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INTERNATIONAL FINANCING REVIEW ASIA

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China rolls out red carpet for unicorns with preferential listing rules

Glory days of leveraged bond trades come to an end as Libor rises

Singapore bank faces first bondholder lawsuit after spate of defaults

PLUS: QUARTERLY LEAGUE TABLES

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SAVE THE DATE: MAY 22 2018

GREEN FINANCING ROUNDTABLE

TUESDAY MAY 22 2018 | THOMSON REUTERS BUILDING, CANARY WHARF, LONDON

Sponsored by: European Investment Bank The EU bank

Green bond issuance broke through the US$150bn mark in 2017, a 78% increase over the total recorded in 2016, and there are hopes that it will double again this year. But is it on track to reach the US$1trn mark targeted by Christina Figueres?

This timely Roundtable will bring together a panel of senior market participants to assess the current state of the market, examine the challenges and opportunities and provide an outlook for the rest of the year and beyond.

This free-to-attend event takes place in London on the morning of Tuesday May 22 2018. If you would like to be notified as soon as registration is live, please email paul.holliday@tr.com.

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Upfront

OPINION INTERNATIONAL FINANCING REVIEW ASIA

Bouncing back?

There are lies, damned lies and statistics. If you were to listen to Asian investment bankers, you would be forgiven for thinking Mark Twain should have added fee tables to his popular colloquialism.

As Chinese banks have stepped up efforts to win more investment banking business outside China in recent years, the presence of international banks in the top 10 for fees has fallen alarmingly.

Faced with stark evidence of their dwindling share of wallet, western bankers often argue that the fees tables paint a misleading picture and are unfairly skewed towards their Chinese competitors.

International banks generate a disproportionate share of their business from private deals, they say, while the inclusion of fees from lending also means the fee tables do not provide an accurate snapshot of pure IB activity in the region.

These complaints are unlikely to be heard this time around, though. The number of international banks in the top 10 for IB fees in Asia ex-Japan during the first three months of the year more than doubled from a year ago to seven – and is up from five in the 2017 full year tally.

> Global banks are right to play to their strengths, whether that means equity placements, event-driven financings or high-yield debt issuance.

This trend was most pronounced in ECM. The number of global banks in the top 10 rose to seven, with Goldman Sachs and Morgan Stanley taking the top two spots. This time last year, Chinese banks and brokers filled eight of the first 10 positions.

The main reason for this turnaround was the upsurge in follow-on offerings and equity-linked activity during the first three months of the year – two of the few remaining areas where Chinese banks have not managed to unseat their global rivals.

This was arguably more than just good fortune for the global banks. Many of them have been expanding aggressively in these areas, realising that such structures offer the most realistic chance to compete with their Chinese counterparts.

Global banks are right to play to their strengths, whether that means equity placements, event-driven financings or high-yield debt issuance. Chinese banks currently do not have the expertise, or the distribution capabilities, to compete in these areas.

Ten years ago, though, the prospect of Chinese banks topping the IB fees tables would have seemed far-fetched. The question now is, as Chinese banks become more sophisticated, will they threaten the international banks' primacy in those areas too?

Hazard a guess

Countries with plentiful natural resources often suffer problems in their economic development as a result. Singapore has no natural resources. But it does have something that can be similarly distorting: an over-abundance of cash that upsets the balance between risk and reward in the bond market.

The huge onshore liquidity held by the city state's residents helped issuers raise funds at irrationally low rates, whether through senior bonds or hybrids, but it was not until a wave of defaults started in late 2015 that some investors started to seriously question what they had bought.

This month sees the first time a Singaporean bond investor will bring a bank to court for allegedly mis-selling investments, including some of the Singapore dollar bonds that defaulted in recent years.

Whatever the outcome of the court case, Singapore's banks have in recent months taken steps to give investors, especially customers of their private banks, more information about the risks involved in their investments. Issuers in the city state are notoriously reluctant to pay for credit ratings, especially low ones, but some private banks are now stepping up to provide independent credit research.

That is a step in the right direction, but bond prospectuses already include pages of risk warnings that barely anyone seems to read. Holders of hybrid bonds issued by Hyflux and Noble Group were shocked when those companies suspended coupon payments, even though the terms clearly stated that it could be done.

The simplest thing would be for the Singapore authorities to make credit ratings mandatory, perhaps encouraging the development of a home-grown rating agency if issuers really do not want to pay the price of international ratings.

That would at least show the differences in risk between companies, and between senior and subordinated bonds.

Of course yields already give an indication of risk – the higher the yield, the higher the risk – but in Singapore, and Asia in general, yields have been compressed for many years by the sheer force of liquidity.

Ratings could signal a company's gradual decline, rather than see investors being caught by surprise by a default. That might even allow investors a chance to exit a position before disaster strikes (although the current lack of liquidity in secondary trading in Singapore dollar bonds might make that tricky).

Singapore, though, has already delivered its most important lesson in bond investing. Now investors know that they can lose money.

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China readies tech listing pilot

Equities CSRC issues rules to encourage large innovative companies to list domestically

BY KEN WANG, FIONA LAU

China has issued much-anticipated rules to encourage its technology giants to list domestically, setting the stage for a series of carefully choreographed mega-IPOs in coming years.

The country's securities regulator is targeting qualified overseas-listed red-chip companies with a market capitalisation of no less than Rmb200bn (US$32bn) to issue shares or Chinese Depositary Receipts (CDRs) in the A-share market as part of a "pilot scheme".

In rules published on its website on March 30, the China Securities Regulatory Commission said it would also allow qualified unlisted companies, with valuations of no less than Rmb20bn and revenues of no less than Rmb3bn, to go public under the pilot scheme.

The CSRC has removed the usual profitability requirement for companies participating in this scheme, so as to allow still-loss-making entities to be listed.

Companies will be allowed to remit IPO proceeds abroad or retain them for domestic use.

STEM THE EXODUS

The measures pave the way for overseas-listed tech giants to relist at home. The regulator hopes this will stem the exodus of fast-growing tech companies listing outside China, as overseas-domiciled entities and those with variable-interest entity ownership structures will no longer face insurmountable hurdles to list onshore.

CICC analysts estimate there are 35 companies, comprising five overseas-listed entities and 30 unicorns, which may fulfil the listing requirements under the pilot scheme *(See table)*. The listcos are Alibaba Group Holding, Tencent Holdings, Baidu, JD.com and NetEase.

Assuming the five were to issue 3% of their outstanding capital through CDRs, the combined fundraising size would be around Rmb214bn, which is close to the total volume of A-share IPOs for the whole of 2017 (Rmb230bn), according to a Sinolink Securities research report.

Alibaba is already mulling an A-share listing through an issue of CDRs, as early as the middle of this year, IFR reported earlier. CICC and Citic Securities are working on the float, which could raise more than Rmb10bn.

JD.com also plans to issue CDRs with the help of China Securities, Huajing Securities and Huatai United Securities.

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

NOT ALL AT ONCE

Although many Chinese tech companies are interested in an A-share listing, market participants reckon the deals will be spread out over time.

"The pilot rules lay the foundation for overseas-listed Chinese companies and unlisted tech unicorns to list domestically, but it is unlikely we will see a flood of them in the near term as the listing criteria are very high and the regulator will control the size and the pace of these deals," said a banker.

The Sinolink report forecasts that only one or two companies will issue CDRs this year for a combined fundraising target of Rmb50bn to Rmb100bn.

"Overseas-listed large-cap companies are expected to be the first batch to issue CDRs. The fundraising size will be very big, even if they sell only small stakes," said an analyst at a Chinese brokerage.

"The regulator is also likely to carry out the pilot programme in batches, in order to ease the pressure on the broader market."

According to CSRC spokesman Chang Depeng, the regulator will control the number of issuers and their fundraising sizes for the pilot scheme.

The rule changes follow a series of CSRC efforts to attract tech listings amid intense competition with exchanges in the US and Hong Kong.

Last Wednesday, battery giant CONTEMPORARY AMPEREX TECHNOLOGY (CATL) received CSRC approval for a proposed ChiNext IPO of about Rmb13bn. This will be the first ChiNext IPO to breach the Rmb10bn mark since the establishment of the Nasdaq-style board in 2009.

Biotechnology company WuXi AppTec cleared a CSRC hearing last month for a proposed Shanghai float of about Rmb5.74bn, which is set to become the first overseas-delisted Chinese company in recent years to relist in the A-share market through an IPO.

The regulators are also fast-tracking large tech IPOs on domestic stock exchanges, allowing them to bypass the long queue of listing applications. Foxconn Industrial Internet, a mainland unit of Taiwan's Foxconn, is the first high-profile tech company to enjoy this privilege.

WuXi AppTec, FII and CATL are still awaiting written CSRC approvals for their IPOs.

MORE DETAILS NEEDED

Before the first CDRs can be launched, bankers say more detailed regulations are needed, including trading rules, pricing mechanisms, listing procedures and whether the conversion of CDRs into foreign shares will be allowed.

To select candidates for the pilot scheme, the CSRC will set up an advisory committee to review applications from high-tech and emerging industries, including internet, big data, cloud computing, artificial intelligence, high-end equipment manufacturing, software and integrated circuits, as well as the biomedical industry. ■

TECH UNICORNS WITH VALUATION OF NO LESS THAN RMB20BN

Company name	Valuation RMB (bn)
Xiaomi	627.0
Ant Financial	470.3
Didi Chuxing	313.5
Meituan-Dianping	188.1
Toutiao	188.1
Lufax	131.7
Cainiao	125.4
Contemporary Amperex Technology	122.9
Kuaishou	94.1
DJI	75.2
JD Finance	62.7
WeBank	57.1
iQiyi	50.2
Lianjia	40.8
Koubei	37.6
Ele.me	37.6
Mobike	34.5
Ofo	34.5
Shanghai United Imaging Healthcare	31.4
WM Motor Technology	31.4
Nio	31.4
WiFi Master Key	31.4
UBTECH	31.4
Meizu	28.8
Royole	28.2
Meili (Mogujie)	25.1
Shanghai e-Shang Warehousing Services	22.6
Tongcheng-Elong	21.9
Guazi.com	20.1
China UnionPay Merchant Services	20.1

Source: CICC, ITJUZI

Libor rise scuppers carry trade

■ **Bonds:** Higher borrowing cost saps appeal of leveraged bond investments

BY FRANCES YOON

Many Asian bond investors are licking their wounds as a jump in short-term US dollar borrowing costs has eroded the attractiveness of leveraged trades.

Three-month US dollar Libor soared to 2.325% on April 4, its highest since the height of the global financial crisis in November 2008, according to Thomson Reuters data, having risen steadily from 1.32% at the end of August.

The jump, which accelerated as the Federal Reserve stepped up the pace of its interest rate rises last year, has dealt a blow to investors who had taken advantage of cheap credit to borrow US dollars and buy Asian offshore bonds. A large number of Chinese investors and Asian private bank clients have borrowed to maximise returns on bond investments, bankers say.

Yields on Chinese US dollar high-yield property bonds and bank capital have surged as investors began to unwind those trades in response to the rise in Libor.

With supply pressures from China and global volatility weighing on sentiment, the loss of this investor segment has dampened demand for Asian credit and worsened mark-to-market losses for leveraged investors.

"The Asian investment engine seems to have stalled for now," said Alan Siow, a portfolio manager at BlueBay Asset Management in London. "While we have not yet seen large-scale redemptions or outflows, new inflows have probably slowed because the opportunity cost of waiting is lower, with short-term US dollar deposits earning higher returns."

The current weak trading environment and lack of factors susceptible to turn things around are giving investors little incentive to borrow US dollars to buy credit.

"In the USD space, with higher funding costs, expected returns have to be higher and, therefore, valuations have to adjust," said Siow.

"Existing leveraged structures in the space are likely being unwound, and there's a lack of creation of new structures. USD Libor funding rates may well moderate from here, but we are now in a world of rising rates and the market is adjusting to that."

The leveraged trade helped fuel a bull run in Chinese offshore credit in recent years, as offshore securities firms and private bank clients levered up multiple times to lock in higher returns. Borrowing allowed them to amplify returns on the cash part of their investments.

The trade was particularly profitable when the Chinese renminbi was weak against the US dollar, giving investors an added spread from currency arbitrage. Now, the trend has reversed as increased US government spending plans weigh on the dollar.

Bankers are concerned that rising rates could end one of the most profitable trades in recent years for private banking clients.

"In the 10 years that I've been here, I've never seen the private bank bid drop so low," said a DCM banker. "Asian credit markets are really not doing well right now." ■

Singapore bondholder sues UOB

Bonds Bank says to defend itself vigorously against claims

BY KIT YIN BOEY

A Singaporean investor who lost money on bond investments has opened a civil action in the Singapore High Court against UNITED OVERSEAS BANK and two former employees.

