

October 3, 2017

Credit Headlines (Page 2 onwards): Ezion Holdings Ltd, CWT Holdings Ltd

Market Commentary: The SGD swap curve bear-steepened yesterday, with swap rates trading 2-9bps higher across all tenors. Flows in SGD corporates were moderate, with better buying seen in SCISP 3.7%-PERPs. In the broader dollar space, the spread on JACI IG Corp fell 2bps to 184bps, while the yield on JACI HY Corp traded little changed at 6.86%. 10Y UST rose 1bps to 2.34%, as stronger-than-expected PMI data helped yields come off session lows.

New Issues: There were no new issues on 2 Oct 2017.

Rating Changes: S&P has affirmed Sumitomo Life Insurance Co's (Sumitomo Life) 'A' financial strength and counterparty credit rating, while revising the outlook to positive from stable. At the same time, S&P has affirmed the 'BBB+' issue rating on Sumitomo Life's subordinated bonds. The rating action reflects S&P's view that Sumitomo Life's capital could continue to improve and reach a level commensurate with higher ratings within the next two years.

Table 1: Key Financial Indicators

	3-Oct	1W chg (bps)	1M chg (bps)		3-Oct	1W chg	1M chg
iTraxx Asiax IG	82	0	5	Brent Crude Spot (\$/bbl)	55.94	-4.28%	6.05%
iTraxx SovX APAC	19	2	0	Gold Spot (\$/oz)	1,271.69	-1.72%	-4.66%
iTraxx Japan	46	0	2	CRB	180.91	-2.00%	-0.02%
iTraxx Australia	71	-2	1	GSCI	393.98	-2.54%	1.97%
CDX NA IG	55	-4	-2	VIX	9.45	-7.44%	-6.71%
CDX NA HY	108	1	0	CT10 (bp)	2.339%	10.33	17.33
iTraxx Eur Main	56	-3	1	USD Swap Spread 10Y (bp)	-4	0	1
iTraxx Eur XO	250	-7	13	USD Swap Spread 30Y (bp)	-32	0	2
iTraxx Eur Snr Fin	59	-1	7	TED Spread (bp)	29	-2	0
iTraxx Sovx WE	5	0	0	US Libor-OIS Spread (bp)	14	-1	-2
iTraxx Sovx CEEMEA	41	-2	1	Euro Libor-OIS Spread (bp)	2	-1	-1
					3-Oct	1W chg	1M chg
				AUD/USD	0.782	-0.80%	-1.52%
				USD/CHF	0.975	-0.67%	-1.74%
				EUR/USD	1.173	-0.53%	-1.40%
				USD/SGD	1.364	-0.72%	-0.52%
Korea 5Y CDS	74	-1	8	DJIA	22,558	1.17%	2.59%
China 5Y CDS	62	0	4	SPX	2,529	1.30%	2.12%
Malaysia 5Y CDS	68	-2	-3	MSCI Asiax	663	0.54%	-0.16%
Philippines 5Y CDS	66	1	4	HSI	27,554	-1.17%	-1.43%
Indonesia 5Y CDS	104	0	2	STI	3,262	1.44%	-0.46%
Thailand 5Y CDS	52	0	-2	KLCI	1,755	-0.81%	-1.04%
				JCI	5,914	0.33%	0.85%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
29-Sep-17	21 Vianet Group Inc (re-tap)	Not Rated	USD100mn	VNET 7%'20s	100.04
28-Sep-17	FCL Treasury Pte Ltd (re-tap)	Not Rated	SGD42mn	FCLSP 3.95%-PERP	100.0
28-Sep-17	Industrial and Commercial Bank of China Ltd	'NR/A1/NR'	USD450mn	3-year	3mL+77bps
28-Sep-17	Industrial and Commercial Bank of China Ltd	'NR/A1/NR'	USD400mn	5-year	CT5+99bps
28-Sep-17	Industrial and Commercial Bank of China Ltd	'NR/A1/NR'	EUR1.1bn	3-year	3mE+55bps
28-Sep-17	New Lion Bridge Co Ltd	'NR/B2/B'	USD160mn	3NC2	9.75%
28-Sep-17	Overseas Chinese Town (Asia) Holdings Ltd	Not Rated	USD800mn	Perp NC3	4.35%
28-Sep-17	Yinson Juniper Ltd	Not Rated	USD100mn	Perp NC5	7.875%
27-Sep-17	Geo Coal International Pte Ltd	'B/B2/B'	USD300mn	5NC3	8.35%
26-Sep-17	CK Hutchison International (17) (II) Ltd	'A-/A3/A-'	USD1bn	3-year	CT3+77.5bps

Source: OCBC, Bloomberg

Credit Headlines:

Ezion Holdings Limited (“EZI”): EZI completed a second informal meeting with security holders in relation to its perpetual securities and five of its bond issuances. This meeting excluded the holders of the SGD120mn 3.65% 2020 bonds which are backed by a committed funding facility by DBS. Additionally, two Informal Steering Committees, one representing holders of the bonds and another representing holders of the perpetuals have been set up. EZI has shared that it has met with several interested potential investors, including funds and strategic investors. Per EZI, an unnamed strategic investor is keen to work with the company but would like to see the refinancing with lenders and security holders under the medium term note program completed first. Lenders have agreed-in-principle to a 6 year refinancing proposal which would see (1) Minimal fixed principal repayments over the next 6 years (2) Reduction of interest cost (with stapled warrants attached to portion of loans if lenders agree to interest rates below cost of funds) and (3) Additional working capital line of up to USD100mn. Nonetheless, final approval by lenders is subject to bondholders and perpetual holders approving refinancing terms in a consent solicitation exercise (likely launch by mid-October 2017). We are reviewing the key terms of the proposal to bondholders and perpetual holders and will update accordingly. (Company)

CWT Ltd (“CWT”): The Independent Financial Advisers to the Independent Directors of CWT (“IFA”) have opined that the offer price to shareholders of CWT is fair and reasonable. They have also advised the independent directors to recommend shareholders to accept the offer. As of the end of business day on 2 October 2017, ~81.4% of issued share capital in CWT is owned, controlled or agreed to be acquired by the offeror and parties acting in concert. We see the likelihood of CWT being delisted as high and we expect CWT to be subsumed as a subsidiary of Hong Kong listed HNA Holding Group Co. Limited post-completion of the takeover. (Company, OCBC)

Andrew Wong

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6530 4736
wongVKAM@ocbc.com

Nick Wong Liang Mian, CFA

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6530 7348
NickWong@ocbc.com

Ezien Hoo, CFA

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6722 2215
EzienHoo@ocbc.com

Wong Hong Wei

Treasury Research & Strategy
Global Treasury, OCBC Bank
(65) 6722 2533
WongHongWei@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC and/or its related and affiliated corporations may at any time make markets in the securities/instruments mentioned in this publication and together with their respective directors and officers, may have or take positions in the securities/instruments mentioned in this publication and may be engaged in purchasing or selling the same for themselves or their clients, and may also perform or seek to perform broking and other investment or securities-related services for the corporations whose securities are mentioned in this publication as well as other parties generally.

Co.Reg.no.:193200032W