

May 30, 2017

**Credit Headlines (Page 2 onwards):** Wing Tai Holdings Ltd, Suntec REIT, United Overseas Bank Ltd.

**Market Commentary:** The SGD swap curve bear steepened yesterday, with swap rates trading 1-6bps higher across all tenors. Flows in SGD corporates were heavy, with mixed interest seen in GEMAU 5.5%'19s, FCLSP 4.15%'27s. The iTraxx Asia ex-Japan IG index closed at 91bps yesterday, changing little from last Friday's close. U.S markets were closed yesterday.

**New Issues:** Frasers Centrepoint Trust priced a SGD30mn 5-year at 2.645% yesterday. The expected issue ratings are 'BBB+/NR/NR'.

**Rating Changes:** S&P upgraded Australia-based gaming machine maker Aristocrat Leisure Ltd.'s (Aristocrat) corporate credit rating to 'BB+' from 'BB'. The rating action reflects the company's stated commitment to financial policies that it believes are in line with an investment-grade rating and would support credit metrics in line with the 'BB+' rating. Fitch assigned Australia-based iron ore miner Fortescue Metals Group Limited's (Fortescue) USD1.5bn senior unsecured notes a 'BB+' final rating. The notes are rated at the same level as Fortescue's senior unsecured rating as they represent the company's unconditional, unsecured and unsubordinated obligations. Fitch assigned PT Agung Podomoro Land Tbk's (APLN) USD300mn unsecured, unsubordinated notes a 'BB-' final rating. According to Fitch, the notes are rated at the same level as APLN's 'BB-' Issuer Default Rating (IDR) because they constitute direct and unsubordinated obligations of the company.

**Table 1: Key Financial Indicators**

	30-May	1W chg (bps)	1M chg (bps)		30-May	1W chg	1M chg
iTraxx Asiax IG	91	1	-2	Brent Crude Spot (\$/bbl)	52.12	-3.75%	0.75%
iTraxx SovX APAC	19	-1	-3	Gold Spot (\$/oz)	1,269.45	1.46%	1.02%
iTraxx Japan	42	0	-1	CRB	182.00	-1.66%	0.15%
iTraxx Australia	85	2	3	GSCI	385.50	-2.08%	0.72%
CDX NA IG	62	0	-1	VIX	9.81	-18.52%	-9.33%
CDX NA HY	108	0	0	CT10 (bp)	2.234%	-4.56	-4.59
iTraxx Eur Main	61	-1	-5	USD Swap Spread 10Y (bp)	-5	1	-1
iTraxx Eur XO	250	-1	-15	USD Swap Spread 30Y (bp)	-43	2	2
iTraxx Eur Snr Fin	67	0	-7	TED Spread (bp)	29	1	-8
iTraxx Sovx WE	9	0	-1	US Libor-OIS Spread (bp)	12	0	-6
iTraxx Sovx CEEMEA	42	-4	-3	Euro Libor-OIS Spread (bp)	2	-1	-1
					30-May	1W chg	1M chg
				AUD/USD	0.743	-0.66%	-1.29%
				USD/CHF	0.979	-0.28%	1.80%
				EUR/USD	1.113	-0.49%	2.10%
				USD/SGD	1.387	0.24%	0.70%
Korea 5Y CDS	56	-1	-2	DJIA	21,080	1.32%	0.67%
China 5Y CDS	78	0	-3	SPX	2,416	1.43%	1.33%
Malaysia 5Y CDS	100	1	-7	MSCI Asiax	621	1.30%	4.54%
Philippines 5Y CDS	80	3	1	HSI	25,702	1.22%	4.41%
Indonesia 5Y CDS	125	1	-1	STI	3,206	-0.52%	0.96%
Thailand 5Y CDS	58	1	0	KLCI	1,766	-0.05%	-0.10%
				JCI	5,721	-0.49%	0.63%

