

### Market Commentary

- The SGD swap curve bull-flattened yesterday, with the shorter tenors trading 3-4bps lower, while the belly and the longer tenors traded 5-6bps lower.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS widened 1bps to 120bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS widened 7bps to 479bps. The HY-IG Index Spread widened 5bps to 359bps.
- Flows in SGD corporates were heavy, with flows in ESRCAY 5.1%'25s, UBS 4.85%-PERPs, ARASP 5.6%-PERPs, HSBC 4.7%-PERPs, CAPLSP 3.08%'27s, OUESP 3.55%'23s, TMGSP 4.05%'25s, SOCGEN 6.125%-PERPs and OLAMSP 5.5%-PERPs.
- 10Y UST Yields fell 4bps to 1.47%, as the number of COVID-19 cases outside of China, including in South Korea and Japan, rose.

### Credit Research

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### Credit Summary:

- [Wing Tai Holdings Ltd \("WINGTA"\)](#) | **Issuer Profile: Neutral (4)**: WINGTA sold over 360 units of The M Condo, out of 522 total units, over the weekend launch at SGD2,450 psf. WINGTA was awarded this site with a bid of SGD492mn at SGD1,458 psf ppr. This is a positive development for WINGTA with revenues expected to be progressively recognised in the coming years till its completion in 2024.
- [Singapore Press Holdings Ltd \("SPH"\)](#) | **Issuer Profile: Unrated**: SPH is acquiring 5 aged care assets in Japan for JPY5.26bn (~SGD65.8mn). The announcement is not too surprising as the acquisition is made as part of SPH's partnership with Bridge C Capital, a Japanese real estate asset manager. We think that the balance of the acquisition cost will be funded by debt.
- [Wheelock & Co Ltd \("WHEELK"\)](#) ("SCI") | **Issuer Profile: Positive (2)** and [Wharf Holdings Ltd \("WHARF"\)](#) ("SCI") | **Issuer Profile: Neutral (3)**: WHEELK announced a trading halt this morning pending the release of an announcement pursuant to the Hong Kong Code on Takeover and Mergers. Concurrently, WHEELK's subsidiaries Wharf Real Estate Investment (Issuer profile: Unrated) and WHARF are also put on trading halt. In our view, should any of these issuers be taken private and get delisted, bond issuers would be holding bonds of an unlisted issuer.
- [HSBC Holdings PLC \("HSBC"\)](#) | **Issuer Profile: Positive (2)**: Following on from reports on the weekend that HSBC had narrowed its choice of CEO to interim CEO Noel Quinn and current UniCredit SpA CEO Jean Pierre Mustier, it was reported this morning that Mr Mustier was no longer interested in HSBC's role and will stay in his current position. HSBC's board has previously announced its intention to select a CEO by no later than August. With time running out, it appears the only obvious candidate at the moment is current interim CEO Mr Quinn. We continue to review the results and announcements and will look to update the Positive (2) issuer profile as necessary in the near term.
- [Oxley Holdings Ltd \("OHL"\)](#) | **Issuer Profile: Neutral (5)**: Oxley MTN Pte Ltd (Guarantor: Oxley Holdings Ltd.) is [looking to price a SGD 3-year bond at IPT of 6.75% area](#).

## Asian Credit Daily

### Credit Headlines

#### **Wing Tai Holdings Ltd (“WINGTA”) | Issuer Profile: Neutral (4)**

- WINGTA sold over 360 units of The M Condo, out of 522 total units, over the weekend launch at SGD2,450 psf. WINGTA was awarded this site by the URA in Apr 2019 with a bid of SGD492mn at SGD1,458 psf ppr.
- This is a positive development for WINGTA with revenues expected to be progressively recognised in the coming years till its completion in 2024. We also read this with optimism that the Singapore property market remains resilient despite the COVID-19 outbreak. (Company, Straits Times, OCBC)