The investor alleges a breach of duty of care, in the first such lawsuit since a wave of corporate-debt restructurings hit Singapore.

Hoon Sing Keow filed the originating summons in late March against the local bank, her former wealth relationship manager Thomas Heng Swang and his supervisor Mah Siew Keong, claiming she was sold high-risk investment products unsuitable for her risk profile.

Among the products purchased on her behalf were Trikomsel's 7.875% bonds due 2017 and Ezion Holdings' 4.875% bonds due 2021, according to documents IFR has seen.

A pre-trial conference will be held at the Singapore High Court on April 17 to hear the case.

A UOB spokesperson told IFR the bank was unable to discuss the matter as it was before the court. Nevertheless, "we will vigorously defend the claim as the allegations are baseless", said the spokesperson.

Law firm Shook Lin & Bok represents UOB Bank and the two individuals in the suit. Heng and Mah declined to comment when IFR contacted them through their legal adviser.

In late 2015, Indonesian mobile phone retailer Trikomsel became the first issuer to default on Singapore dollar bonds since Celestial Nutrifoods missed payments in 2009.

Meanwhile, Ezion obtained bondholder approval last November to restructure S$575m (US$439m) of bonds. Its restructuring plan, like that of Trikomsel, involves a swap of debt for shares and inflicts heavy losses on bondholders.

Hoon, represented by legal practice Parwani Law, claims that Trikomsel's offering circular, which highlighted risks in the investments, was not provided to her at the time of the investment, and was only shared after its default.

Since Trikomsel defaulted, more than a dozen corporate issuers have had to restructure Singapore dollar bonds, including some 10 issuers which defaulted on their obligations.

Private banking clients and high-net-worth investors bought the bulk of these bonds, many of whom later said that their relationship managers had not properly explained the risks. However, none had gone to court so far to test these claims.

The case could therefore be important in defining how much responsibility private banks and their relationship managers have when client investments go sour.

Hoon's originating summons asks the court to declare, among other things, that the relationship manager owed a duty of care to her, that he breached it in failing to give appropriate advice, that UOB sold unsuitable products to her, and that Mah failed in his duty to supervise and review sales the relationship manager had made.

"Basically, her case appears to be premised on two main tenets of private banks – a duty to take care of her investments and a know-your-customer policy," said another private

Trio skirts poll uncertainty

Equities Indonesian IPOs target combined proceeds of US$524m in second quarter

BY S ANURADHA

Three Indonesian companies are planning IPOs totalling up to US$524m in the second quarter to avoid the uncertainty that is likely to plague the market well ahead of next year's general elections.

State-owned lender BANK BRISYARIAH, a subsidiary of Bank Rakyat Indonesia, has opened books for a Rp1.32trn–Rp1.70trn (US$96m–$124m) IPO at a price range of Rp505–Rp650. Meanwhile, healthcare provider MEDIKALOKA HERMINA and sanitary wares distributor SURYA PERTIWI are premarketing respective IPOs of up to US$250m and US$150m.

The robust activity in April is in contrast to the first quarter, when Indonesia's equity capital markets deals trailed Singapore, Malaysia, the Philippines, Thailand and Vietnam. According to Thomson Reuters data, ECM volume fell to US$14.9m in the first quarter from US$41.4m a year earlier.

"Issuers want to catch the market before the implication of the elections cloud the current optimism," said a banker on one of the IPOs.

Indonesia will hold general elections in April next year. Deals hitting the market later this year are expected to face more uncertainty as the elections get nearer.

For now, there is optimism as the strong economic growth has helped companies show positive earnings. "Indonesian companies will be on track to put on sustained annual earnings growth in the mid-teens if the current economic trend continues," said one Jakarta-based analyst.

This is good news for the three IPO hopefuls, which are beneficiaries of the country's consumption boom.

As a result, the deals are unlikely to go cheap.

Maternity hospital operator Hermina is seeking an EV/Ebitda valuation in the 20s, while regional peers Raffles Hospital and IHH Healthcare trade at a range of 18–19.

"Hermina is a direct beneficiary of Indonesia's young population," said a banker working on the IPO. The company owns 14 maternity facilities in the country.

For its part, Surya Pertiwi holds the exclusive distribution licence for Japan's Toto sanitary wares brand in Indonesia.

EYEING LOCAL FLOWS

Still, some market participants caution that selling the issues will not be easy because the trade war between the US and China and volatile global equities have made investors wary.

"The companies have taken the plunge because they are optimistic that local demand for equities will help the offerings sail through," said a banker working on the BRISyariah IPO.

In a recent research report, Morgan Stanley says Indonesia's Taspen, which manages the retirement funds of civil servants, and BPJS Ketenagakerjaan, the Workers Social Security Agency, have both announced higher allocations to equities for this year, improving the prospects of more local inflows.

The pipeline of IPOs is building. Paint-maker AVIA AVIAN plans to launch its IPO of up to US$250m in the second half, with *Citigroup*, *Credit Suisse* and *UBS* as leads. Ride-hailing and online payment company GO-JEK INDONESIA is also considering bank investor closely watching the case.

Hoon returned to Singapore in 2011 from a 40-year stay in Sweden. She set up an account with UOB in 2013 and was assigned a relationship manager, who asked her to fill up a questionnaire to assess her risk profile. Her profile was deemed conservative, according to her.

Soon after Hoon transferred S$1.7m to UOB, she claims she was asked to fill a second risk-profile questionnaire, which resulted in her risk assessment being changed to growth, an indication that an investor had the capacity and tolerance for higher risks.

Once her profile ranking was modified, the relationship manager bought a total of 13 bonds and highly structured financial products on her behalf, some of which on leverage, between June 2013 and May 2015, Hoon claims.

The Monetary Authority of Singapore did not respond to a request for comment. ■

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an IPO, but has yet to provide details. E-commerce company BHINNEKA MENTARI DIMENSI also plans an IPO of US$30m later this year.

Among the current listing hopefuls, the joint global coordinators are *Ciptadana*, *CLSA* and *Credit Suisse* for Surya Pertiwi.

The bookrunners on the Hermina float are *Citigroup*, *Credit Suisse*, *DBS* and *Mandiri*.

For BRISyariah, the bookrunners are *Bahana*, *CLSA*, *Danareksa* and *Indo Premier*. The bank, which provides sharia-compliant banking services, is selling around 2.623bn primary shares, or 27% of its expanded share capital, in the IPO.

Books opened last Thursday and close on April 20. The shares will be listed on the Indonesia Stock Exchange on May 9.

The IPO proceeds will be used to expand BRISyariah's financing activities and branch network. ■

RBI adds fuel to IGB rally

Bonds Banks expected to resume purchases of government bonds after central bank gesture

BY KRISHNA MERCHANT

Indian government bonds have rallied for the second consecutive week after the central bank allowed lenders to spread their mark-to-market losses over several quarters.

The yield on 10-year IGBs dropped 8bp to 7.32% last Tuesday after the Reserve Bank of India gave lenders an option to spread provisioning for mark-to-market (MTM) losses on investments held in available-for-sale (AFS) and held-for-trading (HFT) portfolios for the quarters ending December and March.

The move, in response to the systemic impact of sharp increases in IGB yields on banks, was a sharp departure from the RBI's previous stand.

In January, deputy governor Viral Acharya had dampened hopes of any central bank measures to ease the pain from treasury losses and, instead, accused lenders of not having proper risk management in place.

"However, the RBI finally buckled under government pressure," said a trader at a foreign bank.

This was a repeat of 2013, when the central bank allowed banks to spread MTM losses as 10-year IGBs crossed the 9% level after that year's taper tantrum.

In the past six months, the yield on 10-year IGBs spiked over 100bp to 7.62% before sharply reversing course two weeks ago. On March 27, IGBs made their sharpest one-day gains since December 2013 after the government announced a surprise cut in its borrowing programme and a rebalancing of the traditionally front-loaded funding schedule towards the second half of the financial year starting April 1.

"There was a fear that public-sector banks would shy away from participating in government bond auctions. The recent measures will allay fears for banks since RBI has addressed their concerns of MTM losses," said Sandeep Bagla, associate director at Trust Capital. "Banks should start participating in the IGB auctions, which will lead to lower risk premia and, hence, lower yields."

Since Indian banks own over 40% of outstanding IGBs, RBI's decision "suggests that the authorities are becoming proactive in their approach to resolving supply/demand issues," Nomura wrote in an April 4 note.

Bagla expects the yield on 10-year IGBs to drop to 7% in coming weeks. As of Friday, the benchmark yield had fallen to 7.17%.

Prior to the rally, state-owned banks were expected to incur treasury losses of Rs200bn (US$3bn) for the March quarter due to the uptrend in yields, according to Credit Suisse research, raising concerns over the adequacy of the government's bank recapitalisation. IGBs make up around 30% of the investment portfolios of banks.

BUILDING RESERVES

RBI said the provisioning for MTM losses might be spread equally over up to four quarters, starting from the quarter in which the loss was incurred. The central bank said the banks should build adequate reserves to protect against future yield increases.

It has advised all banks to create an Investment Fluctuation Reserve with effect from this financial year. The reserve should be created with an amount not less than the net profit on sale of investments during the year and net profit for the year, less mandatory appropriations. It should be built within three years.

The central bank said the reserve can be included in Tier 2 capital. Banks can draw down the balance available in the reserve, in excess of 2% of the AFS and HFT portfolios, for credit to the profit-and-loss account at the end of the year.

While the new norms will smooth out the impact of MTM losses over four quarters, the outlook for the banking sector remains challenging.

"From our perspective, the new RBI norms on treasury losses do not change our view on the banking sector," said Saswata Guha, a director at Fitch. "The recovery has been easily pushed back by 12-18 months as the new guidelines on stressed assets will severely impair banks' earnings."

In February, the RBI announced new rules in favour of a standardised approach on restructuring of stressed assets. They give major defaulters just six months to agree terms with bank creditors, which could lead to bigger haircuts and losses for banks in the near term.

Last week, though, the RBI lowered the amount that state-run lenders needed to set aside at end-March for loans to nearly 40 companies undergoing bankruptcy resolution proceedings, Reuters reported. They are allowed to keep minimum provisioning cover of 40% as at end-March on secured loans to those companies, versus the original 50%, but will need to achieve 50% cover by end-June.

DOVISH RBI

Traders expect the rally in the bond market to continue after the central bank kept its policy rate on hold last week and lowered the inflation forecast, reducing the odds of a near-term rate rise. The monetary policy committee sharply trimmed its April-September inflation projection to 4.7%–5.1%, from a previous range of 5.1%–5.6% released in February.

Bonds are also expected to trade positively in the short term on the back of a likely increase in foreign portfolio investor limits from 5% currently and softer US Treasury yields, DBS Research said. ■

Santos buyout preps jumbo debt

■ **Loans** APAC's largest LBO financing primed for US sell-down

BY SHARON KLYNE

JP Morgan and *Morgan Stanley* are underwriting a US$7.75bn senior debt financing backing the leveraged buyout of Australian oil and gas producer SANTOS that will set a record for LBO and related debt financing in Asia Pacific.

The deal dwarfs Asia's previous LBO record, a US$4.1bn buyout loan backing the acquisition of Singapore-based Global Logistic Properties last July, and is also the largest private equity buyout in the oil and gas sector globally.

Santos announced on April 3 it had received a US$10.4bn takeover bid from US private equity firm Harbour Energy and agreed to grant the bidder access to due diligence. If the bid is successful, the private equity sponsor will own a low-cost energy producer with stakes in several large liquefied natural gas (LNG) projects in Asia.

The financing, which will be targeted mainly at the US institutional market, will consist of leveraged loans and high-yield bonds with various tenors. Investor demand is expected to be strong, given the appeal of the assets, location and growing demand for gas.

"There's enough appetite for an oil and gas deal of this size. It's [Australia] an industrialised nation and the company has a well-diversified asset-base," a banking source in New York said.

A data room was expected to open last week for six weeks. Santos revealed in November that it had rebuffed a A$9.5bn (US$7.29bn) takeover approach from Harbour Energy in August, which it said undervalued the company.

The new borrowing will also refinance all of Santos's debt. Santos, rated BBB- (S&P), had total balance sheet debt of US$3.95bn, including US$800m of medium-term notes, and US$1.23bn of cash as of December 2017.

The company also has US$960m in off-balance sheet operating lease liabilities and asset retirement costs, according to Deutsche Bank estimates. However, there will be no need to refinance any of the project debt at the asset level if Harbour Energy succeeds in the acquisition, other banking sources familiar with the deals said.

Santos has stakes in projects including the prized Papua New Guinea LNG project operated by Exxon Mobil, Gladstone LNG project in Queensland, Darwin LNG, and Cooper Basin, Australia's largest onshore oil and gas development.

