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› Philippines sends fur flying in Panda bonds with shock low pricing on debut

› Tencent block smashes Asian records as Naspers sells US$9.8bn stake

› Tech giants face rare pushback after bond buyers reject longer duration

LOANS
HKBN targets yield-starved lenders with plans for lower margin refi
07

BONDS
High-yield issuers forced into shorter maturities, data show
08

EQUITIES
India lists HAL at last after state funds help IPO scrape over the line
09

PEOPLE & MARKETS
Hong Kong bourse chief touts 'flexible' rules for biotech listings
12

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Two must-attend Roundtables from IFR

The **2018 IFR ECM and DCM Roundtables** are taking place on the morning of Wednesday April 11 2018 at the Thomson Reuters Building in London.

Moderated by Keith Mullin of KM Capital Markets, the events will bring together panels of the most senior professionals in each asset class to discuss current market trends, assess deal flow, evaluate the impact of regulation and give their view on the outlook for the remainder of 2018.

These essential Roundtables are free to attend, but you must be registered. To secure your place at either or both, please visit **goo.gl/uLChPZ**.

DATE
Wednesday April 11 2018

ECM ROUNDTABLE
08:30 – Registration
09:00 – Roundtable discussion
10:15 – Q&A
10:30 – End

DCM ROUNDTABLE
10:15 – Registration
10:45 – Roundtable discussion
12:00 – Q&A
12:15 – End

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Upfront

Filipino fashion

China's global ambitions for its onshore bond market received two big boosts last week. While confirmation of index inclusion from one of the big index providers has long been on the cards, a surprise Panda bond holds more significance – at least in the short term.

Global investors are clearly getting over their fear of the renminbi. After the shock devaluation of August 2015 and a dismal run against the US dollar the following year, the currency is up more than 9% since the start of 2017.

Renminbi bonds are back in demand, as recent Dim Sum offerings from the property sector have illustrated.

The Philippines extended that interest to the onshore bond market last week with the first Panda bond sold mainly to offshore investors.

Manila's Treasury is a rare international issuer with a positive economic story to tell, but this is the first time that overseas investors have outbid Chinese buyers in their home market, which says a lot about the growing appeal of onshore renminbi bonds.

> This is the first time that overseas investors have outbid Chinese buyers in their home market

For overseas buyers, the Panda bond offered a chance to diversify currency exposure at an attractive 5% coupon and an investment-grade sovereign credit. But it also showed that offshore funds have different pricing expectations than their onshore peers, who are still recovering from last year's liquidity squeeze.

That contrast is good news for China, which is looking to global investors to improve standards and price discovery in its domestic debt markets.

Another leg-up in foreign demand is coming, after the compilers of the massive bond index known as the Global Agg said they would start phasing in renminbi bonds next April.

That alone promises to add around US$100bn of demand from index tracking funds, over time. A similar move from the other big global benchmarks – the WGBI and GBI-EM – could add another US$150bn.

As more overseas investors open Chinese lines and prepare for the rebalancing, Panda bonds from international credits are a logical place to start. The Philippines may have just started a trend.

Regulators reunited

Anyone looking to get a long-term relationship back on track might want to ask Hong Kong's securities regulator for advice.

After a rocky couple of years, the exchange operator and the Securities & Futures Commission were a spectacle of matrimonial bliss at the exchange's inaugural biotech summit last Thursday. Each doled out praise to the other when detailing how they had managed to thrash out an agreement to accommodate pre-revenue and pre-profit biotech listings.

The breakthrough, according to SFC chairman Carlson Tong, came during a lengthy telephone conversation one Sunday afternoon late last year between SFC chief executive Ashley Alder and HKEx chief Charles Li.

The local bourse chief talking with the head of the securities regulator is not especially unusual, except that the two have rarely seen eye-to-eye in the past on the topic of listing reform.

In 2015, the SFC unceremoniously slapped down HKEx's plans to introduce weighted voting rights in a bid to woo more tech giants to the exchange, citing the potential harm to the city's reputation as a listing venue.

This time around, the SFC is firmly on board with the exchange's proposals to allow weighted voting rights – and much more – in an overhaul of the listing regime designed to make Hong Kong more competitive.

With the weight of the securities regulator behind them – not to mention the government and business community – the proposals are certain to be adopted in some form.

This is a welcome reconciliation. Hong Kong sorely needs to cultivate more listings from the new economy, at a time when global competition is set to intensify.

Exchanges across the world are already experimenting with different methods to attract more listings from the high-growth sectors. And if China allows overseas companies to sell shares in its domestic market then Hong Kong's competitive edge will take a big knock.

Hong Kong's reunited regulators hope that the new rules will help the city marry private capital with fast-growing, innovative companies. They would do well to act fast: other matchmakers are waiting in the wings.

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COMPANY INDEX

51 Credit Card 26
Akkeshi Green Denryoku GK 34
Alibaba Group Holding 26
Ant Financial 24
Antong Holdings 27
ANZ Bank New Zealand 20
Aquila Resources 19
Ascendas India Trust 38
Asian Development Bank 18
AVIC Electromechanical Systems 27
Ayala 38
Baidu 6, 20
Bandhan Bank 9, 33
Bank of Queensland 19
Banque pour le Commerce Exterieur Lao 34
Beijing Capital Group 21
Beijing Jingneng Clean Energy 24
Bharat PetroResources 32
Bharti Airtel 31
Bilibili 10
Bukit Bintang City Centre Development 36
BYD 24
Cagamas 35
CAR Inc 23
Central Huijin Investment 23
Charoen Pokphand Foods 42
China Jinjiang Environment Holding 25
China SCE Property Holdings 25
China Southern Airlines 26
China Water Affairs Group 25
China Xinhua Education Group 26
ChipMos Technologies 40
Chow Tai Fook Enterprises 28
CIMB Group Holdings 35
CIMB Thai 41
Coronado Coal Group 19
Country Garden Holdings 24, 27
Country Garden Services 27
Cromwell Property Group 20
CSM Corporatama 33
CW Group Holdings 38
DanaInfra Nasional 8
Danga Capital 35
Didi Chuxing Technology 24
Do-fluoride Chemicals 27
Douyu 11
Eco Botanic 35
Ecom Agroindustrial 39
Ecom Agroindustrial Asia 39
Envision Energy International 22
First Abu Dhabi Bank 23
Fuguiniao 23
GCL New Energy Holdings 25
Gemdale 24
Glencore 19
Global Logistic Properties 23
Goshawk Aviation 28
Greentown Group 24
Haitong UniTrust International Leasing Corp 25
HDFC Bank 10
Heritage Bank 18
Hindustan Aeronautics 9
HKBN 7, 28
Hope Education Group 26
HSBC, New Zealand branch 37
Huatai Securities 27
Hui Xian REIT 29
Huya 11
ICICI Bank 31
ICICI Securities 9
Indian Railway Finance Corp 31
Industrial and Commercial Bank of China (Thai) 42
Inke 11
Insurance Australia Group 18
Inter-American Development Bank 18
Investore Property 37
iQiyi 10
Japan Rental Housing Investments 34
Jindal Steel and Power 32
Jupiter Mines 20
Kiatnakin Bank 42
Kiwibank 37
Kommunalbanken AS Norway 18
Korea Resources 39
Land and Houses 41
Land Transport Authority of Singapore 38
Lao Feng Xiang Jewellery Hong Kong 25
Latitude Finance Australia 20
La Trobe Financial 20
Lembaga Pembiayaan Perumahan Sektor Awam 35
Lemon Tree Hotels 9, 32
Lenovo Group 6, 8, 21
Lifestyle China Group 29
Lifestyle International Holdings 29
Loncin Holding 27
Loncin Motor 27
Longfor Chongqing Enterprise Development 23
Macquarie Group 18
Malayan Banking 35
Mangalore Refinery and Petrochemicals 32
Mitsubishi 38
Nam Ngum 2 Power 41
Nederlandse Waterschapsbank 18
New Hope Corp 19
New World Development 28
Noble Group 38
Northern Territory Treasury Corp 19
NTPC 32
NWB 18
OneSmart International Education Group 26
Orient Securities 22
Oto Multiartha 33
Pepper Group 19
Ping An Insurance (Group) 27
Poly Property Group 22
Powerchip Technology 40
Power Finance Corp 31, 32
Public Debt Management Office 41
Puma Energy Holdings 38
Puma International Financing 39
QBE Insurance Group 19
Qinghai Provincial Investment Group 22
Ratchaburi Electricity Generating Holding 41
Reliance Communications 11
Reliance General Insurance 33
Reliance Industries 31
Reliance Jio Infocomm 31
Rentenbank 18
Republic of the Philippines 4
Rural Electrification Corp 32
Sandhar Technologies 9, 32
San Miguel 37
San Miguel Pure Foods 37
Sasseur REIT 39
Shandong Iron & Steel Group 9, 22
Shangri-La Asia 28
Shanxi Securities 27
Shenzhen Neptunus Bioengineering 27
Shenzhen Wenke Landscape 27
Shinhan Bank 40
Shin Kong Financial 40
Shriram Transport Finance 31
SK Telecom 39
Small Industries Development Bank of India 31
SMC Global Power Holdings 37
SoftBank Group Corp 6, 8, 34
Star Energy Geothermal 9
Stockland 18
Summit Power International 39
Sun Hung Kai Properties 7
Sunlands Online Education 26
Sunshine City Group 24
Svensk Exportkredit 18
Swiber Holdings 39
Swiber Offshore Construction 39
Taiyuan Iron & Steel 27
TechnoPro Holdings 34
Telekomunikasi Indonesia 33
Telekomunikasi Indonesia International 33
Telekomunikasi Selular 33
Tencent Holdings 5
Top Glove 36
Toyobo 34
Trimco International Holdings 27
Tsinghua Tongfang 21
Two Degrees Mobile 37
UDC 20
UiTM Solar Power 35
UMW Holdings 35, 37
United Bank of India 31
Victoria Power Networks 19
Volkswagen Financial Services 20
Wesfarmers 19
Westpac 18
Westpac New Zealand 37
WHA Premium Growth Freehold and Leasehold REIT 42
Wiggins Island Coal Export Terminal 19
WuXi Biologics 27
Wyuna Water 19
Xuzhou Economic and Technology Development Zone State-owned Assets Management 21
Yancoal 19
Yango Group 22
Yue Xiu Enterprises (Holdings) 29
ZIGExN 34
ZTE 25

Contents

COVER STORIES

BONDS
04 Philippines creates Panda stir
The Philippines shook up the Panda bond market with a tight debut that underscored the growing role of overseas investors in onshore renminbi financings.

EQUITIES
05 Tencent block sets APAC record
Tencent Holdings' largest shareholder cut its stake in a record HK$76.95bn block trade during a global sell-off as the US opened a trade war with China.

BONDS
06 Tech giants suffer bond pushback
Asian credit investors are so wary of rising interest rates that even tech giants such as SoftBank, Lenovo and Baidu are having a hard time raising long-term debt.

NEWS

07 HKBN redials for tighter loan
Hong Kong's leveraged finance market is on a roll with HKBN the latest to take advantage of lenders' insatiable appetite for high-yielding financings.

08 Tenors diverge in Asian credit The tenors of Asian IG bonds have become longer this year, while those of high-yield notes have turned shorter.

08 DanaInfra to drive ringgit supply Malaysian investors are gearing up for a new deluge of government-guaranteed paper from DanaInfra Nasional.

09 HAL stumbles on take-off India completed its Rs41bn IPO of Hindustan Aeronautics last week, but fell short of its original target.

PEOPLE & MARKETS

12 HKEx details "flexible" biotech IPO rules
After issuing proposals to lure biotech listings to Hong Kong, the stock exchange last week made a plea to likely candidates not to get fixated on the small print.

12 StanChart CEO talks up revenue growth Bill Winters said the bank was now growing across all divisions and regions.

13 In brief Bloomberg said it planned to add renminbi-denominated bonds to its Bloomberg Barclays Global Aggregate Index from next April.

13 Who's moving where Credit Suisse has promoted Joe Lai to co-head of China investment banking and capital markets, effective immediately.

16 Comment Jonathan Rogers Moral hazards linger in Chinese bonds

ASIA DATA

44 This week's figures

COUNTRY REPORT

18 AUSTRALIA
Macquarie Group overcame a challenging market to sell a US$1.75bn three-part 144A/Reg S bond through a blue-chip line-up of US bookrunners

20 CHINA
Baidu managed to price a US$1.5bn dual-tranche bond as equity markets took a hit from President Trump's imposing tariffs on Chinese imports

27 HONG KONG
A five-year amortising loan of US$255m for Affinity Equity's purchase of a majority stake in label-maker Trimco has gone into limited syndication

31 INDIA
Shriram Transport Finance has signed a pricing supplement for a Rs1.9bn tap of its Masala bonds due in June 2023, according to a BSE release

33 INDONESIA
Oto Multiartha plans to raise Rp1.5trn from triple-tranche rupiah bonds, via leads BCA, Mandiri Sekuritas, IndoPremier and Nikko Sekuritas

34 JAPAN
SoftBank announced the results of an exchange offer for some of its dollar and euro bonds, and said it decided not to launch a new-money issue

34 LAOS
State-owned Banque pour le Commerce Exterieur Lao has allocated to 16 lenders its enlarged four-year debut term loan of US$150m

35 MALAYSIA
Malayan Banking, rated A3/A−/A−, issued five-year floating-rate notes last Monday to raise US$100m at 70bp over three-month Libor

37 NEW ZEALAND
Kiwibank issued a SFr150m 0.25% 5.5-year (October 18 2023) Eurobond, priced at par, 23bp wide of mid-swaps, last Thursday, via sole lead UBS

37 PHILIPPINES
San Miguel has hired Mizuho Bank, StanChart and SMBC for a US$1.6bn five-year loan to acquire an operator of power plants in the country

38 SINGAPORE
Listed property company Ascendas India Trust has sold ¥5bn of five-year bonds at 0.67375%, with Mizuho Securities Asia as a dealer

39 SOUTH KOREA
Korea Resource will meet investors in Asia and Europe from April 3, with a US dollar Reg S short-to-intermediate maturity bond to follow

40 TAIWAN
ChipMos Technologies has launched a five-year loan of NT$10bn through mandated lead arranger and bookrunner Taiwan Cooperative Bank

41 THAILAND
CIMB Thai sold M$390m of 10-year non-call five bonds at 5.20%, the wide end of price guidance, through sole lead CIMB Investment Bank

Philippines creates Panda stir

■ **Bonds** Sovereign surprises with very tight pricing as offshore buyers dominate

BY INA ZHOU

The REPUBLIC OF THE PHILIPPINES shook up the Panda bond market with an exceptionally tight debut that underscored the growing role of overseas investors in onshore renminbi financings.

The Baa2/BBB/BBB rated sovereign priced the Rmb1.46bn (US$230m) 5.0% three-year notes in China's interbank market at the low end of 5.0%–5.6% indicative guidance.

In a first for the Panda market, most of the bonds went to overseas buyers, helping the Philippines smash through pricing expectations and leaving other issuers scrambling to understand the achievement. Offshore investors took an auspicious 88% of the notes.

Final pricing represented a spread of only about 35bp over the three-year notes of China Development Bank, rated Aa3/AA– (Moody's/S&P), and no premium at all over the Rmb10bn three-year issue of Central Huijin, a unit of sovereign wealth fund China Investment Corp, also priced at 5% last week.

Of the five sovereign Panda bond issuers so far, only South Korea (Aa2/AA/AA-), rated five to six notches higher than the Philippines, has priced at a tighter spread over CDB.

Less than two months ago, the government of the Emirate of Sharjah, rated A3/BBB+ (Moody's/S&P), offered a 103bp premium over CDB for its Rmb2bn three-year Panda at 5.80%.

The other two sovereign issuers, Poland (A2/BBB+/A–) and Hungary (Baa3/BBB–/BBB–), paid 60bp and 83bp over CDB, respectively.

HOME SUPPORT

The stunning pricing was the result of overwhelming offshore demand via the Bond Connect link, which gives international investors direct access to China's domestic market from Hong Kong.

Sovereign wealth funds and Philippine banks contributed significantly to the offshore bid, according to market sources.

"It is likely that Philippines banks supported the sovereign deal, just like Chinese banks back their sovereign deals," said a DCM banker away from the deal.

Orders came in much stronger than expected after books opened last Tuesday, according to sources familiar with the matter.

"The issuer was confident about demand, following the roadshow the previous week. Still, the momentum of the bookbuilding far exceeded our expectations," said one of the sources.

The offering was 6.3 times covered with Rmb9.2bn of orders, the biggest book and the largest oversubscription of any of the sovereign Pandas to date.

The final allocation to Chinese onshore investors was just over 10%. Onshore bids made up half of the total order book, but most of them were outpriced by offshore accounts, sources said. Further distribution statistics were not available.

"The Philippines is a frequent issuer in the international market and it hadn't issued offshore bonds with tenors of less than 10 years [recently]. So, its first three-year offering found demand among offshore investors," said a banker on the deal.

The Panda bonds even managed to priced inside the Philippines' US dollar curve. The 5.0% yield swapped to a hypothetical 3.0% yield in US dollars, according to traders, while the sovereign's US dollar 4.0% 2021s were bid at 3.15%

last Tuesday.

The achievement caused some soul-searching among some participants in previous sovereign Panda bonds, who were scrambling to explain why their deals had paid a higher spread.

The DCM banker away from the deal said he was drafting a report to clients "hopefully in a tactful way".

Bankers on the deal said the offering demonstrated the importance of offshore support at a time when China's onshore bond market held little pricing advantage for foreign Panda bond issuers.

"The deal shows that reaching out to offshore orders was a good idea for Panda bonds, which we did not think about before," said another Beijing-based DCM banker away from the deal.

Despite cheaper funding in the offshore renminbi debt market, potential sovereign issuers would stick with the Panda bond market, bankers said.

"Panda bonds have a much better marketing effect for sovereign issuers, whose primary goal is to build/enhance relations with the Chinese government," said a banker.

Like other recent Panda issuers, the Philippines also made a play on the Belt and Road theme.

The prospectus said proceeds would be remitted offshore as part of the country's international reserves. Some of the funds may be converted to pesos to fund budget expenditures and to support Belt and Road projects.

METICULOUS PLANNING

The sovereign had started preparing the ground for the offering very early. In late September, Philippine officials visited China to deliver a first pitch and to discuss investment opportunities in domestic infrastructure projects.

In November, the country signed an agreement with Bank of China for the Panda bond offering during Chinese Premier Li Keqiang's visit to Manila.

In February, the sovereign received approval from the People's Bank of China and the National Association of Financial Market Institutional Investors.

Then, a week before the deal, a Philippine delegation, led by National Treasurer Rosalia de Leon and Bangko Sentral ng Pilipinas Deputy Governor Diwa Guinigundo, met potential investors in Singapore, Hong Kong and mainland China.

Bank of China was lead underwriter on the offering with *Standard Chartered Bank (China)* as joint lead underwriter.

The Philippines and the notes have AAA ratings from China Lianhe Credit. ■

Tencent block sets APAC record

■ **Equities** **Three bookrunners share big league-table boost after Naspers trims stake**

BY FIONA LAU

TENCENT HOLDINGS' largest shareholder trimmed its stake in a record HK$76.95bn (US$9.8bn) block trade on Thursday during a global market sell-off as the US opened a trade war with China.

South African online media and entertainment company Naspers launched Asia Pacific's largest overnight block after the Hong Kong market close, a day after Tencent announced its quarterly results.

Although the Chinese internet giant's net profit of Rmb20.8bn (US$3.29bn) beat forecasts, Tencent fell short on sales because of slowing gaming revenues. Its shares fell 5% on Thursday, before the sell-down was announced.

After months of preparations, joint bookrunners *Bank of America Merrill Lynch*, *Citigroup* and *Morgan Stanley* nevertheless went ahead and launched the offer of about 190m secondary shares, or about 2% of Tencent's shares outstanding.

Unlike a typical block trade in Asia, the deal was launched without a price range. This allowed a full price discovery process and gave the leads more flexibility on pricing.

"Tencent is a very liquid and well-known stock. Instead of setting a price range according to the banks' and issuer's own judgment, the bidding process allows a market price to be set effectively," said a person close to the deal.

"The auction process allows the banks to navigate the transaction more easily, especially under volatile market conditions. You can first build the size, then build the price," said another person familiar with the situation.

Despite a 2.9% drop in the Dow Jones Industrial Average during bookbuilding, the deal was covered a few hours after launch and ended well oversubscribed with more than 300 investors participating.

About an hour before the books closed, the leads issued guidance of HK$400–$410 per share or a discount of 6.7%–9%. The shares were eventually priced at HK$405 each, or a 7.8% discount to the pre-deal spot of HK$439.40.

Allocations were heavily concentrated, with the top 20 investors taking around 60% of the deal and the top 10 buying 40%. Each of the top 10 investors pledged orders in excess of US$500m.

Demand came from all investor types including global top-tier long-only funds, sovereign wealth funds and hedge funds. Geographically, about 50% of the demand came from Asia, 40% from the US and 10% from Europe.

BIG PAYOFF

Naspers' sell-down in Tencent represents a big payoff for the South African group, which bought its Tencent stake for just US$32m in 2001 and had not sold any shares before last week. After the sell-down, it is still left with 31.2% of the Chinese internet giant, worth US$165bn at current prices. Naspers' own capitalisation is only US$122bn.

The trade is also a big win for the three bookrunners, who leveraged their strong relationships with the seller to win the mandate. Although a trophy block of such size often does not pay particularly well, the sale will give each of the trio a big league-table boost.

After the Tencent sale, Morgan Stanley topped the year-to-date Asia Pacific equity and equity-linked league table with US$7.17bn proceeds raised, according to Thomson Reuters data. Goldman Sachs ranked second with US$6.24bn while Citigroup followed closely with US$6.21bn. Bank of America Merrill Lynch ranked fourth with US$3.81bn.

There is a 180-day lock-up on the vendor. Naspers said it had no intention of selling any more Tencent shares for at least three years.

Tencent shares opened at the placement price of HK$405 on Friday but rose quickly from there. The closing price of HK$420 was a 4.4% drop on the day, but left investors who took part in the block trade comfortably in the money. ■

Tech giants suffer bond pushback

■ **Bonds** Baidu, Lenovo, SoftBank find long tenors a hard sell against rising rate backdrop

BY FRANCES YOON

Asian credit investors are becoming so wary of rising interest rates that even popular tech giants such as SOFTBANK GROUP CORP, LENOVO GROUP and BAIDU are having a hard time raising long-term debt.

Investors pushed back against the trio's attempts to lock in long maturities last week as the era of low interest rates draws to a close.

Lenovo had considered selling a new US dollar 10-year bond, but feedback from investors put such a tenor at too much of a premium, said a banker on the deal.

The Chinese computer-maker priced a US$750m five-year unrated bond at Treasuries plus 215bp on Thursday for a 5bp new-issue premium, according to Nomura's trading desk.

Search engine Baidu paid premiums of about 15bp for a US$1bn 5.5-year and around 10bp for a US$500m 10-year, while Japan's SoftBank Group Corp decided against raising new funds alongside an exchange offer.

"It's not a great market for new issues," said a banker on the SoftBank trade.

Bankers said longer maturities now appealed to a smaller group of investors.

"These issuers have been opportunistic and wanted to get as much duration as possible," said a banker on the Lenovo deal. "A lot of the fast money has evaporated for long tenors and that gives us less momentum to tighten. Still, the quality of books has improved, since a lot of guys that come in are buy-and-hold."

Bonds from Asian tech names, such as Alibaba, Baidu and Lenovo, have widened more than 10bp in secondary trading in the past two months.

"Market conditions are weak, and liquid names like these tech issuers are getting hit harder than illiquid SOEs," said a Hong Kong-based credit analyst.

The US Federal Reserve raised its benchmark interest rate 25bp last week and forecast at least two more increases this year, signalling that US inflation should finally move higher after years below its 2% target.

Although widely anticipated, the move adds to the cautious tone among fixed-income investors, who are trying to balance the appeal of higher coupons on longer maturities with the threat of rising inflation.

"You don't ask people to extend duration now when the markets are so risk averse," said a debt syndicate banker away from these deals.

"The only reason why it makes sense to buy a 10-year is if the credit improves substantially, helping to offset the rising rate cycle, but, with SoftBank, that's not the case. They are highly levered."

TESTING THE WATERS

SoftBank still managed to persuade investors to exchange shorter-dated US dollar and euro notes into new 10-year notes.

In exchange, it will issue US$499.956m of new 6.25% 10-year bonds and €1.17bn of new 5% 10-year bonds.

Holders of the euro notes were more willing to roll into longer maturities than holders of the US dollar notes, given that the European Central Bank has not yet started raising rates this cycle.

The exchange added pressure to SoftBank's US$2.75bn 6% and US$1.75bn 6.875% perpetual notes. The perps callable in 2023 widened to 8.24% on March 14, and the perps callable in 2027 to 7.83% on March 19, respectively, their highest yields since pricing last July, according to Thomson Reuters data.

Lenovo also tried to move some holders of existing bonds into its new issue. Proceeds from the new money will be used to fund a tender offer for the US$1.5bn 4.70% 2019s and US$500m 3.875% 2022s.

Lenovo had offered to accept up to US$1.5bn of bonds in the tender, with priority given to holders of the 2019s that subscribed to the new issue. In the end, it accepted US$513.756m of the 2019s from holders that bought the new issue, US$200m from other holders of the 2019s, and none from holders of the 2022s.

"The tender was also slightly below expectations as they tried to limit the premium offered for the tender," said the banker. "We were working on this trade back in January, and markets have turned a bit since then."

Baidu's US$1.5bn benchmark used its entire approved quota, but paid a premium over a secondary curve that had already widened month to date.

The Treasury spread on its 3.5% 2027s had risen about 20bp and on its 2025s about 10bp since the start of March, according to Thomson Reuters data.

"Marrying the US investor base and Asian investor base was somewhat more challenging than it used to be," said a banker on the deal.

"We saw some lumpy, triple-digit tickets. For rare tech names, there's still a bid out there, and we can still see that people are warehousing their cash. However, new-issue concessions are higher than people are used to, and the move from initial to final guidance has slowed. ■

HKBN redials for tighter loan

■ **Loans** Telecom operator's latest refinancing targets yield-starved lenders

BY PRAKASH CHAKRAVARTI, EVELYNN LIN

Hong Kong's leveraged finance market is on a roll with local broadband and telecoms services provider HKBN the latest borrower to take advantage of lenders' seemingly insatiable appetite for high-yielding financings.

Just over a year after agreeing to a HK$4.1bn five-year bullet loan in November 2016, HKBN is seeking an amendment and extension to cut the interest margin and lengthen the tenor. *BNP Paribas* is coordinating the exercise.

