

Market Commentary

- The SGD swap curve bull-flattened yesterday, with the shorter and the belly tenors trading 2-4bps lower while the longer tenors traded 5-13bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 205bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 7bps to 788bps. The HY-IG Index Spread widened 6bps to 583bps.
- Flows in SGD corporates were heavy, with flows in CS 5.625%-PERPs, SPHSP 4%-PERPs, SOCGEN 6.125%-PERPs, ARASP 5.6%-PERPs, FPLSP 4.98%-PERPs, UBS 4.85%-PERPs, BACR 3.75%'30s, CMZB 4.875%'27s, ALLTSP 5.5%-PERPs, AREIT 4.75%-PERPs, CAPLSP 3.15%'29s, DBSSP 3.98%-PERPs, STANLN 5.375%-PERPs and UOBSP 3.58%-PERPs.
- 10Y UST Yields fell 6bps to 0.67%, with the S&P index down 5.9%, due to worries of a second wave of virus resurgence in the U.S. as well as uncertainty over whether the Fed would resort to yield curve controls in the near future.

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Credit Summary:

- [Century Sunshine Group Holdings Ltd \(“CENSUN”\)](#) | **Issuer Profile: Negative (6)**: CENSUN provided an update on the business and financial position of the company. Revenue for April 2020 has dropped, with operating cash flow of CENSUN affected due to increase in inventory and extended account receivables collection period. The company faces the maturity date on its CENSUN 7% '20s on 3 July 2020 amounting to SGD101.75mn (~HKD559.6mn). The company is in negotiations with the arranging bank in relation to a proposed issue of USD in late June 2020. However, recent investor sentiment had been dampened, casting uncertainty over response of the proposed issue. The company has disclosed that if the proposed issue cannot be implemented and attempts at refinancing are unsuccessful, repayment of the SGD bond would put substantial liquidity pressure on CENSUN. On the back of these circumstances, the company has decided to postpone an extraordinary general meeting (“EGM”) which was initially scheduled on 18 June 2020 to a later date (which is unfixed). The EGM was to seek shareholder’s approval for the issuance of HKD300mn convertible bonds, intended to be subscribed by CENSUN’s major shareholder. Given that the convertible bond fundraising has been deferred and attempts at other fundraising plans have not occurred, the stretched liquidity situation at the company is beyond tolerable levels for a Negative (6) issuer profile in our view and we are likely to downgrade the issuer profile of CENSUN.

Asian Credit Daily**Credit Headlines****Century Sunshine Group Holdings Ltd (“CENSUN”) | Issuer Profile: Negative (6)**

- CENSUN provided an update on the business and financial position of the company. Per company, some of its customers in China have experienced slower recovery from the COVID-19 outbreak and has requested CENSUN to extend credit periods and delay shipment of sales orders. As a result, revenue for April 2020 has dropped, with operating cash flow of CENSUN affected due to increase in inventory and extended account receivables collection period.
- The company faces the maturity date on its CENSUN 7% '20s on 3 July 2020 amounting to SGD101.75mn (~HKD559.6mn). It was shared that the company is in negotiations with the arranging bank in relation to a proposed issue of USD in late June 2020. However, recent investor sentiment had been dampened, casting uncertainty over response of the proposed issue. The company is exploring different options and continuing discussions with other potential investors and lenders.
- On the back of near-term refinancing risk, the company has disclosed that if the proposed issue cannot be implemented and attempts at refinancing are unsuccessful, repayment of the SGD bond would put substantial liquidity pressure on CENSUN.
- On the back of these circumstances, the company has decided to postpone an extraordinary general meeting (“EGM”) which was initially scheduled on 18 June 2020 to a later date (which is unfixed). The EGM was to seek shareholder’s approval for the issuance of HKD300mn [convertible bonds](#), intended to be subscribed by CENSUN’s major shareholder. Out of the net proceeds, ~HKD230mn would be used to partly refinance CENSUN’s offshore borrowings and was intended to put the company in a better position when negotiating terms of financing with potential investors and lenders, which we had seen as a credit positive.
- Given that the convertible bond fundraising has been deferred and attempts at other fundraising plans have not occurred, the stretched liquidity situation at the company is beyond tolerable levels for a Negative (6) issuer profile in our view and we are likely to downgrade the issuer profile of CENSUN. Our base case assumes a consent solicitation exercise for the CENSUN 7% '20s to extend maturity of the bonds. (Company, OCBC)