The company significantly lowered production costs and de-leveraged in the aftermath of the 2008 financial crisis. Its average oil production cost is just over US$32 a barrel, compared to around US$66 a barrel for Brent crude, according to Reuters data.

The jumbo deal comes as steadily rising US interest rates are calling time on years of benign credit conditions, which could make it harder for the company to service the debt. Three-month Libor rates touched 2.325% last week, the highest since November 2008, at the height of the global financial crisis.

The total enterprise value of the transaction will swell to around US$15bn, including the costs of swaps and break fees, with the US$7.75bn debt accounting for around 51% of total capitalisation. Harbour Energy's bid is broadly geared over 5x calculated over Santos' earnings before interest, tax, depreciation, depletion, exploration, evaluation and impairment (Ebitdax) of US$1.43bn in 2017.

Harbour Energy needs shareholder approval as well as the green light from Australia's Foreign Investment Review Board, which may be difficult given the strategic importance of the assets to a country with a chronic energy supply shortage, Reuters reported.

Harbour Energy's advisers are JP Morgan, *Highbury Partnership*, Morgan Stanley and *EIG Capital Markets*, while Santos has retained *Rothschild*, *JB North & Co* and *Deutsche Bank*. ■

TOP 10 LBO LOANS FROM APAC

Borrower Name	US$
Global Logistic Properties	4,108.00
CK Holdings	3,876.32
Homeplus	3,770.46
Carter Holt Harvey	3,680.57
Muse Holdings B	3,585.15
Nine Entertainment	3,580.18
Qihoo 360 Technology	3,000.00
Seven Media	2,409.19
C&M	2,172.73
Coates Group	2,092.24
Grand Total	**32,274.84**

Source: Thomson Reuters LPC

SK Lubricants oils KRX pipeline

Equities Hyundai Oilbank and Doosan Machine Tools plan to list later this year

BY FIONA LAU, S ANURADHA

SK LUBRICANTS, a unit of South Korea's energy and chemicals company SK Innovation, started premarketing a KRX IPO of up to W1.56trn (US$1.48bn) last week, testing the waters for several other domestic listing applicants in volatile market conditions.

The proposed deal is SK Lubricants' third attempt to secure a listing after earlier plans for an IPO of up to US$1.5bn in 2013 and 2015 failed to materialise.

SK Innovation plans to sell 10.2m shares of its lubricant oil subsidiary in the IPO. SK Lubricants itself will issue about 2.6m new shares at an indicative price range of W101,000–W122,000.

The recent global market turmoil provides a challenging backdrop for the transaction. As of last Thursday, South Korea's KOSPI stock index had fallen 3.2% in the past two weeks.

"Market conditions are challenging but a rally in oil prices over the past year should help SK Lubricants' IPO. Investors are also familiar with the parent company and feel comfortable to look at the spin-off," said a banker on the deal.

"Market conditions are challenging but a rally in oil prices over the past year should help SK Lubricants' IPO. Investors are also familiar with the parent company and feel comfortable to look at the spin-off."

Rising oil prices have improved the outlook for the sector, also leading HYUNDAI OILBANK, the refining arm of Hyundai Heavy Industries Group, to plan a US$1bn–$2bn KRX IPO in the second half of 2018.

Beside oil companies, DOOSAN MACHINE TOOLS, owned by private equity firm MBK Partners, is also set to bring another sizable IPO to the Korea Exchange this year.

It has mandated *Bank of America Merrill Lynch*, *Credit Suisse* and *NH Investment & Securities* to lead its float, which is targeting a valuation of more than W2trn (US$1.89bn) at the time of listing, according to people close to the deal.

The targeted valuation is almost double the price MBK Partners paid in April 2016 to acquire Doosan Machine Tools from Doosan Infracore. South Korean media reported at the time that the transaction was worth about W1.1trn.

Doosan Machine Tools is a manufacturer of turning centres, machining centres and other precision machine tools.

Given the current weakness of the South Korean stock market, it may take a while for IPO activity to become more broad-based. "We are expecting smaller IPOs in the US$500m and below range," a Seoul-based banker said.

New issues are expected to be led by the technology, biotechnology and gaming sectors, according to the banker.

SK Lubricants will sell 60% of its IPO shares to institutional investors, 20% to retail investors and 20% to the employee stock ownership association.

Books are scheduled to open on April 16 and pricing will be on April 27. Listing will be around mid-May.

SK Innovation will retain a 70% stake after the listing.

Korea Investment & Securities and *Samsung Securities* are the domestic leads for the IPO while *Citigroup* and *Credit Suisse* are the international leads. *Mirae Asset Daewoo* is also a joint bookrunner. ■

DBS sets benchmark for euro T2

Bonds Singaporean lender diversifies investor base with bank capital trade

BY DANIEL STANTON

DBS GROUP HOLDINGS has become the first bank from Singapore to sell Tier 2 euro-denominated notes, achieving a sizable print despite the recent indigestion in that market.

The group on Wednesday sold €600m (US$737m) of 10-year non-call five subordinated bonds at mid-swaps plus 120bp, the tight end of initial price range of 120bp–125bp, exceeding the target size of €500m.

The order book was heard to be around €800m, with high-quality investors participating. Many were said to be new to the credit, fulfilling the issuer's goal of diversifying its investor base.

"The positive response from the European investor base is a tremendous vote of confidence," said Chng Sok Hui, CFO of DBS, in a statement. "The strategic importance of such a large pool of new investors is significant, and we value the trust they have placed in us."

The T2 notes are expected to be rated A3/A+ (Moody's/Fitch), versus issuer's Aa2/AA–. As such, Singaporean banks' T2 bonds are among the highest rated globally.

Nordic banks were seen as the main pricing comparison. DNB Bank's 10-year non-call five notes, printed last month and rated A– (S&P), were quoted at mid-swaps plus 90bp, while Svenska Handelsbanken also had 10-year non-call five notes, rated A3/A–/AA–, trading at plus 90bp.

Investors sought a 10bp premium to those names, plus a new-issue concession of around 20bp.

In Asia, the Australian trio of National Australia Bank, Westpac and Commonwealth Bank of Australia, as well as China's Bank of Communications, sold euro T2 notes before DBS. The new trade was thought to have come inside where Australian banks would issue today, with one market source estimating they would need to print at mid-swaps plus 130bp–135bp.

"We view the euro investor base as strategically important and were pleased to be able to enter the market between the Scandinavian and Australian curves," said Yeoh Hong Nam, head of wholesale funding at DBS Bank. "This transaction was a logical extension of the groundwork laid by our covered bonds, and we look forward to developing the investor base further."

The issue was another step in broadening the DBS investor base, with its two Triple A rated euro covered bond issues last year reaching a slightly different pool of buyers.

DBS has outstanding T2 notes in yen, Singapore dollars, Australian dollars and Hong Kong dollars, but none in US dollars.

DBS was sole global coordinator and *Societe Generale* was sole structuring adviser. They were also joint bookrunners with *Deutsche Bank*, as were late additions to the syndicate *ING* and *Lloyds*.

The bonds tightened 2bp during European trading hours on Wednesday. ■

Asian G3 volume shrinks on volatility

Bonds league tables Issuance slows down from record pace after yields surge

BY DANIEL STANTON

Asian G3 bond volumes decelerated in the first quarter from last year's record pace, as surging US interest rates sparked volatility.

Deal volume in Asia ex-Japan for the quarter fell 14% to US$99.2bn from US$115.7bn a year earlier, according to Thomson Reuters data. The period saw 162 trades, down from 170 in the same quarter of 2017.

"Considering what we dealt with – a spike in volatility and 10-year Treasuries pushing through 2.9% – the markets have been pretty resilient," said James Arnold, head of Asia Pacific debt capital markets syndicate at Citigroup.

"The market is going through a period of transition, but we are positive. The markets will rebound and there will be more opportunities."

In 2017, G3 bond issuance from Asia ex-Japan totalled US$415.6bn, as benign rate conditions and ample liquidity combined to support new issuance and secondary trading. That began to change towards the end of the year, and 2018 started with a sharp rise in Treasury yields, in part due to higher expectations of US inflation after corporate tax cuts.

"The region's G3 bond market saw greater volatility in the first quarter, as participants adjusted to changing macro and rate expectations," said Alexi Chan, global co-head of DCM at HSBC.

"Yet, with Asia's strong underlying fundamentals, some excellent funding and capital-raising opportunities were available for issuers, albeit requiring more careful navigation of the markets."

The top 10 bookrunners took a smaller market share in the first quarter compared with the same period in 2017. They made up 46.4% of G3 deal volume for Asia ex-Japan, versus 51.2% last year.

HSBC led the Asia ex-Japan league table, booking US$7.5bn from 56 issues for a 7.5% market share. Citigroup came in second with US$5.7bn for a 5.8% share, with Morgan Stanley was third on US$4.8bn and a 4.8% share.

Bank of China was the highest-ranked Chinese bank, coming in fifth with US$4.3bn of volume. That was an improvement from its eighth place position in Q1 last year, when it booked US$4.1bn.

BNP Paribas jumped to seventh place, recording US$4.0bn of league table credit for a 4.0% market share, up 38% from US$2.9bn in the same period last year.

The Asian high-yield bond market shrank 15% to US$12.9bn, as the rise in US Treasury yields began to bite. JP Morgan took the top spot with US$727m of deal volume and a 5.6% market share. Bank of China and Deutsche Bank were second and third, with US$720m and US$707m, respectively.

"High yield is going to be challenging," said Citi's Arnold. "Investors are looking more closely at covenant packages, and they will gravitate towards transactions that are well-structured and reasonably priced."

Top bookrunners of Asia Pacific Securitisations (ex-Japan and Australia) (ex-A$ and CDOs)
1/1/18 – 31/3/18

Name	Issues	Amount US$(m)	%
1* China Merchants Sec	1	179.4	30.4
1* Standard Chartered	1	179.4	30.4
1* ICBC	1	179.4	30.4
4* Hong Leong Financial	1	26.5	4.5
4* AMMB	1	26.5	4.5
Total	2	591.1	

*Market volume

Proportional credit

Source: Thomson Reuters SDC Code: AZ2

Top bookrunners of all Asian currencies (excluding Japan and Australia) (inc-certificates of deposit)
1/1/18 – 31/3/18

Name	Issues	Amount US$(m)	%
1 Citic	104	16,988.3	7.2
2 ICBC	72	10,580.5	4.5
3 CCB	98	10,417.3	4.4
4 Bank of China	81	9,858.5	4.2
5 ABC	75	9,209.4	3.9
6 Industrial Bank	79	8,948.5	3.8
7 CSC Financial	66	8,877.5	3.7
8 BoCom	73	7,592.5	3.2
9 KB Financial	129	6,939.8	2.9
10 CMBC	60	6,386.5	2.7
11 HSBC	80	5,477.4	2.3
12 Mirae Asset Daewoo	99	5,272.3	2.2
13 Shanghai Pudong	57	5,113.2	2.2
14 CICC	24	5,047.6	2.1
15 CMB	43	4,479.7	1.9
Total	1,863	237,560.1	

*Market volume

Proportional credit

Source: Thomson Reuters SDC Code: AS1

Top bookrunners of all Asian currencies (excluding Japan, Australia and China) (inc-certificates of deposit)
1/1/18 – 31/3/18

Name	Issues	Amount US$(m)	%
1 KB Financial	129	6,939.8	9.0
2 Mirae Asset Daewoo	99	5,272.3	6.9
3 Axis	52	4,458.0	5.8
4 HSBC	59	4,118.2	5.4
5 Korea Investment	94	3,824.6	5.0
6 NH Inv & Sec	53	3,535.5	4.6
7 Kyobo Life	48	2,664.9	3.5
8 SK Sec	38	2,332.0	3.0
9 HDFC	29	2,038.8	2.7
10 Standard Chartered	27	1,951.7	2.5
11 Trust Group	47	1,725.8	2.3
12 DBS	12	1,525.9	2.0
13 CIMB Group	13	1,400.7	1.8
14 DB Financial Inv	27	1,385.7	1.8
15 RHB	10	1,302.1	1.7
Total	1,092	76,779.9	

*Market volume

Proportional credit

Source: Thomson Reuters SDC Code: AS1a

Top bookrunners of Asian fixed- and floating-rate bonds for G3 currencies ex-Japan, inc-Australia (inc-Samurais and Yankees)
1/1/18 – 31/3/18

Name	Issues	Amount US$(m)	%
1 HSBC	56	7,478.9	7.5
2 Citigroup	37	5,720.5	5.8
3 Morgan Stanley	30	4,786.0	4.8
4 BAML	22	4,402.3	4.4
5 Bank of China	42	4,319.2	4.4
6 JP Morgan	16	4,225.4	4.3
7 BNP Paribas	28	3,999.0	4.0
8 Goldman Sachs	14	3,910.4	3.9
9 Credit Suisse	23	3,713.4	3.7
10 Standard Chartered	36	3,582.4	3.6
11 UBS	24	2,768.1	2.8
12 Deutsche	19	2,449.0	2.5
13 Barclays	17	2,084.1	2.1
14 Nomura	7	1,959.7	2.0
15 Citic	22	1,867.9	1.9
Total	162	99,186.7	

*Market volume

*Includes Asian Development Bank issuance.