HKBN aims to reduce its interest margin to 105bp over Libor, based on its total net leverage of 3.38x as of August 31 last year, from 135bp on the 2016 loan, based on gearing of around 3.30x. The maturity will be extended by around 18 months for existing lenders who agree to roll over their exposure.

HKBN's ability to push for improved terms so soon underlines the depth of demand for higher-margin assets among lenders looking to boost their returns.

"We still have interest in lending as we face excess liquidity and we don't have many other choices. We would like to book the assets in the first half of this year to meet our target returns," said a Hong Kong-based senior banker at a Taiwanese bank, an existing lender to HKBN.

HKBN has been down the refinancing road before, since private-equity firm CVC Asia Pacific first acquired it from Hong Kong Television Network, formerly City Telecom (Hong Kong), for HK$4.9bn in 2012. The HK$2.5bn debt supporting the leveraged buyout was refinanced twice through a bond and a loan before HKBN listed on the Hong Kong stock exchange in March 2015 and then completed the HK$4.1bn loan in November 2016.

On each refinancing, HKBN has managed to win favourable terms from lenders looking for richer yields than their usual staple of tightly priced loans from high-grade borrowers, such as property sector credits.

Earlier this month, Hong Kong real-estate giant SUN HUNG KAI PROPERTIES more than quadrupled a self-arranged five-year refinancing to HK$21bn from a HK$5bn target after attracting 16 banks. The loan offered an all-in pricing of 75bp, based on an interest margin of 65bp over Hibor.

"The competitive landscape in Hong Kong's telecom sector is getting fiercer and the challenge for operators is to find new ways to diversify revenues, while constantly upgrading their networks and offerings to keep up pace with evolving technologies."

PUSHING IT

Still, some bankers believe HKBN is pushing pricing too far this time. They are wary of HKBN's business prospects in an ultra-competitive sector requiring frequent capital expenditure.

"The competitive landscape in Hong Kong's telecom sector is getting fiercer and the challenge for operators is to find new ways to diversify revenues, while constantly upgrading their networks and offerings to keep up pace with evolving technologies," said one leveraged finance banker in Singapore.

HKBN acquired the telecommunications and online marketing solutions businesses of New World Telephone in 2016 and made an aggressive bid a few months later for Wharf T&T, the telecom business of Wharf Holdings. Last year, HKBN also entered the fray for Hutchison Global Communications, the fixed-line unit of Li Ka-shing's Hutchison Telecommunications Hong Kong Holdings.

HKBN lost out in the race for Wharf T&T and withdrew early from the bidding for HGC. Both targets ended up in the hands of PE firms and led to multi-billion dollar LBO loans.

Meanwhile, HKBN had already notched up more than 200,000 subscribers to its mobile services as of last July since launching 10 months earlier.

Its latest deal will add to the many leveraged financings in Hong Kong in recent months.

They include a HK$13.8bn three-year bullet loan supporting the buyout of commercial properties of Link Real Estate Investment Trust, a HK$16bn three-year senior loan partially financing a consortium of investors buying Hong Kong skyscraper The Center and a US$255m five-year financing backing Affinity Equity Partners' purchase of a majority stake in garment label maker Trimco International Holdings.

Those three loans offer much more generous pricing than the one for HKBN. Link REIT's borrowing pays a top-level all-in pricing of 200bp, based on an interest margin of 185bp over Hibor in senior syndication, while the Center's new owners sweetened terms on the loan last month and now offer an interest margin of 160bp over Hibor. Trimco's loan pays all-in pricing in the high 300s. ■

Tenors diverge in Asian credit

Bonds Average maturity rises for high-grade credits, but shrinks for junk bonds

BY DANIEL STANTON

Asia's investment-grade borrowers are selling longer-dated bonds while their high-yield peers issue shorter maturities, as rising rates pull issuers and investors in opposite directions.

An IFR analysis of rated US dollar bonds shows the average maturity for investment-grade issues so far this year has risen to around 6.9 years, compared with 5.4 years in the first quarter of 2017. In contrast, Asian high-yield maturities shrank to 3.6 years, from 4.4 years in Q1 2017.

The data reflect final maturities, excluding perpetuals, as of March 22.

The change is indicative of investors' increasingly conservative approach to duration.

"People are getting allergic to tenor," said a Singapore-based banker. "Issuers might need to temper their expectations."

Resistance from investors is being seen this year in higher new-issue premiums from Asian bond issuers – unimaginable this time last year, when many issuers succeeded in pricing inside their existing curves. Premiums of 10bp–25bp are now common for IG issuers in Asia.

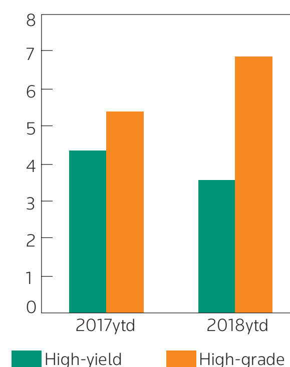
Meanwhile, the better-rated issuers see the era of cheap money drawing to an end and are trying to sell long-tenor bonds before rates rise any further.

"From a valuation perspective, the five-to-10-year spread differential for Asian IG does look too flat, and we can expect regional corporations are still eager to print long-tenor paper to lock in cheaper funding," said Jimond Wong, managing director for Asia fixed income at Manulife Asset Management.

"This supply bias may continue to pressure the long end of the credit curve. Besides, as spreads are now lingering at multi-year tights and room for further compression is arguably less than before, investors may be less inclined to sit on longer tenor unless adequately compensated with wider spreads."

DURATION DIFFERENCE

AVERAGE TENORS ON US DOLLAR NEW ISSUES IN ASIA ARE DIVERGING



Data shows final maturity at issue by number of issues, excluding perpetuals
Source: IFR

DURATION GAMES

The US Federal Reserve is expected to raise rates two more times this year, after Wednesday's 25bp increase, with three hikes in prospect next year. That has made investors wary of longer tenors, which are more sensitive to rate movements.

"In the past, selling a 10-year IG bond was easier than selling a five-year, because of the higher yield," said a syndicate head. "Now, the sentiment is completely opposite."

SOFTBANK GROUP CORP and LENOVO GROUP both announced they were considering raising funds from 10-year bonds, before choosing not to last week, with Lenovo printing only a five-year bond under Reg S.

"You're really going to need to do a 144A offering to do a 10-year now, or you'll be leaving a lot of value on the table," said the Singapore-based banker. "The US investor base always takes on more duration than

DanaInfra to drive ringgit supply

Bonds Pan-Borneo Highway project to add another M$13bn to government-guaranteed glut

BY KIT YIN BOEY

Malaysian investors are gearing up for another deluge of government-guaranteed paper from DANAINFRA NASIONAL as financing for the mega Pan-Borneo Highway finally takes shape.

The funding vehicle plans to sell up to M$13bn (US$3.4bn) of Islamic and conventional bonds to support the first phase of a M$30bn network of roads stretching a total of 2,325 kilometres – the distance from Beijing to Hanoi.

The government-guaranteed notes will be drawn from a M$13bn Islamic MTN programme established last year to finance the initial stages. This is separate from DanaInfra's other M$8bn Islamic MTN programme, which is earmarked for the expansion of the mass rapid transit network in Kuala Lumpur.

AmInvestment Bank, *CIMB*, *Maybank* and *RHB* are joint lead arrangers on the new programme, and are expected to be among the lead managers for the first issue.

DanaInfra held investor meetings recently to update potential bondholders on the progress of the project. The funding of the highway is expected to be done in phases, which will allow the agency to raise funds each time a milestone in construction is reached and payment is due. The first issuance could come as early as next month.

Construction of the first 1,060km stretch across the state of Sarawak, from Telok Melano in the west to the Sabah border at Merapok, has already started. That stage is scheduled for completion in early 2022.

The highway is just one of a number of infrastructure projects heading for Malaysia's bond market. Others include the US$13bn East Coast Rail Link, which will be 85% funded by Export-Import Bank of China and the balance through bonds.

Malaysia's Securities Commission has projected corporate bond issuance to hit M$100bn this year. While this is down on last year's M$124.9bn, the deep liquidity in the bond market has made it the first choice for major corporate issuers and infrastructure developers. In comparison, equity offerings last year totalled just M$21.7bn.

ROAD BLOCKS

Despite a comprehensive sovereign guarantee, DanaInfra faces challenges in attracting investors amid a glut of government-backed debt.

Some M$11.9bn of Islamic and conventional bonds, either guaranteed by the federal government or issued by government-owned companies, have hit the market over the last six months, including almost M$7bn in the first three months of this year. DanaInfra itself has issued M$7bn in two

Asia."

In high yield, a proposed US$500m-plus 15-year deal from Indonesia's STAR ENERGY GEOTHERMAL has yet to launch, after starting roadshows on February 28.

Since last year, many Chinese high-yield issuers have seized on a loophole in regulation to issue offshore bonds at tenors of less than a year, which do not require prior approval, but even those with offshore quotas are now learning they can only find demand at an acceptable price if they issued at short tenors.

Double B rated SHANDONG IRON & STEEL priced a two-year bond last week, rather than a three-year as originally intended, after Chinese asset managers gave feedback that they would prefer to limit duration risk. Before that, Single B rated Xinyuan Real Estate had to pay 9.875% to complete a 1.5-year issue on March 12, having issued a three-year at 9.125% just four months earlier.

In the past, many high-yield issuers favoured short tenors to keep coupons low, but they are now starting to see the value of locking in longer-term funding – just as the market has turned against longer tenors and raised the cost of funding for junk-rated credits.

"Last year, we were trying to get high-yield issuers to push out to seven years and they wanted to go shorter," said the syndicate head. "Now, it's reversed."

The rate environment is creating buying opportunities in secondary credit.

"We feel that, while US rates can continue to move higher, the pace will moderate," said Wan Howe Chung, head of Asian fixed income at Amundi. "This means there are potential opportunities in IG, which have sold off purely due to duration."

Wan said the flatness of the rates curve meant that Amundi would wait until long-dated bonds cheapened further before shifting focus to that part of the credit curve.

"We like short-end HY bonds for stable carry, though we are beginning to see very stable short-end IG names cheapening up, but we expect more selling to come," he said. ■

deals over the past four months to fund the MRT projects.

Bankers say investors are now closely examining the underlying purpose of each funding, with those backing critical national projects viewed more favourably. Although the Pan-Borneo Highway will not be a revenue-generating project, it is highly strategic to the federal government's agenda. As such, government support is seen as a given.

Bankers acknowledge that investors have little room for more government-guaranteed risk, which will put more pressure on DanaInfra to pay up.

"Investors are always asking bankers to bring more non-government-guaranteed paper to the market so they can diversify, but for a premium of another 10bp or more investors will still come into the deal," said one syndicate banker.

"Ultimately, it boils down to pricing and compensating the investors for the relative illiquidity in government-guaranteed bonds versus the Malaysian government bonds."

The funding also comes as Malaysians prepare for a general election that has to be held by August this year. The last general election in 2013 disrupted the flow of primary deals for weeks as it appeared to be a close race between the Barisan Nasional coalition, led by the dominant party UMNO, and the opposition parties.

Bankers expect no such disruption this year. Since winning the 2013 election, albeit with a narrow margin, UMNO leader and Prime Minister Najib Razak has strengthened his control over the party, leaving little doubt that he will win another term. ■

Hindustan Aeronautics stumbles on take-off

■ **Equities** Private-sector buyers steer clear of government sell-down in crowded market

BY S ANURADHA

India completed its long-delayed Rs41bn (US$632m) IPO of HINDUSTAN AERONAUTICS last week, but even heavy support from public-sector buyers was not enough to cover the original target in a crowded market.

HAL fell just short of its 34.1m-share target with 99% of the deal covered, becoming the first undersubscribed Indian IPO since privately owned Prabhat Dairy in September 2015.

The government, however, was able to close the offer on schedule as the rules allow an undersubscribed IPO to go ahead as long as it achieves a 10% free float of at least Rs4bn.

The institutional tranche was 1.73 times covered, the high-net-worth individual piece 3% and the retail portion 39%, according to National Stock Exchange data.

The government offered 34.1m shares, or 10.2% of the share capital, at a Rs1,215–Rs1,240 price range, and received bids for 33.73m shares, just meeting the 10% free-float requirement. The shares were priced at the bottom of the range.

At final pricing, the deal appeared reasonably priced with a forward P/E multiple of 18, lower than Bharat Electronics' 25, and retail investors were in line for a Rs25 per share discount. Still, investors were not impressed.

"While institutional investors were able to understand the workings of a state-owned defence company that depends on the government entirely for orders, individual investors stayed away because they don't see frequent price drivers," said a banker away from the float.

Eventually, it was left to state-owned Life Insurance Corporation of India to bid for more than half the deal, according to people with knowledge of the IPO.

"We hardly saw any private mutual funds and bank treasuries in the IPO," said one ECM banker.

Axis and *SBI Capital* were joint bookrunners

Investors also had other choices in a crowded primary market, with BANDHAN BANK out with a Rs45bn IPO and SANDHAR TECHNOLOGIES looking for Rs5.1bn. Investors clearly preferred the private-sector listings, covering Bandhan's IPO 14.63 times and Sandhar 6.19 times.

Major shareholders and private-equity investors are rushing out IPOs before the end of the financial year on March 31, in part to avoid a new 10% long-term capital gains tax that kicks in from April 1. ICICI SECURITIES and LEMON TREE HOTELS have lined up Rs40bn and Rs10bn floats, respectively, for March. The Indian government also wanted to meet its divestment target for the current financial year.

The poor response to the IPO is expected to make the going hard for other state-owned defence IPOs, especially against the background of an overall weak market.

"Some private mutual funds, which subscribed to the Bharat Dynamics IPO, didn't buy the HAL IPO once they realised they were the only private-sector players in the deal. Now, more institutions will drop out," said a banker working on a state-owned defence company IPO.

State-owned missile maker Bharat Dynamics completed its Rs9.6bn IPO in mid-March after investors subscribed for 1.3 times the shares on offer, but the shares plunged 15% early on their Friday debut and were 9% lower at the time of writing. ■

US buyers lap up latest China IPOs

Equities Streaming websites entice investors despite recent disappointments

BY FIONA LAU

The US IPOs of Chinese video-streaming companies IQIYI and BILIBILI have drawn a strong response from investors keen to bet on the rapid growth of the country's online entertainment industry.

The up-to-US$2.38bn Nasdaq IPO of iQiyi was covered on the first day of bookbuilding last Monday and is on course to become the biggest Chinese listing in the US since Alibaba's US$25bn float in September 2014. At the top end of the range, the unit of search engine Baidu could raise 59% more than the US$1.5bn it originally filed for.

Bilibili's NYSE IPO of up to US$525m has also drawn strong support with books quickly covered after bookbuilding started last Monday.

The upbeat demand shows US investors' interest in Chinese IPOs remains strong, despite several disappointing listings late last year.

"US investors are still interested in Chinese IPOs in high-growth sectors. They are just avoiding those that are more vulnerable to regulatory risks," said a source close to the iQiyi float.

> **"US investors are still interested in Chinese IPOs in high-growth sectors. They are just avoiding those that are more vulnerable to regulatory risks."**

Shares of Chinese peer-to-peer online lender Ppdai Group, for instance, closed at US$8.17 last Wednesday, 37% below the November IPO price of US$13. Soon after the company's listing, China introduced rules to clamp down on the micro-loan market, triggering a sell-off in US-listed Chinese consumer finance firms.

NOT YET PROFITABLE

iQiyi and Bilibili are not yet profitable, but investors see the two floats as opportunities to buy into the robust growth of China's online entertainment sector. This is especially true for iQiyi, which is often seen as the Chinese version of Netflix.

"People are seeing strong growth in the sector. If you believe such growth will continue, buying in the IPOs now can allow you to position early," said a person close to one of the floats.

According to a report from consulting firm iResearch, the online entertainment industry in China has more than tripled in size from about Rmb50.8bn (US$8.03bn) in 2012 to Rmb156.9bn in 2016, and is expected to reach about Rmb688.4bn in 2022. Of the total time users spent on online entertainment in China in 2016, over 80% was on

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Indian bank tucks into Masala

Bonds HDFC Bank finds strong offshore demand for longer duration

BY KRISHNA MERCHANT

HDFC BANK has become the first Indian bank to sell Masala bonds, paving the way for other lenders to tap the offshore rupee bond market.

India's second-largest private-sector lender raised Rs23bn (US$353m) at a seven-year maturity, the minimum tenor under rules allowing banks to sell offshore rupee bonds for infrastructure and affordable housing. It was also the first Indian issuer to sell Masala bonds at that tenor.

The deal priced at a yield of 8.1%, on par with the bank's onshore funding costs.

"HDFC Bank's Masala will set a precedent for other lenders to raise senior offshore rupee bonds in the future," said Ajay Marwaha, director of investments and investment advisory at Sun Global Investments, who expects the notes to trade actively in the secondary market.

The deal demonstrated that there is a large pool of liquidity offshore just as funds are becoming more scarce in the domestic market.

"For us, it is always advantageous to have a larger set of investors, hence we went offshore," said Ashish Parthasarthy, treasurer at HDFC Bank. "The objective was to look at a different investor base through the Masala route."

There is tepid demand for longer-maturity bonds in the domestic market at the moment, as mutual funds are seeing slower flows into longer-duration funds due to the hawkish interest rate outlook.

"The domestic market is quite dysfunctional at the moment because it has a limited appetite for longer tenor," said a DCM banker.

CREDIT VIEW

Parthasarthy said the Baa2/BBB– (Moody's/S&P) rating also helped drive demand, as few Masala issues have international ratings.

The trade drew orders of over Rs28bn from more than 40 accounts. In terms of investor types, 82% were fund managers, 15% were banks and 3% were private banks.

Some investors described the bonds as an attractive carry product.

"We are taking both a currency and credit view in HDFC Bank," said Jenny Zeng, portfolio manager and head of credit research for Asia at AllianceBernstein.

The cost for the issuer was the same as onshore rates after absorbing the 5% withholding tax.

"If we were to issue bonds in the domestic market, the levels would be similar to the rate that we have been able to access through the Masala route," said Parthasarthy.

Although HDFC Bank has not issued any seven-year senior bonds recently, the lender's rupee bonds maturing in March 2025 were trading at 8.32%, according to Thomson Reuters data.

FPI SELLING

While Masala bonds appeal to foreign portfolio investors who do not have access to the onshore market, some investors who already have

internet videos.

iQiyi's net loss widened to Rmb3.74bn in 2017 from Rmb3.07bn in 2016. The company is expected to turn profitable in 2021, according to two people close to the float.

iQiyi, which competes with Tencent and Alibaba's Youku Tudou, had about 421m average mobile monthly active users and about 126m average mobile daily active users for the three months ended December 31 2017.

It is selling 125m primary American depositary shares at an indicative price range of US$17–$19 each. The price range represents a 2018 P/S of 3.4–3.8 and a 2019 P/S of 2.5–2.8, and post-shoe market capitalisation of US$13.2bn–$14.8bn.

Existing shareholders Baidu and Hillhouse Capital have each indicated interest in subscribing for up to US$200m of the IPO shares.

For its part, Bilibili saw its 2017 net loss narrow to Rmb184m from Rmb911m in 2016. It is selling 42m primary ADS at an indicative price range of US$10.50–$12.50 each, representing 2019 P/E of 25.8–30.7 and 2020 P/E of 12.5–14.9.

"It's hard to say whether these deals are expensive as you are actually betting on their ability to monetise their huge subscriber base," said an ECM banker away from both IPOs.

Netflix, with a market cap of over US$130bn, trades at over 11 times its 2017 revenue and more than 200 times historical earnings.

At least three other Chinese live-streaming platforms plan to go public. HUYA, the game-streaming unit of Nasdaq-listed YY, plans to raise at least US$200m from a US IPO. Tencent-backed DOUYU and INKE, meanwhile, are looking at Hong Kong IPOs of US$400m and US$300m, respectively, this year.

Bilibili will price its IPO on Tuesday and iQiyi a day later. ■

access to India see little reason to participate.

"Masala issuance is still coming at a slow pace and generally yields are not that different to onshore India," said Manu George, senior investment director for fixed income at Schroder Investment Management.

In the past two months sentiment towards local currency bonds has turned sour. Foreign portfolio investors have sold a net Rs91.1bn of rupee bonds since February, according to data on National Securities Depository Limited as of March 23, as concerns over currency depreciation and rising fiscal and trade deficits have forced them to reassess their exposure.

The rupee's 2% fall against the US dollar so far this year highlights the currency's vulnerability to the sell-off in the local equity market, according to a DBS note on March 20. India needs capital inflows to fund its current account deficit, which has more than doubled year on year to 1.9% of GDP between April and December, and its increasing financing requirements will keep the rupee vulnerable to rising US rates, DBS analysts wrote.

The DCM banker expects these pressure to weigh on Masala bonds, too, warning that investors should be prepared to lose money if they have taken a short-term trading view.

Barclays, HSBC, Standard Chartered and *Sun Global* were joint bookrunners for the Masala deal.

HDFC Bank's net profit rose 20% to Rs46.43bn for the quarter ending December from Rs38.65bn a year earlier. Gross bad loans as a percentage of total assets were at 1.29% at the end of December, versus double digits for public-sector banks. ■

RCom bondholders approve asset sales

■ **Restructuring** Investors clear way to sell assets, but court stays threaten process

BY DANIEL STANTON

RELIANCE COMMUNICATIONS said last week it had won approval for its planned asset sale to Reliance Jio Infocomm from the required majority of holders of its US$300m 6.5% senior secured notes due 2020.

It will, nevertheless, need to address legal hurdles to complete the divestment.

Holders of 44% of the principal amount of the 2020 bonds were present, and 81% of votes cast were in favour of the move to substitute the collateral backing the notes and grant redemption payments, subject to certain triggers.

As an earlier meeting was adjourned, holders of just a quarter of the notes needed to be present to form a quorum.

The approved resolutions do not amend any payment terms on the notes, with the restructuring details to be addressed at a later stage, but RCom has set some milestones. The telecom company said its meeting with advisers to the noteholders to discuss the restructuring should happen no later than April 15, with a restructuring-support agreement to be signed by June 30 and the workout to be completed by August 31.

An ad hoc committee of holders of around 19% of the 2020 notes has signed a restructuring-support deed. The deed states, among other things, that accrued interest will be included in the consideration for restructuring the notes, and that the ad hoc group will receive cash equivalent to 1% of the principal amount outstanding on their notes by June 30, to be taken from an expected future payment.

RCom has offered to pay holders cash in three parts: 21 cents on the dollar, once bondholders and regulators approve the restructuring proposal; 4–5 cents within 12 months of the completion of RCom's asset sale to Reliance Jio; and 4–19 cents depending on the outcome of a legal case involving RCom unit Sistema Shyam Teleservices.

RCom agreed in December to sell its wireless, spectrum, tower, fibre and media convergence node assets to Reliance Jio. The transaction is required to close by March 31, but some of RCom's trade creditors have tried to block the telco from selling assets until they are repaid.

Ericsson India filed a petition with the Bombay High Court to block RCom from transferring assets, and won a stay. RCom said on March 14 that the Bombay High Court had rejected an appeal against the stay. Avaya India has also filed a claim against RCom in the National Company Law Tribunal, with a final hearing due to be heard on March 23.

In addition, holders of a 4.26% stake in subsidiary Reliance Infratel have won a stay on the sale of the tower and optic fibre assets, after filing a petition to the NCLT in Mumbai. RCom said it planned to appeal.

"As legally advised, the claims of minority investors of Reliance Infratel, subsidiary of the company and/or unsecured vendors cannot under any circumstances rank in higher priority than the undisputed claims of secured domestic and international lenders and any stay granted in this regard is not defensible in law and is liable to be vacated," RCom wrote in a stock exchange filing on March 14. ■

TOP STORY EQUITIES

HKEx details "flexible" biotech IPO rules

Bourse chief hints at exceptions for certain listing candidates

Less than a month after issuing proposals to attract biotech listings to Hong Kong, the stock exchange last week made a plea to potential candidates not to get fixated on the small print.

"A lot of you are already raising questions about certain elements and certain aspects of our regime," said HONG KONG EXCHANGES AND CLEARING chief executive Charles Li at the bourse's inaugural biotech summit.

"Don't worry about it. I think the regime is now built flexible enough to allow us to take it on a case-by-case basis, even if the rules themselves do not cover you specifically."

Li's comments came on the penultimate day of the consultation period on draft rule changes, which include plans to introduce a new chapter on the main board for biotech companies that to do not meet the standard financial eligibility tests.

The consultation document, published on February 24, proposes to allow biotech companies to list before they at the pre-revenue and pre-profit stages, subject to certain criteria.

These include that a company has an expected minimum market capitalisation of HK$1.5bn (US$191m), that it has developed at least one core product beyond the concept stage, and that it be primarily engaged in R&D for the purpose of developing its product.

The proposals also outline enhanced disclosure requirements. These include publishing all material communications with relevant authorities in relation to the companies' core product, disclosing information on their operating costs, capital expenditure and working capital, and detailing any patents granted relating to their core products.

HKEx has said it will recognise the US Food and Drug Administration, the China Food and Drug Administration and the European Medicines Authority as competent authorities, while reserving the right to recognise other entities at its discretion.

Li clarified his remarks on the case-by-case approach during a press conference with reporters.

"What I meant was that there are circumstances that we might not have anticipated. For example, you have to be compliant with CFDA, FDA, EMA. There might be another jurisdiction that is equally competent and equally strong," he said.

"Today, we do it on a case-by-case basis, but, tomorrow, we may amend the rules at some future date."

CHERRY-PICKING

Li's comments come as several mainland biotech companies are mulling Hong Kong IPOs, following the announcement of the proposed rule changes.

Shanghai-listed TASLY PHARMACEUTICAL GROUP plans to list its biopharma unit in Hong Kong to raise about US$1bn in what is likely to be the largest biotech float in the city this year, according to people close to the deal.

Among other hopefuls are China's ASCLETIS (for a US$500m float), Shanghai Fosun Pharmaceutical subsidiary SHANGHAI HENLIUS BIOTECH (for US$500m), US-based cancer-detection start-up GRAIL (for up to US$500m) and China's HUA MEDICINE (for at least US$400m).

The reforms, which also include plans to allow "innovative" companies to issue shares with weighted voting rights, have drawn flak from some investors, who have

StanChart CEO talks up revenue growth

STANDARD CHARTERED chief executive Bill Winters said last week the bank was now growing across all divisions and regions as he sought to put behind him the difficulties of the last several years, particularly for the investment bank.

"What we indicated when we announced our full-year earnings was that 2018 had started very well for us," Winters told reporters during a media briefing at the Credit Suisse Asian Investment Conference in Hong Kong.

