

Market Commentary

- The SGD swap curve was range bound yesterday trading less than 1bp lower across the belly and longer dated tenors.
- The Bloomberg Barclays Asia USD IG Bond Index average OAS remained mostly unchanged at 138bps, and the Bloomberg Barclays Asia USD HY Bond Index average OAS remained mostly unchanged at 617bps. The HY-IG Index Spread remained mostly unchanged at 479bps.
- There were minimal flows in SGD corporates yesterday.
- UST 10Y Yields remained unchanged at 1.60% in observance of Memorial Day.

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, CFA

+65 6530 7348

zhiqiseow@ocbc.com

Credit Summary:

- [Ascott Residence Trust \("ART"\)](#) | **Issuer Profile: Neutral (5):** ART announced that it has entered into agreements to buy three freehold rental housing properties in Sapporo, Japan for JPY6.78 bn (~SGD85.2mn) to expand its rental housing portfolio. The properties will be purchased from unrelated third parties. The funding for the acquisition will come from debt and part of the net proceeds from recent divestments.
- [Singapore Airlines Limited \("SIA"\)](#) | **Issuer Profile: Neutral (5):** SIA has responded to a series of questions posed by the Securities Investors Association Singapore ("SIAS") on SIA's proposed issuance of the additional mandatory convertible bonds ("AMCB").
- [Singapore Post Limited \("SPOST"\)](#) | **Issuer Profile: Neutral (3):** SPOST announced that Paul Coutts, Group CEO has submitted his resignation on 31 May 2021 to pursue other opportunities. He will support a handover until 31 August 2021 or earlier as may be agreed with SPOST. Mr Coutts was appointed as CEO of SPOST on 1 June 2017. The Board is considering both internal and external candidates to lead SPOST. In the interim, Simon Israel, Chairman of the Board will, on behalf of the Board, provide guidance to and exercise oversight of the senior management leadership team in SPOST.

Asian Credit Daily

Credit Headlines

Ascott Residence Trust (“ART”) | Issuer Profile: Neutral (5)

- ART announced that it has entered into agreements to buy three freehold rental housing properties in Sapporo, Japan for JPY6.78 bn (~SGD85.2mn) to expand its rental housing portfolio. The properties will be purchased from unrelated third parties.
- The funding for the acquisition will come from debt and part of the net proceeds from recent divestments. On 27 May 2021, ART had completed the divestment of Somerset Xu Hui Shanghai, where the property was sold for RMB1.05 bn (~SGD217mn).
- ART is in the midst of diversifying from its hospitality assets-heavy portfolio, a segment which is still facing a challenging outlook amidst the pandemic. Using end-2020 value as starting point, including the US student accommodation acquired in 1Q2021 and the proposed acquisitions in Sapporo, the student accommodation and rental housing segment will comprise ~8% of ART’s total portfolio value on a proforma basis. ART aims to grow the segment to ~15-20% of its portfolio value in the medium term. (Company, OCBC)

Singapore Airlines Limited (“SIA”) | Issuer Profile: Neutral (5)

- SIA has responded to a series of questions posed by the Securities Investors Association Singapore (“SIAS”) on SIA’s proposed issuance of the additional mandatory convertible bonds (“AMCB”).
- Among the key replies include:
 - Reasons for issuing AMCB: The proceeds from the AMCBs will be treated as equity in SIA’s balance sheet, allowing SIA to maintain a strong equity base and creating options for further debt raising. The proceeds will also allow SIA to meet ongoing financial commitments, make the necessary investments and capitalise on any opportunities that may arise to secure SIA’s industry-leading position, and provide resources for growth as the company navigate through the ongoing crisis.
 - Optimal capital structure: Before COVID-19, SIA has been moving towards less cash on the balance sheet with lines of credit although given the uncertainties due to COVID-19, SIA intend to hold higher cash levels to cushion operating volatility. SIA does not have a specific target leverage ratio or other financial metrics as the company needs the flexibility amidst the pandemic.
 - Liquidity runway: The proceeds from AMCBs will fortify SIA’s financial position. Including existing cash reserves, SIA expects the liquidity to sufficiently cover its financial needs well into FY2023 (SIA’s financial year ends on 31 March).
 - Take-private: Take-private is not for SIA to consider as it is a shareholder action, as such the company is not in a position to comment. (Company, OCBC)

Asian Credit Daily

Credit Headlines

Singapore Post Limited ("SPOST") | Issuer Profile: Neutral (3)

- SPOST announced that Paul Coutts, Group CEO has submitted his resignation on 31 May 2021 to pursue other opportunities. He will support a handover until 31 August 2021 or earlier as may be agreed with SPOST. Mr Coutts was appointed as CEO of SPOST on 1 June 2017.
- The Board is considering both internal and external candidates to lead SPOST. In the interim, Simon Israel, Chairman of the Board will, on behalf of the Board, provide guidance to and exercise oversight of the senior management leadership team in SPOST.
- Separately, in February 2021, there were indications of lapses in internal procedures and protocols relating to the engagement of an advisor for certain subsidiaries of SPOST which occurred in 2020. A review which has been completed has concluded that there was no dishonesty, fraud or criminal activity in connection with the engagement of the relevant advisor, and no personal gain or benefit to Mr Coutts has been identified. There has also been no resulting financial loss or material impact caused to SPOST. (Company, OCBC)