Proportional credit

Source: Thomson Reuters SDC Code: AR1

Top bookrunners of Asian fixed- and floating-rate bonds for G3 currencies ex-Japan and Australia (inc-Samurais and Yankees)
1/1/18 – 31/3/18

Name	Issues	Amount US$(m)	%
1 HSBC	52	6,332.4	7.8
2 Bank of China	42	4,319.2	5.3
3 Citigroup	30	3,715.3	4.6
4 Standard Chartered	35	3,522.4	4.3
5 BAML	20	3,486.7	4.3
6 Morgan Stanley	23	3,250.1	4.0
7 JP Morgan	12	3,141.0	3.9
8 BNP Paribas	24	2,883.6	3.5
9 Goldman Sachs	11	2,849.7	3.5
10 Credit Suisse	19	2,653.7	3.3
11 Nomura	7	1,959.7	2.4
12 UBS	21	1,881.9	2.3
13 Citic	22	1,867.9	2.3
14 MUFG	12	1,859.9	2.3
15 Deutsche	16	1,779.9	2.2
Total	136	81,496.6	

*Market volume

Proportional credit

Source: Thomson Reuters SDC Code: AR2

Bond rush adds to lending woes

Loans league tables Volumes fall to their lowest since 2012, exacerbating pricing compression

BY PRAKASH CHAKRAVARTI

Syndicated lending in Asia Pacific, excluding Japan, fell to its lowest quarterly tally in nearly six years to US$80.48bn in the first three months of 2018, as hurried bond issuance from Asian borrowers trying to beat interest rate rises and a steep drop in M&A lending suppressed loan volumes.

The first three months saw 176 deals completed, the lowest quarterly volume since the third quarter of 2012, when US$77.91bn was raised from 253 loans. It was also 17% lower in volume terms than US$96.86bn transacted in Q1 2017, when bond issuance was also strong.

Several high-profile Asian credits took advantage of bond investors' hunger for yield, and locked in long maturities as the curtain falls on the era of low interest rates.

"Volume from the loan market has been channelled to the bond market, as issuers rushed to raise money ahead of the US Federal Reserve hike cycle of 2018," said Aditya Agarwal, head of loan syndicate and sales at Maybank.

Some Asian companies raised smaller loans than planned after success with sizable bond offerings. In January, Tata Steel reduced a proposed US$2.16bn six-year loan to US$1.7bn after raising US$1.3bn from a dual-tranche bond.

China National Chemical Corp (ChemChina) also opted for a loan-bond combination, raising US$10.35bn in March, including a US$5.5bn loan.

M&A SLUMP

M&A financings from Asia (ex-Japan) plummeted to US$4.42bn in the first three months of 2018, down 55% from US$9.79bn a year earlier.

A major factor for the slowdown was the effect of measures in the past 18 months from Chinese regulators to control capital outflows. China, Asia's biggest event-driven financing market, produced only one M&A loan for a mere US$100m in the first quarter, in stark contrast to US$4.81bn in Q1 2017.

However, several M&A loans are expected to boost second-quarter numbers, including a US$3.38bn loan to fund the equity contributions of the members of a consortium that acquired Global Logistic Properties, a US$1.6bn loan backing Philippine conglomerate San Miguel's loans totalling US$4.06bn-equivalent in Taiwan for Advanced Semiconductor Engineering and footwear maker Pou Chen, among others.

Malaysian oil and gas giant Petroliam Nasional wrapped up a US$8bn loan for its Refinery and Petrochemical Integrated Development (RAPID) project, almost two years after the financing first emerged. The loan, Asia's largest in the first quarter, boosted volumes to US$8.74bn, the highest for the country since the turn of the century.

JAPANESE APPEAL

Lending to Japanese companies also fell 18.4% in the first quarter to US$69.68bn from US$85.36bn a year earlier, although its banks and insurance companies provided good liquidity to foreign borrowers eyeing long-term loans.

Indian state-owned power producer NTPC is wrapping up a US$350m-equivalent yen-denominated 10-year Samurai loan, and Australia's Sydney desalination plant funded a refinancing that included a A$500m 11-year Ninja loan that was syndicated to Japanese regional and cooperative banks and life insurers.

"The benefit to borrowers is you are attracting a different investor base to other capital markets," said Drew Riethmuller, head of corporate and institutional banking, Oceania, at MUFG in Sydney. "We believe this will continue to evolve given the wide pool of investors in Japan."

Lower deal flow exacerbated the pricing compression for high-grade borrowers and continues to characterise lending in Asia Pacific as banks remain eager to lend to blue-chip firms, despite ever lower pricing.

"The lack of loan deal flow has also meant that banks have been struggling to meet asset growth targets, leading to further compression in spreads and more relationship-structured club deals in the region," said Maybank's Agarwal.

The US$8bn club loan for Petronas, with a 364-day tenor and an extension option of six months, attracted 19 banks despite paying a tight interest margin of around 40bp over Libor for the first 12 months before it steps up to 55bp. ■

(Additional reporting by Sharon Klyne.)

Top bookrunners of Asia Pacific syndicated loans G3 currencies (ex-Japan, inc-Australia)
1/1/18 – 31/3/18

	Name	Deals	Amount US$(m)	%
1	ANZ	9	2,566.6	9.6
2	Mizuho	6	2,473.3	9.2
3	UOB	5	2,470.5	9.2
4	Standard Chartered	5	2,381.1	8.9
5	HSBC	7	2,222.5	8.3
6	MUFG	8	1,494.4	5.6
7	DBS	7	1,101.2	4.1
8	ICBC	4	1,029.4	3.8
9	Mega Financial	6	823.0	3.1
10	Fubon Financial	5	681.4	2.5
	Total	55	26,818.9	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: S3k

Top bookrunners of Asia Pacific syndicated loans Int'l currencies, Rmb and NT$ (ex-Japan, inc-Australia)
1/1/18 – 31/3/18

	Name	Deals	Amount US$(m)	%
1	Bank of China	40	12,165.6	19.2
2	China Citic Bank	3	4,300.5	6.8
3	ANZ	14	4,283.5	6.8
4	Standard Chartered	10	4,162.5	6.6
5	HSBC	10	3,719.2	5.9
6	Mizuho Bank	11	3,605.2	5.7
7	UOB	6	3,549.2	5.6
8	MUFG	10	1,942.5	3.1
9	DBS	8	1,782.7	2.8
10	ICBC	5	1,748.3	2.8
	Total	131	63,454.9	

*Market volume
Proportional credit
Source: Thomson Reuters LPC

Top bookrunners of Asia Pacific syndicated loans All currencies (ex-Japan, inc-Australia)
1/1/18 – 31/3/18

	Name	Deals	Amount US$(m)	%
1	Bank of China	40	12,351.7	18.1
2	ANZ	15	4,497.7	6.6
3	Citic	3	4,300.5	6.3
4	Standard Chartered	10	4,230.1	6.2
5	HSBC	12	4,010.2	5.9
6	Mizuho	11	3,619.5	5.3
7	UOB	6	3,549.1	5.2
8	MUFG	11	2,349.5	3.4
9	DBS	11	2,205.3	3.2
10	ICBC	5	1,815.9	2.7
	Total	163	68,373.6	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: S3

Top bookrunners of Asia Pacific syndicated loans All currencies (ex-Japan and Australia)
1/1/18 – 31/3/18

	Name	Deals	Amount US$(m)	%
1	Bank of China	40	12,351.7	20.6
2	Citic	3	4,300.5	7.2
3	Standard Chartered	9	4,097.9	6.8
4	HSBC	12	4,010.2	6.7
5	UOB	5	3,374.1	5.6
6	Mizuho	9	2,794.7	4.7
7	DBS	11	2,205.3	3.7
8	MUFG	9	1,723.9	2.9
9	Mega Financial	11	1,599.7	2.7
10	OCBC	6	1,399.0	2.3
	Total	147	59,965.0	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: S5c

China keeps business humming

Equities league tables Follow-ons and equity-linked deals boost volumes

BY FIONA LAU, S ANURADHA

Activity soared in Asian Pacific equity capital markets in the first quarter, as a flurry of Chinese follow-on offerings and equity-linked deals drove issuance volumes.

Equity and equity-linked issues in Asia Pacific, excluding Japan, jumped 50.6% in the first quarter to US$73.6bn from US$48.9bn a year earlier.

Morgan Stanley topped the league table with US$7.6bn proceeds raised, according to Thomson Reuters data. Goldman Sachs ranked second with US$7.1bn while Citigroup was third with US$6.4bn.

Bankers are generally expecting ECM activity to increase at a slower rate in the second quarter given the recent global stock market turmoil.

However, in the second half, volume is expected to pick up significantly given Hong Kong has proposed changes to its listing rules to woo Chinese technology listings and early-stage biotechnology companies, while China plans to introduce Chinese Depositary Receipts to allow overseas-listed tech giants to list in the A-share markets.

The Hong Kong IPO of Chinese smartphone maker Xiaomi Technology, which may include a CDR tranche, is expected to hit the market around summer. China's largest provider of on-demand online services, Meituan-Dianping, is also mulling a Hong Kong IPO of several billions US dollars this year.

"We are seeing the return of institutional investors to Hong Kong's IPO market. For several years, institutional investors shied away from Hong Kong IPOs due to poor aftermarket performance and lack of liquidity in many names. However, the success of a number of deals at the end of 2017 has signalled a shift in investor sentiment. The IPO pipeline is the strongest it has been in many years and the underlying stories of these growth companies are attractive to investors," said David Binnion, head of ECM Distribution and Risk in Asia ex-Japan at Goldman Sachs.

In the A-share market, Chinese e-commerce giants Alibaba Group Holding and JD.com both are planning CDR issuances as early as this summer.

MAIN ENGINE

In the first quarter, Chinese companies were again the main engine for equity capital raisings, accounting for US$44.2bn or 60% of the total. Six out of the top 10 ECM deals were from China.

The volume of follow-on offerings in the first quarter jumped 48.4% year on year to US$44.1bn, mainly thanks to a jumbo HK$76.95bn (US$9.8bn) sell-down in Tencent Holdings from its largest shareholder Naspers.

Other large follow-ons included the A$2.5bn (US$1.97bn) entitlement offer from Australian gas and oil producer Woodside Petroleum, a Rs128bn (US$2bn) rights issue from India's Tata Steel and a Rs90bn block trade in Tata Consultancy Services.

Equity-linked deal volume reached US$14.2bn in the first quarter, up a whopping 157.6% from a year earlier.

The biggest deal was a Rmb20bn (US$3.2bn) exchangeable bond issued by China National Petroleum Corp. Sole bookrunner Goldman Sachs also raised a combined HK$23.5bn for Country Garden Holdings from a share placement and a convertible bond. China Evergrande Group, meanwhile, raised HK$18bn from a CB.

India was the most active market after China. The ECM volume in the country was US$8.6bn versus US$2.8bn in the first quarter of 2017. Apart from the sizable follow-on offerings, Bandhan Bank conducted the largest IPO of the year so far at Rs45bn, followed by Hindustan Aeronautics at Rs41bn and ICICI Securities with Rs35bn.

