

### Market Commentary

- The SGD swap curve was range bound yesterday, with tenors up to 12-years trading 0-1bp higher (the 15-year traded 2bps higher) while the 20-year traded slightly lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS tightened 1bps to 197bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS tightened 1bps to 752bps. The HY-IG Index Spread remained mostly unchanged at 555bps.
- Flows in SGD corporates were heavy, with flows in NTUCSP 3.1%'50s, HSBC 5%-PERPs and MAPLSP 3.95%-PERPs.
- 10Y UST Yields gained 1bp to 0.63% as optimism about a coronavirus vaccine bolstered investor confidence and reduced demand for safe haven assets.

### Credit Research

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### Credit Summary:

- [Ascott Residence Trust \(“ART”\)](#) | **Issuer Profile: Neutral (4)**: ART announced that it has completed the sale of interest in the land where Somerset Liang Court sits. ART has received SGD163.3mn from the buyer as sale price in cash. While the cash infusion is helpful in the near term, ART would need to fund the new serviced residence that would be included in the integrated development in the future.
- [Century Sunshine Group Holdings Limited \(“CENSUN”\)](#) | **Issuer Profile: Unrated**: CENSUN announced that the application to appoint joint provisional liquidators for the company was heard before the Grand Court of the Cayman Islands on 14 July 2020. The court has granted the appointment of two representatives of Ernst & Young Transactions Limited and two representatives from EY Cayman Islands as joint provisional liquidators (“JPL”) of CENSUN.
- [China Aoyuan Group Ltd \(“CAPG”\)](#) | **Issuer Profile: Negative (6)**: CAPG announced that via a wholly-owned subsidiary, it will buy a 98%-stake and RMB136.3mn of partial debt of Chengdu Tongwei Industries Co., Ltd (“Tongwei”) for RMB1.9bn of consideration. Tongwei owns land which can be developed into residential properties in Chenghua District, Chengdu (Sichuan Province). The land parcels have a total gross floor area of ~303,590 sqm.
- [Singapore Airlines Ltd \(“SIA”\)](#) | **Issuer Profile: Neutral (5)**: SIA announced a trading update. The company expects to report a material operating loss for the 1QFY2021. While SIA would not be disclosing its full set of 1QFY2021 financials, the company would provide a Business Update on 29 July 2020.
- [Semcorp Industries Ltd \(“SCI”\)](#) | **Issuer Profile: Neutral (4)** and [Semcorp Marine Ltd \(“SMM”\)](#) | **Issuer Profile: Unrated**: SMM which is currently still ~61%-owned by SCI announced their financials for 1H2020. Reported net gearing was higher at 1.35x as at 30 June 2020 versus 1.14x as at 31 December 2019. Separately, SCI announced that a joint venture company in its Urban business namely Singapore-Sichuan Investment Holdings (“SSIH”) has entered into an agreement to sell a 30%-equity interest in the Sino-Singapore (Chengdu) Innovation Park Development Co. (“SSCIP”) for ~SGD138.3mn.

**Asian Credit Daily****Credit Headlines****Ascott Residence Trust (“ART”) | Issuer Profile: Neutral (4)**

- ART announced that it has [completed the sale of interest in the land where Somerset Liang Court sits](#) (ie: 177 River Valley Road). ART has received SGD163.3mn from the buyer as sale price in cash.
- With the completion of the sale of the land, the Sponsor of ART, CapitaLand Ltd (“CAPL”, Issuer profile: Neutral (3)) and Gemini One Trust (a special purpose trust indirectly wholly owned by City Developments Limited (“CDL”), Issuer profile: Neutral (3)) has entered into a joint development deed to undertake the integrated development. The development would include a new serviced residence (with hotel license) at the site under the “Somerset” brand which would be 100% owned by ART in the future.
- While the cash infusion is helpful in the near term (coming in at a time where ART’s operations is being significantly challenged by COVID-19), ART would need to fund the new serviced residence in the future. (Company, OCBC)

**Century Sunshine Group Holdings Limited (“CENSUN”) | Issuer Profile: Unrated**

- CENSUN announced that the application to appoint joint provisional liquidators for the company was heard before the Grand Court of the Cayman Islands on 14 July 2020. The court has granted the appointment of two representatives of Ernst & Young Transactions Limited and two representatives from EY Cayman Islands as joint provisional liquidators (“JPL”) of CENSUN.
- The hearing date of the winding up petition is adjourned to a date **not before 8 September 2020** although the exact date has not been fixed.
- The JPL intend to request the High Court of Hong Kong to recognise the Cayman Island court order and the appointment of the JPL for restructuring purposes such that the order is treated in all respects in the same manner as if they have been made and the JPLs have been appointed by the High Court of Hong Kong.
- From what we gather, we expect that the winding-up petition to be withdrawn if the restructuring is successful, failing which the court will likely appoint official liquidators with the company wound up.
- In our view, this means that until the exact date is fixed, CENSUN has minimally until 8 September 2020 to come up with a successful plan.
- Please note that the above reflects our interpretation of the terms in public fillings. Where legal, financial or other professional advice is required in relation to any particular matter, please seek advice from your own legal, financial or other professional advisors. (Company, OCBC)

