

December 6, 2017

Credit Headlines (Page 2 Onwards): Frasers Centrepoint Limited, Nam Cheong Ltd, Wing Tai Properties Ltd, Heeton Holdings Ltd, Mapletree Logistics Trust

Market Commentary: The SGD swap curve bull-flattened yesterday, with swap rates trading 1-2bps lower across most tenors. The shorter tenors traded little changed. Flows in SGD corporates were moderate, with better selling seen in GEMAU 5.5%19s. In the broader dollar space, the spread on JACI IG Corp traded little changed at 180bps. Similarly, the yield on JACI HY Corp traded little changed at 6.91%. 10Y UST yields fell 2bps to 2.35% in a day void of any directional catalysts.

New Issues: Haitian (BVI) International Investment Development Ltd has priced a USD400mn 3-year bond (guaranteed by Qingdao Conson Development (Group) Co) at CT3+200bps, tightening from initial guidance of CT3+220bps area. The expected issue ratings are 'BBB-/NR/BBB+'. Indian Railway Finance Corporation Ltd has priced a USD500mn 10-year green bond at CT10+145bps, tightening from initial guidance of CT10+165bps area. The expected issue ratings are 'BBB-/Baa2/NR'. Cheung Kong Infrastructure Finance (BVI) Ltd has priced a EUR500mn 7-year bond (guaranteed by CK Infrastructure Holdings Ltd) at MS+60bps, tightening from initial guidance of MS+70bps area. The expected issue ratings are 'A-/NR/NR'.

Rating Changes: Moody's has upgraded Anton Oilfield Services Group's (Anton) corporate family rating to 'B3' from 'Caa1'. The outlook is positive. The rating action follows the completion of Anton's debt exchange offer and new note issuance, which led to a significant improvement in its liquidity and debt maturity profile. Fitch has assigned Asciano Limited (Asciano) a Long-Term Issuer Default Rating (IDR) and senior unsecured rating of 'BBB-'. The outlook is stable. The rating action reflects Asciano's strong market position, resilient cash flows and solid liquidity position, as well as its commitment to maintain its investment grade rating. However, the ratings are constrained by its high leverage.

Table 1: Key Financial Indicators

	6-Dec	1W chg (bps)	1M chg (bps)		6-Dec	1W chg	1M chg
iTraxx Asiax IG	73	0	-3	Brent Crude Spot (\$/bbl)	62.62	-0.78%	-2.57%
iTraxx SovX APAC	14	0	-1	Gold Spot (\$/oz)	1,265.41	-1.42%	-1.29%
iTraxx Japan	46	0	-2	CRB	187.47	-1.96%	-2.65%
iTraxx Australia	63	-2	-3	GSCI	422.74	-1.41%	-1.56%
CDX NA IG	52	-1	-1	VIX	11.33	12.96%	20.53%
CDX NA HY	108	0	0	CT10 (bp)	2.355%	-3.37	3.82
iTraxx Eur Main	47	-1	-2	USD Swap Spread 10Y (bp)	1	2	4
iTraxx Eur XO	228	-1	5	USD Swap Spread 30Y (bp)	-20	4	7
iTraxx Eur Shr Fin	46	0	-5	TED Spread (bp)	23	2	0
iTraxx Sovx WE	4	0	0	US Libor-OIS Spread (bp)	12	0	3
iTraxx Sovx CEEMEA	44	-2	-3	Euro Libor-OIS Spread (bp)	1	-2	-1
					6-Dec	1W chg	1M chg
				AUD/USD	0.759	0.20%	-1.38%
				USD/CHF	0.987	-0.26%	1.03%
				EUR/USD	1.183	-0.18%	1.86%
				USD/SGD	1.347	-0.03%	1.05%
Korea 5Y CDS	58	0	-12	DJIA	24,181	1.44%	2.68%
China 5Y CDS	56	-1	0	SPX	2,630	0.10%	1.48%
Malaysia 5Y CDS	63	1	-1	MSCI Asiax	692	-2.31%	-1.21%
Philippines 5Y CDS	63	0	-1	HSI	28,821	-2.71%	0.78%
Indonesia 5Y CDS	94	1	-2	STI	3,425	-0.40%	1.29%
Thailand 5Y CDS	48	1	-1	KLCI	1,720	0.31%	-1.29%
				JCI	6,000	-1.06%	-0.83%

Source: OCBC, Bloomberg

Table 2: Recent Asian New Issues

Date	Issuer	Ratings	Size	Tenor	Pricing
5-Dec-17	Haitian (BVI) International Investment Development Ltd	'BBB-/NR/BBB+'	USD400mn	3-year	CT3+200bps
5-Dec-17	Indian Railway Finance Corporation Ltd	'BBB-/Baa2/NR'	USD500mn	10-year	CT10+145bps
5-Dec-17	Cheung Kong Infrastructure Finance (BVI) Ltd	'A-/NR/NR'	EUR500mn	7-year	MS+60bps
4-Dec-17	Republic of Indonesia	'BBB-/Baa3/BBB-'	USD1bn	5-year	3.00%
4-Dec-17	Republic of Indonesia	'BBB-/Baa3/BBB-'	USD1.25bn	10-year	3.55%
4-Dec-17	Republic of Indonesia	'BBB-/Baa3/BBB-'	USD1.75bn	30-year	4.40%
4-Dec-17	Westpac Banking Corporation	'NR/Aa3/AA-'	USD1.25bn	5-year	CT5+63bps
4-Dec-17	Westpac Banking Corporation	'NR/Aa3/AA-'	USD500mn	5-year	3mL+57bps
4-Dec-17	Guojing Capital (BVI) Ltd	Not Rated	USD300mn	5-year	CT5+205bps
4-Dec-17	CGNPC International Ltd	'NR/A3/A+'	USD350mn	5-year	CT5+107.5bps