Australia and South Korea registered respective volumes of around US$6bn and US$5.5bn in the first quarter. ■

Top bookrunners of global common stock Asia Pacific (ex-Japan and Australia)
1/1/18 – 31/3/18

	Name	Issues	Amount US$(m)	%
1	Citigroup	19	6,261.6	11.5
2	Morgan Stanley	16	6,234.5	11.4
3	BAML	8	4,794.6	8.8
4	Goldman Sachs	15	4,468.0	8.2
5	Huatai Sec	9	2,075.4	3.8
6	UBS	11	1,984.0	3.6
7	Citic	11	1,728.7	3.2
8	Shenwan Hongyuan Sec	2	1,568.0	2.9
9	Guotai Junan Sec	13	1,338.0	2.5
10	Credit Suisse	12	1,335.9	2.5
11	Axis	9	1,314.4	2.4
12	China Sec	9	1,147.4	2.1
13	State Bank of India	9	1,012.7	1.9
14	Daishin Sec	5	920.9	1.7
15	Kotak Mahindra	5	869.0	1.6
	Total	416	54,587.4	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: C4a

Top bookrunners of global common stock Asia Pacific (ex-Japan)
1/1/18 – 31/3/18

	Name	Issues	Amount US$(m)	%
1	Morgan Stanley	19	7,400.4	12.5
2	Citigroup	20	6,418.3	10.8
3	BAML	8	4,794.5	8.1
4	Goldman Sachs	15	4,284.1	7.2
5	UBS	19	4,019.4	6.8
6	Huatai Sec	9	2,075.4	3.5
7	Citic	11	1,728.6	2.9
8	Shenwan Hongyuan Sec	2	1,568.0	2.6
9	Credit Suisse	12	1,335.9	2.3
10	Guotai Junan Sec	12	1,334.4	2.3
11	Axis	9	1,314.4	2.2
12	China Sec	9	1,147.4	1.9
13	State Bank of India	9	1,012.5	1.7
14	Daishin Sec	5	920.9	1.6
15	Kotak Mahindra	5	869.0	1.5
	Total	576	59,350.3	

Market volume
Proportional credit
Source: Thomson Reuters SDC Code: C4a2

Top bookrunners of global convertible offering Asia Pacific (ex-Japan and Australia)
1/1/18 – 31/3/18

	Name	Issues	Amount US$(m)	%
1	Goldman Sachs	3	2,628.8	19.2
2	Citic	3	1,414.0	10.3
3	CICC	2	1,080.7	7.9
4	CSC Financial	2	941.0	6.9
5	China Merchants Sec	2	785.4	5.8
6	BNP Paribas	2	475.4	3.5
7*	China Galaxy Sec	1	452.1	3.3
7*	Bank of China	1	452.1	3.3
7*	China Sec	1	452.1	3.3
10	Guotai Junan Sec	1	394.4	2.9
11	Minsheng Sec	1	381.3	2.8
12	Zhongtai Sec	1	347.0	2.5
13	Essence Sec	1	316.9	2.3
14	Huatai Sec	1	314.2	2.3
15	HSBC	3	295.9	2.2
	Total	41	13,671.3	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: C9b

Top bookrunners of global convertible offering Asia Pacific (ex-Japan)
1/1/18 – 31/3/18

	Name	Issues	Amount US$(m)	%
1	Goldman Sachs	4	2,770.7	19.5
2	Citic	3	1,414.0	9.9
3	CICC	2	1,080.7	7.6
4	CSC Financial	2	941.0	6.6
5	China Merchants Sec	2	785.4	5.5
6	BNP Paribas	2	475.4	3.3
7*	China Galaxy Sec	1	452.1	3.2
7*	Bank of China	1	452.1	3.2
7*	China Sec	1	452.1	3.2
10	Guotai Junan Sec	1	394.4	2.8
11	Minsheng Sec	1	381.3	2.7
12	Zhongtai Sec	1	347.0	2.4
13	Essence Sec	1	316.9	2.2
14	Huatai Sec	1	314.2	2.2
15	HSBC	3	295.9	2.1
	Total	44	14,232.3	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: C9b1

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TOP STORY LEAGUE TABLES

Global banks regain wallet share

International firms muscle back into the top 10 in terms of fees

Global investment banks regained significant ground on their Chinese competitors in Asia during the first quarter, as an upswing in follow-on offerings and equity-linked activity tilted the scales in their favour.

International banks took seven of the top 10 slots in terms of fees earned in Asia ex-Japan, up from three in the same period last year, with Goldman Sachs, Citigroup and Morgan Stanley among the biggest risers.

Bank of China retained its top position, generating US$232.6m in fees for a 6% market share for the first three months of 2018, according to Thomson Reuters data.

Citic Securities was second with a 5% share of wallet, while Goldman Sachs ranked third overall, with a 4.1% market share, gaining three places.

Morgan Stanley was fourth, jumping eight places, while Citigroup was fifth, up from 13th last year. Industrial and Commercial Bank of China was the only remaining Chinese bank to crack the top 10.

The latest figures provide international banks with a welcome reprieve after seeing their market share steadily eroded by Chinese banks and brokers in the last two years.

"The capital markets in this part of the world are becoming a lot more competitive. I think there are roughly three times the number of bookrunners today compared with five years ago."

Global banks tend to attribute this to the willingness of their Chinese counterparts to work for lower fees, as well as their ties to friends and family investors in the mainland.

Some have responded by shrinking their headcount, while others have doubled down, betting that their superior distribution and product and industry expertise will win out.

"The capital markets in this part of the world are becoming a lot more competitive," said Jimmy Choi, co-head of capital markets at Australia and New Zealand Banking Group.

"I think there are roughly three times the number of bookrunners today compared with five years ago."

"How we compete is by being strategic and we've had a lot of success with our connectivity. For example, we brought Qatar National Bank into the Australian domestic market this year."

ECM RESILIENCE

Overall IB fees across Asia-ex Japan fell 12% in the first three months to US$3.87bn, with fees from debt capital markets, M&A, equities capital markets and loans all down.

ECM proved the most resilient source of income, with fees falling just 2% to US$1.49bn, compared with double-digit declines across DCM and loans.

International banks took six of the top 10 positions in the ECM fee league tables for Asia ex-Japan, with Goldman Sachs coming first.

This marked a dramatic reversal of last year's standings, when the first eight positions all went to Chinese banks and brokers, led by Citic Securities.

Global banks benefited from an upsurge in follow-on offerings and equity-linked deals during Q1, two areas where a number have shifted their focus, in part due to strong competition for Hong Kong IPO mandates.

Bank of America Merrill Lynch, Citigroup and Morgan Stanley were joint bookrunners on the HK$76.95bn (US$9.8bn) sell-down in Tencent Holdings from South African media company Naspers.

For equity-linked deals, Goldman Sachs took the lion's share of fees, acting as bookrunner on China National Petroleum Corporation's Rmb20bn (US$3.2bn) exchangeable bond.

Meanwhile, the IPO pipeline was relatively subdued during Q1 with the exception of a number of Asia-to-US listings, most notably the US$2.25bn IPO of iQiyi, Baidu's video-streaming service, towards the end of the quarter.

DCM fees were down 14% to US$1.3bn as G3 bond volumes failed to keep pace with last year's record year, due to rising US interest rates and expectations of higher inflation.

Fees from loans were down 30% to US$535.8bn because of a decline in M&A-related financings. M&A fees were down 6% to US$584.3m as measures from China's regulators to stem capital outflows stayed in place.

THOMAS BLOTT

Asia IB Fees League Table Q1 2018 (excluding Japan and Australia)

	Name	Fees US$ (m)	%
1	Bank of China	232.59	6.01
2	Citic	191.42	4.95
3	Goldman Sachs	157.48	4.07
4	Morgan Stanley	150.14	3.88
5	Citigroup	113.92	2.94
6	Credit Suisse	103.90	2.68
7	HSBC	98.85	2.55
8	JP Morgan	89.88	2.32
9	BAML	85.93	2.22
10	ICBC	84.20	2.18
11	UBS	81.39	2.10
12	CCB	79.52	2.05
13	Deutsche	75.08	1.94
14	Haitong Sec	72.25	1.87
15	CICC	70.82	1.83
16	Guotai Junan Sec	68.86	1.78
17	CSC Financial	62.63	1.62
18	China Merchants Sec	62.03	1.60
19	State Bank of India	56.75	1.47
20	Axis	56.70	1.47
21	CMB	48.44	1.25
22	BNP Paribas	46.19	1.19
23	Huatai Sec	45.51	1.18
24	Standard Chartered	44.96	1.16
25	ICICI	42.19	1.09
	Total	2,221.62	57.40

Source: Thomson Reuters

BOC, BoCom annual profits rise

China's big five banks look to have turned a corner after BANK OF CHINA and BANK OF COMMUNICATIONS both reported an upswing in profits for the full year, wrapping up the annual results season.

BOC, China's fourth largest bank by assets, said on March 29 that its profit for 2017 stood at Rmb172.41bn (US$27.39bn), up 5% year on year.

This fell slightly short of an average forecast of Rmb183.32bn, according to analysts polled by Thomson Reuters.

BoCom, China's fifth largest bank, recorded an annual profit of Rmb70.22bn, a 4% increase. This compared with an average forecast of Rmb67.3bn.

The latest results follow on the heels of China's three largest lenders – Industrial and Commercial Bank of China, China Construction Bank and Agricultural Bank of China – all reporting stronger yearly earnings.

Their improved performances follow a difficult couple of years for China's major banks whose results last year were mostly flat, weighed down by lower net interest margins and rising non-performing loans.

China's economy has started to improve, however, which has allowed delinquent borrowers, particularly in the steel and mining industries, to regain their pricing power and their ability to service debt.

Both BOC and BoCom reported a slight decline in their NPL ratios. BOC's ratio stood at 1.45% at December 31, down 1bp from a year earlier, while BoCom's ratio fell 2bp to 1.5%.

At the same time, both BOC and BoCom reported an increase in loan demand and low single-digit increases in total assets for the full year.

President Xi Jinping's crackdown on shadow banking has favoured the larger banks due to the knock-on effect this has had on the wholesale market.

China's big five banks are net lenders in that market, which has led to a growing gap in performance versus the smaller lenders that rely on short-term borrowing for funding.

BOC reported a slight strengthening in its net interest margin for the year, up 1bp to 1.84%.

BoCom said that its NIM stood at 1.58% at year-end, down 30bp, although the bank said that it had risen by 1bp during the fourth quarter and expected further improvement this year.

THOMAS BLOTT

IN BRIEF

Anbang Insurance Group
Regulator approves US$9.7bn bailout

China's banking and insurance regulator has approved a Rmb60.8bn (US$9.67bn) capital injection for ANBANG INSURANCE GROUP, according to a statement from a government work group on the insurer's website.

The move follow the government's seizure of control over Anbang in February and prosecution of its chairman.

The money will come from a non-government bailout insurance security fund for the insurance industry, which will temporarily take a stake in Anbang during the restructuring of its shareholding, the government work group says.

The insurer will start the selection of new private strategic investors as the capital injection takes place, the statement says.

Anbang's current registered capital remains at Rmb61.9bn.

Japan Exchange Group
SGX divestment plan afoot

JAPAN EXCHANGE GROUP plans to sell its 4.95% stake in SINGAPORE EXCHANGE over a period of three years.

The planned divestment follows the introduction of Japan's corporate governance code in 2015, which forces companies to explain the economic rationale of strategic shareholdings.

"Following a review of the requirements under the code, JPX reached the conclusion that the existing cooperative relationship with SGX would continue even without holding the shares of SGX," JPX said in a statement on March 30.

JPX, formed out of the merger of the Osaka and Tokyo exchanges in 2013, signed a letter of intent with SGX in 2014 to collaborate in various areas, including derivatives and commodities.

It currently owns 53.05m shares in SGX, equivalent to S$392.05m (US$299.4m), based on the Singapore bourse's closing price last Thursday.

China MoF
No new state-backed loans for LGFVs

China's Finance Ministry on March 30 barred state-owned financial firms from providing new loans to local government financing vehicles.

The move represents an intensification of China's efforts to curb local government debt risk.

All state-owned financial companies are forbidden from providing any sort of funding for local governments, other than the purchase of their bonds, the ministry says in an online statement.

Authorities are in the second year of an intensifying campaign to reduce risks in the financial system, which includes a crackdown on shadow banking and investigations into hidden debt obligations of local governments.

The ministry says financial institutions' "over-reliance on local governments' creditworthiness" is leading to rising fiscal and financial risks.

State-owned financial institutions must step up scrutiny of infrastructure projects and make sure borrowers can use their own operating cashflows to cover all principals and interests of outstanding debts.

Lenders are forbidden from requiring or accepting any form of guarantee from local governments for financing.

While financial firms rectify existing local government illicit financing projects, they are forbidden from "blindly" recalling or suspending loans, the ministry says, out of concern that could disrupt cashflows.

WHO'S MOVING WHERE...

■ **SINGAPORE EXCHANGE** has named industry veteran *Mark Leahy* as head of fixed income, responsible for executing strategy for its bond-trading business, SGX Bond Pro, as well as attracting bond listings to the exchange.

Leahy, with more than 27 years of experience in fixed-income trading and syndicate, was most recently Asia Pacific head of debt capital markets and syndication at Nomura. Before that, he was Asian debt syndicate head at Deutsche Bank.

SGX also said that, from mid-2018, SGX Bond Trading would become the general counterparty for SGX Bond Pro, its over-the-counter trading venue focused on Asian bonds. UBS was general counterparty at the platform's launch in 2015.

Standard Chartered has been named sole settlement bank for SGX Bond Trading.

■ **UBS** has nominated former Goldman Sachs partner *Fred Hu* to its board of directors, according to last Tuesday's statement from the bank.