**China Aoyuan Group Ltd (“CAPG”) | Issuer Profile: Negative (6)**

- CAPG announced that via a wholly-owned subsidiary, it will buy a 98%-stake and RMB136.3mn of partial debt of Chengdu Tongwei Industries Co., Ltd (“Tongwei”) for RMB1.9bn of consideration. Tongwei owns land which can be developed into residential properties in Chenghua District, Chengdu (Sichuan Province). The land parcels have a total gross floor area of ~303,590 sqm.
- The first payment of RMB1.0bn will be paid prior to 30 July 2020, subject to fulfilment of certain conditions while the second payment of RMB0.9bn is subject to a one-year payment term. If unpaid by 30 July 2020, the buyer shall pay additional fees equivalent to an interest rate of 10.5% p.a from 31 July 2020 to actual payment date. (Company, OCBC)

**Asian Credit Daily****Credit Headlines****Singapore Airlines Ltd (“SIA”) | Issuer Profile: Neutral (5)**

- SIA announced a trading update. For June 2020, capacity at the parent airline SIA and Silk Air was collectively down by 94.4% y/y while capacity on Scoot, the low cost carrier was down by 97.5% y/y. Overall passenger capacity has fallen 95.1% y/y in June 2020. Passenger load factor across airlines was 12.2% in June 2020, slightly higher versus 8.6% in May 2020. Cargo load factor was strong at 82.5%, as capacity contraction of 61.2% y/y was higher than the 44.1% y/y decline in cargo traffic (measured in freight tonne-kilometres).
- Fuel consumption is expected to be reduced, leading to fuel hedges deemed as ineffective. These will need to be marked to market and recognised in the income statement for the first quarter for the financial year ended 31 March 2021. As jet fuel prices have remained relatively low, marked-to-market losses are expected to be recorded.
- Per SIA, progress towards a global lifting of border controls and travel restrictions, which could facilitate or result in the easier movement of travellers between countries, is slower than earlier expected.
- The company expects to report a material operating loss for the 1QFY2021. While SIA would not be disclosing its full set of 1QFY2021 financials, the company would provide a Business Update on 29 July 2020. (Company, OCBC)

**Sembcorp Industries Ltd (“SCI”) | Issuer Profile: Neutral (4) and Sembcorp Marine Ltd (“SMM”) | Issuer Profile: Unrated**

- SMM which is currently still ~61%-owned by SCI announced their financials for 1H2020. Revenue was SGD906.2mn (down 41.2% y/y) while reported operating loss was SGD172.8mn in 1H2020 (1H2019 operating profit: SGD2.7mn). The company reported a net loss of SGD194.3mn against a much narrower net loss of SGD8.8mn in 1H2019.
- Revenue decreased mainly due to lower recognition in its Rigs and Floaters segment, with the outbreak of COVID-19 resulting in delays of project execution. Notably, manpower at its yards had been curtailed to 850 persons from ~20,000 persons pre-COVID-19. Higher revenue across the other business segments (Repairs & Upgrades, Offshore Platforms and Specialised Shipbuilding) was insufficient to offset the revenue decline in Rigs and Floaters.
- Reported net gearing was higher at 1.35x as at 30 June 2020 versus 1.14x as at 31 December 2019. We continue to maintain that it is a credit positive that Sembcorp Industries is in the midst of spinning out Sembcorp Marine.
- Separately, SCI announced that a joint venture company in its Urban business namely Singapore-Sichuan Investment Holdings (“SSIH”) has entered into an agreement to sell a 30%-equity interest in the Sino-Singapore (Chengdu) Innovation Park Development Co. (“SSCIP”) for ~SGD138.3mn. SCI has owned a 50%-stake in SSCIP since 2012. Post completion of the sale, SCI would indirectly hold 10% of SSCIP. (Company, OCBC)