"We had growth that was in double digits and it was across all our regions and all our business lines."

"It is very encouraging to be able to capitalise on a good external environment, but I think it also reflects the investments that we've been making as a bank."

Winters, who spent his first two years since joining in 2015 grappling with bad debts, job cuts and overhauling lending standards, has struck a more upbeat tone since mid-last year, seeking to assure investors that growth would return to the emerging markets-focused lender.

Last month, StanChart reported that its pre-tax profit for the full-year almost trebled, rising to US$3.01bn from US$1.09bn in 2016.

Operating income was far more subdued, however. The bank only managed to eke out a 3% rise to US$14.29bn for the full year.

Its corporate and institutional banking division, effectively its investment bank, has been particularly problematic after building up massive loans to its biggest clients during the commodities boom, many of which subsequently turned sour.

Overall, CIB income for 2017 was flat at US$6.49bn versus US$6.47bn a year earlier. Excluding losses incurred in its principal finance business in 2016, revenue slipped 3%.

StanChart's performance was also hampered last year due to the downturn in trading volumes that afflicted all global banks. For the year, revenue from financial markets fell 16% to US$2.54bn.

Winters has previously said he is targeting 5%-7% annual growth in its CIB division and has set a medium-term goal of an 8% return on equity. Its ROE was 3.5% last year.

StanChart, which makes around 85% of its revenue out of Asia, Africa and the Middle East, has, however, drawn some flak for the fact that its underlying income has not kept pace so far with GDP growth in the markets where it operates.

Winters called for patience.

"We elected to pursue a programme at Standard Chartered where we're a little bit more deliberate, a little bit more thoughtful … which means that something like a third of our income is going to be suppressed for a period, while

accused the exchange of cherry-picking IPOs and diluting investor protections.

In a welcome development for the exchange, the Securities and Futures Commission of Hong Kong has thrown its weight behind the proposals.

"From the SFC's perspective, we do want to see a broader range of companies listing here and we want to see companies listing here that have significant growth potential," said SFC CEO Ashley Alder.

"And, of course, that, from our perspective at the SFC, means there needs to be good investor education around this area and also critically a regulatory framework, which provides rigour, but without putting necessary barriers in the way … which is encapsulated in the consultation paper."

The consensus on listing reforms comes as China has stepped up its efforts to grab greater market share in equity raisings from the technology sector.

Earlier this month, Yan Qingmin, vice chairman of the China Securities Regulatory Commission, said China was studying the introduction of Chinese Depositary Receipts for overseas-listed Chinese companies.

The CSRC has also begun streamlining the approval process for biotech, cloud computing and other high-tech unicorns seeking to list in the mainland.

HKEx is expected to publish the results of its consultation in April.

THOMAS BLOTT

we reposition," he said.

"It's a growth story. Of course, you can be discouraged … about the fact that our income actually only grew 3% year on year, but you've got to look at the pieces."

He said the bank was still on course to meet its ROE target, emphasising the strength of its transaction banking offering and its emerging-markets footprint, particularly in relation to China's Belt and Road initiative.

He also cited improvements to its lending portfolio. Last year, the bank launched a new capital structuring and distribution group, headed by Cristian Jonsson and Henrik Raber, to strengthen distribution.

"We know to get to that 8% ROE with a 12%–13% CET1 (common equity tier 1) ratio … we need to double more or less our operating profits."

"There's nothing that diminishes my enthusiasm or my sense that we achieve that."

THOMAS BLOTT

MAS penalises StanChart for AML breaches

Singapore's central bank imposed penalties of S$5.2m (US$3.95m) on **STANDARD CHARTERED BANK** and S$1.2m on Standard Chartered Trust (Singapore) for breaching money-laundering rules and terrorism-financing safeguards.

In a statement last Monday, the Monetary Authority of Singapore said the breaches occurred when trust accounts of SCBS customers were transferred from Standard Chartered Trust (Guernsey) to SCTS from December 2015 to January 2016.

"MAS requires financial institutions to adequately assess money-laundering risks when deciding whether to accept customers. They should also have in place good systems and processes to monitor customer transactions," said MAS deputy managing director Ong Chong Tee.

The MAS and Guernsey's Financial Services Commission had been looking into StanChart's movement of some assets, mainly those of Indonesian clients in late 2015, just before the Channel Island adopted new global rules on exchanging tax information.

"The timing of the transfers raised questions of whether the clients were attempting to avoid their CRS (common reporting standard) reporting obligations. However, SCBS and SCTS did not adequately assess and mitigate against this risk factor and also failed to file suspicious transaction reports in a timely manner," MAS said.

In a statement, StanChart conceded that it fell short of its own standards to mitigate risks, but said it was taking action to rectify these deficiencies.

"We ourselves identified the issue, we recognised that we weren't as diligent as we needed to be in the transfer of some trust assets from Guernsey to Singapore," StanChart CEO Bill Winters said at Credit Suisse's annual Asia Investment Conference in Hong Kong last Monday. "We reported both our own shortcomings and also the action of our clients to the MAS."

"The important thing … is we are making investments necessary to make sure there is no repeat," he said.

ANSHUMAN DAGA

IN BRIEF

China
Govt bonds win index inclusion

Bloomberg said on Friday it planned to add renminbi-denominated bonds to its Bloomberg Barclays Global Aggregate Index from next April. Bloomberg plans to include 386 Chinese government and policy bank bonds with a total weighting of 5.49%, after a phase-in period of 20 months.

The move is subject to further improvements in the Chinese market, including changes to the settlement, block trade and tax collection policies.

The index is one of the most widely followed in global fixed income, with an estimated US$2trn of assets tracking it. The benchmark tracks investment-grade debt in multiple currencies with a market capitalisation of US$53.7trn, according to Bloomberg.

WHO'S MOVING WHERE…

■ **CREDIT SUISSE** has promoted *Joe Lai* to co-head of China investment banking and capital markets, effective immediately.

Lai becomes co-head alongside Honggui Li, who moved from UBS in 2016 to become China IBCM head.

Lai joined Credit Suisse in 2014 from Deutsche Bank and was previously head of Greater China real estate and industrials, a position he retains, following his promotion.

He will remain based in Hong Kong.

■ **DEUTSCHE BANK** has named *Lok Yim* chief country officer for Hong Kong, responsible for the group's entire operations in the city.

Yim replaces *Peter Lo*, who is retiring, and will report to Werner Steinmueller, CEO for Asia Pacific.

He remains head of wealth management for Asia Pacific.

■ *Kevin Salerno* is leaving **BANK OF QUEENSLAND** in Sydney after close to a year, having joined last May as a senior business development manager, corporate banking.

An experienced banker, he was previously managing director, corporate & commercial finance division, at Commonwealth Bank of Australia. Before that, he was WestLB's Asia Pacific head of loans, based in Sydney.

& People Markets

■ *Daizo Tokuda*, head of TOKYO STAR BANK's international finance department, corporate finance division, has left to join Juniper Networks.
Tokuda started earlier this month at the US-based networking products developer, where he is in charge of setting up an operating lease function in Japan for network equipment and associated services.
He joined the Japanese regional bank in 2013 from Citibank, where he was a senior export credit agency finance banker.

■ *Chris Marschall* has been appointed head of equity capital markets for Asia Pacific at CREDIT AGRICOLE.
The French bank said Hong Kong-based Marschall would report to Aurelien Lasjunies and Keisuke Kasagi, co-heads of global investment banking (Asia Pacific), as well as Olivier Jacquet, global head of ECM.
Marschall moved from CIMB Securities, where he was last head of ECM and equity syndicate for North Asia. He was with CIMB from 2012 to 2017.

■ WESTPAC BANKING CORP announced last Wednesday it had appointed *Michael Correa* general manager for Asia Pacific, effective immediately.
Based in Singapore, he will oversee all of Westpac's business operations in Asia and report to Lyn Cobley, group executive for Westpac's institutional banking division.
Correa replaces Bala Swaminathan, who stepped down at the end of last year. Swaminathan maintains a position on Westpac's Asia advisory board.
Having joined Westpac in 2011, Correa was most recently head of corporate and institutional distribution and origination for financial markets, based in Sydney.
Prior to joining Westpac, he spent 17 years at Australia and New Zealand Banking Group, where he was head of global markets for APAC and global head of structured products and equity.

■ Former Citigroup chief executive and country officer for Hong Kong and Macau *Weber Lo* is joining property developer HANG LUNG GROUP as CEO.
Lo quit earlier this month after 18 years with Citigroup, having become country head in 2013. He had held various senior consumer business and marketing roles earlier in his career at the US bank.
Before turning to banking, he had worked at Procter & Gamble and Coca-Cola.
Citigroup Asia Pacific CEO Francisco Aristeguieta praised Lo for having helped in "breaking down silos" across the bank in a staff memo IFR has seen.
Lo will take up his new role on May 16. He will replace Philip Chen, who is due to retire on July 16 after eight years with Hang Lung.

■ *Manabu Sawa* has joined NORINCHUKIN BANK's Australian subsidiary as senior manager – project and asset finance.
He started his new role in January after leaving as head of project finance at the Sydney branch of Mizuho Bank. He was with Mizuho for more than a decade and spent the last 5.5 years in Sydney
At his new job, Sawa reports to Norinchukin Australia managing director Ryuichi Sawada.
Norinchukin, one of Japan's largest banks outside the three megas, opened its Sydney subsidiary last August to focus on project finance and asset lending in Australia and New Zealand. The bank has been steadily building a portfolio of assets, including loans in AusGrid, TransGrid and Endeavour Energy.
Mizuho has appointed *Kazunari Tachihara*, a director in its project finance department in Tokyo, to take over Sawa's role. He will relocate to Sydney in April.

■ CHINA RENAISSANCE has hired *Dennis Leung* as managing director as it looks to capture more deals from Hong Kong's burgeoning IPO pipeline.
Leung, who reports to Jason Lam, president of China Renaissance International, has over 20 years of experience in investment banking, particularly in advising on IPOs and follow-on offerings.
He was most recently with Dongxing Securities and had also worked at ICBC International and BoCom International.
"Dennis' appointment is the latest of several recent hires to the senior ranks of our investment banking team and occurs at a critical time for the Hong Kong market and our role in it," said Lam.
"Many companies that had previously considered New York listings have switched and are now planning Hong Kong listings. We expect this trend to pick up if the listing reforms are enacted."
Other recent hires at China Renaissance include Joe Lai, who joined from CIMB and specialises in healthcare, and Henry Tsai, who moved from Morgan Stanley.

■ *Sergio Morita* started last Monday at CREDIT SUISSE as head of syndication and distribution for its Asia Pacific financing group, according to sources and the bank's internal memo.
Hong Kong-based Morita reports to Carsten Stoehr, appointed Greater China CEO at Credit Suisse earlier this year and head of the APAC financing group.
Morita's hiring follows the departure of Ashish Sharma, who quit as head of APAC loan syndications earlier this month.
Prior to joining Credit Suisse, Morita was largely involved in loan sourcing from secondary

markets. He was APAC head of secondary loans sourcing at BNP Paribas for nearly three years, having joined in August 2015.

His previous roles also include three months with HSBC as head of sourcing, APAC, and almost five years with Bank of America Merrill Lynch, starting July 2009, handling distressed debt and illiquid credit sourcing for non-Japan Asia.

Before BAML, he was with Lehman Brothers in Asia for nearly 13 years from November 1995, with responsibility for leveraged loan syndications and distressed credit sourcing.

■ **CREDIT SUISSE FOUNDER SECURITIES**, the mainland securities joint venture with Credit Suisse as part owner, has made two research appointments.

The bank said in a statement the appointments were part of efforts to strengthen its China A-share research capabilities ahead of the inclusion of Chinese stocks in MSCI's benchmark index.

Li Chen, previously China A-share strategist at Credit Suisse, has moved to CSFS as chief strategist to lead its A-share coverage, while *Herman Chan* has joined the CSFS research department as executive director.

Chen, who, in his new role, reports to CSFS CEO Mingshen Wang, joined Credit Suisse in 2015. He was previously head of China equity strategy at UBS Securities, the Swiss bank's securities JV, for five years. He was also head of research at Harvest Fund, the second largest mutual fund in China. He started his career at brokerage firm Shenyin Wanguo.

Chan spent 10 with UBS, including seven as the product manager for Asia research in Hong Kong and three years as product and business manager at its JV in Shanghai. He also worked at HSBC JV HSBC Qianhai Securities as chief operating officer of the investment banking department. He reports to Chen in his new job.

■ **STANDARD CHARTERED** has reorganised reporting lines for its commercial banking and private banking businesses after *Anna Marrs* quit as CEO of the business in South Asia.

The bank has said Marrs will leave on September 9 to return to London with another financial services company.

Simon Cooper, CEO for corporate and institutional banking, will assume oversight of the commercial banking division, effective immediately. Cooper was chief executive of HSBC's global commercial banking division before joining StanChart in 2016.

StanChart has said aligning the businesses will allow it to increase the delivery of transaction banking, financial markets and corporate finance products to its commercial banking clients.

Jiten Arora, head of commercial banking for the ASEAN and South Asia region, will take interim responsibility for global commercial banking business and the bank will appoint a permanent head later.

Tracy Clarke, CEO for Europe and the Americas, will oversee the private-banking business, while Ben Hung, CEO for Greater China and North Asia and the newly appointed global retail banking chief, will supervise wealth management.

Judy Hsu, appointed in October as CEO for Singapore and ASEAN markets, will take over as CEO for ASEAN and South Asia on June 1, subject to regulatory approval.

Hsu will remain Singapore CEO until a successor is appointed.

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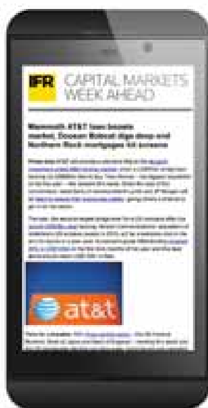

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COMMENT

Moral hazards linger in Chinese bonds

A trade war could threaten offshore creditors to China's local governments, says JONATHAN ROGERS

A LACK OF concern for moral hazard in some corners of China's debt markets has undoubtedly kept the printing press running over recent years. In fact, the ability of companies and local governments to avoid default and repeatedly raise funds has led many commentators to liken the onshore financial system to a gigantic ponzi scheme.

But is the will to eliminate — or at least water down — moral hazard about to make an appearance in China?

China's shadow banking industry has enjoyed rampant growth for years, and the biggest beneficiaries have been local government financing vehicles (LGFVs), which have been able to raise more debt regardless of the tougher issuance standards in the conventional market.

LGFV issuance via special purpose vehicles grew at about an 25% annual rate in 2015, dialling down only slightly in 2016 to around 20%. It's estimated that there is around US$600bn-equivalent of LGFV bonds outstanding.

There is a plan to swap the LGFV debt mountain into lower-yielding municipal bonds, in an exercise designed to reduce the interest burden on the products. Some of that exercise has been carried out, with short-term debt shifted into longer-duration munis.

Still, LGFV issuance has continued at the behest of local government officials desperate to keep up their own growth rates. And an increasing amount has made its way offshore, where buyers include been the clients of private banks in Asia, principally in Hong Kong and Singapore, who have been offered leverage by their relationship officers in order to book the paper.

THE FIRST LGFV default has yet to occur, but it seems that moment might not be too far off.

According to Fitch, the Chinese authorities will allow some of the lower-rated LGFVs to fail, while standing ready to prevent a systemic collapse through bailouts, should they be required. A kind of moral hazard with Chinese characteristics.

The exercise of allowing idiosyncratic default will require deft finessing, and China is one of the few countries with a chance of pulling it off.

Still, in the context of rising interest rates – the People's Bank of China last week raised rates in the face of a 25bp tightening of the US Federal Funds rate – the strain of servicing the LGFV debt will become increasingly onerous with each successive Fed tightening.

Two more rate increases are expected this year, according to the market priming of neophyte Fed chair Jerome Powell. The futures market is pricing in three.

The smart money thinking is that it is offshore LGFV debt that will be sacrificed on the altar of moral hazard, while onshore investors will be taken care of should debt service failure loom.

THAT GLARING DICHOTOMY – between the offshore and the onshore – has hung like a sword of Damocles over China's debt markets for years, but that hasn't stopped the punters from queueing up for more and more of the stuff, often via the largesse of private banks or prime brokers and their leverage facilities.

The most salient lesson of the dangers of owning offshore Chinese debt came in 2009 with the restructuring of Asia Aluminum, which saw offshore debt holders get hosed to the benefit of onshore debt owners.

Offshore holders of the payment in kind paper issued by AA got 1.5 cents on the dollar while their onshore brethren in the form of Chinese banks faced no haircut on the secured loans they held with the company.

As a trade war with the US looms on the horizon, the fear is that China might turn to the capital markets in retaliation.

That kind of outcome has turned numerous international asset managers off the prospect of investing in China, full-stop. Many complain about the "black box" nature of Chinese investments, running from accounting standards, to corporate governance, to the pervasive grip of the Chinese authorities over the financial system.

Indeed, as a trade war with the US looms on the horizon, the fear is that China might turn to the capital markets in retaliation.

For years fearmongers have warned of the potential dumping of the PBOC's Treasury bond holdings, but US investors are also worried of the application of selective default.

Sure, those fears look overdone for now, but it might become a much more realistic scenario in the event of a brutal trade war and an escalation of the rhetoric from both sides.

For the moment there has been no investor pushback on China assets, whether they be Panda bonds, US IPOs or Hillhouse Capital Management's US$10bn China-focused fund. When it comes to local government debt, however, offshore investors would do well to be wary.

THE FIRST STEP IN CLO ANALYSIS:
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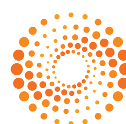

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Australia 18 China 20 Hong Kong 27 India 31 Indonesia 33 Japan 34 Laos 34 Malaysia 35
New Zealand 37 Philippines 37 Singapore 38 South Korea 39 Taiwan 40 Thailand 41

AUSTRALIA

DEBT CAPITAL MARKETS

MACQUARIE TACKLES US MARKET

MACQUARIE GROUP (A3/BBB/A–) overcame a challenging market last Monday to sell a US$1.75bn three-part 144A/Reg S bond through a blue-chip line-up of US bookrunners comprising *Bank of America Merrill Lynch*, *Citigroup*, *HSBC*, *JP Morgan* and *Wells Fargo*, as well as the issuer's own syndication team.

The US$700m 4.15% six-year non-call five and US$500m 4.654% 11-year non-call 10 notes priced 150bp and 180bp wide of Treasuries, 5bp inside and in line with initial thoughts, respectively. A US$550m six-year non-call five floating-rate note priced 135bp wide of three-month Libor.

The total order book of US$2.5bn was less than half the US$5.1bn of demand secured for last November's identical three-tranche Macquarie Group offering. That print raised US$2.5bn at Treasuries plus 110bp and 140bp, both 20bp inside IPTs.

This time around, Macquarie also had to pay significantly higher new-issue concessions of 8bp and 15bp for the new six-year non-call fives and 11-year non-call 10s versus just 4bp and 5bp last November.

Macquarie Group received another lukewarm reception for its inaugural euro senior unsecured bond printed on February 26. The €500m (US$613m) seven-year non-call six bond then priced at the wide end of guidance on tepid demand.

US bank holdcos have been issuing callable euro-denominated bonds to comply with the country's total loss-absorbing capacity regime, but Macquarie Group's use of the instrument reflects its conservative internal liquidity rules, under which bonds are no longer treated as term debt when maturities fall below 12 months.

WESTPAC TAPS STERLING MARKET

WESTPAC (Aa3/AA–/AA–) was the second Australian major bank to access the sterling market in March with last Thursday's £200m (US$282m) two-year floating-rate note, priced 25bp wide of three-month Libor.

On March 15, Australia and New Zealand Banking Group sold a £275m three-year floater at three-month Libor plus 32bp.

Nomura was sole bookrunner on both these London-listed Reg S trades.

STOCKLAND PLANS EURO RETURN

Diversified property company STOCKLAND, rated A3/A– (Moody's/S&P), has mandated *CBA*, *HSBC* and *JP Morgan* to arrange meetings with European investors from March 26 for a minimum €300m seven-year to 12-year Eurobond.

Stockland made its debut in the European market in October 2014 with a €300m 1.5% seven-year Green Eurobond, which has subsequently climbed to 103.5 in the secondary market, yielding around 0.45%.

INSURANCE AUSTRALIA RAISES A$350M

INSURANCE AUSTRALIA GROUP raised A$350m (US$270m) from a 26-year non-call six-year to seven-year Tier 2 note.

The note priced last Thursday inside 215bp area guidance at three-month BBSW plus 210bp.

JP Morgan and *Westpac* were joint lead managers on the issue, with an expected S&P rating of BBB.

HERITAGE SELLS NEW THREE-YEAR

HERITAGE BANK, rated Baa1/BBB+ (Moody's/Fitch), issued a A$200m three-year floating-rate note last Tuesday at three-month BBSW plus 123bp, the tight end of 125bp area guidance.

On the same day, Australia's largest mutual bank repurchased A$17.2m of its A$200m May 7 2018s at 100.083, or a 30bp discount margin over the new three-year note.

ANZ and *NAB* were joint lead managers on the sale and buyback.

Heritage Bank, which changed its name from Heritage Building Society in 2011, last visited the local senior unsecured market in April 2017 to sell a A$200m

SSA issuers raise A$775m

Bonds European agencies and supranationals add to long-dated Kangaroos

Four European agencies and two supranationals accessed the 10-year Kangaroo segment last week to raise a combined A$775m.

German agriculture agency RENTENBANK (Aaa/AAA/AAA) kicked things off on Monday with a A$125m tap of its 3.25% April 12 2028 line to lift the outstanding size to A$625m.

The *JP Morgan*-led reopening priced at 100.533 for a yield of 3.1875%, 42bp wide of asset swaps and 49bp over the May 2028 ACGB.

INTER-AMERICAN DEVELOPMENT BANK (Aaa/AAA/AAA) added A$200m to its 3.1% February 22 2028 bond the following day, taking the outstanding size up to A$540m.

The tap, via sole lead *TD Securities*, priced at 99.575 for a yield of 3.15%, 41bp and 47.75bp wide of asset swaps and ACGBs.

Also on Tuesday, Dutch agency NEDERLANDSE WATERSCHAPSBANK, rated Aaa/AAA (Moody's/S&P), tapped its 3.45% July 17 2028s for A$100m to increase the outstanding amount to A$465m.

HSBC arranged the tap, priced at 101.342 for a yield of 3.29%, 54bp and 61bp over asset swaps and ACGBs.

NWB added a further A$100m to the line three days later, also through *HSBC*, pricing it at 101.639 for a yield of 3.261%, 53bp and 62bp wide of asset swaps and ACGBs.

ASIAN DEVELOPMENT BANK (Aaa/AAA/AAA) tapped its 3.3% August 8 2028s for A$100m on Thursday, increasing the size of the line to A$700m.

Nomura was sole lead on the addition, which priced at 101.359 for a yield of 3.145%, 41bp and 47.25bp wide of asset swaps and ACGBs.

Outside the Triple A segment, Sweden's state-owned SVENSK EXPORTKREDIT, rated Aa1/AA+ (Moody's/S&P), sold a A$50m 10.5-year Kangaroo via joint lead managers *RBC Capital Markets* and *TD Securities*.

The 3.25% September 29 2028 priced at 99.603 for a yield of 3.295%, 54bp and 62.25bp over asset swaps and ACGBs.

On Friday, KOMMUNALBANKEN AS NORWAY (KBN), rated Aaa/AAA (Moody's/S&P), tapped its 3.40% July 24 bond for A$100m to lift the outstanding size to A$505m.

HSBC was sole lead for the reopening, priced at 100.260 to yield 3.255%, 52bp and 60.5bp over asset swaps and ACGBs.

JOHN WEAVERS

three-year FRN, priced 130bp wide of three-month BBSW.

QBE SEALS US$291M BUYBACK

QBE INSURANCE GROUP, rated A– (S&P), bought back US$291m of its US$300m 3.0% May 25 2023 Reg S bond through a tender offer arranged by dealer-manager *HSBC*.

The repurchase of the 2023s, just six months after issuance, helps reduce QBE's debt-to-equity ratio from 40.8% towards its target range 25%–35%.

NTTC TAPS 2033S FOR A$55M

NORTHERN TERRITORY TREASURY CORP, rated Aa2 (Moody's), tapped its 3.75% April 21 2033 bond for A$55m last Thursday to increase the outstanding size to A$205m.

The reopening, via sole lead *UBS*, priced at 101.236 for a yield of 3.6425%, 75bp over the April 2033 ACGB.

BOQ ADDS A$50M TO 2019 LINE

BANK OF QUEENSLAND (A3/BBB+/A–) tapped its April 29 2019 floating-rate notes for A$50m last Wednesday to increase the outstanding size to A$600m.

The reopening, via sole lead *CBA*, priced at 101.017, equivalent to 62bp over 90-day BBSW.

WYUNA WATER READIES A$123M SALE

WYUNA WATER is readying a A$123m offering of senior secured amortising bonds to be fully amortised by December 2034.

Aquasia is debt adviser on the sale to the Australian institutional market.

Moody's has assigned a A1 rating to the bonds, which will rank pari passu with Wyuna Water's other senior secured debt.

The proceeds will refinance a majority of the issuer's existing debt, comprising A$133m of June 2021 nominal annuity amortising bonds, A$22m of March 2022 inflation-linked annuity amortising bonds and A$30m of March 2021 non-amortising capital indexed bonds.

Wyuna Water is a special-purpose vehicle, with a contract from state-owned Sydney Water to operate two water-filtration plants until 2036.

VPN MAKES 10-YEAR RETURN

VICTORIA POWER NETWORKS, rated A– (S&P), had the local corporate market all to itself last week when it raised A$225m from a 10-year medium-term note via joint lead managers *ANZ*, *CBA* and *Mizuho*.

The 4.00% March 29 2028s priced on Friday at 99.511 for a yield of 4.06%, at the tight end of 135bp area guidance, 133bp wide of asset swaps.

On August 10 last year, VPN sold a A$150m 4.1% 10-year MTN, priced 130bp wide of asset swaps.

STRUCTURED FINANCE

PEPPER NON-CON RAISES A$1BN

Non-bank lender PEPPER GROUP issued last Wednesday an enlarged A$1bn equivalent dual-currency non-conforming RMBS, called Pepper Residential Securities Trust No 20.

The A$205m Class A1-S notes, with a weighted-average life of 0.4 year, priced in line with guidance at one-month BBSW plus 65bp.

The A$300m A1-a, A$130m A2 and A$85m B notes, with WALs of 2.7, 2.7 and 3.8 years, priced at one-month BBSW plus 120bp, 155bp and 190bp, respectively.

