

Market Commentary

- The SGD swap curve traded lower yesterday, with all tenors across the curve 1-2bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS was unchanged at 126bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 8bps to 550bps. The HY-IG Index spread widened 8bps to 424bps.
- Flows in SGD corporates were heavy, with large ticket flows in CS 5.625%-PERPs. We also saw flows in UBS 4.85%-PERPs.
- 10Y UST Yields fell 5bps to close at 1.79% , weighed down by uncertainty ahead of the UK elections and the 15 December deadline for US tariffs on Chinese goods.

Credit Research

Andrew Wong
+65 6530 4736
WongVKAM@ocbc.com

Ezien Hoo, CFA
+65 6722 2215
EzienHoo@ocbc.com

Wong Hong Wei, CFA
+65 6722 2533
WongHongWei@ocbc.com

Seow Zhi Qi
+65 6530 7348
zhiquiseow@ocbc.com

Credit Summary:

- [Cache Logistics Trust \(“CACHE”\)](#) | **Issuer Profile: Neutral (4)**: As part of a broader strategic transaction between ARA Asset Management Limited (“ARA”) and LOGOS Group (“LOGOS”), ARA would transfer its entire equity holding in CACHE and CACHE’s REIT Manager to LOGOS. The transaction is subject to regulatory approvals and expected to complete by 1Q2020. As we have not factored in a credit uplift to CACHE from its shareholding ties to ARA, we see this transaction as credit neutral for now and maintain CACHE’s issuer profile at Neutral (4).
- [CWT International Limited \(“CWTI”\) & CWT International Limited \(“CWTI”\)](#) | **Issuer Profile: Unrated & Unrated**: CWTI announced that its’ indirect wholly-owned subsidiary has entered into a conditional agreement to sell its Grade A office building located in Canary Wharf. The buyers are required to repay existing bank debt attached to the target of ~HKD759mn (unless buyers elect to roll over the debt). Given that the buyers are assuming the existing bank debt attached to the building, this means that CWTI will be getting ~HKD360mn of proceeds in our view (excluding transaction costs). The UK property sale is subjected to CWTI shareholders approval though we expect this to go through and we see it as a credit positive that a sale is happening although insufficient to fully resolve CWTI’s liquidity situation.

Asian Credit Daily**Credit Headlines****Cache Logistics Trust (“CACHE”) | Issuer Profile: Neutral (4)**

- As part of a broader strategic transaction between ARA Asset Management Limited (“ARA”) and LOGOS Group (“LOGOS”), ARA would transfer its entire equity holding in CACHE and CACHE’s REIT Manager to LOGOS. The transaction is subject to regulatory approvals and expected to complete by 1Q2020.
- Immediately prior to this announcement, ARA is the Sponsor of CACHE, holding a ~10%-stake in the REIT and owns 100% of the REIT Manager.
- LOGOS is a privately held logistics property group manager established in Australia and founded in 2010. In Southeast Asia, LOGOS’ strategy is to own and build modern industrial and logistics properties along with investments from investors. Among investors who have invested with LOGOS include Ivanhoe Cambridge, Canada Pension Plan Investment Board, Bouwinvest Real Estate Investors and LaSalle Global Partner Solutions.
- The specific transaction details between ARA and LOGOS is undisclosed though it was shared that ARA will retain control over CACHE’s REIT Manager through LOGOS.
- As we have not factored in a credit uplift to CACHE from its shareholding ties to ARA, we see this transaction as credit neutral for now and maintain CACHE’s issuer profile at Neutral (4).
- That being said, we expect CACHE to be a natural platform for LOGOS to monetise some of its logistics assets currently managed, which may impact CACHE’s future credit profile. (Sydney Morning Herald, Company, OCBC)

CWT International Limited (“CWTI”) | Issuer Profile: Unrated and CWT Pte Ltd (“CWT SG”) | Issuer Profile: Unrated

- CWTI announced that its’ indirect wholly-owned subsidiary has entered into a conditional agreement to sell its Grade A office building located in Canary Wharf to an investment holding company indirectly controlled by Macquarie Group Limited, Sun Hung Kai & Co. Limited and DPK Real Estate LLP on a 47.5: 47.5: 5 basis. This UK property sits outside the CWT SG group.
- The UK property will be sold for a purchase price of HKD1.12bn (reportedly at a lower price versus what it paid in 2016 to buy the property). The buyers are required to repay existing bank debt attached to the target of ~HKD759mn (unless buyers elect to roll over the debt). Given that the buyers are assuming the existing bank debt attached to the building, this means that CWTI will be getting ~HKD360mn of proceeds in our view (excluding transaction costs).
- CWTI had been looking to dispose the UK property to aid its tight liquidity situation and the proceeds would allow CWTI to partly repay debts of HKD1.63bn (including related interest payments) which had led CWTI to be in a default situation in 1H2019 before the debt was extended for 12 months from August 2019.
- The UK property sale is subjected to CWTI shareholders approval though we expect this to go through and we see it as a credit positive that a sale is happening although insufficient to fully resolve CWTI’s liquidity situation. While it is largely “business as usual” at CWT SG, per CWTI, the default at CWTI have had a knock-on effect on the performance of CWT SG’s Financial Services business (from reduced client confidence). (Company, OCBC)