#### **Singapore Press Holdings Ltd (“SPH”) | Issuer Profile: Unrated**

- SPH is acquiring 5 aged care assets in Japan for JPY5.26bn (~SGD65.8mn). The aged care assets have a total capacity of 365 beds and held on a long-term master lease arrangement (with a portfolio WALE of 23.4 years).
- The announcement is not too surprising as the acquisition is made as part of SPH’s partnership in Oct 2019 with Bridge C Capital, a Japanese real estate asset manager. SPH has committed to invest up to SGD50mn equity in the fund.
- We think that the balance of the acquisition cost will be funded by debt. (Company, OCBC)

#### **Wheelock & Co Ltd (“WHEELK”) | Issuer Profile: Positive (2) and Wharf Holdings Ltd (“WHARF”) | Issuer Profile: Neutral (3)**

- WHEELK announced a trading halt this morning pending the release of an announcement pursuant to the Hong Kong Code on Takeover and Mergers. Concurrently, WHEELK’s ~62.4%-owned subsidiary Wharf Real Estate Investment (Issuer profile: Unrated) and WHEELK’s ~65.9%-owned subsidiary WHARF are also put on trading halt.
- Each of WHEELK and WHARF has an outstanding SGD-denominated bond maturing in 2021, in addition to its various HKD-denominated bonds.
- There is no Change of Control nor delisting put on the SGD260mn WHARF 4.5% ‘21s and SGD350mn WHEELK 4.5% ‘21s. There is also no redemption option on ceasing of trading by the issuer. In our view, should any of these issuers be taken private and get delisted, bond issuers would be holding bonds of an unlisted issuer. We will continue monitoring the developing situation. (Company, OCBC)

## Asian Credit Daily

### Credit Headlines

#### HSBC Holdings PLC (“HSBC”) | Issuer Profile: Positive (2)

- Following on from reports on the weekend that HSBC had narrowed its choice of CEO to interim CEO Noel Quinn and current UniCredit SpA CEO Jean Pierre Mustier (with additional reports that Mr Mustier was in discussions with UniCredit AG about his future at UniCredit AG), it was reported this morning that Mr Mustier was no longer interested in HSBC’s role and will stay in his current position.
- Should Mr Mustier have been offered the role, he would have been HSBC’s first external appointment to the role.
- HSBC’s board has previously announced its intention to select a CEO by no later than August. With time running out, it appears the only obvious candidate at the moment is current interim CEO Mr Quinn.
- As we mentioned in [HSBC’s FY2019 results announcement](#), of most interest is that HSBC’s major restructuring plan was announced by interim CEO Noel Quinn who remains as interim. This calls into question how this restructuring can proceed without a CEO with a strong mandate and also how this announcement may limit HSBC’s ability to attract the right CEO, especially if any incoming CEO has different ideas for how to take HSBC forward. This is not withstanding the numerous challenges facing HSBC in its key markets, in particular Hong Kong and China.
- HSBC was one of the issuers under our coverage that we have previously mentioned at the start of the year as being vulnerable to a downgrade for fundamental reasons. We continue to review the results and announcements and will look to update the Positive (2) issuer profile as necessary in the near term. (Bloomberg, OCBC)

