

Sep 7, 2017

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

**Market Commentary:** The SGD swap curve bull-flattened sharply yesterday, with swap rates trading 6-8bps lower across most tenors. Flows in SGD corporates were heavy, with better buying seen in OLAMSP 5.5%-PERPs, WINGTA 4.35%-PERPs, OUECT 3.03%'20s, WINGTA 4.08%-PERPs, HRAM 3.2%'21s, and mixed interest seen in GEMAU 5.5%'19s, SIASP 3.13%'27s. In the broader dollar space, the spread on JACI IG Corp rose 2bps to 192bps, while the yield on JACI HY Corp fell 2bps to 6.79%. 10Y UST yields rose 4bps to 2.10% after reports of President Trump working with Democrats to agree on an interim 3-month debt-limit extension sparked a reversal in safe haven flows.

**New Issues:** Sinopec Group Overseas Development (2017) Ltd has priced a four-tranche deal (guaranteed by China Petroleum Corp), with the USD700mn 3-year bond priced at CT3+87.5bps, tightening from CT3+105bps; the USD1.4bn 5-year bond priced at CT5+97.5bps, tightening from initial guidance of CT5+125bps; the USD750mn 10-year bond priced at CT10+120bps, tightening from initial guidance of CT10+145bps. and the USD400mn 30-year bond priced at 4%, which was added at guidance phase. The expected issue ratings are 'AA-/A1/NR'. AYC Finance Ltd has priced a USD400mn Perp NC5 (guaranteed by Ayala Corporation) at 5.125%, tightening from initial guidance of 5.625% area. HPHT Finance (17) Limited has priced a USD500mn 5-year bond (guaranteed by Hutchison Port Holdings Trust) at CT5+117.5bps, tightening from initial guidance of CT5+145bps area. The expected issue ratings are 'BBB+/Baa1/NR'. China Aoyuan Property Group Ltd has priced a USD250mn 5NC3 bond (guaranteed by certain non-PRC subsidiaries of the issuer) at 5.375%, tightening from initial guidance of 5.875%. The expected issue ratings are 'B/B2/BB-'. Woodside Finance Ltd has priced a USD800mn 10.5-year bond at CT10+160bps, tightening from initial guidance of CT10+180bps. The expected issue ratings are 'BBB+/Baa1/NR'. Sumitomo Corp has priced a USD500mn 5-year bond at CT5+87.5bps, tightening from initial guidance of CT5+110bps area.

Table 1: Key Financial Indicators

	7-Sep	1W chg (bps)	1M chg (bps)		7-Sep	1W chg	1M chg
iTraxx Asiax IG	79	3	0	Brent Crude Spot (\$/bbl)	54.17	3.42%	3.44%
iTraxx Sovx APAC	20	2	1	Gold Spot (\$/oz)	1,334.22	0.97%	6.07%
iTraxx Japan	44	1	4	CRB	183.00	3.08%	1.12%
iTraxx Australia	70	-1	-5	GSCI	392.43	4.41%	1.98%
CDX NA IG	59	1	1	VIX	11.63	-0.60%	17.12%
CDX NA HY	107	0	0	CT10 (bp)	2.091%	-2.63	-16.23
iTraxx Eur Main	54	-1	2	USD Swap Spread 10Y (bp)	-5	1	-1
iTraxx Eur XO	235	-1	3	USD Swap Spread 30Y (bp)	-34	1	-2
iTraxx Eur Snr Fin	52	-2	0	TED Spread (bp)	27	-3	3
iTraxx Sovx WE	5	0	0	US Libor-OIS Spread (bp)	16	0	1
iTraxx Sovx CEE/MEA	42	2	1	Euro Libor-OIS Spread (bp)	3	0	0
					7-Sep	1W chg	1M chg
				AUD/USD	0.799	0.50%	0.95%
				USD/CHF	0.956	0.27%	1.77%
				EUR/USD	1.192	0.12%	1.09%
				USD/SGD	1.349	0.53%	1.05%
Korea 5Y CDS	71	11	13	DJIA	21,808	-0.26%	-1.41%
China 5Y CDS	60	4	-3	SPX	2,466	0.79%	-0.62%
Malaysia 5Y CDS	71	1	-8	MSCI Asiax	657	-0.83%	-0.41%
Philippines 5Y CDS	64	3	-5	HSI	27,740	-0.82%	0.18%
Indonesia 5Y CDS	102	2	-7	STI	3,246	-0.60%	-2.25%
Thailand 5Y CDS	54	1	-5	KLCI	1,774	0.74%	-0.21%
				JCI	5,825	-0.81%	1.32%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
6-Sep-17	China Petroleum Corp	'AA-/A1/NR'	USD700mn	3-year	CT3+87.5bps
6-Sep-17	China Petroleum Corp	'AA-/A1/NR'	USD1.4bn	5-year	CT5+97.5bps
6-Sep-17	China Petroleum Corp	'AA-/A1/NR'	USD750mn	10-year	CT10+120bps
6-Sep-17	China Petroleum Corp	'AA-/A1/NR'	USD400mn	30-year	4%
6-Sep-17	AYC Finance Ltd	Not Rated	USD400mn	Perp NC5	5.125%
6-Sep-17	HPHT Finance (17) Limited	'BBB+/Baa1/NR'	USD500mn	5-year	CT5+117.5bps
6-Sep-17	China Aoyuan Property Group Ltd	'B/B2/BB-'	USD250mn	5NC3	5.375%
6-Sep-17	Woodside Finance Ltd	'BBB+/Baa1/NR'	USD800mn	10.5-year	CT10+160bps
6-Sep-17	Sumitomo Corp	Not Rated	USD500mn	5-year	CT5+87.5bps
6-Sep-17	LSD Bonds (2017) Ltd	'NR/Baa3/NR'	USD400mn	5-year	4.6%
6-Sep-17	Asian Development Bank	'NR/Aaa/AAA'	USD4bn	5-year	MS+14bps