Asian Credit Daily

Key Market Movements

| | 1-Jun | 1W chg (bps) | 1M chg (bps) | | 1-Jun | 1W chg | 1M chg |
|-----------------------|-------|-----------------|-----------------|---------------------------|----------|---------|--------|
| iTraxx Asiax IG | 86 | -2 | 6 | Brent Crude Spot (\$/bbl) | 69.47 | 1.19% | 3.30% |
| iTraxx SovX APAC | 26 | -1 | 0 | Gold Spot (\$/oz) | 1,907.39 | 0.43% | 6.39% |
| iTraxx Japan | 46 | -1 | -2 | CRB | 205.70 | 2.40% | 2.97% |
| iTraxx Australia | 60 | -1 | -2 | GSCI | 519.23 | 2.53% | 2.64% |
| CDX NA IG | 51 | -1 | 0 | VIX | 16.76 | -16.82% | -9.94% |
| CDX NA HY | 110 | 0 | 0 | CT10 (%) | 1.605% | 4.57 | -2.14 |
| iTraxx Eur Main | 50 | -2 | 0 | | | | |
| | | | | | | | |
| iTraxx Eur XO | 246 | -11 | -2 | AUD/USD | 0.774 | -0.13% | -0.28% |
| iTraxx Eur Snr Fin | 58 | -2 | -- | EUR/USD | 1.223 | -0.20% | 1.34% |
| iTraxx Eur Sub Fin | 108 | -9 | -1 | USD/SGD | 1.321 | 0.39% | 0.67% |
| iTraxx Sovx WE | 6 | 0 | 0 | AUD/SGD | 1.022 | 0.55% | 0.95% |
| | | | | | | | |
| USD Swap Spread 10Y | -3 | 1 | -3 | ASX 200 | 7,141 | 0.37% | 1.64% |
| USD Swap Spread 30Y | -28 | 2 | -2 | DJIA | 34,529 | 0.94% | 1.93% |
| US Libor-OIS Spread | 4 | -2 | -5 | SPX | 4,204 | 1.16% | 0.55% |
| Euro Libor-OIS Spread | -6 | 0 | -1 | MSCI Asiax | 893 | 1.96% | 1.01% |
| | | | | HSI | 29,152 | 2.60% | 1.49% |
| China 5Y CDS | 37 | -2 | 0 | STI | 3,164 | 1.49% | -1.68% |
| Malaysia 5Y CDS | 46 | -2 | 0 | KLCI | 1,584 | 1.37% | -1.13% |
| Indonesia 5Y CDS | 77 | -2 | -1 | JCI | 5,947 | 3.02% | -0.80% |
| Thailand 5Y CDS | 40 | -1 | -1 | EU Stoxx 50 | 4,039 | 0.10% | 1.63% |
| Australia 5Y CDS | 15 | 0 | -12 | | | | |

Source: Bloomberg

Asian Credit Daily

New Issues

- Datang Group Holdings Limited priced a USD300mn 364-day senior unsecured bond at 13%.
- Agile Group Holdings Ltd priced a USD150mn re-tap of its AGILE 5.5%'26s at 5.625%, tightening from IPT of 5.95% area.
- Qingdao Jiaozhouwan Development Co. Ltd. priced a USD200mn 3-year senior unsecured bond at 3.4%.
- Xi'an Port Industrial Co. Ltd. priced a USD110mn re-tap of its XIAPRT 5.8%'23s at 5.8%.
- Mapletree North Asia Commercial Trust priced a SGD250mn PerpNC5 at 3.5%, tightening from IPG of 3.7% area.
- Shinhan Card has arranged investor calls commencing 1 June for its proposed USD senior unsecured social bond offering.
- Gansu Provincial Highway Aviation Tourism Investment Group Co., Ltd. has arranged investor calls commencing 31 May for its proposed USD senior unsecured bond offering.
- China State Construction International Holdings Limited has arranged investor calls commencing 31 May for its proposed USD subordinated perpetual bond offering.

| Date | Issuer | Size | Tenor | Pricing |
|-----------|--|----------|-----------------|---------|
| 31-May-21 | Datang Group Holdings Limited | USD300mn | 364-day | 13% |
| 31-May-21 | Agile Group Holdings Ltd | USD150mn | AGILE 5.5%'26s | 5.625% |
| 31-May-21 | Qingdao Jiaozhouwan Development Co. Ltd. | USD200mn | 3-year | 3.4% |
| 31-May-21 | Xi'an Port Industrial Co. Ltd. | USD110mn | XIAPRT 5.8%'23s | 5.8% |
| 31-May-21 | Mapletree North Asia Commercial Trust | SGD250mn | PerpNC5 | 3.5% |

Source: OCBC, Bloomberg

Treasury Research & Strategy

Macro Research

Selena Ling

Head of Research & Strategy

LingSSSelena@ocbc.com

Tommy Xie Dongming

Head of Greater China

Research

XieD@ocbc.com

Wellian Wiranto

Malaysia & Indonesia

WellianWiranto@ocbc.com

Howie Lee

Thailand, Korea &

Commodities

HowieLee@ocbc.com

Carie Li

Hong Kong & Macau

carierli@ocbcwh.com

Herbert Wong

Hong Kong & Macau

herberhtwong@ocbcwh.com

FX/Rates Strategy

Frances Cheung

Rates Strategist

FrancesCheung@ocbc.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 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. There may be conflicts of interest between Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited, OCBC Investment Research Private Limited, OCBC Securities Private Limited or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement.

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).