## Asian Credit Daily

### Key Market Movements

	16-Jul	1W chg (bps)	1M chg (bps)		16-Jul	1W chg	1M chg
iTraxx Asiax IG	78	-2	-6	<b>Brent Crude Spot (\$/bbl)</b>	43.64	3.05%	6.54%
iTraxx SovX APAC	43	0	-1	<b>Gold Spot (\$/oz)</b>	1,812.10	0.47%	4.96%
iTraxx Japan	60	1	3	<b>CRB</b>	141.22	-0.52%	3.63%
iTraxx Australia	81	0	-4	<b>GSCI</b>	339.95	0.80%	5.47%
CDX NA IG	72	-3	3	<b>VIX</b>	27.76	-1.14%	-17.55%
CDX NA HY	101	1	-1	<b>CT10 (%)</b>	0.620%	0.66	-13.27
iTraxx Eur Main	61	-2	-3				
iTraxx Eur XO	367	-6	-2	<b>AUD/USD</b>	0.700	0.49%	1.58%
iTraxx Eur Snr Fin	72	-4	-3	<b>EUR/USD</b>	1.141	1.13%	1.32%
iTraxx Eur Sub Fin	149	-8	-8	<b>USD/SGD</b>	1.390	0.17%	0.35%
iTraxx Sovx WE	19	1	-1	<b>AUD/SGD</b>	0.973	-0.32%	-1.21%
<b>USD Swap Spread 10Y</b>	-2	0	0	<b>ASX 200</b>	6,067	1.87%	2.10%
<b>USD Swap Spread 30Y</b>	-47	1	3	<b>DJIA</b>	26,870	3.08%	2.21%
<b>US Libor-OIS Spread</b>	20	0	-2	<b>SPX</b>	3,227	1.79%	3.26%
<b>Euro Libor-OIS Spread</b>	4	0	-8	<b>MSCI Asiax</b>	695	-1.65%	8.26%
				<b>HSI</b>	25,482	-2.48%	4.67%
<b>China 5Y CDS</b>	44	-2	-4	<b>STI</b>	2,649	-0.47%	-0.67%
<b>Malaysia 5Y CDS</b>	65	-2	-3	<b>KLCI</b>	1,586	0.13%	4.47%
<b>Indonesia 5Y CDS</b>	125	1	2	<b>JCI</b>	5,076	-0.01%	1.79%
<b>Thailand 5Y CDS</b>	42	0	-1	<b>EU Stoxx 50</b>	3,378	2.80%	4.18%

Source: Bloomberg

## Asian Credit Daily

### New Issues

- Greenland Global Investment Ltd. (Guarantor: Greenland Holding Group Co.) priced a USD400mn 2.75-year bond at 6.45%, tightening from IPT of 6.75% area and another USD250mn 4.5-year bond at 7.5%, tightening from IPT of 7.75% area respectively.
- Goodman HK Finance (Guarantors: Goodman Hong Kong Logistics Fund and Goodman HK Investments) priced a USD300mn 10-year bond at T+240bps, tightening from IPT of T+290bps area.
- GS Caltex Corporation and Globe Telecom have arranged investor calls commencing 15 July 2020 for their proposed USD bond offerings respectively.

Date	Issuer	Size	Tenor	Pricing
15-Jul-20	Greenland Global Investment Ltd. (Guarantor: Greenland Holding Group Co.)	USD400mn USD250mn	2.75-year 4.5-year	6.45% 7.5%
15-Jul-20	Goodman HK Finance (Guarantors: Goodman Hong Kong Logistics Fund and Goodman HK Investments)	USD300mn	10-year	T+240bps
14-Jul-20	Skyfame International Holdings Limited (Guarantor: Skyfame Realty (Holdings) Limited)	USD87.5mn	364-day	13%
14-Jul-20	Doosan Infracore Co., Ltd. (Guarantor: The Korea Development Bank)	USD300mn	3-year	T+87.5bps
14-Jul-20	CCBL (Cayman) 1 Corporation Limited (Guarantor: CCB Leasing (International) Corporation Designated Activity Company)	USD500mn	5-year	CT5+175bps
14-Jul-20	Yun-Top International Investment Co. (BVI) Ltd. (Guarantor: Yunnan Construction and Investment Holding Group Co.)	USD500mn	3-year	5.1%
14-Jul-20	Melco Resorts Finance Limited	USD500mn	8NC3	5.75%
13-Jul-20	VLL International Inc. (Guarantor: Vista Land & Lifescapes Inc.)	USD200mn	7NC4	7.25%
13-Jul-20	Bank of Communications Co., Ltd. Hong Kong Branch	USD650mn USD400mn	3-year 5-year	3m-US LIBOR+80bps 3m-US LIBOR+90bps
13-Jul-20	RongXingDa Development (BVI) Limited (Guarantor: RiseSun Real Estate Development Co., Ltd.)	USD250mn	364-day	9.25%
13-Jul-20	NongHyup Bank	USD500mn	5-year	T+100bps
13-Jul-20	Industrial and Commercial Bank of China Limited, Hong Kong Branch	USD800mn USD800mn	3-year 5-year	T+93bps T+103bps

Source: OCBC, Bloomberg

# Treasury Research & Strategy

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## Macro Research

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