This compares with final guidance of 120bp area, 160bp area and 190bp–200bp area, with talk for the A2 notes having been cut from the initial 160bp–165bp area.

The US$150m A1-u1 notes, with a 1.0-year WAL, priced 50bp wide of one-month US Libor.

The structure also includes A$30m Class Cs and A$20m Class Ds, both with 3.8-year WALs, A$15m Class Es, with a 3.6-year WAL, A$10m Class Fs, with a 2.6-year WAL, and A$10m Class Gs, with a 5.0-year WAL.

Debt-laden WICET gets extension

Loans **Lenders give eight-year lifeline to owners at Queensland coal port**

Lenders to Queensland's debt-laden WIGGINS ISLAND COAL EXPORT TERMINAL have agreed to extend for eight years about US$3bn due on an outstanding loan.

The extension was a lifeline to owners, who would have had to repay the hefty debt from September, two sources told Reuters.

"There is a structure on the table to extend the loan," one banking source, with direct knowledge of the matter, told Reuters. Agreement had been reached on the extension, but the parties had yet to sign it, the source said.

Mining giant GLENCORE and its partners – owners of the world's most expensive coal terminal – face a September deadline to refinance the loan or pay it off in full over the next 15 years.

Under the tabled agreement, all free cashflow from the project would be used to pay down the loan, said two banking sources, who declined to be named as the terms of the deal were private.

A spokeswoman for the terminal, named WICET, said the company "does not provide financial and other confidential information to the public".

The lenders want the coal export terminal to cut its debt in half to less than US$1.5bn, a level comparable to an investment-grade company. This will make it easier for WICET to get a credit rating to refinance some of the loan in bond markets at a later stage.

The outstanding balance of the loan is slightly under US$3bn, according to one source.

WICET's lenders had not increased the interest margin of the loan or charged a fee so as not to burden the troubled project further, said one of the sources.

The lending syndicate comprises around 17 banks, including Australia's four largest banks, Asian and European lenders, and a couple of hedge funds, according to Thomson Reuters LPC data.

Australian coal-rail operator Aurizon Holdings had been in talks to acquire the coal terminal. A spokesman on Thursday told Reuters that the Brisbane-based company remained interested in the acquisition.

WICET was built to service a consortium of eight coal companies. It was funded entirely with debt backed against port fees on 27m tonnes of coal a year, whether that volume was shipped or not.

Three of the eight original partners have folded, and WESFARMERS last year sold its interest in the project to Texas-based CORONADO COAL GROUP. Other owners include NEW HOPE CORP, China's YANCOAL and Baosteel's AQUILA RESOURCES.

The remaining five partners must shoulder the port's debt and fees, meaning they now pay debt and loading fees of about US$25 per tonne of coal, including financing charges. That is about five times the US$5-per-tonne port fees at the adjacent RG Tanna coal terminal.

SHARON KLYNE, PAULINA DURAN

The A1-S, A1-a and A2 notes are rated Aaa/AAA (Moody's/S&P). The Bs to Fs have AA, A, BBB, BB and B from S&P, respectively. The A1-u1 notes are rated P-1/A-1+ (Moody's/S&P).

NAB was arranger on the offering, which had an indicative issue size of A$700m, and joint lead manager with *CBA* and *Westpac*.

› LATITUDE ABS NETS A$500M

LATITUDE FINANCE AUSTRALIA issued its third securitisation of credit card receivables last Thursday with a A$500m sale via Latitude Australia Credit Card Loan Note Trust, Series 2018-1.

The respective A$353.45m Class A1, A$52.325m Class A2, A$28.8m Class B, A$26.175m Class C, A$20.93m Class D and A$18.32m Class E notes, all with 5.0-year weighted-average lives, priced at one-month BBSW plus 110bp, 145bp, 195bp, 225bp, 310bp and 425bp.

These levels were inside or at the tight ends of respective initial price talk of one-month BBSW plus 110bp–115bp, 150bp–160bp, low 200s, mid 200s, mid 300s and high 400s.

The A1, A2, B, C, D and E notes have respective credit support of 32.5%, 22.5%, 17%, 12%, 8% and 4.5%. Class A1 notes of A$200m were pre-placed.

Bank of America Merrill Lynch was sole arranger and joint lead manager on the issue with *Deutsche Bank* and *NAB*.

Last March, Latitude, Australia's biggest consumer retail finance group, sold the country's first master-trust securitisation with a A$1bn credit card ABS, Credit Card Loan Note Trust Series 2017-1.

It returned in August for a A$500m issue through Credit Card Loan Note Trust Series 2017-2.

› LA TROBE WORKS ON RMBS

Oldest Australian non-bank lender **LA TROBE FINANCIAL** has released initial price guidance for an indicative A$500m offering of non-conforming RMBS, La Trobe Financial Capital Markets Trust 2017-2.

Macquarie is sole arranger and joint lead manager with CBA, *NAB*, *Natixis*, *Westpac* and *HSBC* on the issue, to be launched on Monday.

Price guidance for the A$100m Class A1s notes, with a 0.34-year weighted-average life, is one-month BBSW plus 70bp area, while that for the A$250m Class A1L and A$89m Class A2 notes, both with 2.7-year WALs, is one-month BBSW plus 120bp–125bp and 160bp–165bp, respectively.

For the A$20m Class B, A$15.5m Class C, A$11m Class D, A$6.5m Class E and A$4.5m Class F notes, price talk is one-month BBSW plus 200bp area, low 300s, low 400s, 600bp area and 700bp area, respectively. The transaction is completed with A$3.5m of equity notes.

The Bs to Es have 3.7-year WALs, while the Fs have a 2.9-year WAL.

The A1 notes have 30% credit support and the A2s have 12.2%. The Bs to Fs have respective support of 9.2%, 5.1%, 2.9%, 1.6% and 0.7%.

The transaction has 13.45% of loans to credit impaired borrowers, well under the industry standard within the specialist lending sector, according to the leads.

La Trobe sold its fifth and largest non-conforming RMBS last September through the enlarged A$520m La Trobe Financial Capital Markets Trust 2017-2.

› VOLKSWAGEN HIRES FOR NEW DRIVER

VOLKSWAGEN FINANCIAL SERVICES has hired *ANZ* and *Bank of America Merrill Lynch* to arrange an update for ABS debt investors ahead of a potential offering under the Driver Australia ABS programme.

Volkswagen Financial Services raised A$466m from the Driver Australia Four Trust Auto ABS in May 2017.

EQUITY CAPITAL MARKETS

› JUPITER MINES PLANS TO LIST AGAIN

Manganese miner **JUPITER MINES** is returning to the Australian Securities Exchange for an IPO of up to A$240m (US$185m) after delisting from the bourse in 2013.

Jupiter Mines was delisted because the major shareholder at the time reckoned it was undervalued. The company hopes improving commodity prices and renewed investor interest in the mining sector can help its IPO this time around.

The 500m–600m secondary shares for the planned IPO will be sold at a fixed price of A$0.4 each. The company is expected to have a market capitalisation of A$779m at the time of listing.

The offer will run from March 27 to April 6. Trading will start on April 18.

Jupiter Mines owns projects in Australia and South Africa.

Hartleys is the lead manager on the IPO.

› ANZ EXPLORES IPO FOR UDC

Australia and New Zealand Banking Group is exploring the possibility of an IPO for vehicle finance unit **UDC**, after failing to sell it to China's HNA Group late last year.

New Zealand-based UDC, a wholly owned subsidiary of **ANZ BANK NEW ZEALAND**, is an asset finance firm that funds plant equipment, vehicles and machinery.

ANZ New Zealand CEO David Hisco said last week it made sense to examine a broad range of options, including an IPO, for UDC's future after the failure of the planned sale to HNA last year.

Hisco expects it will be months before any decision is made.

Deutsche Bank, which advised on UDC's failed sale to HNA, is understood to be handling the potential IPO process.

› CROMWELL RAISES €230M FROM CB

Australia's **CROMWELL PROPERTY GROUP** has raised €230m (US$284m) from a seven-year convertible bond.

The CB was launched with a base size of €230m and an option for a €20m size increase.

The CB, with an investor put after 4.4 years, was marketed at a coupon and yield-to-put/maturity of 2.0%–2.5% and a conversion premium of 7.5%–12.5%.

It was priced at a coupon and yield-to-put/maturity of 2.5% and a conversion premium of 7.5%.

The company will use the proceeds to repurchase up to €150m of a CB due 2020. It will also use the funds raised to repay debts and for general corporate purposes.

Credit Suisse and *Goldman Sachs* were the joint bookrunners.

CHINA

DEBT CAPITAL MARKETS

› BAIDU PAYS UP FOR DUAL-TRANCHER

Chinese internet search provider **BAIDU** managed to price a US$1.5bn dual-tranche bond on Thursday even as equity markets took a hit from President Donald Trump's move to impose tariffs on Chinese imports.

The SEC-registered offering was split into a US$1bn 3.875% 5.5-year priced at Treasuries plus 125bp, inside initial guidance of plus 140bp, and a US$500m 4.375% 10-year at plus 160bp, inside the initial plus 180bp area.

Books reached a total of US$7.1bn, with US$3.5bn going to the 5.5-year and the remainder to the 2028s.

Fair value was based on the outstanding 2.875% 2022s, which were spotted at a G-spread of 101bp, and the 4.125% 2025s, estimated to be around G+137bp.

Proceeds will be used to repay a US$1bn 3.25% bond due August 6, and also meet general corporate needs.

The 5.5-year and 10-year notes widened 3bp and 2bp, respectively, as Asian equity markets digested the Wall Street sell-off, which was the biggest daily drop since February 8.

Despite difficult marketing conditions, the offering was still said to have attracted three-digit tickets as investors chased an issue with SEC-registered documentation that earned the comfort of global investors. Its rarity also drove appetite for the issue, said a banker on the trade.

US-listed Baidu's new notes have expected ratings of A3/A (Moody's/Fitch), in line with the issuer.

The joint bookrunners were *Bank of America Merrill Lynch*, *Goldman Sachs* and *JP Morgan*.

› LENOVO FIVE-YEAR BOOKS US$1.1BN

LENOVO GROUP priced US$750m of five-year US dollar senior unsecured bonds after pulling in final orders of US$1.1bn from 56 accounts.

The Chinese computer maker priced the 4.750% five-year Reg S unrated notes at 99.921 to yield 4.768%, or Treasuries plus 215bp, inside the initial guidance of 230bp area.

Asia took 96% of the notes, while Europe and US offshore got the rest. In terms of investor types, 75% were asset managers, fund managers and public, 23% were banks and 2% were private banks.

Proceeds will be used to fund a tender offer, as well as to meet working capital and general corporate needs.

BNP Paribas, *Citigroup*, *DBS Bank*, *ANZ*, *Bank of China*, *Morgan Stanley*, *MUFG*, *Santander* and *Societe Generale* are joint global coordinators, joint lead managers and joint bookrunners on the new notes issue.

Credit Agricole, *China Construction Bank (Asia)*, *Goldman Sachs*, *Maybank*, *Natixis* and *Westpac* are joint lead managers and joint bookrunners.

› XUZHOU ETDZ TAKES IN US$400M

XUZHOU ECONOMIC AND TECHNOLOGY DEVELOPMENT ZONE STATE-OWNED ASSETS MANAGEMENT, with a BB+ (negative) Fitch rating, priced US$400m of 6.75% three-year non-put two US dollar bonds at 99.334 to yield 7.00%.

The final pricing of the senior unsecured notes was in line with initial guidance of 7% area.

Final orders for the issue were not disclosed, though final statistics showed that Asia took 100% of the notes. In terms of investor types, 83.8% were banks, 13.9% were asset managers and fund managers, and 2.3% were private banks.

Wholly owned subsidiary Jinshine International is the issuer of the Reg S notes and Xuzhou ETDZ is guarantor. The notes also have an expected BB+ rating from Fitch.

Xuzhou ETDZ is a local government financial vehicle of the Xuzhou municipal government in Jiangsu province and is tasked with implementing the development plans of the Xuzhou Economic and Technology Development Zone.

Proceeds from the offering will be used for debt refinancing and for zone development and investment.

Haitong International and *Zhongtai International* were joint global coordinators on the issue, as well as joint lead managers and joint bookrunners with *Orient Securities (Hong Kong)*.

› TONGFANG DOES THREE-YEAR PRINT

Chinese technology company TSINGHUA TONGFANG priced US$300m of 5.375% three-year US dollar senior unsecured bonds at 98.307 to yield 6%, inside initial guidance of low 6% area.

Beijing Capital draws Dim Sum demand

Bonds **Dual-currency Green offering enables SOE to meet target size in rocky market**

BEIJING CAPITAL GROUP priced a dual-currency US$600m-equivalent offering to take advantage of appetite for Green bonds, as well as for offshore renminbi notes.

A US$500m three-year Green tranche was priced at Treasuries plus 187.5bp, versus initial guidance of 210bp area, while a Rmb630m (US$100m) two-year Green Dim Sum was priced at 5.2%, from the earlier 5.5% area.

As the issuer was understood to be targeting total proceeds of US$600m, it was able to adjust the size of each tranche to match demand and drive pricing tension.

Orders at final guidance came to around US$2.3bn for the dollar tranche and Rmb2.1bn for the Dim Sum piece, though final book statistics had yet to be released. The dollar portion was said to have attracted some dedicated green investors in Europe.

The dollar tranche priced at the same spread as the US$500m three-year issue in January from Central Plaza Development, which had a keepwell deed from Beijing Capital Group with one of its subsidiaries as a guarantor.

Those bonds were a direct pricing reference, although notes with keepwell arrangements typically pay a higher yield than those with direct guarantees, and were seen at a G spread of 174bp during bookbuilding, pointing to a double-digit new-issue concession.

Beijing Capital Group's dollar tranche was bid at Treasuries plus 188bp on Tuesday, according to Tradeweb.

The market for Dim Sum bonds has been more stable than the one for dollar bonds in recent weeks. Also, as some Chinese fund managers have favoured Dim Sum bonds of late, it was a natural choice for Beijing Capital to include a renminbi tranche.

"Dim Sum investors still have cash and pressure to buy, and they are looking for yield," said a bookrunner.

However, while that is providing support for Dim Sum issues now, the pool of offshore renminbi is not deep enough for all issuers to access it.

"People in the Dim Sum market have limited cash and, once they spend it, it's harder for the next issuer," said the bookrunner. "The later they come, the higher the yield they pay."

Beijing Capital Polaris Investment is the issuer of the bonds and Beijing Capital Group is guarantor. The notes are expected to be rated Baa3/BBB–/BBB, in line with the guarantor.

Beijing Capital Group, a wholly owned subsidiary of Beijing SASAC, focuses on water and environmental protection, infrastructure, real estate and financial services. This includes operating several Beijing subway lines, as well as running sewage treatment plants and managing the water supply – the kinds of services crucial to the smooth running of the city. These factors raise chances of the group receiving government support in difficult times.

HSBC and *China Citic Bank International* were joint global coordinators, as well as joint bookrunners with *ICBC International*, *Agricultural Bank of China*, Hong Kong branch, *Bank of China*, *CCB International*, *Bank of Communications*, *Standard Chartered*, *ANZ*, *Commonwealth Bank of Australia* and *Natixis*.

DANIEL STANTON

The Reg S unrated bonds will be issued in the name of wholly owned subsidiary Tongfang Aqua 2017 and Tsinghua Tongfang will be the guarantor.

The Shanghai-listed company plans to use proceeds for general corporate purposes.

UBS, *DBS Bank* and *Bank of China* were joint global coordinators, as well as joint bookrunners and joint lead managers with *Cinda International*, *China Industrial Securities International* and *Orient Securities (Hong Kong)*.

Tsinghua Tongfang, with China's Ministry of Education as the ultimate controlling shareholder via Tsinghua University, operates as an information, security, and energy-saving technology company.

ORIENTSEC TAPS 2022 LINE

Hong Kong-listed Chinese brokerage DFZQ, better known as **ORIENT SECURITIES**, on Monday reopened its US$500m 3.625% US dollar bonds due November 30 2022 for a US$250m tap.

The tap, capped at US$300m, was priced at 96.501 to yield 4.459%, equivalent to Treasuries plus 180bp, inside earlier guidance of 190bp area.

Wholly owned subsidiary Orient HuiZhi is the issuer of the Reg S notes and Orient Securities is the guarantor. The notes have a Baa3 rating from Moody's, on par with the guarantor.

Ahead of the release of news of the tap, the notes were trading at a spread of five-year Treasuries plus 167bp in the secondary market.

Proceeds will be used for offshore debt refinancing, working capital and general corporate purposes.

Orient Securities (Hong Kong), *BOC International*, *Citigroup* and *Shanghai Pudong Development Bank*, Hong Kong branch were joint global coordinators. They were also joint bookrunners and joint lead managers with *China Citic Bank International*, *China Industrial Securities International*, *China Minsheng Banking Corp*, Hong Kong branch, *Haitong International*, *HSBC*, *Ping An of China Securities (Hong Kong)* and *SPDB International*.

QPI SELLS US$250M NOTES

QINGHAI PROVINCIAL INVESTMENT GROUP, rated BB– (S&P), has priced a US$250m three-year senior unsecured bond at par to yield 7.875%, inside initial guidance of 8.00% area.

The Reg S notes, also with an expected BB–, are puttable and callable at the end of year two.

The issue drew final orders of US$480m from 44 accounts. Regionally, Asia took 94% of the notes and Europe 6%. In terms of investor types, 53% were fund managers and asset managers and 47% were banks.

The state-owned enterprise, based in north-western Qinghai province, is an aluminium and electricity producer and a coal miner.

Proceeds will be used for debt refinancing and general corporate purposes.

Credit Suisse was sole global coordinator, as well as joint bookrunner and joint lead manager with GF Securities and Orient Securities (Hong Kong).

Last December, Qinghai Provincial Investment raised US$300m from 363-day US dollar senior unsecured bonds priced at par to yield 6.00%.

YANGO RAISES 1.5-YEAR FUNDS

Chinese property developer **YANGO GROUP**, rated B2/B/B, sold US$200m of 1.5-year US dollar senior unsecured bonds at par to yield 9.5%.

The amount raised was short of its initial target of up to US$250m and there was also no tightening in the final price from initial guidance of 9.5% area.

Yango Justice International is the issuer and Shenzhen-listed parent is guarantor. The Reg S notes are expected to score a B– S&P rating.

Final orders were not disclosed, but statistics showed that all the bonds were allocated to Asian investors. In terms of investor types, 63.1% were fund managers and asset managers, 19.9% were private banks and 17% were banks.

Proceeds will be used for debt refinancing.

Haitong International was sole global coordinator, as well as joint bookrunner with *CNCB HK Capital*, *China Citic Bank International*, *Guotai Junan International*, *Huatai Financial Holdings (Hong Kong)*, *Oceanwide Securities* and *Orient Securities (Hong Kong)*.

The latest issue was Yango Group's second attempt to sell dollar bonds in less than three months.

In January, it pulled a US$250m three-year offering that had been marketed at initial price guidance of 8.875% area.

SHANDONG I&S PRINTS TWO-YEAR

SHANDONG IRON & STEEL GROUP priced US$150m of 6.90% two-year US dollar senior unsecured bonds at 99.816 to yield 7.00%, in line with initial guidance of 7% area.

This was the Chinese state-owned steelmaker's second dollar offering in four months after it sold US$200m 3.5-year bonds at par to yield 6.50% in December.

Despite two issues, the company has not used up its entire US$800m offshore debt-issuance quota from the National Development and Reform Commission, according to a banker on the deal. The quota will expire at the end of this month.

"The market has been very weak recently and an industrial name is not easy to sell," the banker said.

The issuer decided to issue two-year bonds instead of three-year notes planned initially as investors, especially Chinese asset-management companies, wanted shorter tenors to limit duration risk, he pointed out.

Wholly owned subsidiary Shandong Iron and Steel Xinheng International is the issuer of the Reg S unrated bonds and the state-owned parent company is the guarantor.

Proceeds will be used to repay debt at the guarantor's offshore subsidiaries.

Zhongtai International, *DBS Bank*, *CEB International*, *Bank of China*, *Guotai Junan International* and *Silk Road International* were joint global coordinators, joint bookrunners and joint lead managers.

POLY LOOKS TO DOLLAR SENIOR

Hong Kong-listed **POLY PROPERTY GROUP** has hired banks for a proposed offering of US dollar senior unsecured bonds.

BOC International has been hired as left-lead global coordinator and *DBS Bank* as joint global coordinator. The two are also joint lead managers and joint bookrunners with *Guotai Junan International*, *Haitong International*, *ICBC (Asia)*, *UBS* and *Wing Lung Bank*. *Bank of East Asia* is co-manager.

The Chinese property developer has held meetings with investors in Hong Kong and Singapore, as well as conference calls with international fixed-income investors, starting March 22.

The Reg S unrated notes will be issued through wholly owned BVI subsidiary Ease Trade Global with Poly Property Group as the guarantor. The notes will also have the benefit of a keepwell deed, which ultimate state-owned parent China Poly Group Corp will provide.

ENVISION EYES DOLLAR GREENS

ENVISION ENERGY INTERNATIONAL, rated BBB– (Fitch), has hired banks for a proposed offering of US dollar senior Green bonds.

HSBC, *Bank of America Merrill Lynch*, *CMB International* and *China Citic Bank International* are joint global coordinators, as well as joint bookrunners and joint lead managers with *SPD Bank Singapore*.

The China-headquartered wind-turbine maker and wind-farm specialist met

investors in Hong Kong, Singapore and London, starting March 20.

The proposed Reg S bonds will be issued through wholly owned subsidiary Envision Energy Overseas Capital, while Envision Energy International will be the guarantor.

The bonds have an expected BBB– rating from Fitch.

FIRST ABU DHABI PRINTS DIM SUM

FIRST ABU DHABI BANK sold a Rmb900m (US$142m) three-year Dim Sum bond at par to yield 4.80%, in line with final price guidance.

Credit Agricole, Taipei branch, and *Standard Chartered Bank (Taiwan)* were joint bookrunners on the March 16 print.

The bonds are expected to be rated Aa3/AA–/AA–, in line with the issuer.

CAR INC LOOKS TO DIM SUM

China-based CAR INC, rated Ba3/BB (Moody's/S&P), has hired *CICC* and *Standard Chartered* as joint global coordinators, joint lead managers and joint bookrunners for a proposed offering of Dim Sum bonds.

The Hong Kong-listed car rental company plans to use proceeds from the offshore renminbi Reg S issue for debt repayment and business development.

The proposed bonds have an expected BB rating from S&P.

HOUSING MAIDEN FOR LONGFOR

LONGFOR CHONGQING ENTERPRISE DEVELOPMENT has sold China's first special rental housing bonds to raise Rmb3bn.

The company, an onshore subsidiary of Hong Kong-listed Longfor Properties, priced the five-year non-put three notes at par on the Shanghai Stock Exchange to yield 5.60%.

It dropped a seven-year non-put five tranche due to weak demand.

A banker familiar with the sale said the label of rental housing bonds did not give Longfor any pricing advantage and it remained difficult for issuers to extend maturities.

The proceeds will be used to fund seven rental housing projects.

Both the property developer and the notes have AAA ratings from China Chengxin.

Citic Securities is lead underwriter on the offering with *China Securities* as joint lead underwriter.

Last year, China launched a pilot programme in 13 major cities, including Beijing and Shanghai, to build rental housing projects to ease a shortage of housing supply.

Rental housing bonds are regular notes, proceeds of which must be used mainly to fund rental housing schemes.

At least four other developers have applied to the SSE to issue rental housing bonds. These include Greentown Group's Rmb4bn scheme and Hopson Development Holdings' Rmb10bn plan, according to preliminary filings to the bourse.

FUGUINIAO WARNS ON RMB800M NOTES

Chinese footwear and menswear maker FUGUINIAO has warned that it may not be able to redeem Rmb800m onshore notes on April 23 as it faces a regulatory investigation.

In a filing to the Shanghai Stock Exchange, the Hong Kong-listed company says it has yet to secure funding to redeem the five-year non-put three bonds.

Fuguiniao says it has received a notice from the China Securities Regulatory Commission that the regulator will investigate alleged misdeeds regarding information disclosure and use of proceeds from bond offerings.

The company issued the notes in April 2015 at a coupon of 6.30%. Investors have the right to sell back the notes at the end of the third year and the issuer has the option to raise the coupon at the end of the third year.

The company says it will not raise the coupon on the notes.

The notes were bid at a cash price of 19.90 last Thursday afternoon, indicating a yield of 135.75%, according to Thomson Reuters data.

In January, Golden Credit downgraded the company to CC from BB, citing rising debt and restricted funding sources.

CENTRAL HUIJIN GOES ON BOND BINGE

CENTRAL HUIJIN INVESTMENT has raised Rmb10bn from an offering of three-year notes priced at par to yield 5.0%.

The issue in China's interbank bond market came about two months after the state-owned investment company printed Rmb10bn three-year notes at par to yield 5.15% in late January.

China Construction Bank is lead underwriter on the latest offering with *China Merchants Banks* as joint lead underwriter.

Central Huijin, set up in 2003, invests in state-owned financial enterprises on behalf of China. As of the end of 2016, it held stakes in 19 financial institutions, including China Construction Bank and ICBC.

The issuer, which operates under sovereign wealth fund China Investment Corp, has AAA ratings from United Credit. Proceeds will be used to optimise the issuer's debt structure and to replenish capital.

SCH TO DO GREEN WORK WITH LGX

The Shanghai Clearing House has signed a memorandum of collaboration with the Luxembourg Stock Exchange to broaden the appeal of Chinese Green bonds.

SCH, one of China's primary bond clearing houses, said in a statement that it would actively explore cross-border cooperation with LGX and seek to build a mechanism for Chinese domestic issuers of Green bonds to synchronise disclosure of related information in the offshore market.

The aim is to expand offshore investors' knowledge of Green bonds in China's interbank bond market and to support the opening up of the mainland's bond market, it said.

No further details were disclosed.

In January, Agricultural Development Bank of China signed a Green bond-related memorandum of understanding with LGX.

Under the MoU, international investors will be given access to Green bond issues from ADBC.

In 2017, new Green bond offerings in China rose 4.5% to Rmb248.6bn, according to a joint report of the Climate Bonds Initiative and China Central Depository and Clearing.

GLP READIES THREE-YEAR PANDAS

GLOBAL LOGISTIC PROPERTIES is set to raise Rmb1.2bn from an offering of three-year Panda notes this week in China's interbank bond market.

The issuer has cut in half the target issue size and shortened the tenor from its initial plan. According to a preliminary filing to the National Association of Financial Market Institutional Investors two weeks ago, GLP intended to raise Rmb2.4bn from five-year notes.