Hu is chairman of Primavera Capital Group, a China-based private-equity firm he founded after leaving Goldman in 2010.

Hu, who holds a PhD in economics from Harvard University, spent 13 years at the US bank, where was co-head of investment banking for China from 2004 to 2008 and chairman of Greater China from 2008 to 2010. He was previously an economist with the International Monetary Fund.

■ Hu's appointment is subject to approval from shareholders at the Swiss bank's AGM on May 3.Gaming hardware and software developer **RAZER** has hired former Evercore banker *Li Meng Lee* as chief strategy officer, based in Singapore.

Lee was part of the Evercore team that advised Razer on its HK$4.12bn (US$525m) IPO last year and had earlier worked on its series C and D fundraisings.

Lee spent nearly five years at Evercore. He had also been with Australia & New Zealand Banking Group, private-equity firm CMIA Capital Partners and JP Morgan.

■ **INTERMEDIATE CAPITAL GROUP** promoted *Ryan Shelswell*, head of equity and mezzanine for Australia and New Zealand, to run its Asia Pacific business, the London-listed specialist fund manager said on Thursday.

He starts his new role on July 30 to replace *Chris Heine*, who is retiring after 12 years at the helm.

Shelswell joined ICG in 2010. He completed seven deals in Australia and New Zealand, involving investments of over US$700m, nearly 70% of the capital ICG had deployed in the region.

He will report to *Benoit Durteste*, the chief executive of ICG in London.

AUSTRALIA

DEBT CAPITAL MARKETS

› SCENTRE PRINTS REVIVED EUROBOND

Retail property firm **SCENTRE GROUP**, rated A1/A (Moody's/S&P), raised €500m (US$611m) from last Thursday's revived Eurobond offering, with *Credit Suisse* and *Deutsche Bank* as arrangers.

The 1.75% 10-year Reg S bond priced 80bp wide of mid-swaps, 10bp inside initial price thoughts for a new-issue premium of around 10bp, having attracted an order book in excess of €1.2bn.

Scentre had been expected to print such a bond a year ago after a European roadshow that Credit Suisse and BNP Paribas had arranged.

Two other Australian REITs may soon follow Scentre to the Reg S market.

VICINITY CENTRES, rated A2/A (Moody's/S&P), last month met investors in Asia and Europe, through *Bank of America Merrill Lynch*, *BNP Paribas*, *HSBC* and *Westpac*, for a euro or US dollar Reg S bond with a maturity of seven to 10 years.

STOCKLAND, rated A3/A– (Moody's/S&P), held European meetings in March, via arrangers *CBA*, *HSBC* and *JP Morgan*, for a minimum €300m seven-year to 12-year Eurobond.

Scentre was created in June 2014, when Westfield Group separated its US and European businesses from operations in Australia and New Zealand.

The company is a self-managed shopping centre A-REIT, focussed on Australia and New Zealand, with interests in 39 Westfield-branded shopping centres.

› AUSGRID READIES BENCHMARK ISSUES

AUSGRID FINANCE, rated Baa1/BBB (Moody's/S&P), had mandated *ANZ*, *Bank of America Merrill Lynch* and *HSBC* to arrange investor meetings in Sydney, Asia and the US from April 6.

The Australian energy infrastructure company also named *BNP Paribas*, *Credit Agricole* and *HSBC* for separate meetings in Europe from April 11.

Ausgrid plans to issue benchmark US dollar 144A/Reg S bonds of five and/or 10 years, and/or benchmark euro bonds of seven to 12 years.

Last August, Ausgrid set a cross-border record with an inaugural US$1.9bn sale in the US private placement market to pay off a A$2bn bridge loan.

Two months later, Ausgrid raised a local corporate record A$1.2bn from debut dual-tranche seven-year MTN.

The New South Wales government holds a 49.6% interest in Ausgrid, while a consortium of IFM Investors and AustralianSuper controls the remaining 50.4%.

› TRANSURBAN WORKS ON OFFERING

TRANSURBAN QUEENSLAND, rated BBB (S&P), will complete this week a roadshow, with *ANZ*, *Bank of America Merrill Lynch* and *SMBC Nikko* as arrangers, for a potential 10-year Reg S US dollar issue under its EMTN programme.

After last Thursday's London meetings, the issue will be marketed in Hong Kong on Monday and in Singapore on Tuesday.

The Australian toll-road operator, of which Transurban owns 62.5%, met Zurich investors through arranger UBS last Friday for a possible Swiss franc bond issue.

› MEB PRINTS A$250M THREE-YEAR

MEMBERS EQUITY BANK, rated Baa1/BBB (Moody's/S&P), raised A$250m from last Thursday's print of three-year floating-rate notes.

ANZ, *NAB* and *Westpac* were joint lead managers on the issue, sold inside the 130bp area price guidance at three-month BBSW plus 127bp.

On November 1 last year, ME Bank, which 29 Australian industry super funds own, sold a A$300m three-year floater at 125bp wide of three-month BBSW.

Top lead managers of Australian dollar-denominated domestic bonds, inc-Kangaroo bonds, ex-self-funded transactions, ABS, MBS
1/1/18 – 31/3/18

	Name	Issues	Amount A$(m)	%
1	CBA	13	4,683.7	12.9
2	UBS	11	4,572.4	12.6
3	Deutsche	19	4,096.4	11.3
4	ANZ	19	3,614.8	9.9
5	NAB	18	3,550.8	9.8
6	Citigroup	7	2,917.3	8.0
7	TD Sec	29	2,443.4	6.7
8	Westpac	13	1,977.6	5.4
9	JP Morgan	10	1,656.3	4.6
10	RBC Capital	22	1,604.8	4.4
	Total	**106**	**36,421.9**	

*Market volume and including Kangaroo bonds
Proportional credit
Source: Thomson Reuters SDC Code: AJ6

Top lead managers of all Australian debt, inc-ABS, MBS (ex-self-funded transactions)
1/1/18 – 31/3/18

	Name	Issues	Amount A$(m)	%
1	NAB	24	6,444.7	15.7
2	CBA	16	5,161.8	12.5
3	UBS	11	4,572.4	11.1
4	Deutsche	20	4,263.1	10.4
5	ANZ	19	3,614.8	8.8
6	Citigroup	7	2,917.3	7.1
7	TD Sec	29	2,443.4	5.9
8	Westpac	15	2,235.0	5.4
9	JP Morgan	10	1,656.3	4.0
10	RBC Capital	22	1,604.8	3.9
	Total	**114**	**41,164.3**	

*Market volume and including Kangaroo bonds
Proportional credit
Source: Thomson Reuters SDC Code: AJ3a

Top lead managers of Australian dollar-denominated domestic securitisation, inc-self-funded transactions ex-CDOs
1/1/18 – 31/3/18

	Name	Issues	Amount A$(m)	%
1	NAB	6	2,893.9	61.0
2	CBA	3	478.1	10.1
3	Macquarie	3	361.5	7.6
4	Westpac	2	257.5	5.4
5	UOB	1	169.8	3.6
6*	Deutsche	1	166.7	3.5
6*	BAML	1	166.7	3.5
8*	Natixis	1	124.1	2.6
8*	HSBC	1	124.1	2.6
	Total	**8**	**4,742.4**	

*Market volume and including Kangaroo bonds
Proportional credit
Source: Thomson Reuters SDC Code: AJ5

Top lead managers of all Australian securitisation, inc-self-funded transactions ex-CDOs
1/1/18 – 31/3/18

	Name	Issues	Amount A$(m)	%
1	NAB	6	3,008.6	60.5
2	CBA	3	478.1	9.6
3	Macquarie	3	361.5	7.3
4	UOB	1	284.5	5.7
5	Westpac	2	257.5	5.2
6*	Deutsche	1	166.7	3.4
6*	BAML	1	166.7	3.4
8*	Natixis	1	124.1	2.5
8*	HSBC	1	124.1	2.5
	Total	**8**	**4,971.7**	

*Market volume and including Kangaroo bonds
Proportional credit
Source: Thomson Reuters SDC Code: AJ4

NAB heads Aussie dollar league table

Bonds Overall volumes drop, but tenors increase

National Australia Bank came out on top of the Q1 2018 league table for Australian dollar bond issuance, including securitisations but excluding self-led trades, according to Thomson Reuters data.

NAB participated in 24 of the 114 domestic currency transactions for a 15.7% share of the A$41.2bn (US$31.7bn) raised between January 1 and March 31, down from the A$50.8bn issued in Q1 2017, also from 114 trades.

Commonwealth Bank of Australia was second with a 12.5% share from 16 issues, with UBS the best placed international bank having been on 11 tickets for a 11.1% share and third place overall.

Deutsche Bank came in fourth with a 10.4% share from 20 trades while perennial frontrunner ANZ Banking Group slipped to fifth with 19 trades representing 8.8% of the Q1 market share.

Citigroup, TD Securities, Westpac, JP Morgan and RBC Capital markets made up the rest of Australia's top 10.

In Q1 2017 ANZ, Westpac, CBA, Deutsche Bank and NAB headed the bookrunner table, in that order, with Citigroup, UBS, TD Securities, Nomura and RBC rounding off the top 10.

Overall Q1 supply, including self-led deals, fell from A$62.3bn in the same period a year ago to A$49.5bn, largely due to a sharp decline in Commonwealth and State government syndicated issuance, as well as a drop-off in asset-backed securities.

Total government sales fell by over A$10bn, from A$26.0bn to A$15.8bn, while securitisations slipped from A$9.2bn to A$5.1bn.

SSA Kangaroos have raised A$9.1bn so far in 2018, barely changed from A$9.4bn a year earlier, while non-SSA Kangaroos more than doubled from A$1.7bn to A$3.6bn.

Domestic financial issuance was also steady at A$14.5bn versus A$13.9bn previously, as domestic corporate supply slipped only slightly, to A$1.6bn from A$1.9bn.

Another feature of early 2018 issuance has been a notable extension in tenors with the average maturity of SSA Kangaroos, non-SSA Kangaroos, domestic financials and governments rising to 9.5, 8.4, 5.4 and 11.7 years, respectively, from 8.8, 6.6, 4.1 and 11.3 years in Q1 2017.

CITI LEADS OFFSHORE

Citigroup headed the offshore league table? having been on six foreign currency trades totalling US$1.7bn for a 9.4% market share.

Morgan Stanley took seven Australian issuers to overseas markets for a 8.5% market share and second place.

Next came HSBC, Westpac and Credit Suisse with 7.7%, 7.4% and 6.4% of Q1 2018's foreign bond business, respectively.

JP Morgan, Goldman Sachs, Bank of America Merrill Lynch, Deutsche Bank and CBA held the 6th to 10th places.

JOHN WEAVERS

AMP BANK SEALS A$300M PRINT

AMP BANK, rated A2/A (Moody's/S&P), raised A$300m from last Wednesday's sale of two-year senior unsecured floating-rate notes, priced inside 75bp area guidance at three-month BBSW plus 70bp. *ANZ*, *NAB* and *Westpac* were joint lead managers on the trade.

Last September, AMP Bank issued a A$500m three-year floater, priced 75bp wide of three-month BBSW.

ONTARIO EXTENDS KANGAROO CURVE

Canada's PROVINCE OF ONTARIO, rated Aa2/A+ (Moody's/S&P), extended its Kangaroo curve last Thursday with a A$50m 10.5-year print via sole lead *TD Securities*.

The 3.2% October 12 2028s priced at 99.206 for a yield of 3.29%, 52bp wide of asset swaps and 61.5bp over the November 2028 ACGB.

ACT READIES 10-YEAR BENCHMARK

AUSTRALIAN CAPITAL TERRITORY, rated AAA (S&P), has hired *ANZ*, *UBS* and *Westpac* as joint lead managers for an Australian dollar fixed-rate 10-year benchmark bond issue.

The country's smallest self-governing internal territory sold a A$525m 2.5% 10-year bond in May 2016, priced 35.5bp wide of ACGBs.

STRUCTURED FINANCE

SMOOTH DRIVE FOR VOLKSWAGEN ABS

VOLKSWAGEN FINANCIAL SERVICES smoothly executed its A$699m Driver Australia Five Trust Auto ABS issue last Friday. The issuance confirms that the German carmaker' s 2016 emissions scandal is firmly behind it, as far as the Australian securitisation market is concerned.

The A$661.5m Class A notes, rated AAA/AAA (S&P/Fitch), with a 1.78-year weighted-average life and 13% credit support, priced inside 95bp area guidance at one-month BBSW plus 93bp.

The A$37.5m Class B notes, rated A+/AA–, with a WAL of 2.82 years and 8% credit support, matched one-month BBSW plus 150bp area price talk.

ANZ was arranger and joint lead manager with *Bank of America Merrill Lynch*.

