Towngas 2025 annual results announcement", accessed 08 Apr 2026.

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clearly discernible in secondary trading, with the bond continuing to trade broadly in line with comparable BBB-rated short-dated peers as seen in, Figure 3 and Figure 2.

Figure 2. Historical z-spreads of Towngas SLB and BBB-rated peers. Source: Bloomberg Finance L.P., accessed 08 Apr 2026.

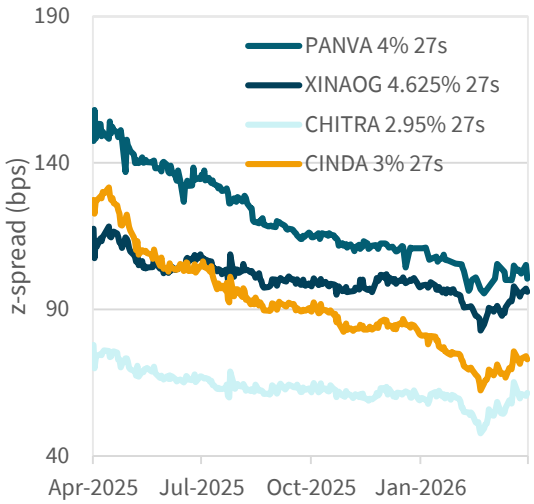
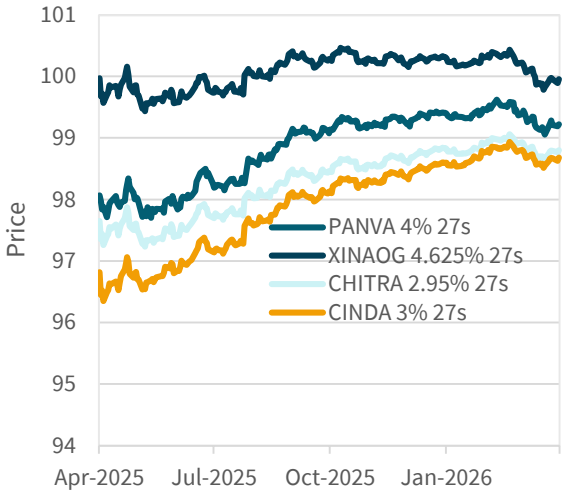


Figure 3. Historical prices of Towngas SLB and BBB-rated peers. Source: Bloomberg Finance L.P., accessed 08 Apr 2026.



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