## Asian Credit Daily

### Key Market Movements

	24-Feb	1W chg (bps)	1M chg (bps)		24-Feb	1W chg	1M chg
iTraxx Asiax IG	49	1	-5	<b>Brent Crude Spot (\$/bbl)</b>	56.57	-1.91%	-6.79%
iTraxx SovX APAC	27	0	0	<b>Gold Spot (\$/oz)</b>	1,664.17	5.25%	5.89%
iTraxx Japan	43	0	1	<b>CRB</b>	174.65	1.38%	-0.63%
iTraxx Australia	47	0	-3	<b>GSCI</b>	400.54	1.66%	-1.41%
CDX NA IG	47	3	0	<b>VIX</b>	17.08	20.71%	17.31%
CDX NA HY	109	-1	0	<b>CT10 (%)</b>	1.471%	-11.35	-30.30
iTraxx Eur Main	43	2	-2				
iTraxx Eur XO	220	9	0	<b>AUD/USD</b>	0.661	-1.58%	-3.28%
iTraxx Eur Snr Fin	49	2	-5	<b>EUR/USD</b>	1.083	-0.04%	-1.75%
iTraxx Eur Sub Fin	100	4	-11	<b>USD/SGD</b>	1.401	-0.85%	-3.58%
iTraxx Sovx WE	10	0	-2	<b>AUD/SGD</b>	0.926	0.73%	-0.39%
<b>USD Swap Spread 10Y</b>	-6	-1	-1	<b>ASX 200</b>	6,989	-1.90%	-1.43%
<b>USD Swap Spread 30Y</b>	-37	-5	-7	<b>DJIA</b>	28,992	-1.46%	0.01%
<b>US Libor-OIS Spread</b>	13	0	-9	<b>SPX</b>	3,338	-1.07%	1.28%
<b>Euro Libor-OIS Spread</b>	4	-1	-2	<b>MSCI Asiax</b>	676	-2.31%	-2.57%
				<b>HSI</b>	27,309	-1.82%	-2.29%
<b>China 5Y CDS</b>	36	2	-2	<b>STI</b>	3,181	-1.00%	-1.82%
<b>Malaysia 5Y CDS</b>	37	1	-1	<b>KLCI</b>	1,531	-0.39%	-2.65%
<b>Indonesia 5Y CDS</b>	60	0	-3	<b>JCI</b>	5,882	0.26%	-5.80%
<b>Thailand 5Y CDS</b>	26	0	4	<b>EU Stoxx 50</b>	3,800	-1.06%	0.56%
<b>Australia 5Y CDS</b>	16	0	0				

Source: Bloomberg

## Asian Credit Daily

### New Issues

- Yango Cayman Investment Ltd (Guarantor: Fujian Yango Group Co Ltd) priced a USD88mn re-tap of its YANGOG 12.5%'21s at 12.5%.
- China Overseas Finance (Cayman) VIII Ltd (Guarantor: China Overseas Land & Investment Ltd.) is looking to price a USD 5-year bond and a USD 10-year bond at IPT of T+150bps and T+172bps area respectively.
- Oxley MTN Pte Ltd (Guarantor: Oxley Holdings Ltd.) is [looking to price a SGD 3-year bond at IPT of 6.75% area](#).

Date	Issuer	Size	Tenor	Pricing
21-Feb-20	Yango Cayman Investment Ltd (Guarantor: Fujian Yango Group Co Ltd)	USD88mn	YANGOG 12.5%'21s	12.5%
20-Feb-20	Shui On Development (Holding) Limited (Guarantor: Shui On Land Limited)	USD400mn	5NC3	5.5%
20-Feb-20	Semiconductor Manufacturing International Corp.	USD600mn	5-year	T+133bps
20-Feb-20	Kunming Municipal Urban Construction Investment & Development Co., Ltd.	USD200mn	KMCONS 5.8%'22s	5.95%
20-Feb-20	DBS Group Holdings Ltd.	USD1bn	PERPNC5	3.3%
20-Feb-20	UPL Corporation Limited	USD400mn	PERPNC5.25	5.25%
20-Feb-20	Muthoot Finance Ltd	USD550mn	3.5-year	4.4%
19-Feb-20	Huarong Finance 2019 Co., Ltd (Guarantor: China Huarong International Holdings Limited; Keepwell/EIPU Provider: China Huarong Asset Management Co., Ltd.)	USD400mn USD400mn USD300mn USD700mn	3-year 3-year 5-year 10-year	T+120bps 3m-US LIBOR+112.5bps 3m-US LIBOR+125bps T+185bps
19-Feb-20	Vena Energy Capital Pte. Ltd (Guarantors: Vena Energy Holdings Ltd, Vena Energy (Taiwan) Holdings Ltd, Zenith Japan Holdings Ltd)	USD325mn	5-year	T+172.5bps
19-Feb-20	Modern Land (China) Co	USD200mn	2-year	12.875%
19-Feb-20	China South City Holdings Ltd	USD225mn	2-year 4-month	12.375%

Source: OCBC, Bloomberg

# Treasury Research & Strategy

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