Books will open on Monday for GLP's second issue under its NAFMII-approved Rmb10bn Panda bond programme.

The bonds will be issued in the name of GLP subsidiary Iowa China Offshore Holdings (Hong Kong).

The issuer will use the proceeds for warehouses and to support logistic projects in regions linked to the Belt and Road initiative.

The notes and the issuer have AAAs from both China Chengxin and Shanghai Brilliance Credit Rating.

China Merchants Bank is sole lead on the issue.

GLP, the biggest warehouse operator in Asia, printed Rmb1bn five-year notes at par to yield 4.99% last October in the interbank bond market.

Last month, it raised Rmb1.2bn from Belt and Road Panda bonds on the Shenzhen Stock Exchange.

GREENTOWN PAYS FOR 365-DAY NOTES

GREENTOWN GROUP has raised a combined Rmb2bn from two prints of 365-day notes in China's interbank bond market.

The notes were sold at par to yield 5.42%, close to the top end of an indicative price range of 4.80%–5.50%.

The issuer, a AAA credit to China Chengxin, will use proceeds for debt repayment.

The two offerings came one week after the onshore subsidiary of Hong Kong-listed Greentown China Holdings printed Rmb2bn five-year non-put three notes at par to yield 5.50% on the Shanghai Stock Exchange.

A source familiar with Greentown's latest offering said, investors concerned with supply pressure asked for a premium.

China Construction Bank was lead underwriter on a Rmb1bn offering with *China Merchants Securities* as joint lead. *ICBC* and *China Citic Bank* worked on another Rmb1bn offering.

GEMDALE PRINTS TO REPAY DEBT

Chinese property developer GEMDALE has raised Rmb3bn from the sale of five-year non-put three notes on the Shanghai Stock Exchange.

The notes were priced at par to yield 5.68%, within an indicative range of 5.20%–6.20%.

The issuer dropped a seven-year non-put-five tranche after initially marketing it in 5.50%–6.50%.

The proceeds will be used to repay debt.

CICC was lead underwriter with *Guosen Securities* as joint lead underwriter.

United Ratings sees both the issuer and the notes as AAA.

In January, Gemdale printed Rmb1.5bn five-year notes in China's interbank bond market at par to yield 5.90%.

STRUCTURED FINANCE

COGARD GOES BIG ON ABS

COUNTRY GARDEN HOLDINGS has received clearance from the Shenzhen Stock Exchange for an asset-backed securities programme of up to Rmb40bn (US$6.3bn).

The securities will be backed against accounts receivable, according to a preliminary filing to the SZSE.

Founder Securities is sole lead.

SUNSHINE CITY PRINTS ABS

Chinese property developer SUNSHINE CITY GROUP has raised Rmb1.49bn from a public offering of securities, backed against mortgage receivables in the interbank bond market.

The trade was split into four. Pricing of a Rmb272m senior Class A tranche, expected to mature on March 21 2019, was at par to yield 6.60%, that of a Rmb400m senior Class A2 piece, expected to mature on March 21 2020, was at 7.20%, while that of a Rmb680m senior Class A3 portion, expected to mature on March 21 2021, was at par to yield 7.50%.

The originator retained a Rmb140m unrated subordinated tranche.

The three senior tranches have AAA ratings from China Chengxin.

The underlying assets are 1,818 mortgages with total balance of Rmb2.23bn on commercial and residential properties in five cities.

The Shenzhen-listed company intends to use the proceeds to repay bank loans and to replenish capital.

China Citic Bank is lead underwriter on the offering with *China Merchants Bank* as joint lead underwriter.

ABS OKAY FOR ANT FINANCIAL

Alibaba-backed ANT FINANCIAL has received clearance from the Shanghai Stock Exchange for an asset-backed securities programme of up to Rmb2bn.

The originator of the securities is Shangrong (Shanghai) Commercial Factoring, a subsidiary of Ant Financial, according to a SSE press release.

The securities are backed against accounts receivable of selected merchants, including the Tmall brand store, on Alibaba's e-commerce platforms. The accounts receivable have been sold to Shangrong (Shanghai) Commercial Factoring.

Tebon Securities is sole lead on the offering.

SSE said the structure offered an efficient and convenient funding channel for merchants and suppliers on Alibaba's platforms.

The exchange has been encouraging the development of "supply chain finance securitisation". Earlier this month, Chinese smartphone maker Xiaomi obtained approval from the bourse to sell accounts payable-backed securities of up to Rmb10bn.

DIDI CHUXING PLANS ABS

Ride-hailing service DIDI CHUXING TECHNOLOGY, China's rival to Uber Technologies, plans to issue Rmb10bn of asset-backed securities on the Shanghai Stock Exchange.

The originator of the notes will be Didi unit Dirun (Tianjin) Technology, according to a preliminary filling to the SSE.

The securities will be against leasing contracts of rental car companies, which are Didi's business partners.

Citic Securities is sole lead on Didi's proposed offering.

The plan is subject to approval from the SSE.

In December, Didi said it had raised US$4bn to support an overseas expansion.

BYD WORKS ON ABS ISSUE

China's BYD plans to raise up to Rmb10bn from the sale of asset-backed securities in the Shenzhen Stock Exchange.

The electric vehicle and battery maker's securities will be backed against government-granted subsidies for new energy vehicles (NEVs), according to a filing to the SZSE.

The ABS tenor is for up to three years, the filing states. The proceeds are meant to replenish capital and repay debt.

The plan has received clearance from the company's board and is now subject to approval from shareholders.

SYNDICATED LOANS

BJCE DEBUTS FOR US$220M

BEIJING JINGNENG CLEAN ENERGY is seeking a US$220m-equivalent three-year term facility on its debut in the offshore loan market.

HSBC is the mandated lead arranger, bookrunner and green structuring adviser on the bullet loan, which can be drawn in either Hong Kong or US dollars.

Based on an interest margin of 143bp over Libor, banks can join as lead arrangers with US$30m-equivalent or more for a top-level all-in pricing of 160bp, via a management fee of 51bp, or as arrangers with US$15m–$29m-equivalent for an all-in of 153bp, via a 30bp fee.

The borrower is BJCE subsidiary Beijing Jingneng Clean Energy (Hong Kong), with the parent company as the guarantor.

Funds are for general corporate purposes. This is a green loan raised under the parent's green finance framework.

Established in 2010, Hong Kong-listed BJCE is the largest gas-fired power provider in Beijing and a leading wind-power operator in China. The company is a subsidiary of Beijing Energy Holding, which, in turn, is a fully owned entity of Beijing's municipal government.

CJEH SEEKING MAIDEN LOAN

Singapore-listed CHINA JINJIANG ENVIRONMENT HOLDING is seeking a maiden three-year loan of US$150m-equivalent, via mandated lead arranger and bookrunner *Standard Chartered Bank*.

The loan is split into a tranche A of US$120m and tranche B of Rmb200m (US$30m).

Only tranche A is being syndicated. The interest margin is 210bp over Libor and the average life is 2.75 years.

Banks can join as MLAs with US$25m or more for a top-level all-in pricing of 240bp, via a management fee of 82.5bp, or as lead arrangers with US$15m–$24m for an all-in of 230bp, via a 55bp fee.

CJEH is the borrower on tranche A, while China-based fully owned subsidiary Green Energy (Hangzhou) Corporate Management is the borrower on tranche B. CJEH's units incorporated outside China and India will provide unconditional and irrevocable corporate guarantees.

CJEH operates waste-to-energy projects in China.

ZTE TURNS TO RELATIONSHIP BANKS

Telecoms equipment group ZTE has approached relationship banks to refinance a US$450m loan due later this year.

The US$450m four-year bullet facility, signed in July 2014, paid a top-level all-in pricing of 265bp via an interest margin of 225bp over Libor and an upfront fee of 160bp.

Bank of China (Hong Kong), Credit Agricole, BNP Paribas and Societe Generale were mandated lead arrangers and bookrunners on the maturing loan, which attracted eight other lenders in general syndication.

ZTE, which is also a major smartphone maker in China, returned to the black in 2017, posting a net profit of Rmb4.57bn, according to a stock filing on March 15. The company is listed in Shenzhen, where it is headquartered, and Hong Kong.

HAITONG UNITRUST BACK FOR MORE

HAITONG UNITRUST INTERNATIONAL LEASING CORP is returning to the loan markets for a US$200m two-year financing, with *Deutsche Bank* as sole mandated lead arranger and bookrunner.

The loan pays an interest margin of 120bp over Libor and banks committing on or before April 27 receive an early-bird fee of 10bp.

MLAs with US$25m or above receive upfront fees of 90bp for a top-level all-in pricing (including early-bird fees) of 170bp, lead arrangers with US$15m–$24m receive fees of 75bp for an all-in of 162.5bp and arrangers with US$10m–$14m receive fees 65bp for an all-in of 157.5bp.

The final deadline for responses is May 4. A bank meeting will be held in Hong Kong on March 28.

Haitong UniTrust last tapped the onshore markets in 2016 for a Rmb910m (US$137m then) dual-tranche loan from seven banks. Standard Chartered was sole MLAB on the loan, which pays margins of 93% of the PBoC rates for tranches of one and three years.

The borrower last visited the offshore markets in 2015 for a US$80m three-year offshore bullet loan offering a top-level all-in pricing of 320bp, based on a margin of 275bp over Libor. E Sun Commercial Bank was the MLAB.

The Shanghai-based borrower carries Triple A domestic ratings from Shanghai Brilliance Credit Rating & Investors Service.

GCL SEEKS THREE-YEAR FUNDS

Hong Kong-listed GCL NEW ENERGY HOLDINGS is in the market for a US$150m three-year term loan through mandated lead arranger and bookrunner *Credit Suisse*.

The loan, which has a US$100m greenshoe option, offers an interest margin of 500bp over Libor and has a 2.5-year average life.

Banks can join with US$50m or more for a top-level all-in pricing of 550bp, via a management fee of 125bp, or with US$30m–$49m for an all-in of 530bp, via a fee of 75bp, or with US$10m–$29m for an all-in of 520bp via a fee of 50bp.

The loan comes nearly two months after the solar-power company, rated Ba2/BB– (Moody's/S&P), raised US$500m from three-year Reg S bonds priced at 7.1% in late January. Proceed from the bonds were for developing business, repaying debt, including a Credit Suisse term loan, as well as general corporate purposes, IFR Asia reported.

GCL New Energy Holdings, a subsidiary of Hong Kong-listed GCL-Poly Energy Holding, develops and manages solar power plants in China.

Last August, GCL-Poly Energy Holding raised a US$200m three-year loan. Hang Seng Bank and Standard Chartered were MLABs on that loan, which paid a top-level all-in of 305.34bp over Libor, based on an interest margin of 250bp and an average life of 2.53 years.

CHINA WATER AFFAIRS LOAN DRAWS 19

A US$200m five-year loan for Hong Kong-listed CHINA WATER AFFAIRS GROUP has been allocated to 19 lenders, with *ANZ* as mandated lead arranger and bookrunner.

The bullet loan offers an interest margin of 195bp over Libor.

Banks joining as MLAs were offered a top-level all-in pricing of 210bp, via an upfront fee of 75bp.

In January 2016, the borrower increased to US$200m from US$100m its seven-year syndicated B loan. ANZ was MLAB on the facility, which complemented a US$100m 10-year A loan the Asian Development Bank had provided in May 2014.

Banks were invited to join at a top-level all-in pricing of 292.78bp, based on a margin of 270bp and a 3.95-year average life.

For full allocations, see www.ifrasia.com.

SCE SIGNS US$415M REFINANCING

CHINA SCE PROPERTY HOLDINGS has increased a 3.5-year loan to US$415m-equivalent from the earlier US$300m-equivalent after eight banks joined in general syndication.

Bank of China (Hong Kong), *Hang Seng Bank* (facility agent) and *HSBC* were the mandated lead arrangers and bookrunners. *Industrial Bank* joined as MLA. The loan was signed on March 14.

The Hong Kong-listed developer's facility comprises a HK$3.172bn (US$406m) tranche A and a US$9m tranche B. The interest margin is 330bp over Hibor/Libor, and lenders were offered a top-level all-in pricing of 390bp.

China SCE Property Holdings, rated B (S&P), is the borrower, while some of its subsidiaries are guarantors. Funds are for refinancing and general corporate purposes.

In December 2015, the Shanghai-based borrower raised a US$400m incremental facility, with BOC (Hong Kong), Hang Seng, HSBC and Ping An Bank as the MLABs.

For full allocations, see www.ifrasia.com.

JEWELLER SIGNS MAIDEN LOAN

Chinese jeweller Lao Feng Xiang signed a maiden three-year loan of US$200m on Wednesday, with *ANZ* as original mandated lead arranger and bookrunner.

China Construction Bank, Shanghai branch, *China Minsheng Banking Corp*, Shanghai branch, *Hang Seng Bank* and *ICBC*, Shanghai branch, came in for the same title.

The facility, split into a US$150m term loan and a US$50m revolving credit facility, pays an interest margin of 120bp over Libor. Banks joining as MLABs get a top-level all-in pricing of 150bp over Libor, via an upfront fee of 90bp.

The borrower is LAO FENG XIANG JEWELLERY HONG KONG, while Shanghai-listed parent Lao Feng Xiang is the guarantor.

Lao Feng Xiang is a Chinese jewellery brand, operating since 1848.

For full allocations, see www.ifrasia.com.

EQUITY CAPITAL MARKETS

ALIBABA MULLS CDR ISSUANCE

Chinese e-commerce giant **ALIBABA GROUP HOLDING** is mulling an A-share listing through an issue of Chinese Depositary Receipts (CDRs) as soon as the middle of this year, according to a source familiar with the situation.

The fundraising size was yet to be determined, but might be more than Rmb10bn (US$1.58bn), said the source.

The China Securities Regulatory Commission has been tightly controlling the sizes and prices for domestic IPOs. The size of Alibaba's fundraising will thus depend heavily on regulatory guidance.

CICC and *Citic Securities* are working on the issue.

As of March 22, US-listed Alibaba had a market capitalisation of US$472.9bn.

"Since our IPO in the US, we have stated that, if regulations allowed, we would consider a listing in China," an Alibaba spokesperson told IFR in an email.

China has stepped up efforts to entice overseas-incorporated entities, including major Chinese technology companies, to list in the domestic stock market.

As part of that campaign, the CSRC plans to introduce CDRs as soon as this year to allow qualified overseas listcos to list in the domestic market.

"The new rules on CDRs may be introduced as soon as the end of next month," said the source. "The first batch of issuers may launch CDRs as soon as mid 2018."

Alongside Alibaba, a number of overseas-listed Chinese companies, including JD.com, Tencent, Baidu, Weibo and Sogou, are considering CDR issues.

Smartphone maker Xiaomi Technology is also considering a domestic listing through CDRs alongside a Hong Kong IPO later this year, sources told IFR earlier.

According to a March 19 post on Shanghai Stock Exchange's official channel on Weibo, the bourse has studied issues related to CDR issuance since 2001 and has sorted out the business rules for the listing and trading of high-quality and innovative companies on the SSE.

SUNLANDS COMPLETES US IPO

SUNLANDS ONLINE EDUCATION raised US$149.5m from a NYSE IPO at the bottom of the US$11.50–$13.50 indicative price range.

The final price represents a 2019 P/E of 16.5.

The Chinese post-secondary and professional education company sold 13m American depositary shares.

The float, with *Credit Suisse*, *Goldman Sachs* and *JP Morgan* as joint bookrunners, was multiple times covered.

ONESMART EMBARKS ON US LISTING

ONESMART INTERNATIONAL EDUCATION GROUP has started bookbuilding for a NYSE IPO of up to US$212m.

The company is selling 16.3m primary American depositary shares at an indicative price range of US$11–$13 each, representing a forecast 2019 P/E of 19.6–23.2.

There is an option for a size increase of up to 2.45m primary ADS, representing 15% of the base deal.

The IPO, with *Deutsche Bank*, *Morgan Stanley* and *UBS* as leads, will price on Tuesday.

For the year to August 31 2017, OneSmart posted net profit growth of 30% to Rmb243m. For the three months to November 30, its net income amounted to Rmb18m.

Private-equity firm Carlyle Group owns 15.8% of OneSmart, while Goldman Sachs controls 11.4%.

OneSmart is a Shanghai-based K-12 after-school education company involved in tutoring and education tourism services.

XINHUA EDUCATION COMPLETES IPO

CHINA XINHUA EDUCATION GROUP has raised HK$1.3bn (US$166m) from a Hong Kong IPO after selling shares at the midpoint of the indicative price range.

The private provider of higher education in China sold 400m primary shares, or 25% of its enlarged company capital, at HK$3.26 each, off a marketed range of HK$2.83–$3.69.

The final price represents a pre-shoe 2018 P/E ratio of 16.9 and a post-shoe 2018 multiple of 17.6.

The IPO drew strong demand as a good mix of international and China funds participated. Long-only and cornerstone investors took most of the shares.

The retail tranche was more than 30x covered, triggering the clawback system with 30% of the IPO shares allocated to that portion versus the original 10%. The institutional tranche was multiple times oversubscribed after clawback.

China New City Commercial Development and BoCom International Prosperity Investment, the cornerstone investors, each pledged US$10m.

Trading in the stock will start on Monday.

Macquarie was sole sponsor and joint global coordinators with *ABC International*. The two were also joint bookrunners with *CMB International* and *First Capital Securities*.

51 CREDIT CARD FILES FOR IPO

51 CREDIT CARD has applied to the Stock Exchange of Hong Kong for a proposed IPO.

The Chinese online credit card management company plans to raise at least US$500m from the listing, people close to the deal told IFR earlier.

Founded in 2012, 51 Credit Card helps users manage their credit card bills, invest in wealth-management products and access other personal credit-based financial services.

CEO Sun Haitao told mainland media last September that the company was valued at more than Rmb10bn.

As of December 31, it had 81 million registered users on its apps.

In 2017, the company posted a net loss of Rmb1.38bn on total revenue of Rmb2.27bn. Its operating profit, however, rose about 11 times to Rmb706m last year from Rmb60m in 2016.

Citigroup and *China Merchants Securities* are joint sponsors on the IPO.

HOPE EDUCATION APPLIES FOR IPO

HOPE EDUCATION GROUP filed an application to the Stock Exchange of Hong Kong for a proposed IPO of about US$400m.

The Chinese company is backed by several high-profile shareholders, including Citic Limited, China Everbright and Prudential Group.

Established in 2007, it owns and operates colleges and institutes for primary, secondary, higher, vocational, and continuing education.

It is a member of the Hope Group, which was founded by Chinese agribusiness tycoon Liu Yonghao and his brothers.

Hope Education posted 2017 profit of Rmb209m on revenue of Rmb752m.

Citigroup and *China Merchants Securities* are joint sponsors for the proposed IPO.

CSA GETS OKAY TO PLACE H-SHARES

CHINA SOUTHERN AIRLINES has won China Securities Regulatory Commission approval for a proposed private placement of up to 601m H-shares.

The carrier, listed in both Shanghai and Hong Kong, announced earlier a plan to raise up to HK$3.70bn from the sale of up to 601m H-shares at HK$6.156 each to a wholly owned unit of controlling

shareholder China Southern Air Holding (CSAH).

China Southern also aims to sell up to 1.8bn A-shares to raise as much as Rmb9.5bn. CSAH has agreed to subscribe to at least 31% of the placement shares, through an asset swap and cash. The A-share transaction is still awaiting regulatory approval.

Proceeds will be used mainly to purchase aircraft and meet working capital needs.

UBS Securities is lead on the placement.

COMPLETION OF WUXI PLACEMENT

A share placement in Hong Kong-listed WUXI BIOLOGICS has raised HK$4.69bn.

WuXi Biologics raised HK$3.99bn from the sale of 57m shares to no less than six investors, while shareholder G&C VII took in HK$700m from the sale of 10m shares.

The placement price was set at HK$70, the upper half of the indicative range of HK$68.50-$71.00, representing a discount of 6.7% to the pre-deal spot.

The placement was multiple times covered with a good quality book. There were more than 100 lines in the book and the top 10 investors took about two-thirds of the allocation.

There is a three-month lock-up on the company, the vendor and WuXi Biologics Holdings.

The company will use the proceeds to fund expansion.

Morgan Stanley was the sole bookrunner.

G&C VII is a controlling shareholder of WuXi Biologics. It is a wholly owned subsidiary of New WuXi ESOP LP, the general partner under the direct control of WuXi Biologics chairman Dr Ge Li.

COGARD UNIT TO LIST BY INTRODUCTION

COUNTRY GARDEN HOLDINGS, which withdrew a planned Shanghai listing of its property management arm last December, will now list the unit in Hong Kong without raising any funds.

The Chinese property company initially planned to raise about Rmb1.13bn from the A-share plan, but withdrew its application due to a regulatory change in the review process of such transactions in China. It did not give details of the policy change.

Country Garden last week said it would list COUNTRY GARDEN SERVICES by introduction through the distribution of CGS shares to the parent's shareholders. No funds will be raised.

NOTHING ASSURED FROM PING AN

PING AN INSURANCE (GROUP) will not provide an assured entitlement to any shareholder for its proposed spin-off and separate Hong Kong listing of Ping An Healthcare and Technology.

This is because A-shareholders voted against a provision that would have given assured entitlements to H-shareholders for the proposed IPO.

The Chinese insurer intends to raise about US$1bn from a Hong Kong IPO as early as the first half of this year, people close to the deal told IFR earlier.

Ping An Healthcare, formerly known as Ping An Good Doctor, is the largest online healthcare and medical destination in China in terms of the number of users.

Citigroup and *JP Morgan* are joint sponsors.

Following the transaction, Ping An Insurance will remain a controlling shareholder of Ping An Healthcare.

HUATAI GETS PLACEMENT APPROVAL

Chinese brokerage HUATAI SECURITIES, also known as HTSC, has received written approval from the China Securities Regulatory Commission for a proposed private placement of A-shares to raise up to Rmb25.51bn.

Huatai intends to place up to 1.09bn A-shares to not more than 10 investors at a floor price to be set on the first day of issuance.

Guotai Junan Securities and *Huatai United Securities* are joint sponsors. The company will use the proceeds to strengthen its capital.

ANTONG HOLDINGS, formerly Heilongjiang Heihua, has secured board approval for a proposed private share placement of up to Rmb3.43bn.

The provider of freight transportation services plans to offer not more than 212m shares at a floor price to be set on the first day of issuance. Proceeds will be used for logistics projects. *Haitong Securities* is working on the transaction. Shareholders will review the proposal on April 9.

DO-FLUORIDE CHEMICALS has received written CSRC approval for a proposed private share placement of up to Rmb1.70bn.

The producer of inorganic fluoride products plans to offer not more than 126m shares at a floor price to be set on the first day of issuance. *Everbright Securities* is the sole bookrunner. Proceeds will be used for a lithium battery project and a new energy vehicle project.

SHENZHEN NEPTUNUS TO SELL RIGHTS

SHENZHEN NEPTUNUS BIOENGINEERING has secured board approval for a proposed rights issue of up to Rmb5bn.

The manufacturer and distributor of pharmaceutical products plans to offer up to 794m right shares on a 3-for-10 basis.

China Galaxy Securities is the sole bookrunner. Proceeds will be used to repay debts and replenish working capital.

Shareholders will review the proposal on April 4.

SHENZHEN WENKE LANDSCAPE has launched a rights issue of up to Rmb851m, with *Zhong De Securities* as the sole bookrunner.

Bookbuilding will start on Monday.

The company plans to offer up to 74m rights shares on a 3-for-10 basis. The price has been set at Rmb11.50, or at a discount of 39.1% to the March 20 close of Rmb18.87.

Proceeds will be used for construction projects, research and development, and working capital.

CB APPROVAL FOR AVIC ELECTRO

AVIC ELECTROMECHANICAL SYSTEMS has cleared a China Securities Regulatory Commission hearing for a proposed issuance of six-year convertible bonds of up to Rmb2.1bn.

The company plans to use the proceeds for acquisitions and expansion. *Guotai Junan Securities* and *AVIC Securities* are joint bookrunners.

The issuance still needs written CSRC approval.

LONCIN HOLDING has applied to the Shanghai Stock Exchange for a private placement of three-year exchangeable bonds of up to Rmb3bn with shares of LONCIN MOTOR as underlying.

Loncin Holding holds 1.04bn Loncin Motor shares, or 49.32% of the company's issued capital.

First Capital Investment Banking is the sole bookrunner.

Shanghai-listed Loncin Motor mainly manufactures various kinds of machineries.

TAIYUAN IRON & STEEL has proposed a private placement of EBs of up to Rmb1.5bn with shares of SHANXI SECURITIES as underlying.

Taiyuan Steel holds 283m Shanxi Securities shares, or 9.99% of the company's issued capital.

The placement still needs regulatory approval.

HONG KONG

SYNDICATED LOANS

TRIMCO LOAN INTO SYNDICATION

A US$255m five-year amortising loan to back Affinity Equity Partners' purchase of a majority stake in garment label-maker TRIMCO INTERNATIONAL HOLDINGS has been

launched into limited syndication via *Cathay United Bank* and *CTBC Bank*.

The two banks have equally underwritten the facility, comprising a US$240m term loan and a US$15m revolving credit. The all-in pricing is in the high 300s, while the debt represents leverage of around 4x–5x.

A site visit will be held in Hong Kong on March 27. The deadline for responses is late April.

Affinity agreed in early January to buy the stake in Hong Kong-headquartered Trimco for US$520m from Partners Group.

Partners had purchased the Trimco stake in 2012 from another private-equity firm Navis Capital Partners. At the time, it had obtained a US$55m senior loan from four Taiwanese banks.

CTBC was the sole facility and security agent, mandated lead arranger and bookrunner. Ta Chong Bank, Taipei Fubon Commercial Bank and Taishin International Bank joined in July to share the MLA title.

The five-year amortising term loan, with an average life of about three to 3.5 years, paid a margin of 450bp over Libor.

Trimco, founded in Hong Kong, serves garment makers in China, India and South-East Asia.

GOSHAWK SEEKS US$300M FACILITY

Dublin-based aircraft-leasing company **GOSHAWK AVIATION** has launched a US$300m unsecured five-year term loan.

Agricultural Bank of China, Hong Kong branch, is the mandated lead arranger and bookrunner on the loan, which offers an interest margin of 160bp over Libor.

Lenders get a top-level all-in pricing of 168.5bp and the lead arranger title for US$40m or more, via a participation fee of 42.5bp, an all-in of 167bp and the arranger title for US$30m–$39m, via a fee of 35bp, an all-in of 165.5bp and the senior manager title for US$20m–$29m, via a 27.5bp fee, and an all-in of 164bp and the manager title for US$19m or below, via 20bp.