The new Class As priced 2bp tighter than the 95bp margin for last May's A$466m Driver Australia Four Trust Auto ABS and was inside the current 95bp–100bp BBSW spread required for a new major bank RMBS with a 3.0-year WAL, according to local syndication desks.

The Class Bs priced 15bp inside the 165bp margin for the Driver Australia Four B notes.

In contrast, Driver Australia Three, issued in March 2016, was forced to pay a hefty premium because of VW's emissions scandal, which had come to light less than six months earlier.

The Driver Three Class As and Class Bs priced 170bp and 265bp over one-month BBSW, respectively, with the former representing a 30bp pick-up over the major bank RMBS clearing rate at that time.

Distribution statistics were not available at the time of publication, but Driver Five was understood to have drawn strong offshore demand from investors familiar with VW's other driver programmes in China, Japan, Brazil, Germany, the UK, France, the Netherlands and Spain, as well as in North America under a different name.

PEOPLE'S PREPARES FOR RMBS

PEOPLE'S CHOICE CREDIT UNION has released initial price guidance for an indicative A$500m issue of RMBS, Light Trust 2018-1.

ANZ, *NAB* and *Westpac* are joint lead managers on the trade, which may launch as early as April 9.

Price talk for the A$460m Class A1 notes, with a 3.0-year weighted-average life, is one-month BBSW plus 115bp area.

Initial guidance for the respective A$10.5m Class A2s, A$16, Class ABs, A$8m Class Bs, A$4.5m Class Cs and A$1m Class

Ds, all with 5.4-year WALs, is one-month BBSW plus 135bp–140bp area, 165bp–170bp area, low 200s area, 300bp area and high 500s area.

People's Choice raised A$500m from last April's issue of the Light Trust 2017-1 Australian RMBS.

LIBERTY READIES DUAL-CURRENCY RMBS

LIBERTY FINANCIAL has hired *Bank of America Merrill Lynch*, *CBA*, *Deutsche Bank*, *NAB* and *Westpac* to arrange meetings with domestic and offshore investors, starting Monday, for a potential issue of Australian dollar and euro RMBS.

The speciality finance group issued an enlarged A$1.2bn-equivalent dual-currency RMBS in Aussie dollars and euros on July 14 last year.

The respective A$120m Class A1a, A$416m A1b, €165m (US$202m) A1c and A$280.8m A2 tranches priced at spreads of 75bp, 135bp and 210bp over one-month BBSW, while the A1c piece priced at three-month Euribor plus 50bp.

RESIMAC HIRES FOR RMBS

Non-bank lender RESIMAC has mandated *NAB* and *Westpac* to engage investors for a potential issue through the Resimac Premier RMBS programme.

Resimac previously visited the local market last December to sell A$1bn prime RMBS via Resimac Premier Series 2017-3.

The A$880m Class A notes, with a 2.7-year weighted-average life, priced at one-month BBSW plus 112bp. The A$66m Class AB, A$28m Class B and A$11m Class C notes, all with 4.6-year WALs, priced 185bp, 215bp and 315bp wide of one-month BBSW, respectively. The A$10.5m Class D notes, with a 4.4-year WAL, priced 615bp over one-month BBSW.

SYNDICATED LOANS

PAIR RAISING DEBT TO BUY MINE

Indonesia's ADARO ENERGY and Australian private-equity firm EMR CAPITAL are raising debt of US$1.7bn for their proposed acquisition of a majority stake in a coal mine from global miner Rio Tinto.

A special-purpose vehicle, under the control of the duo, will raise debt to finance the purchase of Rio Tinto's 80% stake in the Kestrel coal mine in Queensland state for A$2.25bn (US$1.74bn).

The US$1.7bn debt is fully underwritten and split into a US$400m 12-month bridge loan to high-yield bond from *MUFG* and *Standard Chartered*, a US$1.05bn five-year amortising term loan from seven banks and a US$250m revolving credit facility from four of the seven lenders on the term loan.

ANZ, *CIMB Bank*, *DBS Bank*, MUFG, *OCBC Bank*, StanChart and *SMBC* are the underwriters of the US$1.05bn term loan, while ANZ and three others are providing the revolver, split further into a US$150m working capital facility and a US$100m bonding line.

The interest margin on the term loan is north of 300bp over Libor. The banks are preparing to launch the loan into syndication.

The acquisition marks Adaro's biggest overseas investment, as well as EMR's biggest outlay in the mining sector.

The Kestrel mine in the Bowen Basin region produces high-quality coking coal and was Rio Tinto's last remaining coal mine in Australia.

The acquisition was subject to regulatory approvals and expected to be completed in the second half of this year, Reuters reported late last month.

NINE COMMIT TO NINJA LOAN

An 11-year Ninja loan tranche of A$500m to refinance the Sydney desalination plant has attracted commitments from nine lenders. *MUFG* has underwritten the loan.

Three Japanese insurers – *Dai-ichi Life Insurance, Daido Life Insurance* and *Meiji Yasuda Life Insurance* – came into the loan, which was part of a larger A$1.68bn refinancing.

Daido Life, a relatively new entrant to offshore infrastructure lending, committed US$31m to the US dollar portion of the Ninja loan. Other lenders included *Chiba Bank*, *Iyo Bank, Norinchukin Bank* and *Sumitomo Mitsui Trust Bank*.

The refinancing reached financial close on March 29 with MUFG putting up the Ninja loan tranche in Australian dollars. It was then converted into a combined US dollar and Australian dollar facility after financial close with the Australian-currency portion being the larger of the pieces in the two currencies.

The Ninja loan paid all-ins of 175bp for Australian dollars and 130bp for US dollars, calculated on margins of 170bp over BBSY and 125bp over Libor.

The rest of the refinancing was structured as tranches of three and five years, which existing lenders mostly funded. The interest margin for the three-year is 90bp over BBSY and that on the

Top bookrunners of Australia syndicated loans
1/1/18 – 31/3/18

	Name	Deals	Amount US$(m)	%
1	ANZ	6	3,001.9	37.0
2	Mizuho	2	824.8	10.2
3	ICBC	1	700.0	8.6
4	NAB	4	666.4	8.2
5*	Westpac	1	649.8	8.0
5*	Credit Agricole	1	649.8	8.0
7	MUFG	2	625.6	7.7
8	CBA	3	426.1	5.3
9	Barclays	1	268.7	3.3
10	UOB	1	175.0	2.2
	Total	**14**	**8,120.2**	

* Based on market of syndication and market total
Proportional credit
Source: Thomson Reuters SDC Code: S7

Top bookrunners of New Zealand syndicated loans
1/1/18 – 31/3/18

	Name	Deals	Amount US$(m)	%
1	ANZ	2	288.4	100.0
	Total	**2**	**288.4**	

* Based on market of syndication and market total
Proportional credit
Source: Thomson Reuters SDC Code: S13b

Top bookrunners of Australian equity and convertible offerings
1/1/18 – 31/3/18

	Name	Issues	Amount US$(m)	%
1	UBS	8	2,584.0	33.9
2	Morgan Stanley	3	1,472.4	19.3
3	Macquarie	6	604.6	7.9
4	Deutsche	2	602.7	7.9
5	JP Morgan	1	252.7	3.3
6	Goldman Sachs	2	207.7	2.7
7	Citigroup	1	199.1	2.6
8	Credit Suisse	1	182.7	2.4
9	Morgans Financial	8	164.5	2.2
10	Bell Financial	13	131.0	1.7
	Total	**171**	**7,621.9**	

*Market volume
"Standard Exclusion not applicable"
Proportional credit
Source: Thomson Reuters SDC Code: AK1

Top bookrunners of Australian equity
1/1/18 – 31/3/18

	Name	Issues	Amount US$(m)	%
1	UBS	8	2,584.0	37.5
2	Morgan Stanley	3	1,472.4	21.3
3	Macquarie	6	604.6	8.8
4*	Deutsche	1	252.7	3.7
4*	JP Morgan	1	252.7	3.7
6	Citigroup	1	199.1	2.9
7	Morgans Financial	8	164.5	2.4
8	Bell Financial	13	131.0	1.9
9	Patersons Sec	17	109.0	1.6
10	Euroz Sec	5	106.2	1.5
	Total	**168**	**6,899.5**	

*Market volume
"Standard Exclusion not applicable"
Proportional credit
Source: Thomson Reuters SDC Code: AK2

five-year is 120bp over BBSY. The borrower is **SDP FINCO**.

The plant has been undergoing repairs, to be completed later this year, after significant storm damage in December 2015. As the storm triggered a force majeure clause, the plant's contractual water-supply obligations to state utility Sydney Water have been put on hold until reconstruction is completed. The plant has not delivered any water since Hastings Funds Management and Ontario Teachers' Pension Plan bought it in 2012 due to high water levels in Sydney. The sponsors paid the New South Wales government A$2.3bn for a 50-year lease.

INVESTEC DOUBLES BULLET SIZE

INVESTEC BANK doubled the size of its three-year bullet term loan to A$150m from an original target of A$75m before signing it on March 27.

ANZ and *BNP Paribas* were original mandated lead arrangers and bookrunners, while *Bank of China*, *HSBC*, *State Bank of India* and *UOB* joined for the same title.

The facility, offering an all-in pricing of 140bp over BBSY, will be used partly to refinance a A$75m three-year term loan closed in July 2016. That loan paid an all-in of 145bp, based on a margin of 110bp over BBSY and a 105bp upfront fee, for tickets of A$10m or more.

For full allocations, see www.ifrasia.com.

CHINA

DEBT CAPITAL MARKETS

BOCA PROPOSES DOLLAR TAKEOFF

BOC AVIATION, rated A–/A– (S&P/Fitch), has hired banks for a proposed 144A/Reg S offering of US dollar senior unsecured bonds off its global medium-term notes programme.

BOC International, *Citigroup*, *DBS Bank*, *HSBC*, *JP Morgan*, *Wells Fargo Securities*, *MUFG* and *Westpac* are joint lead managers and joint bookrunners.

The aircraft-leasing company started to meet investors in Asia, Europe and the US from last Friday.

The notes also have expected A– ratings from both agencies.

YUEXIU LOOKS TO MTN OFFERING

YUEXIU PROPERTY has hired banks for a proposed offering of senior unsecured Reg S notes in US dollars and/or offshore renminbi off a newly established medium-term notes programme of US$3bn.

Bank of China (Hong Kong), *Chong Hing Bank*, *CMBC Capital*, *DBS Bank*, *Deutsche Bank*, *Guotai Junan International*, *HSBC*, *Morgan Stanley*, *Nomura* and *Yue Xiu Securities* have been named joint global coordinators, joint lead managers and joint bookrunners.

The Hong Kong-listed Chinese property developer will meet investors in Hong Kong, Singapore and London, starting Monday.

Indirect wholly owned subsidiary Westwood Group Holdings will be the issuer of the notes and Yuexiu Property will be the guarantor.

Yuexiu Property has ratings of Baa3 (negative) from Moody's and BBB– (stable) from Fitch and the notes have expected Baa3 and BBB–, respectively, in line with the guarantor.

FOUNDER HIRES FOR DOLLAR SENIOR

PEKING UNIVERSITY FOUNDER GROUP has hired four banks for a proposed offering of US dollar Reg S senior unsecured bonds.

Bank of China, *Barclays*, *DBS Bank* and *Founder Securities (Hong Kong)* are joint global coordinators, joint lead managers and joint bookrunners.

The state-owned conglomerate will meet investors in Hong Kong and Singapore, starting Monday.

The issuer of the proposed unrated notes will be Kunzhi, while Founder Information (Hong Kong) will be guarantor. Both companies are subsidiaries of Founder Group.

The bonds will also will have the benefit of a keepwell deed and a deed of equity interest purchase undertaking from Founder Group.

Peking University owns 70% of Founder Group and Beijing Zhaorun Investments Management, a holding company of the group's employees, controls the remaining 30%.

Founder Group is involved in information technology, healthcare and pharmaceuticals, finance and securities, bulk commodities trading, education and training.

In January, Founder Group issued US$600m of dual-tranche US dollar senior unsecured notes, split into US$200m 4.70% three-year notes and US$400m 5.35% five-year notes.

HUANENG SELLS TIGHT NOTES

HUANENG POWER INTERNATIONAL has raised Rmb1.5bn (US$239m) from an offering of three-year notes on the Shanghai Stock Exchange.

The notes were priced at par to yield 4.90%.

The proceeds will be used for debt repayment.

Both the issuer, the listed arm of one of China's biggest power generators, and the notes are rated AAA by United Rating.

China Securities and *China Merchants Securities* were joint lead underwriters on the offering.

JINZHOU BANK STAYS ONSHORE

BANK OF JINZHOU is looking to raise up to Rmb10bn from onshore debt issues.