Source: OCBC, Bloomberg

Rating Changes (Cont'd): Moody's has assigned Wuhan Metro Group Co Ltd (Wuhan Metro) an issuer rating of 'A3'. The outlook is stable. The rating reflects Moody's assessment that Wuhan Metro has a very high likelihood of receiving extraordinary support directly from the Wuhan City government, and indirectly from the Chinese government, which results in a six-notch uplift over its 'Ba3' baseline credit assessment (BCA). Wuhan Metro's BCA reflects its weak profitability, very high financial leverage, less established metro system, risks associated with its metro and development projects, lack of market-oriented fare-setting mechanism and its volatile earnings from primary land and property development.

Credit Headlines:

Frasers Centrepoint Limited ("FCL"): It was announced by URA that FCL placed the highest bid for a residential plot at Jiak Kim Street (Zouk's former site, GFA of ~551,483 sqft). The bid totalled SGD955.4mn (reserve price was SGD689.4mn) and works out to be ~SGD1732 psf ppr. Assuming that FCL is awarded the plot, and funds it with cash on hand, net gearing would increase to 80% (3Q2017: 73%). As mentioned during our review of FCL's 3Q2017 results (refer to [OCBC Asian Credit Daily – 10 Nov 2017](#)) we had noted that FCL was consuming their residential development pipeline, and would see revenue declines for the segment unless they start to replenish their land bank. We had also highlighted that with the improving domestic property market, FCL may commit more capital to land banking, which could limit improvements to FCL's credit profile. As such, the land acquisition by FCL is not unexpected. The development of the Jiak Kim Street plot could cost a further ~SGD400mn. We will retain our Neutral Issuer Profile for now. (URA, OCBC)

Nam Cheong Ltd ("NCL"): NCL has publically filed a FAQ regarding its proposed Scheme of Arrangement (which remains non-public). Based on the FAQ, it would seem that the broad restructuring plan remains consistent with that shared during the 2nd informal noteholders' meeting (refer to [OCBC Asia Credit - Nam Cheong Credit Update \(2 Oct\)](#)). Certain terms have been improved (such as the conversion price for the non-sustainable portion of debt being reduced to SGD0.045 per share from SGD0.08 per share) while overall the options for noteholders has been simplified (reduced to a choice between the term loan option or the cash out option for the sustainable portion of debt). Timing is tight, with the noteholder proxy instructions to be submitted by 14/12/17, if the noteholder does not intend to be present during the actual vote to be held on 24/01/18. We are reviewing the details currently and will revert shortly. (Company)

Wing Tai Properties Ltd ("WTP"): WTP announced the disposal of property and resumption of trading. WTP will be disposing Winner Godown Building at Tsuen Wan for HKD2.2bn (net of sales commission). The property had generated HKD55.4mn rental income and net profit after tax of HKD38.0mn in 2016, which is small in comparison to WTP's 2016 revenue of HKD1.1bn and net profit before tax and fair value changes of HKD550.8mn. Following the disposal, we expect net gearing to reach 0.33x (1H2017: 0.06x), taking into account the acquisition of a land site at Peel Street/Graham street, which is rumoured to cost HKD11.6bn. While we still expect WTP to generate strong recurring income from its flagship investment property Landmark East, we will review our Positive Issuer Profile of WTP as WTP's net gearing is higher than Hong Kong peers under our coverage (e.g. Henderson Land, Hongkong Land, Wharf). (Company, OCBC)

Heeton Holdings Ltd ("HHL"): HHL announced that The Woodgrove will be disposed for SGD56.0mn with an expected net gain of SGD22.0mn. This is credit positive and we expect net gearing to reach around 0.74x, after taking into account the payments for the land bids for the 5%-stake of Serangoon Ville (refer to [OCBC Asian Credit Daily – 27 Jul 2017](#)) and 20%-stake of Woodleigh Lane (refer to [OCBC Asian Credit Daily – 12 Jul 2017](#)). We continue to hold HHL at a Neutral Issuer Profile (Company, OCBC)

Mapletree Logistics Trust ("MLT"): MLT has via its special purpose entity in Malaysia entered into a Sale and Purchase Agreement with V.S Industry Berhad for the divestment of Senai-UPS building in Malaysia for MYR28.0mn (~SGD9.2mn). The property is located in Senai Industrial Estate, Johor. We see the transaction as credit neutral given the small size vis-à-vis MLT's total assets as at 30 September 2017 of SGD5.5bn. (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