The borrowers are Dionysus Aviation Designated Activity and Maguey Dutch Aviation. Goshawk Aviation is guaranteeing the loan.

Funds are for general corporate purposes.

Last December, the borrower raised a US$100m five-year Schuldscheindarlehen via Commerzbank and BNP Paribas. Lenders were offered spreads of 160bp–180bp on the five-year financing.

Goshawk manages a fleet of 114 aircraft on lease to 41 airlines in 29 countries, with a total fleet value of US$5.5bn. Established in November 2013, the company counts Hong Kong's Chow Tai Fook Enterprises and NWS Holdings as equal shareholders.

SHANGRI-LA LOAN HITS SYNDICATION

Hotel operator **SHANGRI-LA ASIA** has launched a US$150m five-year bullet loan into limited syndication, with *MUFG* as the coordinator.

The loan offers an interest margin of 80bp over Libor.

Lenders are being offered a top-level all-in pricing of 90bp and the mandated lead arranger title for US$30m or more, via a participation fee of 50bp, an all-in pricing of 87bp and the lead arranger title for US$20m–$29m, via a fee of 35bp, and an all-in of 85bp and the arranger title for US$10m–$19m, via 25bp. The deadline for commitments is April 11.

Funds are for refinancing purposes.

The borrower is Shangri-La Asia Treasury, a wholly owned subsidiary of Shangri-La Asia. Shangri-La Treasury raised a US$110m four-year senior loan in September 2016. MUFG was also the MLAB on that loan, which attracted two other lenders.

The parent, an investment holding company, owns and operates hotels and associated properties in China, Singapore, Malaysia and other countries.

CTFE SIGNS US$1.3BN FACILITY

CHOW TAI FOOK ENTERPRISES signed a US$1.3bn-equivalent five-year term loan last Monday with six mandated lead arrangers and bookrunners.

Bank of Taiwan, *Bank of East Asia*, *Mega International Commercial Bank*, *Shanghai Pudong Development Bank*, *Tai Fung Bank* and *Taipei Fubon Commercial Bank* are the six MLABs on the loan, comprising a US$1.02bn piece and a HK$2.185bn portion. SPDB was the coordinator.

The loan carries an interest margin of 120bp over Hibor or Libor. In general syndication, lenders were offered a top-level all-in pricing of 138.55bp via a 77bp participation fee. In senior syndication, MLABs were offered a top-level all-in pricing of 150bp or 145bp via a management fee of 88bp and underwriting fees of 44bp or 22bp, respectively.

Funds are for working capital purposes.

For full allocations, see www.ifrasia.com.

HKBN SEEKS A&E FOR BULLET

HKBN is seeking an amendment and extension for a HK$4.1bn five-year bullet loan signed in November 2016. (*See News*.)

BNP Paribas is the coordinator on the exercise, which involves a reduction in the loan's interest margin and a lengthening of its tenor.

The new margin is tied to a leverage grid: 325bp for a total net leverage of greater than 5.5x; 275bp for leverage of 5.01x–5.5x; 220bp for 4.51x–5.00x; 170bp for 4.01x–4.50x; 120bp for 3.51x–4.00x; 105bp for 2.51x–3.50x and 95bp for 2.5x or below.

The company had net leverage of 3.38x as of August 31 2017.

The new maturity date is five years from the day all lenders receive approvals for renewal of commitments.

Lenders are being offered a 30bp fee for the A&E exercise. A bank meeting was planned in Hong Kong last Friday.

The original facility had 25 lenders, including mandated lead arrangers and bookrunners BNP Paribas Hong Kong, Citigroup, Credit Agricole and JP Morgan Hong Kong, when it closed syndication in 2016.

That facility, split into a HK$3.9bn term loan and a HK$200m revolving credit, offered a top level all-in pricing of 148bp via an interest margin of 135bp over Libor and a 65bp upfront fee. Wholly owned HKBN subsidiaries Hong Kong Broadband Network and HKBN Group were the borrowers.

HKBN provides broadband and mobile telephony services in Hong Kong.

NWD OPTS FOR GREEN LOAN

Hong Kong-listed **NEW WORLD DEVELOPMENT** has signed an amendment to a HK$3.6bn financing with six banks, making the borrowing the first green loan under the developer's green finance framework launched last Wednesday.

The lenders are *ANZ*, *Bank of China (Hong Kong)*, *Credit Agricole*, *Hang Seng Bank*, *HSBC* and *Sumitomo Mitsui Trust Bank*, Hong Kong branch.

The loan was originally signed in March 2016 with the first five banks. SMTB joined the financing subsequently, via a secondary market transaction, with Credit Agricole.

The amendment requires the loan's use of proceeds to adhere to a slew of conditions under the company's green finance framework. The terms of the loan, including the interest margin and the final maturity of March 2021, remain unchanged.

The facility finances the redevelopment of a commercial real-estate project at King's Road in Hong Kong's North Point district. Construction has started and is slated for completion by the end of 2019.

The building has received various certificates, including the WELL Building Standard pre-certification and BEAM Plus New Building Version 1.2, a pre-requisite for the loan to be defined as green.

While the entire loan qualifies as a green financing, only a partial drawdown has taken place.

The borrower is Full Asset Enterprises, while parent NWD is the guarantor.

HUI XIAN UNIT CLUBS HK$5BN REFI

Hui Xian Investment, a wholly owned subsidiary of Hong Kong-listed HUI XIAN REIT, has closed a HK$5bn three-year refinancing with six banks.

Bank of China (Hong Kong), *China Construction Bank (Asia)*, *Hang Seng Bank* and *Shanghai Pudong Development Bank*, Hong Kong branch, committed HK$1bn each, while *DBS Bank* and *HSBC* came up with HK$500m apiece.

The unsecured bullet loan pays an all-in pricing of 125bp, via an interest margin of 105bp over Hibor.

Funds will refinance a loan of a similar size the company signed with the same six banks in December 2014. That three-year loan paid a margin of 215bp.

The new loan was signed on February 23 and drawn in early March.

Hui Xian Investment's previous visit to the loan market was in December for a HK$1.2bn unsecured two-year term loan with BoC HK, DBS and HSBC to refinance a similar-sized facility from the same lenders three years earlier.

YUE XIU RETURNS FOR HK$3BN LOAN

YUE XIU ENTERPRISES (HOLDINGS) is returning after two years for a HK3bn three-year transferable term loan, while its real estate subsidiary is wrapping up a smaller borrowing.

Bank of Communications, Hong Kong branch, *Bank of East Asia*, *Nanyang Commercial Bank* and *Taipei Fubon Commercial Bank* are the mandated lead arrangers, bookrunners and underwriters of the loan, which pays an interest margin of 140bp over Hibor.

Lenders are being offered a top-level all-in pricing of 153.33bp and the senior arranger title for HK$150m or more, via a participation fee of 40bp, or an all-in of 150bp and the arranger title for HK$70m–$149m, via a fee of 30bp.

Responses are due on April 18.

Funds will be used for refinancing, general corporate purpose and working capital.

The borrower last tapped the market in January 2016 for a US$400m three-year bullet term loan. DBS Bank was the MLAB on that loan, which offered a top-level all-in of 206bp, based on a margin of 196bp over Libor.

Meanwhile, Yuexiu Property, a subsidiary of Yue Xiu Enterprises, is slated to close general syndication of its HK$1.5bn three-year term loan. *Wing Lung Bank* is the MLAB on that loan, which has attracted commitments from *Bank of East Asia*, *China Minsheng Banking Corp*, *Chong Hing Bank* and *OCBC Wing Hang*.

The bullet offered a top-level all-in pricing of 140bp, based on a margin of 120bp over Hibor and a 60bp participation fee. Yuexiu Property is the guarantor and wholly owned subsidiary Leading Affluence is the borrower.

Yue Xiu Enterprises itself is a wholly owned subsidiary of the Yue Xiu Group, a major state-owned enterprise with the Guangzhou government as its main shareholder.

EQUITY CAPITAL MARKETS

QIA SELLS STAKES IN LIFESTYLE

Qatar Investment Authority has raised a combined HK$5.2bn (US$663m) from the sale of its shares in Hong Kong-listed LIFESTYLE INTERNATIONAL HOLDINGS and LIFESTYLE CHINA GROUP.

QIA sold 371m shares in Lifestyle International at a fixed price of HK$12 each, a discount of 3.8% to the pre-deal spot. It also sold 371m shares in Lifestyle China at a fixed price of HK$2.03 each, a discount of 4.7% to the pre-deal spot.

For Lifestyle International's HK$4.45bn block, Lau Luen Hung, the controlling shareholder of the company, has irrevocably undertaken to purchase 280m shares.

For Lifestyle China's HK$753m block, Lau has also irrevocably undertaken to purchase 186m shares.

The remaining shares of both blocks have been fully taken up by other investors, according to a company filing.

There were 50 investors across both blocks and the top 10 got 80% of the deals. Demand came from existing institutional investors and wealth management clients.

QIA sold the shares in clean-up trades through subsidiary Bellshill Investment.

UBS was the sole bookrunner.

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INDIA

DEBT CAPITAL MARKETS

SHRIRAM ADDS TO 2023 MASALAS

SHRIRAM TRANSPORT FINANCE has signed a pricing supplement for a Rs1.9bn (US$29m) tap of its Masala bonds due in June 2023, according to a BSE release.

The notes will be consolidated with Rs6.5bn of offshore rupee bonds issued on March 8. The interest rate is fixed at 8.1%.

The yields on Shriram Transport Finance's Masala notes were lower than those on its comparable domestic bond as per issuer feedback, according to a Fitch report dated March 11.

The notes are being issued off a Rs50bn MTN programme set up through *MUFG Securities*.

Fitch and S&P both recently assigned BB+ ratings to the programme.

"Indian non-banking financial institutions (NBFIs) are likely to become more active issuers of Masala bonds over the medium term, reflecting their rising need for diversified funding to support growth," says Fitch in the report.

The larger NBFIs, with strong reputations, are likely to find Masala issuance viable, while smaller unrated issuers are likely to find offshore rupee bond issuance difficult, according to Fitch.

Pricing remains an obstacle.

"Issuers have, so far, typically faced yields 20bp–50bp higher on Masala bonds than domestic issuance," Fitch says.

Rising domestic interest rates will help narrow the pricing gap if yields on domestic bonds respond more sensitively than Masala yields, Fitch says.

The yield on India's 10-year government bonds has increased by 100bp since last July and is expected to go up further as the Reserve Bank of India raises policy rates, according to analysts.

NBFIs are expected to compensate for weak bank lending, which is likely to be held back due to state banks' undercapitalisation, despite the government's planned injections.

As a result, NBFIs will require funding support as banks' share of funding is expected to fall, Fitch says.

RELIANCE JIO SEEKS BOND OKAY

RELIANCE JIO INFOCOMM is seeking board approval to raise up to Rs200bn from the sale of non-convertible debentures, according to a BSE filing.

The board meeting was scheduled for last Friday.

The telecom company, part of **RELIANCE INDUSTRIES**, will raise the funds through a private placement in one or more tranches.

ICICI SELLS RS40BN OF AT1S

ICICI BANK has raised Rs40bn from Basel III-compliant Additional Tier 1 bonds at 9.15%, according to a source close to the trade.

The notes have a call option at the end of five years.

Care and Icra have assigned AA+ ratings to the Indian bank's AT1 bonds.

ICICI Securities Dealership and the issuer's own syndication team were lead arrangers on the issue.

BHARTI AIRTEL SELLS DUAL-TRANCHER

BHARTI AIRTEL has raised Rs30bn from dual-tranche rupee bonds, with *Axis Bank* as the arranger, according to a National Securities Depository filing.

The Indian telecom company raised Rs15bn from a three-year, one-month and seven-day tranche at 8.35% and an equal amount from a two-year, one-month and seven-day portion at 8.25%.

Crisil assigned a AA+ rating to the unsecured rupee notes.

The previous week, Bharti Airtel said its board had approved plans to issue rupee corporate bonds of up to Rs100bn and foreign-currency notes of up to US$1bn.

UBI ANNOUNCES EARLY CALL

UNITED BANK OF INDIA plans an early call on April 11 on Additional Tier 1 bonds totalling Rs9.4bn.

The state-owned bank will redeem the bonds at par, well ahead of call dates in 2020 and 2022.

UBI issued Rs1.5bn of AT1s at 11.95% in September 2015, Rs2bn of AT1s at 12% in March 2017, Rs4.9bn of AT1s at 10.95% in November 2017, and Rs1bn of AT1s at 11% in December 2017.

Indian public-sector banks are exercising early calls as per the regulatory event of the Reserve Bank of India's placing them under the Prompt Corrective Action framework last year. The framework requires lenders with weak asset quality to conserve capital and address their bad debts.

Last week, S&P said AT1 instruments that Indian PSBs had issued were no longer counted as equity in light of recent events, and affirmed the issuer credit rating of all PSBs with stable outlook.

SIDBI TAPS MARCH 2021 LINE

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (Sidbi) has tapped its 7.85% March 2021 bonds for Rs25bn at a clean price of 100.2558, according market sources.

ICICI Bank was the sole arranger on the reopening.

Care has assigned a AAA rating to the bonds.

Sidbi has yet to make an official announcement on the price and size of the tap.

PFC SCRAPS DUAL-TRANCHER

POWER FINANCE CORP has scrapped a dual-tranche bond sale after failing to achieve its desired prices, according to market sources.

PFC received lowest bids of 7.59% for a one-year seven-month tranche and 7.73% for a three-year 23-day piece.

It was targeting proceeds of Rs5bn, plus an undisclosed greenshoe amount, from each tranche.

Recently, PFC raised Rs27.95bn from one-year 10-day rupee bonds at 7.53%.

The notes have AAA ratings from Care, Crisil and Icra.

SYNDICATED LOANS

IRFC PICKS TRIO FOR YEN LOAN

State-owned **INDIAN RAILWAY FINANCE CORP** has picked three banks for its US$250m-equivalent 10-year loan.

Mizuho Bank, *MUFG* and *SMBC* are mandated lead arrangers and bookrunners of the yen-denominated loan, which has a bullet maturity and is expected to be launched into syndication in the coming weeks.

The loan has a base size of US$100m and comes with a greenshoe option of US$150m. Banks had until March 1 to

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submit proposals. Proceeds will finance the company's acquisition of rolling stock.

IRFC's mandate for the 10-year loan follows another US$350m-equivalent borrowing of the same tenor for Indian state-owned NTPC, which is wrapping up general syndication.

Mizuho, MUFG and SMBC are MLABs on NTPC's ¥39.4bn (US$350m) financing, which pays a top-level all-in pricing of 105bp, based on an interest margin of 95bp over Tibor and a remaining weighted-average life of 10 years.

IRFC is returning to the loan markets after more than two years. In November 2015, it raised a three-year financing of US$400m to refinance a five-year loan closed in November 2013. Mizuho, MUFG and SMBC were the MLABs.

Last December, IRFC raised US$500m from 10-year Green dollar bonds at 3.835%. It followed up in late February to sell Rs25bn of three-year and one-month rupee bonds, priced at 7.65%.

› PFC HIRES TRIO FOR NEW FACILITY

State-owned POWER FINANCE CORP has mandated three banks on a US$250m five-year loan even as it wraps up syndication of a US$300m borrowing with the same tenor.

MUFG, *Mizuho Bank* and *State Bank of India* are mandated lead arrangers, bookrunners and equal underwriters on the new bullet loan. The three banks are also MLABs on the US$300m five-year bullet loan, which is in syndication and has drawn commitments from a handful of lenders.

That loan pays a top-level all-in pricing of 100bp, based on an interest margin of 70bp and a 4.5-year remaining life.

PFC had sent out a request for proposals on the new loan in late January, a couple of weeks after putting out a RFP for an issue of five-year Masala, or offshore rupee, bonds. The Masala issue proposed to raise Rs12.5bn (US$196m), with a greenshoe option of up to Rs20bn, according to IFR Asia.

Earlier this month, PFC raised Rs33bn from the sale of one-year three-month rupee notes at 7.8% in India's domestic bond markets, IFR Asia reported.

› REC TAKES CLUB, BILATERAL PATH

State-owned RURAL ELECTRIFICATION CORP has raised US$400m through club and bilateral loans.

HSBC and *MUFG* have provided US$240m combined through a club loan, while *Mizuho Bank* lent US$160m through a bilateral facility. The tenor on both loans is three years.

REC had sent out a request for proposals in January for the loan with a February 12 deadline for responses. Banks were required to submit bids for a minimum US$100m.

HSBC had submitted an extremely tightly priced bid of 71bp all-in pricing, while rival bids had come in around 80bp.

In the end, REC took the club and bilateral routes.

Funds refinance a US$400m five-year loan signed in June 2015. That borrowing paid a top-level all-in pricing of 145bp, based on a 4.75-year average life and a margin of 117bp over Libor. Mizuho, State Bank of India and SMBC were mandated lead arrangers and bookrunners of the loan, while nine others joined in syndication.

› TWO ON BPCL UNIT'S BORROWING

BHARAT PETRORESOURCES mandated *DBS Bank* and *Standard Chartered* on its five-year loan, after increasing the size to US$250m.

The two banks signed the loan with the Indian state-owned oil-and-gas company on February 28 and prefunded it.

The borrower had sent out a request for proposals in January for a loan of up to US$150m, with a greenshoe option of US$50m.

A letter of comfort from parent Bharat Petroleum backs the loan. Funds are for capital expenditure, debt servicing for oil and gas blocks, as well as potential acquisitions or investments.

Last November, the borrower, via wholly owned unit BPRL International, raised a US$400m dual-tranche term loan. DBS and State Bank of India were mandated lead arrangers and bookrunners on the loan, which comprised a US$100m five-year tranche A and US$300m seven-year tranche B. A handful of other lenders joined the loan, which had the backing of a standby letter of credit, in syndication.

EQUITY CAPITAL MARKETS

› LEMON TREE SETS IPO GOAL

Hotel chain LEMON TREE HOTELS will raise up to Rs10bn (US$160m) from an IPO at a price range of Rs54–Rs56 per share, according to a term-sheet.

The IPO will be open for subscription on March 26–28 and will comprise 185.5m secondary shares, down from the 196m mentioned in the draft prospectus.

Vendor Citron's technical inability to tender its shares led to a smaller offer, said people with knowledge of the plan.

The shares sold represent 23.59% of the Lemon Tree's capital.

Warburg Pincus affiliate Maplewood Investment, director Ravi Kant Jaipuria, RJ Corp, Swift Builders, Whispering Resorts and Five Star Hospitality are among vendors of the shares.

Citic CLSA, *JP Morgan* and *Kotak* are joint global coordinators and joint bookrunners with *Yes Securities*.

Delhi-based Lemon Tree is a mid-market chain with two main brands, Lemon Tree and Red Fox.

› JINDAL SELLS RS12BN OF SHARES

JINDAL STEEL AND POWER has raised Rs12bn from a sale of shares priced at the top of a Rs225–Rs233 range, according to people with knowledge of the disposal.

The sale comprised a base size of Rs9bn and an option for an increase of Rs3bn, which was fully exercised.

The final price represented a 0.2% discount to the pre-deal close of Rs233.55 on the National Stock Exchange.

Around 14 investors participated and the top five bought 90% of the shares. Foreigners accounted for 70% of the investors.

There is a 90-day lock-up period on the company.

Axis Capital, *JM Financial*, *ICICI Securities* and *SBI Capital Markets* were bookrunners on the sale.

› SANDHAR IPO PROVES BIG DRAW

SANDHAR TECHNOLOGIES' Rs5.1bn IPO was 6.19 times subscribed when books closed last Wednesday.

The institutional tranche was 14.49 times covered, the high-net-worth individual piece 6.39 times covered and retail 1.42 times.

The IPO involved the sale of Rs3bn of primary shares and an offer for sale of up to 6.4m secondary shares from private-equity firm GTI Capital at a price range of Rs327–Rs332.

Sandhar makes components for the automobile industry.

Axis Capital and *ICICI Securities* were IPO bookrunners.

› MRPL HIRES FOR SHARES SALE

MANGALORE REFINERY AND PETROCHEMICALS (MRPL) is hiring banks for a share sale of up to Rs27bn.

Axis, *Citigroup* and *SBI Capital* are among the banks that responded to a request for proposals in mid-March.

The Indian state-owned petrochemical company is looking to increase its free float to 25% from 11.4%.

The shares will be sold through a

qualified institutional placement or an institutional placement programme.

In a QIP, shares are sold to institutions via an overnight accelerated bookbuilding process after the close of the market, whereas, in an IPP, shares are sold to institutions on the local stock exchanges. Only primary shares can be sold in a QIP whereas both primary and secondary shares can go in an IPP.

Last year, the Securities and Exchange Board of India allowed companies to use QIP to increase the minimum public shareholding to 25%.

If MRPL decides to sell shares through a QIP, it will be the first state-owned company to do so after the rule change.

At current market prices, the share sale will bring a total of Rs27bn.

Oil and Natural Gas Corp owns a 71.63% stake in the company, while Hindustan Petroleum Corp holds 16.96%. Both companies are state-owned entities.

MRPL refines and manufactures petroleum products.

› BANDHAN IPO SETS RECORD

BANDHAN BANK's IPO of Rs45bn was 14.63 times subscribed when books closed last Monday, according to stock exchange data.

India's largest bank IPO on record is set to be priced at the top of the Rs370–Rs375 range.

The institutional tranche was 38.67 times covered, while the high-net-worth individual piece was 13.89 times covered and the retail portion 1.2 times. Criticism that the IPO was priced expensively led to the subdued retail interest.

Up to 119.3m shares will be sold in the IPO. Of these, 97.7m are primary and 21.6m secondary.

Axis, *Goldman Sachs*, *JM Financial*, *JP Morgan* and *Kotak* were bookrunners.

› RELIANCE GENERAL DELAYS IPO

RELIANCE GENERAL INSURANCE has pushed back the launch of its planned IPO to the second half from the first quarter after failing to obtain the valuation it wanted, people with knowledge of the transaction have said.

The company was earlier targeting a launch before March 31 for the expected Rs12bn–Rs15bn float.

Reliance General has been looking at a valuation of Rs70bn, whereas investors are more comfortable with Rs50bn–Rs55bn.

The overall fall in the market is prompting investors to seek lower prices for new issues. The benchmark S&P BSE Sensex is down 4.5% year to date after rising 28% in 2017.

In the draft prospectus, Reliance General said 16.76m primary shares and 50.3m secondary shares would be sold in the IPO. Parent Reliance Capital is the vendor of the secondary shares.

The shares are to be listed on the BSE and National Stock Exchange.

Credit Suisse, *Motilal Oswal*, *Edelweiss* and *UBS* are the joint global coordinators and bookrunners with *Haitong Securities* and *IDBI Capital Markets*.

Reliance General posted a net profit of Rs1.28bn for the financial year to March 31 2017, up from Rs1bn in FY2016.

The company is the latest Indian insurer to plan an IPO after SBI Life Insurance, General Insurance Corporation of India, The New India Assurance, HDFC Standard Life and ICICI Lombard listed last year.

INDONESIA

DEBT CAPITAL MARKETS

› OTO MULTIARTHA TARGETS RP1.5TRN

OTO MULTIARTHA plans to raise Rp1.5trn (US$109m) from triple-tranche rupiah bonds, via lead arrangers *BCA Sekuritas, Mandiri Sekuritas, IndoPremier* and *Nikko Sekuritas Indonesia*, according to an offer document.

The Indonesian car finance firm has put out indicative price ranges of 5.75%–6.4% for a 370-day tranche, 6.9%–7.8% for a three-year piece, and 7.1%–8.1% for a five-year portion.

Bookbuilding began on March 15 and will close on March 29.

Pefindo has assigned the notes its AA+ rating.

SYNDICATED LOANS

› TELKOM SCRAPS EURO DEBUT

TELEKOMUNIKASI INDONESIA (Telkom) has cancelled plans for a €1bn (US$1.2bn) loan as it has no more need for acquisition financing. The loan would have been its first in the European currency.

Telkom was in the running to buy London-based fibre and cloud networks business Interoute, but lost out to US network company GTT Communications, which said on February 26 it would buy its European peer for €1.9bn.

Seven banks are financing GTT's Interoute acquisition.

Telkom had also sent a request for proposals for a Rp7trn (US$490m) multi-tranche new-money loan in December. That financing is likely to close as a series of bilateral facilities with a handful of Indonesian and international banks. It was to comprise tenors ranging from one to seven years.

Meanwhile, two units of Telkom are seeking separate loans totalling up to US$1bn-equivalent.

TELEKOMUNIKASI SELULAR (Telkomsel), Telkom's mobile phone unit, has sent out a RFP for a multi-tranche financing up to US$900m-equivalent, while **TELEKOMUNIKASI INDONESIA INTERNATIONAL** (Telin) is reaching out to banks for a US$100m debut loan.

Telkomsel's borrowing comprises a Rp11trn tranche and a US$20m piece, and is expected to have tenors ranging from one to five years, while Telin is eyeing a loan of up to seven years.

Funds raised for both borrowers will be used for general corporate purposes.

Telin, an Indonesian carrier services and investment company, is a wholly owned subsidiary of Telkom.

› INDORENT LOAN DRAWS HANDFUL

Car rental company **CSM CORPORATAMA**, also known as Indorent, has received commitments from a handful of banks for its US$100m financing in general syndication. Several more lenders are still processing approvals.

ANZ, *CIMB*, *CTBC Bank*, *DBS*, *Standard Chartered* and *SMBC* are the mandated lead arrangers and bookrunners on the facility, which is slated to close around the end of March.

The borrowing, which comes with an unspecified greenshoe option, pays a top-level all-in pricing of 211.43bp (onshore) and 191.43bp (offshore), based on interest margins of 190bp (onshore) and 170bp (offshore) over Libor and a 2.8-year average life.

Funds will be used to refinance a US$100m three-year loan completed in January 2016. CTBC, DBS, StanChart and SMBC provided the loan, which attracted six banks in general syndication. That loan offered a top-level all-in pricing of 305.68bp or 275.68bp for the offshore and onshore tranches, based on margins of 280bp and 250bp over Libor, respectively. The average life is 2.29 years.

Indorent, an affiliate of Indomobil Finance Indonesia, provides vehicle and heavy-duty equipment financing services. Indorent and Indomobil Finance are units of Indomobil Multi Jasa, which is under the control of conglomerate Salim Group.

JAPAN

DEBT CAPITAL MARKETS

SOFTBANK EXCHANGES BONDS

SOFTBANK GROUP CORP announced the results of an exchange offer for some of its dollar and euro bonds, and said it had decided not to launch a concurrent new-money issue.