Asian Credit Daily

Key Market Movements

	12-Dec	1W chg (bps)	1M chg (bps)		12-Dec	1W chg	1M chg
iTraxx Asiax IG	63	-2	0	Brent Crude Spot (\$/bbl)	63.95	0.88%	3.05%
iTraxx SovX APAC	30	-1	1	Gold Spot (\$/oz)	1,475.36	-0.04%	1.31%
iTraxx Japan	50	-3	-4	CRB	181.49	1.17%	0.94%
iTraxx Australia	55	-1	-2	GSCI	420.28	0.37%	0.71%
CDX NA IG	49	-1	-2	VIX	14.99	1.28%	18.22%
CDX NA HY	109	1	1	CT10 (%)	1.795%	-1.55	-13.99
iTraxx Eur Main	47	-1	-1				
iTraxx Eur XO	222	-3	-9	AUD/USD	0.688	0.64%	0.54%
iTraxx Eur Snr Fin	55	-1	-2	EUR/USD	1.114	0.29%	1.15%
iTraxx Eur Sub Fin	115	-4	-3	USD/SGD	1.356	0.32%	0.41%
iTraxx Sovx WE	12	-1	0	AUD/SGD	0.933	-0.36%	-0.13%
USD Swap Spread 10Y	-7	0	2	ASX 200	6,712	0.44%	-0.61%
USD Swap Spread 30Y	-33	1	7	DJIA	27,911	0.95%	0.79%
US Libor-OIS Spread	33	-1	-3	SPX	3,142	0.93%	1.61%
Euro Libor-OIS Spread	6	0	0	MSCI Asiax	655	1.26%	-0.37%
				HSI	26,645	1.63%	-1.55%
China 5Y CDS	38	-1	1	STI	3,187	0.42%	-2.46%
Malaysia 5Y CDS	40	-2	0	KLCI	1,562	-0.13%	-2.99%
Indonesia 5Y CDS	71	-2	-1	JCI	6,180	1.10%	-0.01%
Thailand 5Y CDS	27	1	1	EU Stoxx 50	3,687	0.75%	-0.67%
Australia 5Y CDS	17	0	1				

Source: Bloomberg

Asian Credit Daily

New Issues

- HBIS Group Hong Kong Co., Limited (Guarantor: HBIS Group Co., Ltd) priced a USD300mn 3-year bond at 4.0%, tightening from IPT of 4.2% area.
- Kunming Industrial Development & Investment Co., Ltd scheduled investor meetings commencing 11 Dec for its proposed USD bond issuance.

Date	Issuer	Size	Tenor	Pricing
11-Dec-19	HBIS Group Hong Kong Co., Limited	USD300mn	3-year	4.0%
10-Dec-19	Wynn Macau Ltd	USD1.0bn	10NC5	5.125%
10-Dec-19	Shangrao Investment Holdings International Co., Ltd	USD200mn	3-year	3.98%
06-Dec-19	Xingang International Holding Limited	USD100mn	3-year	7.0%
05-Dec-19	SD International Sukuk II Ltd	USD200mn	5.25NC3	7.0%
05-Dec-19	New Metro Global Limited	USD350mn	2-year	7.9%
05-Dec-19	REC Limited	USD500mn	5-year	T+192.5bps
05-Dec-19	Kunming Rail Transit Group Co., Ltd	USD300mn USD200mn	3-year 5-year	3.5% 3.9%
05-Dec-19	China South City Holdings Limited	USD150mn	2-year and 2-month	11.8%
05-Dec-19	Guofa Overseas Investment Company Limited	USD100mn	3-year	7.0%
04-Dec-19	Huafa 2019 I Company Limited	USD200mn	364-day	3.7%
04-Dec-19	China Everbright Bank Co., Ltd., Hong Kong Branch	USD500mn	3-year FRN	3m-US LIBOR+70bps
03-Dec-19	Bocom Leasing Management Hong Kong Company Limited	USD600mn	5-year FRN	3m-US LIBOR+107.5bps
03-Dec-19	China Huaneng Group (Hong Kong) Treasury Management Holding Limited	USD400mn USD500mn USD600mn	3-year 5-year 10-year	T+88bps T+103bps T+125bps
03-Dec-19	China Resources Land Limited	USD1.05bn	NC5-Perpetual	3.75%
03-Dec-19	Ronshine China Holdings Limited	USD324mn	3.5NC2	8.1%

Source: OCBC, Bloomberg

Treasury Research & Strategy

Macro Research

Selena Ling*Head of Research & Strategy*LingSSSelena@ocbc.com**Howie Lee***Thailand, Korea &**Commodities*HowieLee@ocbc.com**Tommy Xie Dongming***Head of Greater China**Research*XieD@ocbc.com**Carie Li***Hong Kong & Macau*carierli@ocbcwh.com**Wellian Wiranto***Malaysia & Indonesia*WellianWiranto@ocbc.com**Dick Yu***Hong Kong & Macau*dicksnyu@ocbcwh.com**Terence Wu***FX Strategist*TerenceWu@ocbc.com

Credit Research

Andrew Wong*Credit Research Analyst*WongVKAM@ocbc.com**Ezien Hoo***Credit Research Analyst*EzienHoo@ocbc.com**Wong Hong Wei***Credit Research Analyst*WongHongWei@ocbc.com**Seow Zhi Qi***Credit Research Analyst*ZhiQiSeow@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 Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).