Source: OCBC, Bloomberg

**Table 2: Recent Asian New Issues**

Date	Issuer	Ratings	Size	Tenor	Pricing
29-May-17	Fraser Centrepoint Trust	"BBB+/NR/NR"	SGD30mn	5-year	2.645%
26-May-17	RCS Trust	"A-/NR/NR"	SGD300mn	6-year	2.6%
25-May-17	Century Sunshine Group Holdings Ltd	Not Rated	SGD100mn	3NC2	7%
25-May-17	Tuan Sing Holdings Ltd	Not Rated	SGD120mn	3-year	6%
25-May-17	Kookmin Bank	Not Rated	USD400mn	5-year	3mL+95bps
25-May-17	Dr.Peng Holding Hongkong Ltd	"BB/Ba2/NR"	USD500mn	3-year	5.05%
25-May-17	APL Realty Holdings Pte. Ltd.	"NR/Ba3/BB-"	USD300mn	7NC4	5.95%
25-May-17	Melco Resorts Finance Ltd..	"BB-/Ba3/NR"	USD650mn	8NC3	4.875%
24-May-17	National University of Singapore	Not Rated	SGD250mn	5-year	1.85%

Source: OCBC, Bloomberg

## Credit Headlines:

**Wing Tai Holdings Ltd (“WINGTA”):** WINGTA had originally announced on 12/05/17 that it would like to repurchase from bondholders certain amounts of four of WINGTA’s SGD denominated bonds outstanding. Specifically, WINGTA was seeking to buy up to SGD24mn worth of WINGTA 4 ‘21s, SGD20mn worth of WINGTA 4.5 ‘22, SGD20mn worth of WINGTA 4.25 ‘23s and SGD20mn worth of WINGTA 4.7 ‘24s to potentially deleverage its balance sheet by up to SGD84mn. The repurchase offer has since expired, with WINGTA repurchasing SGD2.75mn of the WINGTA 4 ‘21s, SGD6.25mn of the WINGTA 4.5 ‘22s, SGD18.5mn of WINGTA 4.25 ‘23s and SGD20mn of WINGTA 4.7 ‘24s, with an aggregate of SGD47.5mn redeemed in total. (Company)

**Suntec REIT (“SUN”):** As mentioned previously (refer to [OCBC Asian Credit Daily - 13 Apr 2017](#)), due to the acquisition of ARA Asset Management (parent of SUN’s REIT manager), a change of control (“CoC”) event has occurred effective 12/04/17, impacting SUN’s SGD300mn in convertible bonds (the SUNSP’21s). The noteholders of SUNSP’21s had the option of 1) doing nothing 2) converting their respective stake into equity 3) putting the bond back to the issuer. Since the original 13/04/17 announcement, SUN’s stock had traded higher, closing at SGD1.82 per share on 29/05/17. This gave noteholders more incentive to convert their bonds, as the strike price on the bond was SGD1.743 (compared to SGD1.76 per share on 13/04/17). As such, it was announced that SUN received notice to 1) convert SGD166.5mn worth of bonds into equity 2) redeem SGD45.5mn. Presumably, the balance SGD88mn worth of convertible bonds remain outstanding. The conversion of a meaningful notional amount of the SUNSP’21s is a credit positive in our view with proforma aggregate leverage falling to ~36%. In addition, SUN had recently entered into a new SGD600mn facility, which could be used to meet the SGD45.5mn worth of bonds redeemed. We currently hold SUN on Neutral Issuer Profile. (Company, OCBC)

**United Overseas Bank Ltd. (“UOB”):** Following a two-year review of banks connected to 1MDB-related transactions and funds flows, the Monetary Authority of Singapore (MAS) fined UOB SGD900k for breaches of anti-money laundering (AML) requirements and control lapses including weaknesses in conducting due diligence on customers and inadequate scrutiny of customers’ transactions and activities. Other directions by MAS include the appointment of independent parties to confirm to MAS that rectification measures have been implemented and that UOB’s management disciplined related staff. Such measures were part of broader fines (Credit Suisse was also fined SGD700k) and prohibition orders against individuals announced by MAS this morning and in addition to prior fines of SGD29.1 imposed on eight banks (including DBS Group Holdings Ltd) also connected to various breaches of AML requirements connected to 1MDB fund flows under MAS Notice 626 - Prevention of Money Laundering and Countering the Financing of Terrorism. Given the small size of the fine and that MAS has noted that control weaknesses are not pervasive within the bank, today’s announcement does not impact the current Neutral issuer profile on UOB (MAS, OCBC).

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