The company accepted for exchange US$181.479m of its US$1bn 5.375% 2022s; US$288.373m of its US$1bn 6% 2025s; €213.466m of its €500m 4% 2022s; €560.886m of its €1.25bn 4.75% 2025s; and €289.380m of its €500m 5.25% 2027s.

In return, SoftBank will issue US$499.956m of new 6.25% 10-year bonds and €1.17bn of new 5% 10-year notes, both maturing on April 15 2028. The settlement date for the exchange offer is April 3. Earlier, indicative guidance was for minimum coupons of 6.000% and 4.625%, respectively.

The dollar 2022s will exchange at a rate of US$1,047.50 per outstanding US$1,000 in principal amount and the 2025s at US$1,075.

The euro 2022s will exchange at a rate of €1,098.75 per €1,000 in principal amount, the 2025s at €1,093.75 and the 2027s at €1,126.25.

The Japanese technology group also said it had received sufficient consent from holders to amend certain terms on its dollar notes due 2022 and 2025, and its euro notes due 2022, 2025 and 2027.

Holders of 81% of the notes agreed to amend certain terms to bring them in line with those on its paper sold in September 2017. One of the changes to the terms will allow the group to release the guarantee on its US dollar bonds due 2025 from telecom subsidiary SoftBank Corp, which is earmarked for an IPO.

It will pay US$10 per US1,000 in principal amount to consenting holders of the dollar bonds and €10 per €1,000 to holders of the euro bonds.

Deutsche Bank, *Bank of America Merrill Lynch* and *Morgan Stanley* led the exchange and consent process.

SYNDICATED LOANS

EIGHT JOIN TOYOBO HYBRID

A ¥15bn (US$141m) 60-year hybrid loan for TOYOBO to refinance a hybrid facility of the same size saw eight lenders come aboard, the fibre and textile maker said on Tuesday. Signing took place on the same day.

The eight are *Daido Life Insurance*, *Development Bank of Japan*, *Mitsubishi UFJ Lease & Finance*, *Mizuho Bank*, *SMBC*, *Sumitomo Mitsui Finance & Leasing*, *Sumitomo Mitsui Trust Bank* and *Tokyo Century*.

The loan will be repaid in five years after drawdown on March 26. The interest margin will step up by 100bp after five years. The initial margin was not disclosed.

Japan Credit Rating Agency and Rating & Investment Information have assigned ratings of BBB+ and BBB to the loan and are treating it as 75% and 70% equity, respectively.

Funds refinance a ¥15bn 60-year hybrid facility completed in March 2014. Mizuho was mandated lead arranger on the 2014 loan, while SMBC joined in syndication.

TWO ARRANGE MEGA SOLAR PF

Two Hokkaido-based regional banks have arranged a ¥11.5bn project financing for the development of the 31.68MW Akkeshi mega solar plant.

Hokkaido Bank and *North Pacific Bank* were the arrangers, while six others joined in syndication. *Hiroshima Bank* came in as co-arranger, while *Daishi Bank*, *Hokuto Bank*, *Iyo Bank*, *Joyo Bank* and *Michinoku Bank* were participants.

The PF was signed on March 9, a statement from Hokkaido Bank said.

The borrowing entity is AKKESHI GREEN DENRYOKU GK, which was established by Green Power Development Corp of Japan.

The plant, located in Akkeshi, eastern Hokkaido, is expected to come on line in January 2020. Electricity will be sold to Hokkaido Electric Power.

RENTAL HOUSING WRAPS UP REFI

Tokyo-listed JAPAN RENTAL HOUSING INVESTMENTS on Monday signed two bullet term loans totalling ¥17.4bn for refinancing purposes.

MUFG was the arranger and also an agent on both a ¥3bn seven-year loan, paying an interest margin of 46.25bp over one-month Tibor, and a ¥14.4bn borrowing split into four pieces with tenors ranging from six to eight years and margins of 43.75bp to 51.25bp over one-month Tibor.

Existing lenders *Aozora Bank*, *Bank of Fukuoka*, *Development Bank of Japan*, *Mizuho Bank*, *Nomura Trust & Banking*, *Resona Bank* and *SMBC* joined the loan in syndication.

The ¥3bn facility was drawn on March 23, while the ¥14.4bn loan will be drawn on June 22.

The borrower invests in rental housing properties across Japan with a focus on the 23 wards of Tokyo and three main metropolitan areas.

EQUITY CAPITAL MARKETS

CEO SELLS ¥18BN ZIGEXN BLOCK

Joe Hirao, the president and CEO of Japanese online media company ZIGEXN, has raised ¥18bn (US$172m) through the sale of 18.4m secondary shares at ¥979.8 apiece.

The shares were priced at a discount of 8% to the pre-deal close of ¥1,065. The discount was near the top end of the 5%–9% indicative range.

Books were covered twice and the top five investors bought 40% of the deal. Investors were a mix of international long-only institutions, hedge funds and existing shareholders.

After the sell-down, Hirao's stake in ZIGExN falls to 49.9% from 66.5%, allowing the company to enjoy a lower tax rate as a single stakeholder will own less than 50% of its shares.

An increase in the free float to 49% from 32.5% will also make ZIGExN eligible for transfer to the TSE First Section from the TSE Mothers market.

There is a 180-day lock-up on the issuer and selling shareholder.

Deutsche Bank and *Nomura* were joint bookrunners.

TECHNOPRO SHARES FETCH ¥12.9BN

TECHNOPRO HOLDINGS has raised ¥12.9bn (US$123m) from the sale of 2m primary shares at ¥6,439 each, according to people with knowledge of the transaction.

The shares were priced at the top of the 2%–6% discount range.

The Japanese staffing company will use the proceeds to repay debt and for capital expenditure.

The shares, representing 5.8% of the company's capital, were sold to international investors. Around 50 accounts participated and the top 10 got 50% of the shares.

There is a 90-day lock-up period on the company.

Nomura and *UBS* arranged the sale.

LAOS

SYNDICATED LOANS

BCEL LURES 16 LENDERS ON DEBUT

State-owned BANQUE POUR LE COMMERCE EXTERIEUR LAO has allocated to 16 lenders its enlarged four-year debut term loan of US$150m.

The facility was increased from an

initial target of US$100m target after the borrower exercised the greenshoe option. Signing will take place in the next few weeks.

Cathay United Bank was the mandated lead arranger and bookrunner on the loan, which offers an interest margin of 400bp over Libor and has a 3.1-year average life. Banks joining as MLAs were offered a top-level all-in of 413bp, via a participation fee of 35bp.

The guarantor is Bank of the Lao PDR, the central bank of the Lao People's Democratic Republic. BCEL's shareholders include the Ministry of Finance of Laos (70%) and Compagnie Financière de la BRED (10%), a fully owned subsidiary of France's Groupe BPCE.

In December 2015, Cathay United and First Commercial Bank arranged a US$158m four-year debut term loan for Bank of the Lao PDR, at a top-level all-in of 448.23bp, based on a margin of 435bp over Libor and a 3.4-year average life.

For full allocations, see www.ifrasia.com.

MALAYSIA

DEBT CAPITAL MARKETS

MAYBANK PRINTS FIVE-YEAR FRN

MALAYAN BANKING (Maybank), rated A3/A–/A–, issued five-year floating-rate notes last Monday to raise US$100m at 70bp over three-month Libor.

The senior unrated bonds will be listed on the Singapore Exchange.

LPPSA HIRES SEVEN FOR SUKUK

LEMBAGA PEMBIAYAAN PERUMAHAN SEKTOR AWAM has mandated seven banks as joint lead managers for a M$3bn (US$1bn) offering of Islamic bonds.

AmInvestment Bank, *Affin Bank*, *Bank Islam*, *CIMB*, *Maybank*, *OCBC* and *RHB* will market the federal government-guaranteed sukuk at tenors of five to 30 years.

This will be the Malaysian public-sector housing financing agency's first issue for this year. It raised M$3bn in September last year in four tranches of three, seven, 20 and 30 years at 3.95%, 4.28%, 5.05% and 5.26%, respectively.

DANGACAP BACK FOR SECONDS

Malaysian state-owned investment company Khazanah Nasional has raised M$2bn from 15.5-year Islamic bonds priced at 5.02%.

CIMB and *RHB* were joint leads on the private placement. The notes, with a RAM rating of AAA, settled on March 21. DANGA CAPITAL, Khazanah's funding vehicle, was the issuer.

This is Danga Capital's second issue for the year, after selling in January a M$1.5bn 15-year sukuk, paying 4.94%.

CAGAMAS DOUBLES SUKUK SIZE

CAGAMAS last Wednesday priced M$1bn of three-year Islamic bonds at 4.17%, via sole lead *RHB Investment Bank*, after doubling the minimum issue size in response to strong orders.

The notes priced around 58bp over Malaysian government Islamic securities and flat to where Cagamas raised M$525m from three-year sukuk in mid-March, via joint leads *AmInvestment Bank* and *Maybank*.

The two prints came after the state-owned mortgage lender issued M$750m of two-year 4.1% conventional medium-term notes and M$500m of conventional commercial paper on March 14.

RAM and Marc both see Cagamas as a AAA credit.

CIMB GROUP SELLS T2 SUB NOTES

CIMB GROUP HOLDINGS has sold M$700m of 10-year non-call five bonds priced at 4.95%.

The subordinated notes, which settle on Thursday, March 29, will qualify as Tier 2 capital.

The firm, rated AA1/AA+ (RAM/Marc), owns CIMB Bank and *CIMB Investment Bank*, which was sole lead manager on the issue, which Marc rates AA.

UITM PLANS GREEN SRI SUKUK

UITM SOLAR POWER intends to raise up to M$240m from the sale of Green SRI Islamic bonds through joint lead managers *Affin Hwang Investment Bank* and *Maybank*.

The proceeds will be used to develop a 50MWac greenfield solar power plant in Pahang, costing an estimated M$277.9m. Funding will be done at a finance-to-equity ratio of 80:20, with equity injections to be made via ordinary shares and redeemable cumulative convertible preference shares.

A launch of the sukuk, which Marc rates AA, will only take place on completion of the equity portion. Completion of the power plant is scheduled for end-2018. UiTM Solar, a unit of UiTM Energy & Facilities, won the concession in early 2017to build and operate the power plant from state-owned Energy Commission. Electricity will be sold to Tenaga Nasional under a 21-year agreement.

UiTM Energy is ultimately part of Universiti Teknologi Mara, which comes under the jurisdiction of the Ministry of Higher Education.

ECO BOTANIC SELLS THREE-TRANCHER

Malaysian property developer ECO BOTANIC has raised M$150m from three tranches of bonds with maturities of three and five years.

The M$50m three-year tranche, with a guarantee from state-owned insurer Danajamin Nasional, will pay 4.9% and a M$50m five-year, also with a Danajamin guarantee, will pay 5.07%. A third M$50m three-year standalone piece will pay 6.4%.

Settlement was last Friday. The first two tranches will be drawn from a M$150m unrated guaranteed MTN programme, while the standalone piece will be issued off a M$100m unrated MTN scheme. This is the first time that Danajamin has guaranteed unrated bonds.

Proceeds will be used partly to fund development projects at the Eco Botanic township, being developed in Johor. Eco Botanic is a unit of Eco World Development Group.

MIDF Amanah Investment Bank is principal adviser, lead arranger and lead manager on the programme, and sole lead manager on the issue.

UMW SETS SIGHTS ON PERPS

Malaysian automotive company UMW HOLDINGS is preparing to sell Islamic perpetual bonds off a newly established musharakah programme of M$2bn.

CIMB and *Maybank* are joint principal advisers, joint lead arrangers and joint lead managers on the programme, while CIMB Islamic Bank and Maybank Islamic Bank are joint shariah advisers.

The notes have a RAM rating of A1, two notches below UMW's corporate AA2, to reflect the deep subordination of the perpetuals.

The company said in a statement to Bursa Malaysia last Thursday that the perpetual notes would improve its financial health with longer-duration funding. The notes will be treated as 50% equity from a rating viewpoint, and 100% equity from an accounting perspective.

UMW, which state-backed Permodalan Nasional owns, is acquiring controlling stakes in carmaker Perusahaan Otomobil Kedua and car distributor MBM Resources. The costs of the purchases are estimated at M$1.4bn to be funded mainly with equity. Of the costs, M$1.1bn could be meet with cash from bridging loans.

Proceeds from the perpetual bonds will be used to repay debt.

SYNDICATED LOANS

TOP GLOVE SIGNS BUY LOAN

TOP GLOVE has signed its US$310m loan with eight lenders to fund its proposed acquisition of a surgical glove maker, according to sources and a company statement.

Citigroup was the sole coordinating and underwriting bank for the debut acquisition financing, while *Bangkok Bank*, *Bank of China*, *BNP Paribas Malaysia*, *Hong Leong Bank*, *Mizuho Bank Malaysia*, *MUFG Malaysia*, *Sumitomo Mitsui Banking Corp Malaysia* are lenders to the facility. Signing was on March 16.

Funds are to finance the cash consideration for Top Glove's M$1.37bn (US$345m) purchase of Malaysian peer Aspion from Adventa Capital.

The acquisition will make Top Glove one of the world's largest surgical glove makers, on top of being the largest rubber glove maker globally.

Besides the borrowing, Kuala Lumpur and Singapore-listed Top Glove is also issuing 20.5m new shares on the Malaysian stock exchange at M$6.6813 each to finance the acquisition, the company said in early January.

The US$310m loan is split equally into a two-year conventional term loan and a five-year Islamic financing.

The conventional facility carries a bullet maturity and an interest margin of 82.5bp over Libor for the first 12 months before stepping up to 132.5bp from the 13th month. The blended interest margin is 107.5bp over Libor.

The Islamic tranche has an amortising repayment with an average life of 3.5 years and a profit rate of 125bp over Libor.

Banks joining as mandated lead arrangers and bookrunners were offered upfront fees of 20bp on the conventional portion and 30bp on the Islamic piece for all-in pricing of 117.5bp and 133.57bp, respectively.

Hong Leong Investment Bank is transaction and principal adviser for Top Glove, while Credit Suisse is the sole financial adviser for Adventa Capital.

BBCCD MAKES M$770M DEBUT

BUKIT BINTANG CITY CENTRE DEVELOPMENT, a project to develop the site of an old prison in the heart of Kuala Lumpur, is raising a M$770m debut loan.

CIMB Bank and *Maybank* are the mandated lead arrangers, bookrunners and underwriters. The loan is split into two five-year tranches of M$150m and M$450m, a M$120m six-year portion and a M$50m bank guarantee facility. The average life is 4.9 years.

All tranches pay interest margins of 175bp over the cost of funds for participating lenders.

Banks are invited to join as MLAs with M$200m or above for upfront fees of 95bp for a top-level all-in pricing of 194.39bp, while lead arrangers joining with M$100m–$199m earn 80bp for an all-in of 191.33bp. Arrangers committing M$50m–$99m receive 70bp for an all-in of 189.29bp.

Syndication is slated to close in April.

Funds go toward developing the Pudu Prison site, which was an old colonial-era jail and comprises 19.4 acres of land with a total gross build-up area of 6.7 million square feet and a gross development value of M$8.7bn.

BBCCD is a joint venture between Kuala Lumpur-listed developer Eco World Development Group Bhd (40%), UDA Holdings Bhd (40%), another Malaysian property company, and Employees Provident Fund of Malaysia (20%).

The project will comprise a retail mall, an entertainment hub, blocks of serviced apartments, a four-star hotel and one strata office.

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EQUITY CAPITAL MARKETS

› UMW AIMING FOR M$1.1BN RIGHTS

UMW HOLDINGS plans to undertake a M$1.1bn (US$281m) rights offer, subject to the acquisition of a 50.07% stake in MBM Resources.

UMW has said in a stock exchange announcement that the entitlement ratio and price will be decided later.

The proceeds will be used to repay loans and meet working capital needs.

Government-linked asset-management firm Permodalan Nasional is expected to take up its entitlement as a 57.47% owner of the company.

Maybank is the adviser on the offer.

UMW is an investment holding company with interests in the automobile, oil-and-gas and heavy-equipment businesses.

NEW ZEALAND

DEBT CAPITAL MARKETS

› KIWIBANK TAPS SWISS MARKET

KIWIBANK (A1/A/AA–) issued a SFr150m (US$211m) 0.25% 5.5-year (October 18 2023) Eurobond, priced at par, 23bp wide of mid-swaps, last Thursday, via sole lead *UBS*.

The pricing was within the 22bp–25bp indicative range.

Kiwibank is a subsidiary of state-owned New Zealand Post, the New Zealand Superannuation Fund and Accident Compensation Corp.

It has the same ratings from Moody's and Fitch as the country's four major banks, all of which have Australian parents, while S&P rates Kiwibank two notches below the majors' AA–.

› WESTPAC GOES FOR SIZE

WESTPAC NEW ZEALAND (A1/AA–/AA–) raised an enlarged NZ$550m (US$398m) from last Wednesday's self-led sale of five-year medium-term notes.

The 3.72% March 23 2023s, which had an indicative issue size of NZ$100m, were sold at par, at the wide end of mid-swaps plus 95bp–100bp price guidance range.

The last Kiwi major bank to issue a domestic five-year MTN was ANZ Bank New Zealand on August 22 2017.

ANZ also went for size over pricing with an increased NZ$275m print, priced at the wide end of mid-swaps plus 105bp–110bp guidance.

› HSBC THREE-YEAR NETS NZ$300M

HSBC, NEW ZEALAND BRANCH, rated Aa3/AA– (Moody's/S&P), raised an enlarged NZ$300m from last Thursday's sale of three-year medium-term notes, priced at the tight end of three-month BKBM plus 75bp–77bp guidance.

BNZ, *CBA* and the issuer's own syndication team were joint lead managers on the trade, which had an indicative minimum size of NZ$100m.

Pricing compares with the 70bp margin that Kiwi major bank ASB (A1/AA–/AA–) paid for its NZ$500m three-year floater on January 16.

› INVESTORE SETS TIGHT MARGIN

INVESTORE PROPERTY has set the margin at the tight end of mid-swaps plus 150bp–170bp guidance for an unrated NZ$100m 4.40% six-year retail note offer.

Westpac is arranger and joint lead manager, with *ANZ*, *Deutsche Craigs* and *Forsyth Barr* on the offer, which closes on April 12.

SYNDICATED LOANS

› TWO DEGREES SEALS REFINANCING

New Zealand mobile phone operator TWO DEGREES MOBILE has refinanced a NZ$200m (US$144m) loan for two years with existing lenders.

The two-year loan, which expires in January 2020, pays an opening interest margin of 240bp over BKBM and a 30bp participation fee.

Bank of New Zealand and *ING Bank*, Singapore branch, were the mandated lead arrangers on the latest deal. Private-equity firm Trilogy International Partners owns Two Degrees.

For full allocations, see www.ifrasia.com.

PHILIPPINES

SYNDICATED LOANS

› SMG HIRES TRIO FOR BUY LOAN

Conglomerate SAN MIGUEL has mandated *Mizuho Bank*, *Standard Chartered* and *Sumitomo Mitsui Banking Corp* for a US$1.6bn five-year loan to fund its acquisition of an operator of power plants in the Philippines.

The three banks have equally underwritten and pre-funded the loan. The facility's launch into general syndication is expected in the coming weeks.

San Miguel Group and SMC GLOBAL POWER HOLDINGS are the borrowers. SMC Global Power will be the acquirer.

On December 17, the group signed a share-purchase agreement with AES Phil Investment and Gen Plus for their respective 51% and 49% stakes in Masin-AES, AES Corp's 100% equity interest in AES Transpower and AES Phil's 100% equity interest in AES Philippine.

Masin-AES owns and operates two 315MW coal-fired power plants, a 335MW power project expansion unit, known as Unit 3 and under construction, and a 10MW battery energy storage plant, all located in the province of Zambales in Central Luzon.

The transaction gives Masin-AES an enterprise value of about US$2.4bn, while the consideration for the entire acquisition is US$1.9bn, according to a San Miguel Group filing on February 27. The Philippine Competition Commission approved the acquisition a day earlier.

The acquisition facility marks the group's return to the loan markets after slightly over two years. In December 2015, SMC Global Power raised a US$400m seven-year dual-tranche loan to finance the construction of a 300MW coal-fired power plant in Limay, Bataan province. That loan pays an interest margin of 325bp over Libor and attracted nine banks.

In November 2016, SMG pre-paid a US$1.5bn five-year bullet term loan sealed in April 2013. The loan paid an all-in pricing of 259bp, based on an interest margin of 235bp over Libor and 120bp fee.

EQUITY CAPITAL MARKETS

› SMPFC DELAYS FOLLOW-ON

SAN MIGUEL PURE FOODS has deferred a planned Ps100bn–Ps150bn (US$1.9bn–$2.9bn) follow-on share offer to the second half of this year from the first.

In a stock exchange announcement, SMPFC has confirmed as accurate a news report that the offer may take place in the third or fourth quarters to give investors "a chance to digest" multiple stock offerings in the market.

Metropolitan Bank & Trust (Metrobank) is currently raising Ps60bn through a rights offer, while Bank of the Philippine Islands' Ps50bn rights offer will open in mid April. Rizal Commercial Banking also plans a Ps15bn rights offer.

Late last year, parent San Miguel announced plans to merge its beverages business into SMPFC (to be renamed San Miguel Food and Beverage), in a deal that

would push its free float below the 5% mark. The aim of the follow-on offer is to increase the free float and to fund capital expenditure.

Philippine companies must have a minimum free float of 15%.

SMPFC is currently in the process of hiring banks for the offer.

MITSUBISHI SELLS AYALA BLOCK

MITSUBISHI has sold an upsized Ps7.94bn block of AYALA shares at the bottom of an indicative price range of Ps934–Ps964.

The Japanese trading house disposed of 8.5m shares, or 1.37% of the Philippine property group's capital, as opposed to the originally planned 6.2m.

Around 40 accounts participated and the top 10 were allocated two-thirds of the shares.

The final price represented a 7.5% discount to the pre-deal close of Ps1,010. Ayala shares closed 7.2% lower at Ps937 on the Philippine Stock Exchange last Tuesday.

Before the stake sale, Mitsubishi owned 10.15% of Ayala.

There is a 90-day lock-up period on the vendor.

UBS was the sole bookrunner.

SINGAPORE

DEBT CAPITAL MARKETS

ASCENDAS INDIA RAISES YEN

Singapore-listed property company ASCENDAS INDIA TRUST has sold ¥5bn (US$47m) of five-year bonds at 0.67375%, with *Mizuho Securities Asia* as a dealer.

Proceeds from the notes, which will settle on April 10, will be used to refinance loans, support construction financing and meet general corporate needs.

The trust, which owns information technology parks in India, counts Singapore sovereign wealth fund Temasek Holdings as a major shareholder with a 22% stake.

LTA TAPS 2048S FOR S$300M

LAND TRANSPORT AUTHORITY OF SINGAPORE last Thursday raised S$300m (US$228.5m) through a tap of its recently priced 3.35% 30-year bonds due 2048.

The reopening priced at par, in line with guidance. The tap stemmed from reverse enquiries, reflecting good appetite for the long duration, despite expectations of future rate increases.

The new notes will settle on March 29 and will be fungible with the S$900m 30-year bonds, priced at par on March 12.

DBS and *OCBC* were joint lead managers and bookrunners on the tap. The unrated notes will be issued off a S$12bn multi-currency MTN programme.

Proceeds will be used to fund LTA's land transport infrastructure development projects.

CW GROUP EXPLORES BONDS

CW GROUP HOLDINGS is exploring the issuance of Singapore dollar bonds to refinance S$75m of 7% notes due on June 25.

The Hong Kong-based provider of precision engineering solutions has been meeting fixed-income investors, via sole lead *DBS*, to provide updates on its business and financial health and, at the same time, obtain feedback on the potential issue.

The refinancing comes at a time when investor appetite for high-yield credits has waned significantly since the 2018s were sold in 2015. Even at the time, the company had to offer a very generous rebate of S$1.00 to entice private banks. Rebates to private banks in Singapore are now capped at 25 cents per S$100 face value.

Subsidiary CW Advanced Technologies issued the existing 2018s, while parent CW Group was the guarantor.

SYNDICATED LOANS

PUMA REFINANCING HITS GENERAL

Singapore-based PUMA ENERGY HOLDINGS, rated Ba2/BB (Moody's/Fitch), has launched a US$1.1175bn dual-tranche refinancing into general syndication.

The mid-and-downstream oil company hired *ANZ*, *Emirates NBD*, *First Abu Dhabi Bank*, *ICBC London*, *ING Bank*, *MUFG*, *Natixis*, *Nedbank London*, *Rand Merchant Bank*, *Societe Generale*, *Standard Bank of South Africa* and *Unicredit Bank* as mandated lead arrangers and bookrunners.

The facility comprises a US$467.5m one-year revolving credit tranche A and a US$650m three-year term loan tranche B.

Tranche A, split further into a US$67.5m

Noble defaults, faces lawsuits

Restructuring **Commodities trader faces two suits as it works to reach debt accord**

NOBLE GROUP missed a bond redemption last week and was hit by two lawsuits, as it continued to work to restructure its debt.

The commodities trader missed the redemption payment for its US$379m 3.625% bonds on March 20, placing it in default. Holders of around 50% of its senior debt have signed a restructuring-support agreement, under which they cannot take steps to wind up the company.

Holders of a combined 25% of the 2018 notes will need to make a request to the trustee to begin winding-up proceedings against the company. Noble said it believed that the chances of that happening were low, due to the time and cost involved, and revealed it had been advised that a court would probably adjourn such proceedings until the restructuring was completed.

Noble also faced two separate legal claims. On Wednesday, shareholder Goldilocks Investment filed a lawsuit against the company and certain of its executives, including founder Richard Elman and chairman Paul Brough, alleging that the past and present executives breached their fiduciary duties.

Noble said it was consulting its legal advisers and intended to "vigorously resist" Goldilocks' allegations and claims.

The other people named in the writ are William Randall, CEO of Noble; Jeffrey Frase, former co-CEO; Louis Tang, former chief accounting officer and group finance director; and Paul Jackaman, group chief financial officer.

Abu Dhabi-based investment group Goldilocks built up an 8.2% shareholding in Noble in early to mid-2017. It stands to be heavily diluted if a proposed restructuring scheme goes ahead.

As part of the suit, Goldilocks is seeking to claim on behalf of other Noble shareholders the US$169.4m in remuneration paid to the board and management between 2011 and 2017, and the difference between book values and the amount received for certain transactions.

The same day, Noble announced that Richard Elman, the founder of the company, who stepped down as chairman in May 2017, had resigned as non-executive director.

On Friday, Noble Group said Atlas Resources, an Indonesian coal producer, had filed a lawsuit against it in Indonesia seeking compensation in excess of US$260m.