Source: OCBC, Bloomberg

**New Issues (Cont'd):** LSD Bonds (2017) Ltd has priced a USD400mn 5-year bond (guaranteed by Lai Sun Development Co Ltd) at 4.6%, tightening from initial guidance of 4.85% area. Asian Development Bank has priced a USD4bn 5-year bond at MS+12bps, tightening from initial guidance of MS+14bps. The expected issue ratings are 'NR/Aaa/AAA'. Sumitomo Life Insurance Company has scheduled investor meetings for potential USD bond issuance from 6 Sep. The expected issue ratings are 'NR/A3/A-'. Sino-Ocean Land Treasure III Ltd has scheduled investor meetings for potential USD Perp issuance (guaranteed by Sino-Ocean Group Holding Ltd) from 7 Sep. The expected issue ratings are 'NR/Ba2/BB'.

**Rating Changes:** S&P has affirmed China Jinmao Holdings Group Ltd's (Jinmao) 'BBB-' corporate credit rating and the rating on its outstanding guaranteed senior unsecured notes, while revising the outlook to stable from negative. The rating action reflects S&P's expectation that Jinmao will expand its business in a controlled manner and maintain a balanced business mix, above-average profitability, and sound financial management. S&P has upgraded Anhui Conch Cement Co Ltd (Conch Cement) to 'A' from 'A-'. The outlook is stable. The rating action reflects S&P's expectation that Conch Cement will continue to lower its financial leverage over the next 12-24 months due to an increase in operating efficiency. Moody's has affirmed Boart Longyear Management Pty Ltd's (Boart Longyear) 'Caa2' corporate family rating, as well as its 'Caa1' senior secured and 'Caa3' senior unsecured ratings. The outlook is negative. The rating action reflects Moody's view that the exchange of the senior unsecured notes, interest reduction and PIK election to maturity as a distressed exchange and limited default under its definitions. Moody's has affirmed GCX Ltd's (GCX) 'B3' corporate family rating and senior unsecured rating. The outlook is negative. The rating action reflects GCX's stable operating performance and relatively low leverage. However, the negative outlook reflects GCX's linkage to its parent, Reliance Communications Limited (India) (RCOM), which announced a debt standstill to allow for the completion of certain transactions. Moody's has upgraded Maoye International Holdings Ltd's (Maoye) corporate family rating to 'B3' from 'Caa1'. Moody's has changed the ratings outlook to stable from negative. The rating action reflects Moody's expectation that Maoye will be able to manage the refinancing of its short-term debt, execute property sales to raise operating cash flow, and slow its pace of acquisition.

## Credit Headlines:

**Ezra Holdings Ltd ("Ezra"):** Triyards Holdings Ltd ("Triyards", 60.9%-owned by Ezra) entered into a trading halt on 04/09/17. Triyards had disclosed that it was having difficulties accessing new sources of liquidity due to the current environment, and that the situation worsened after it released its weak quarterly results mid-July. This had impacted the company's ability to execute its existing shipbuilding contracts, resulting in certain contracts being within their respective cancellation periods. The company had indicated that none of its respective clients have served notice of cancellation, and that negotiations are currently on-going to establish new delivery timelines that are mutually acceptable. Triyards had also reported that the difficult environment had also impacted its clients, resulting in delays in delivery of completed projects and collections of payment. In aggregate, the above factors have stretched Triyards' liquidity, resulting in Triyards being unable to make certain loan payments. As a reference, Triyards reported USD19.8mn in cash as of end-May 2017, while current borrowings were USD181.8mn. The affected loan repayments totalled USD0.8mn, with two of its bank lenders sending letters of demand as a result. Should Triyards fail to successfully negotiate with these two lenders, the entire loan sum of USD6.9mn may be called by the two banks, potentially causing cross defaults on Triyards' other facilities. Triyards has since engaged a financial advisor to put up a restructuring plan to its various stakeholders. Due to the company's potential going concern issue, management had initiated a voluntary suspension of Triyards' shares. Should Triyards' subsequent restructuring plan result in the dilution of existing shareholders, such as in the case of sister company EMAS Offshore (see [OCBC Asian Credit Daily - 5 Sep 2017](#)), the dilution could have a negative impact on recoveries for EZRA'S creditors (including bondholders). (OCBC, Company)

**CWT Limited ("CWT"):** As of writing, CWT has entered into a trading halt pending an announcement. HNA Group (via its Hong Kong listed-entity) has announced a pre-conditional offer for CWT in April 2017. Shareholders of the Hong Kong listed-entity, being the listed parent company of the direct offeror would be holding a general meeting for shareholders to vote for the CWT deal this morning. We will continue to monitor the situation. (Company, OCBC)

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