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Key Market Movements

	12-Jun	1W chg (bps)	1M chg (bps)		12-Jun	1W chg	1M chg
iTraxx Asiax IG	90	3	-27	Brent Crude Spot (\$/bbl)	37.11	-12.27%	23.78%
iTraxx SovX APAC	48	3	-19	Gold Spot (\$/oz)	1,727.92	2.54%	1.48%
iTraxx Japan	62	0	-17	CRB	134.90	-0.62%	10.01%
iTraxx Australia	90	3	-27	GSCI	314.79	-0.38%	13.71%
CDX NA IG	82	17	-11	VIX	40.79	58.04%	23.46%
CDX NA HY	100	-4	6	CT10 (%)	0.674%	-22.12	0.88
iTraxx Eur Main	71	13	-13				
iTraxx Eur XO	403	64	-100	AUD/USD	0.681	-2.31%	5.21%
iTraxx Eur Snr Fin	83	16	-19	EUR/USD	1.128	-0.07%	4.02%
iTraxx Eur Sub Fin	174	27	-47	USD/SGD	1.395	-0.10%	1.64%
iTraxx Sovx WE	19	0	-11	AUD/SGD	0.950	2.30%	-3.34%
USD Swap Spread 10Y	-1	1	3	ASX 200	5,764	-3.80%	6.68%
USD Swap Spread 30Y	-48	1	2	DJIA	25,128	-4.39%	5.74%
US Libor-OIS Spread	22	-3	-15	SPX	3,002	-3.54%	4.60%
Euro Libor-OIS Spread	12	1	-11	MSCI Asiax	643	-0.56%	6.87%
				HSI	24,480	0.47%	0.97%
China 5Y CDS	52	7	3	STI	2,704	-0.11%	4.50%
Malaysia 5Y CDS	79	11	-30	KLCI	1,557	1.22%	12.85%
Indonesia 5Y CDS	137	18	-69	JCI	4,855	-1.26%	5.80%
Thailand 5Y CDS	44	2	-17	EU Stoxx 50	3,145	-3.59%	9.03%
Australia 5Y CDS	27	-1	-1				

Source: Bloomberg

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New Issues

- Thailoil Treasury Center Co Ltd (Guarantor: Thai Oil Pcl) priced a USD400mn 10-year bond at T+185bps, and another USD600mn 30-year bond at 3.75%, tightening from IPT of T+245bps area and 4.30% area respectively.
- MGM China Holdings Ltd priced a USD500mn 5NC2 bond at 5.25%, tightening from IPT of 5.625% area.
- Sinic Holdings (Group) Company Limited priced a USD210mn 2-year bond at 11.375%, tightening from IPT of 11.875% area.
- Changxing Communications Investment Group Co Ltd priced a USD110mn 3-year bond at 4.1%.
- The Export-Import Bank of China priced a USD100mn 3-year bond at 0.9%.
- Tianjin State-Owned Capital Investment And Management Co. Ltd priced a USD240mn 9.5-year bond at 1.55%.

Date	Issuer	Size	Tenor	Pricing
11-Jun-20	Thailoil Treasury Center Co Ltd (Guarantor: Thai Oil Pcl)	USD400mn USD600mn	10-year 30-year	T+185bps 3.75%
11-Jun-20	MGM China Holdings Ltd	USD500mn	5NC2	5.25%
11-Jun-20	Sinic Holdings (Group) Company Limited	USD210mn	2-year	11.375%
11-Jun-20	Changxing Communications Investment Group Co Ltd	USD110mn	3-year	4.1%
11-Jun-20	The Export-Import Bank of China	USD100mn	3-year	0.9%
11-Jun-20	Tianjin State-Owned Capital Investment And Management Co. Ltd	USD240mn	9.5-year	1.55%
10-Jun-20	China Mengniu Dairy Company Limited	USD500mn USD300mn	5-year 10-year	T+160bps T+175bps
10-Jun-20	Radiance Capital Investments Limited (Guarantor: Radiance Group Co., Ltd.)	USD250mn	3.25NCNP2	9.25%
10-Jun-20	International Container Terminal Services Inc.	USD400mn	10-year	4.8%
10-Jun-20	Powerlong Real Estate Holdings Limited	USD250mn	3-year	7%
10-Jun-20	Zhengzhou Airport Economy Zone Xinggong Investment Group Co., Ltd.	USD300mn	3-year	3.4%

Source: OCBC, Bloomberg

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