The commodities trader said it had not been served with a writ and was not aware of the grounds, but intended to defend any claim.

DANIEL STANTON

tranche A1 (loans and off-balance-sheet instruments) and a US$400m tranche A2 (loans), pays an interest margin of 125bp over Libor.

Tranche B offers a margin of 180bp–235bp over Libor, based on the lender's leverage ratio.

The MLABs will hold tranche A1 and have invited banks to join tranches A2 and B.

Lenders get the MLA title for joining tranches A2 and B for US$40m and above, the lead arranger title for US$20m–$39m, and the arranger title for US$10m–$19m. MLAs must lend at least US$15m to tranche B.

Tranche A2 offers 47.5bp arrangement and participation fees for US$40m or above, 42.5bp for US$20m–$39m and 40bp for US$10m–$19m.

Tranche B offers 90bp arrangement and participation fees for US$45m and above, 85bp for US$30m–$44m, 80bp for US$15m–$29m and 75bp for US$10m–$14m.

Bank presentations were held in London on Monday and Singapore on Thursday, and individual bank meetings were held in Dubai on Tuesday. The deadline for commitments is April 12.

The borrower is PUMA INTERNATIONAL FINANCING, while Puma Energy Holdings is the guarantor.

Last May, Puma International Financing completed a US$730m refinancing, comprising a new US$400m one-year revolver and an increase in size and maturity of an existing US$330m three-year revolver.

ECOM REVOLVER INTO SYNDICATION

Swiss agricultural commodities company Ecom has launched a US$400m 364-day revolving credit facility into syndication.

ABN AMRO, *DBS*, *ING* and *Rabobank* are mandated lead arrangers and bookrunners on the revolver, which pays an interest margin on 125bp over Libor.

Lenders get a top-level all-in pricing of 165bp and the MLA title for US$30m–$60m, via a participation fee of 40bp, an all-in of 155bp and the lead arranger for US$20m–$29m, via a fee of 30bp, and an all-in of 150bp and the arranger title for US$10m–$19m, via 25bp. The deadline for responses is March 23.

The borrowers are ECOM AGROINDUSTRIAL ASIA and ECOM AGROINDUSTRIAL. The facility carries an irrevocable and unconditional guarantee from both borrowers, Agroindustrias Unidas de Mexico, Ecom Atlantic, Dutch Cocoa and Ecom Agrotrade.

Funds will be used to refinance a US$500m 364-day revolver from April 2017. ABN AMRO, DBS, ING and Rabobank were MLABs on that revolver, which paid a top-level all-in of 180bp, based on a margin of 135bp over Libor.

The borrower, which has operations in over 30 countries, supplies raw materials to coffee roasters, chocolate makers and cotton mills.

RESTRUCTURING

SWIBER JM DUO SEEKS MORE TIME

Judicial managers for SWIBER HOLDINGS and subsidiary SWIBER OFFSHORE CONSTRUCTION have applied to the Singapore High Court for an extension until December 31 to send restructuring proposals to creditors.

Those proposals are due on March 31, based on the extension the High Court granted in October.

The troubled offshore marine services company, with outstanding bonds of S$500m (US$379.4m), has been in judicial management since 2016.

The judicial managers are also asking for extensions to their mandates to June 30 2019 from October 31 2018.

A court hearing will be held on Monday.

EQUITY CAPITAL MARKETS

SASSEUR IPO PULLS IN 50

SASSEUR REIT's S$396m (US$301m) Singapore Exchange IPO drew 50 accounts at the close of institutional books last Wednesday, according to people with knowledge of the float.

The investors were a mix of real estate-focused funds, long-only institutions and private-banking clients.

The top 20 accounts took up 70% of the placement tranche.

The REIT is selling 495m units at a fixed price of S$0.80, implying yields of 7.5% for 2018 and 7.8% for 2019.

Of the available units, 13 cornerstone investors have committed to buy 228.4m.

Around 252.8m units were sold in the institutional tranche and 13.75m units will be sold to retail investors.

The retail tranche opened last Thursday and closes on Monday.

There is a greenshoe option of 32m units.

The 13 cornerstone investors are Adriot Ideology, a subsidiary of JD.com, CKK Holdings, Secoo Holding, Entrepolis, Bangkok Life Assurance, TMB Asset Management, Great Achievement and Success, Haitong International Financial Products (Singapore), Sparkling Gateway, DBS Bank, Credit Suisse (Singapore), Credit Suisse (Hong Kong) and DBS Vickers.

The REIT will comprise four Chinese outlet malls. Sasseur REIT, part of Shanghai-based mall operator Sasseur, has backing from investment funds L Catterton Asia and Ping An Real Estate. This will rank as the first pure retail outlet mall REIT IPO in Asia.

BOC (Singapore) and *DBS* are the joint global coordinators, and bookrunners with *CICC*, *Citigroup*, *Credit Suisse*, *Haitong Securities* and *Maybank*.

SUMMIT POWER SETS IPO TARGET

SUMMIT POWER INTERNATIONAL aims to open books for a US$350m Singapore Exchange IPO in the first week of April, according to a person with knowledge of the plans.

The Bangladeshi power producer is currently premarketing the IPO and tying up the cornerstone tranche.

It will make available around US$300m of primary shares and US$50m of secondary shares. There is also a greenshoe option of up to 15% of the base offer.

The shares will be denominated in US dollars.

The IPO is set to be the first overseas listing for a Bangladeshi company. It will also be the country's largest float, beating the US$70m listing of mobile phone operator Grameenphone on the Dhaka Stock Exchange in 2009.

Summit Power owns 15 power plants in Bangladesh with a total capacity of 1,201 megawatts.

Citigroup, *DBS* and *UBS* are joint global coordinators on the IPO.

SOUTH KOREA

DEBT CAPITAL MARKETS

KORES TO MEET BOND INVESTORS

KOREA RESOURCES, rated A1/A (Moody's/S&P), will meet investors in Asia and Europe from April 3, with a US dollar Reg S short-to-intermediate maturity bond to follow, subject to market conditions.

Bank of America Merrill Lynch, *BNP Paribas*, *Citigroup*, *Credit Agricole* and *HSBC* are mandated, as IFR reported earlier this month.

Government-owned Kores is a mineral resources developer with a national policy role to secure resources for Korean industries.

SK TELECOM READIES DOLLAR ISSUE

SK TELECOM, rated A3/A–/A–, will begin meetings with fixed-income investors in

Demand cools for Shinhan T2 offering

Bonds **High-grade borrower meets with tepid reception in soft market**

South Korea's SHINHAN BANK (Aa3/A+/A) attracted a modest order book in a soft market for a US$400m offering of Tier 2 bonds.

The Reg S notes, priced on Monday at Treasuries plus 165bp, drew orders of US$700m from 50 accounts. That was smaller than the US$1.1bn for its US$350m T2s last September, issued in a 144A/Reg S format.

On the latest issue, Asia accounted for 82% of the book, and Europe for the rest. In terms of investor types, 64% were funds and asset managers, 16% were banks and private banks, while 20% were insurers.

Feedback from investors was that they preferred the issue size to be capped at US$400m. Shinhan had announced plans to raise up to US$500m, according to an exchange filing.

Shinhan paid a new-issue premium of around 10bp–12bp over its US$350m T2 10-year 2027s, which were spotted at around G+147bp, while curve adjustment for another year put fair value at about 155bp.

The outcome shows that even price-sensitive issuers, such as Korean borrowers, are paying higher premiums for investor demand in volatile credit markets.

"Overall, the reception wasn't the strongest, but the quality of the book was quite high," said a debt syndicate banker on the issue, pointing out the top half featured long-only global asset managers, life insurers and bank treasuries.

"Given how soft this market was, I was surprised that we were able to tighten that much, but it's turning into an investor's market. Headline book sizes aren't massive, and it's less impactful on execution."

The 10-year bullet was tightened 15bp inside initial price guidance. Shinhan tightened pricing more than Australian peer Macquarie Group, which was unable to narrow guidance on a US$500m 11-year non-call 10 bond on the same day of marketing.

The bonds were spotted 2bp wider in the aftermarket.

The Reg S offering is the first T2 print in the G3 markets year to date. Despite weak market conditions, bankers said demand for bank capital remained robust at the right price.

"Investors are still looking for higher yields from strong high-grade names in places like Australia and Korea," said another banker on the deal.

The T2s have initial ratings of Baa1/BBB+ (Moody's/S&P). The bonds will be written off if the bank is declared insolvent.

S&P said Korean banks were likely to receive extraordinary support from the government in a preemptive manner and at a relatively early stage. Such government support would not constitute a nonviability event in the country.

Shinhan's Basel III-compliant CET1 and capital adequacy ratios stood at 12.7% and 15.4%, respectively, at the end of last year, according to its website.

Bank of America Merrill Lynch, *BNP Paribas*, *Commerzbank*, *Credit Suisse*, *HSBC* and *Mizuho* were joint bookrunners.

FRANCES YOON

Asia, Europe and the US on Monday for an offering of US dollar bonds.

The Korean wireless telecoms operator has mandated *Bank of America Merrill Lynch*, *BNP Paribas*, *Goldman Sachs*, *JP Morgan*, *Mizuho Securities* and *Standard Chartered Bank*.

A 144A/Reg S issue with intermediate maturities may follow, subject to market conditions.

SKT has US$700m of 5.5-year bonds due on May 1.

TAIWAN

SYNDICATED LOANS

CHIPMOS READIES FINANCING

CHIPMOS TECHNOLOGIES has launched a five-year loan of NT$10bn (US$342m) through mandated lead arranger and bookrunner *Taiwan Cooperative Bank*.

The loan, split into a NT$7bn term loan tranche A and a NT$3bn revolving credit tranche B, pays respective interest margins of 20bp and 22.5bp over the one-year post office savings rate. There is a pre-tax interest-rate floor set at 1.7%.

Banks can join as MLAs with NT$2bn or more for an upfront fee of 18bp, or as participants with NT$1.3bn–$1.9bn, NT$700m–$1.2bn and NT$300m–$699m for fees of 14bp, 8bp and 4bp, respectively. The deadline for responses is April 27.

Funds are to refinance a NT$13.2bn five-year loan from May 2016 and for working capital.

Bank of Taiwan, Land Bank of Taiwan and Taiwan Cooperative Bank were the MLABs on the NT$13.2bn loan, with LBoT as facility agent. That facility comprised a NT$8.3bn term loan tranche A and a NT$4.9bn-equivalent revolving credit tranche B, which could be drawn in either US or NT dollars.

The NT dollar portions for tranches A and B offered margins of 46bp and 56bp over the one-year POS rate, respectively. There was also a pre-tax interest-rate floor set at 1.7%. The margin on the US dollar portion on tranche B was 135bp over three-month or six-month Libor.

The Taiwan-listed borrower provides semiconductor testing and assembly services.

POWERCHIP SIGNS NT$25BN LOAN

POWERCHIP TECHNOLOGY has signed a NT$25bn five-year term loan, via original mandated lead arrangers and bookrunners *Chang Hwa Commercial Bank* and *Land Bank of Taiwan*.

DBS Bank, *Hua Nan Commercial Bank*, *Mega International Commercial Bank* and *Taiwan Cooperative Bank* came in to share the MLAB title. Chang Hwa was the facility agent.

The loan, split into a NT$14.2bn tranche A, a NT$4.3bn tranche B and a NT$6.5bn tranche C, offers an interest margin ranging from 82bp to 112bp over Taibor, based on the borrower's pre-tax net profit margin, with a pre-tax interest rate floor of 1.7%.

Banks were offered a top-level upfront fee of 25bp. The loan was signed on March 14.

The borrower's factory and machinery serve as security.

Funds refinance a NT$13bn loan signed last June, as well as help meet capital expenditure and working capital needs.

The borrower provides wafer-foundry services to semiconductor companies.

For full allocations, see www.ifrasia.com.

EQUITY CAPITAL MARKETS

SHIN KONG PLANS CAPITAL RAISING

SHIN KONG FINANCIAL has announced a long-term capital raising plan, involving either

a domestic offering of rights shares or an overseas issuance of global depositary receipts.

According to an announcement from the Taiwanese firm, it plans to issue up to 1bn shares.

Shin Kong did not specify the use of the potential funds raised.

The proposed issuance is now awaiting shareholder approval.

THAILAND

DEBT CAPITAL MARKETS

CIMB THAI SELLS RINGGIT T2

CIMB THAI sold M$390m (US$100.8m) of 10-year non-call five bonds at 5.20%, the wide end of price guidance, through sole lead *CIMB Investment Bank*.

The final issue size was short of the M$400m indication, but only because the Thai lender wanted to keep it at an equivalent of around Bt3bn.

Guidance on the subordinated notes, which will qualify as Tier 2 capital, was shown last Wednesday at a range of 5.15%–5.20%. Settlement is on March 29.

The Thai lender is a unit of CIMB Bank and is taking advantage of its parent's name to obtain better pricing in Malaysia than in Thailand. CIMB Thai is rated AA2/Baa2 (RAM/Moody's).

This follows the sale earlier in the week of M$700m 10-year non-call five Tier 2 notes priced at 4.95% for ultimate parent CIMB Group.

THAILAND SETS SOURCE BONDS

Thailand's PUBLIC DEBT MANAGEMENT OFFICE has identified three batches of government bonds that investors can opt to switch to longer-dated notes under its latest liability-management exercise.

Series LB191A, LB196A and LB206A, the source bonds, can be exchanged for destination bonds with longer maturities. The LB191A series will mature in eight months, while the LB196A series will mature in one year and three months and the LB206A series will be due in two years and three months.

The PDMO, a unit of Thailand's Ministry of Finance, will provide details this week on the destination bonds.

Thailand uses the bond-switching programme as one instrument to manage its liabilities and enhance management of the government debt portfolio.

This is the PDMO's fifth exercise, which follows a highly successful one last year, when the government achieved its target of refinancing Bt90bn of short-term bonds in a single multiple-to-multiple exercise instead of two, as originally planned. Prior to 2017, bond switches involved a single source bond into multiple destination bonds.

As a result, the government lowered financing costs from 4.01% to 3.52% and, at the same time, expanded the investor base to include commercial banks, mutual funds and international investors from Asia and Europe.

Bangkok Bank, *Kasikornbank*, *Krungthai Bank* and *Standard Chartered Bank Thai* are joint lead managers for the latest bond-switching transaction.

BANKS TO BID FOR L&H MANDATE

LAND AND HOUSES plans to raise up to Bt6bn (US$192.6m) on its second visit to the bond market in a few weeks.

The Thai property company privately placed Bt1.2bn of seven-year bonds to fewer than 10 investors on March 7 through sole lead underwriter UOB Thai.

Banks are now preparing to bid for the mandate to arrange the latest offering.

The new notes have a A+ Tris rating, similar to the corporate rating of Land and Houses.

Proceeds will be used to fund land acquisitions and to meet business operation needs.

NAM NGUM 2 BACK FOR SECONDS

NAM NGUM 2 POWER last Friday returned to the bond market to offer 12-year bonds at indicative pricing of 122bp–134bp over Thai government bonds.

The Laotian hydroelectric power producer plans to raise up to Bt3bn.

There will be a call in year seven. If the issuer exercises the call in part or whole of the issue, it will pay a fee of 20bp on the portion that is called. The bond will amortise from year 10.

Ratchaburi shines in barren primary

Bonds **Largest Thai independent power producer goes it alone, as tender offer boosts price tension**

RATCHABURI ELECTRICITY GENERATING HOLDING made the most of a barren primary market in Asian G3 on Tuesday to complete a fresh offering, which, unlike most recent prints, did not need to offer a high new-issue premium.

Thailand's largest independent power producer printed US$300m of 10-year senior unsecured bond at Treasuries plus 162.5bp, tightening from initial price guidance of 180bp area

Orders totalled over US$500m from 41 accounts. Asia bought 84% of the Reg S notes, while EMEA accounts purchased 15% and offshore US investors 1%.

The offering attracted a high-quality order book due to the scarcity value of the issuer and the defensive nature of the credit. In terms of investor types, 57% were insurers, 35% were asset managers and fund managers, 5% were banks and 3% were others.

Demand also had support from a tender offer for Ratchaburi's US$300m 3.5% bonds maturing on May 2 2019, its only outstanding dollar issue. Under the offer, it accepted US$193m of bonds, paying a cash price of 101.3% of face value, as many participants in the tender subscribed to the new issue.

The tender, as well as the knowledge that the new issue was capped at US$300m, helped create price tension, but there were varying opinions on the right pricing level.

Opinions among real-money investors varied from 160bp to 180bp, while a note from Nomura estimated fair value at Treasuries plus 169bp. Comparable references in the Thai credit complex were PTT Global Chemical's 2022s at a G spread of 105bp, Thai Oil's 2023s at 104bp, and PTT's 2035s at 159bp, with an extra spread needed for Ratchaburi's longer maturity.

The bonds traded up to Treasuries plus 158bp early last Wednesday, though many investors had decided to buy and hold.

RH International (Singapore) will issue the notes, which have a guarantee from Ratchaburi. Electricity Generating Authority of Thailand, a wholly owned unit of the state, is Ratchaburi's parent company.

The benchmark Reg S notes are expected to be rated Baa1/BBB+ (Moody's/S&P), in line with the guarantor.

BNP Paribas and *MUFG* were joint bookrunners for the new issue and dealer-managers for the tender offer.

DANIEL STANTON

This is Nam Ngum 2's second issue in Thailand's bond market, having sold Bt6bn of notes at tenors of three, seven and 10 years in September.

Bangkok Bank, *Krungthai Bank* and *Siam Commercial Bank* reprised their roles as joint lead managers and underwriters.

The company, majority-owned by leading Thai construction company Ch Karnchang, Thai state-backed Ratchaburi Electricity Generating Holding and Laotian state-owned EDL-Generation, operates a 615MW hydropower plant in Laos.

KIATNAKIN RETURNS FOR SECONDS

KIATNAKIN BANK, with a A– Tris rating, sold a Bt3bn two-year bond priced at 1.72% through sole lead *Phatra Securities*.

Institutional and high-net-worth investors were invited to subscribe to the notes on March 16–19.

The new bonds pay 8bp less than two-year notes priced at 1.8% over a month ago. The lower pricing reflects an increase in demand, as well as a slight drop in benchmark rates. The yield on the two-year Thai government bond was at 1.38% on March 9, down 2bp from 1.4% on February 9.

Kiatnakin Bank is part of the Kiatnakin-Phatra Financial Group. The group also owns lead Phatra Securities.

ICBC THAI PRINTS MAIDEN T2

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) last Friday issued debut Bt5bn Basel III-compliant Tier 2 notes at 3.5%.

The 10.5-year non-call five subordinated bonds were sold mainly to high-net-worth investors. Fitch rated the notes a local AA+ to reflect an implicit strong support from parent Industrial and Commercial Bank of China. The Thai unit is locally rated AAA.

There will be a non-viability trigger if emergency capital assistance from the central bank or another empowered government agency is given. There is no mandatory full write-down feature.

Bangkok Bank and *Kasikornbank* were joint lead managers on the trade.

WHA REIT MARKETS BONDS

WHA PREMIUM GROWTH FREEHOLD AND LEASEHOLD REIT last Friday was marketing bonds with maturities of three and seven years to raise up to Bt4.2bn.

The three-year tranche was offered at a range of 2.08%–2.28% or a spread of 50bp–70bp over Thai government bonds, and the seven-year tranche was marketed at a range of 3.19%–3.39%, or 105bp–125bp.

Kasikornbank and *Phatra Securities* are joint lead managers and underwriters on the issue, which Tris rates A.

The shareholders of the Thai REIT include the government-owned Social Security Office, property company WHA and other government agencies, including Government Pension Fund and Government Savings Bank.

Settlement is scheduled for March 30. Proceeds will be used to repay existing bank loans.

SYNDICATED LOANS

SOLID DEBUT FOR CP GROUP UNIT

CPF Investment, a wholly owned subsidiary of **CHAROEN POKPHAND FOODS**, has raised a five-year loan of US$1bn in an impressive debut, attracting 24 lenders in general syndication.

Kasikornbank and Mizuho Bank were mandated lead arrangers and bookrunners on the loan, launched at US$350m last September.

The amortising loan offers an interest margin of 250bp over Libor and has an average life of 3.5 years.

Banks were invited to join as lead arrangers with US$30m or more for a top-level all-in pricing of 257.14bp, via a management fee of 25bp, or as arrangers with US$15m–$29m for an all-in of 254.29bp, via a 15bp fee.

Signing and drawdown took place on February 28 and March 9, respectively.

The parent, CP Foods, issued a letter of undertaking to support all repayments from CPF Investment, based in the British Virgin Islands.

Funds will be used to refinance debt and/or invest in the agriculture business.

CP Foods, through Hong Kong-listed investment holding company CP Pokphand, raised a US$600m five-year term loan in June 2016. Kasikornbank and Rabobank Hong Kong were MLABs on the syndicated loan, used for refinancing and working capital.

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ASIA DATA

ASIAN SYNDICATED LOAN PIPELINE UPDATES WEEK OF 19 MARCH

Company	Currency	Size (m)	Margin (All-in)	Tenor (mths)	Facility	Arrangers
Australia						
Qantas Airways	A$	250	122.5 (133)	60	Revolver/Term Loan	CBA, ANZ, BoC
China						
GCL New Energy Holdings	US$	150		36	Term Loan	CS
Shanghai Dongzheng Automotive Finance	Rmb	500	522.5 (570)	36	Term Loan	SCB
	Rmb	500	522.5 (556)	24	Term Loan	SCB
Shanghai Meixin Financing Lease	Rmb	1,000	522.5 (570)	36	Term Loan	SCB
Swift Astute	Rmb	782		36	Term Loan	DBS, Malayan Banking
Hong Kong						
Affinity Equity Partners	US$	240	(380)	60	Term Loan	CTBC, Cathay Financial Holdings
	US$	15		60	Revolver/Line >= 1 Yr.	CTBC, Cathay Financial Holdings
China Power International Development	US$	500	102 (116)	36	Term Loan	SCB
Dong Yin Development (Holdings)	US$	100	215 (230)	36	Term Loan	Fubon Financial Holding
Meihua Holdings Group	US$	200	170 (210)	36	Term Loan	SCB
Swift Astute	US$	5	275 (289)	36	Term Loan	Malayan Banking, DBS
India						
Birla Carbon	US$	450		36	Term Loan	ANZ, CA-CIB, Axis Bank, ICICI, BNP
	US$	150		36	Revolver/Line >= 1 Yr.	ANZ, DBS, Mizuho, BNP, SCB
State Bank of India	US$	750		36	Revolver/Term Loan	SCB, Axis Bank, UOB, Barclays, HSBC
Indonesia						
Mitra Pinasthika Mustika Finance	US$	100	150 (175)	36	Term Loan	BTMU, OCBC, Mizuho
	¥	10,606	90 (115)	36	Term Loan	OCBC, BTMU, Mizuho
Macau						
Bank of Communications Macau	US$	150	60 (73)	12	364-Day Facility	HSBC
	US$	150	71 (81)	24	Term Loan	HSBC
Malaysia						
FLY Leasing	US$	1,300		60	Term Loan	CBA, Citi, BNP, DB
Taiwan						
Cheng Loong Corp	NT$	6,000		60	Term Loan	Hua Nan Financial Holdings
Thailand						
Gulf Power Generation	US$	600		282	Term Loan	Japan Bank for International Cooperation, Asian Development Bank
	Bt	18,786		282	Term Loan	BTMU, SMFG
Vietnam						
Joint Stock Commercial Bank for Industry and Trade of Vietnam	US$	100	130 (165)	36	Term Loan	ANZ

Source: Thomson Reuters LPC

LAST WEEK'S ECM DEALS

Stock	Country	Date	Amount	Price	Deal type	Bookrunner(s)
Bharat Dynamics	India	15/03/18	Rs9.6bn	Rs428	IPO (Secondary)	IDBI Capital, SBI Capital, Yes Securities
Bandhan Bank	India	19/03/18	Rs45bn	Rs375	IPO (Primary/Secondary)	Axis, Goldman Sachs, JM Financial, JP Morgan, Kotak
China Xinhua Education Group	China	19/03/18	HK$1.3bn	HK$3.26	IPO (Primary)	Macquarie, ABC International, CMB International, First Capital Sec
Jindal Steel and Power	India	20/03/18	Rs12bn	Rs233	Follow-on (Primary)	Axis, ICICI Securities, JM Financial, SBI Capital
Hindustan Aeronautics	India	20/03/18	Rs42bn	Rs1,240	IPO (Secondary)	Axis, SBI Capital
Sasseur REIT	Singapore	20/03/18	S$396m	S$0.80	IPO (Primary)	BOC Limited (Singapore), DBS, CICC, Citigroup, Credit Suisse, Haitong Sec, Maybank.
Lifestyle International Holdings	Hong Kong	20/03/18	HK$4.45bn	HK$12	Follow-on (Secondary)	UBS
Lifestyle China Group	Hong Kong	20/03/18	HK$753m	HK$2.03	Follow-on (Secondary)	UBS
WuXi Biologics	China	21/03/18	HK$4.69bn	HK$70	Follow-on (Primary/ Secondary)	Morgan Stanley
Sunlands Online Education	China	22/03/18	US$149.5m	US$11.50	IPO (Primary)	Credit Suisse, Goldman Sachs, JP Morgan
Tencent Holdings	China	22/03/18	HK$76.95bn	HK$405	Follow-on (Secondary)	Bank of America Merrill Lynch, Citigroup, Morgan Stanley

Source: IFR Asia

LAST WEEK'S EQUITY-LINKED ISSUANCE

Issuer	Country	Date	Amount	Greenshoe	Maturity	Coupon (%)	Premium (%)	Bookrunner
Cromwell Property Group	Australia	21/03/18	€230m	€20m	2025	2.5	7.5	Credit Suisse, Goldman Sachs

Source: IFR Asia

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The PFI Indonesian Project Bonds Roundtable takes place in Jakarta, Indonesia on the morning of Monday April 23 2018.

Moderated by PFI's Editor, Rod Morrison, the Roundtable will consist of two 90-minute sessions: one on **local/domestlic bonds** and one on **international dollar bonds**.

Each panel will contain the most senior and experienced market practitioners – including lawyers, project sponsors, investors and rating agencies.

For more information and to register for this free to attend event, please visit goo.gl/beAwUY.

DATE

Monday April 23 2018

TIME

09:00 – Registration
09:30 – Local/Domestic Bonds
11:00 – Break
11:15 – Int'l Dollar Bonds
12:45 – Lunch and networking
14:00 – End

VENUE

The Ritz Carlton – Pacific Place
Jakarta, Indonesia

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