The Chinese lender plans to raise up to Rmb6bn from offerings of Tier 2 notes and Rmb4bn from the sale of perpetual bonds in the interbank bond market.

The board has approved the plan and it is now subject to clearances from shareholders and regulators.

Top bookrunners of all renminbi bonds, ex-self-funded transactions
1/1/18 – 31/3/18

	Name	Issues	Amount Rmb(m)	%
1	Citic	104	107,735.4	10.6
2	ICBC	72	67,083.9	6.6
3	CCB	98	66,074.2	6.5
4	Bank of China	81	62,522.7	6.1
5	ABC	75	58,294.2	5.7
6	Industrial Bank	79	56,758.1	5.6
7	CSC Financial	66	56,174.2	5.5
8	BoCom	70	43,619.2	4.3
9	CMBC	60	40,553.3	4.0
10	Shanghai Pudong	57	32,415.0	3.2
	Total	**771**	**1,019,081.5**	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: AS24

Top bookrunners of Dim Sum bonds (Rmb issued and settled offshore bonds)
1/1/18 – 31/3/18

	Name	Issues	Amount Rmb(m)	%
1	Standard Chartered	16	8,740.9	30.2
2	HSBC	20	8,085.8	27.9
3	Societe Generale	2	2,050.0	7.1
4	Bank of China	3	1,805.8	6.2
5*	DBS	1	1,000.0	3.5
5*	KGI Financial	1	1,000.0	3.5
7	Citic	2	857.3	3.0
8	Credit Agricole	7	775.8	2.7
9*	Goldman Sachs	1	475.0	1.6
9*	JP Morgan	1	475.0	1.6
	Total	**49**	**28,989.8**	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: AS24a

Moody's reviews Huiyuan for downgrades

Bonds Rating agency takes action after Chinese juice-maker fails to comply with several listing rules

Moody's last Tuesday placed CHINA HUIYUAN JUICE GROUP's B1 corporate family and senior unsecured ratings under review for downgrades on concerns over its corporate governance and potential deterioration of its liquidity position.

The action came after the Chinese juice-maker failed to comply with several listing rules on reporting, announcements and the independent shareholders' approval needed for major loan provisions associated with related entities.

Huiyuan announced on March 29 that it had provided loans, totalling Rmb4.28bn (US$681m), to Beijing Huiyuan Beverage during the period between August 15 2017 and 29 March 29 2018. Zhu Xinli, chairman of the Hong Kong-listed company's largest shareholder and chairman, owns 65% of Beijing Huiyuan Beverage.

The transaction was significant, but Huiyuan did not make any announcement and did not obtain approval from independent shareholders. The omissions violated several listing rules of the Stock Exchange of Hong Kong.

Moreover, the two corporate entities did not sign any formal deal until March 29, when they entered into a loan agreement to document and, simultaneously, terminate the prior loan transactions. By then, Beijing Huiyuan Beverage had paid in full the principal and interest accrued.

In a filing on April 3, Huiyuan said certain defaults and events of default under certain financing documents of the company had or might have arisen directly or indirectly from the above transactions.

The company has formally applied for waivers in respect of the breaches and possible breaches from relevant parties under related financing documents. So far, none of the relevant parties has expressed an intention to accelerate repayment of the principal and interest.

Huiyuan also failed to announce its 2017 results on March 29 as planned. Its shares have been suspended from trading since April 3, pending the publication of the results.

Lina Choi, a Moody's vice president and senior credit officer, said the rating review reflected her concerns over Huiyuan's weak corporate governance, as revealed by their recent announcement.

"Such a situation could adversely impact its access to funding in the future," she said.

"Moody's rating review also takes into consideration the potential deterioration of Huiyuan's liquidity position as the situation evolves, which could trigger the early repayment of its debt obligations," she noted.

If Huiyuan continued to delay the filing of its audited financials with the SEHK, it risked triggering the early repayment of its existing debt obligations, which would then severely impair the company's liquidity position, she pointed out.

If Moody's assesses that Huiyuan's liquidity profile has deteriorated materially, its rating could be downgraded more than one notch.

Huiyuan's 6.50% 2020s were quoted at 94.50/95.50 last Wednesday, nearly two points lower from 96.125/96.75 before the Easter holidays, according to a trader.

The trader said the bonds were illiquid and did not see any real trades.

CAROL CHAN

OKAY FOR ABC JUMBO T2

AGRICULTURAL BANK OF CHINA has received regulatory approval to issue Tier 2 notes of up to Rmb40bn in China's interbank bond market.

In a filing to the Stock Exchange of Hong Kong, ABC says the China Banking Regulatory Commission and the People's Bank of China have given their approvals for the issue.

CRL RETURNS TO ISSUE PANDAS

Hong Kong-listed CHINA RESOURCES LAND has raised Rmb4bn from dual-tranche Panda bonds.

It printed Rmb500m of three-year bonds at par to yield 4.98% and Rmb3.5bn of five-year notes at par to yield 5.23%.

The property developer initially planned to raise Rmb2bn each from the two tenors, but adjusted the size due to robust demand for the five-year tranche, according to a source familiar with the matter.

"The issuer wanted to extend the maturity at a reasonable pricing, while there was good demand for longer-dated bonds," said the source.

Yields on China Development Bank's five-year notes have gone down 10bp to 4.47% since late March amid worries over an escalating trade war between China and the US.

It was the developer's second visit of the year to the Panda bond market. In early March, it printed Rmb6bn three-year Pandas at par to yield 5.38%.

Both the notes and the issuer have AAA ratings from China Chengxin.

The Cayman islands-incorporated company intends to use the proceeds for real-estate projects in China and to replenish capital.

Citic Securities is lead underwriter on the issue with *Agricultural Bank of China* as joint lead underwriter.

SAIC-GMAC PRINTS ONSHORE

SAIC-GMAC AUTOMOTIVE FINANCE has raised Rmb5bn from the sale of two-year financial notes, priced at par to yield at 5.0%, in China's interbank bond market.

The issuer intends to use the proceeds to replenish capital and to optimise its funding structure.

The issue has received a AAA rating from China Lianhe Credit.

ICBC was bookrunner for the trade as well as joint lead underwriter with *Bank of China* and *Bank of Nanjing*.

GMAC UK, a wholly owned subsidiary of General Motors, owned 35% of SAIC-GMAC as of end-June 2016.

BMW READIES VANILLA BONDS

BMW AUTOMOTIVE FINANCE (CHINA) is about to raise Rmb3bn from its first print of vanilla bonds in two years in China.

Books will open for the three-year notes in China's interbank bond market on April 10. The notes will also be available under Bond Connect, which gives international investors direct access to China's domestic market from Hong Kong.

Both the notes and the issuer have AAA ratings from China Chengxin.

Citic Securities and *Bank of China* are joint lead underwriters on the offering, proceeds of which will be used to replenish capital.

Last year, BMW Automotive Finance (China) raised a combined Rmb12bn from three trades of auto loan-backed securities in China.

Its last offering of vanilla bonds was in March 2016, when it printed Rmb2bn of three-year notes at par to yield 3.3% at the time.

BOC goes multi-currency

■ **Bonds** **Dual-listed lender proposes issuance to support China's BRI**

BANK OF CHINA, rated A1/A/A, has hired banks for a proposed offering of multi-currency bonds as part of activities to support the country's Belt and Road initiative.

The bank, listed in Hong Kong and Shanghai, held conference calls with fixed-income investors in Asia Pacific and Europe from April 4.

The issuers of the proposed senior fixed and/or floating-rate notes, with short to intermediate maturities, will be various branches and subsidiaries of BOC.

The Reg S notes, denominated in US dollars, euros, sterling, and/or Australian dollars, have expected ratings of A1/A/A. The paper in New Zealand dollars has expected ratings of A1/A (Moody's/S&P).

BOC, Singapore branch, has named *BOC*, *Citigroup*, *DBS Bank*, *OCBC Bank*, *Standard Chartered* and *Mizuho Securities* as joint global coordinators, joint bookrunners and joint lead managers on a proposed offering of US dollar benchmark notes.

The Luxembourg branch has mandated *BOC*, *Citigroup*, *Commerzbank*, *Credit Agricole* and *ING* for similar roles on an issue of euro benchmark notes.

Its London branch has hired *BOC*, *Citigroup*, *Barclays* and *HSBC* for the roles on an offering of sterling benchmark notes.

The Sydney branch has named *BOC*, *Citigroup*, *ANZ*, *UBS* and *Westpac* for the roles on an issue of Aussie dollar benchmark notes.

BOC's New Zealand subsidiary has mandated *BOC*, *ANZ Bank New Zealand* and *Westpac* for an issue of Kiwi dollar benchmark notes.

In June 2015 and April 2017, BOC sold multi-tranche, multi-currency notes via various branches, to support projects linked to the Belt and Road infrastructure initiative along the historic Silk Road route.

In the June 2015 trade, it issued US$3.55bn-equivalent of notes in US dollars, euros, Singapore dollars and offshore renminbi. For its April 2017 print of US$3.05bn-equivalent, it sold bonds in US dollars, euros, Aussie dollars and offshore renminbi.

A banker on the latest issue said BOC aimed to launch the it this week at a size more or less similar to previous prints.

CAROL CHAN

› DAZHONG PLANS ONSHORE ISSUE

SHANGHAI DAZHONG PUBLIC UTILITIES (GROUP) plans to issue onshore notes in China's interbank bond market to raise up to Rmb5.5bn (US$875m) for working capital and debt repayment.

The company, listed in Hong Kong and Shanghai, plans to issue up to Rmb1.5bn of medium-term notes with a maturity of up to five years. It also intends to issue up to Rmb2bn of short-term commercial paper with a tenor of no more than one year and up to Rmb2bn of super short-term commercial paper with a maturity not exceeding 270 days.

The above plans are subject to shareholder and regulatory approval.

Shanghai Dazhong has businesses in piped gas supply, wastewater treatment, public infrastructure projects, investment, transportation, and financial services.

STRUCTURED FINANCE

› PING AN TAPS AUTO LOAN ABS

PING AN BANK has printed Rmb1.94bn (US$307.7m) of auto loan-backed securities in China's interbank bond market.

The issuer priced a Rmb1.762bn Class A piece at par to yield 5.05% and a Rmb42m Class B at par to yield 5.50%. The two tranches were 3.90 times and 4.85 times covered, respectively.

The originator retained an unrated subordinated Rmb134.45m tranche.

The two senior tranches have expected maturities of February 26 2019 and March 26 2019, respectively. The Class As have AAA ratings from both China Chengxin and China Bond, while they see the Class Bs notes as AA+.

The underlying assets are 23,546 auto loans with total balance of Rmb1.94bn. The weighted-average interest rate on the loans is 10.72%, according to the prospectus.

CICC is lead underwriter and bookrunner on the offering with *Ping An Securities* as joint lead underwriter.

› HAIER READIES LEASING ABS

HAIER FINANCIAL SERVICES (CHINA) is preparing to raise Rmb993.6m from an offering of asset-backed securities, with *China Development Bank* as sole lead.

The trade comprises a Rmb160m Class A1 tranche, a Rmb784m Class A2 tranche and a Rmb49.6m unrated subordinated tranche.

Both Class A1 and A2 notes have AAA ratings from China Lianhe Credit Rating.

Books will open on April 9 in China's interbank bond market.

The securities are backed against 49 leasing contracts with a total balance of Rmb1.123bn.

The financial leasing arm of white-goods maker Haier Group intends to use the proceeds to replenish capital. China Bond Insurance is the guarantor on the issue.

SYNDICATED LOANS

› BOHAI AUTO BUYING TRIMET STAKE

BOHAI AUTOMOTIVE SYSTEMS is seeking a €100m (US$123m) debut loan to back its acquisition of a majority stake in Germany's Trimet Automotive Holding.

Natixis is the coordinator on the three-year borrowing, which has been launched into limited syndication.

Indicative price talk is for an all-in of over 200bp.

A special-purpose vehicle of Bohai Automotive will be the borrower, while the parent company will provide a guarantee.

Shanghai-listed Bohai Automotive counts Beijing Hainachuan Automotive Parts (23%) and Beijing Automotive Group (21.7%) as its largest shareholders. Beijing Automotive, or BAIC, is providing a letter of comfort.

On Wednesday, Bohai Automotive announced a plan to buy a 75% stake in Trimet Automotive for €61.5m from Trimet Aluminium. The acquisition is subject to approval from regulators.

China Securities is the financial adviser to Bohai Automotive.

Trimet Automotive, a maker of lightweight aluminium alloy parts, has long-term partnerships with European auto brands, such as Audi, BMW, Daimler, Volkswagen and Volvo.

› COMPEQ CHONGQING SEEKS LOAN

COMPEQ MANUFACTURING (CHONGQING) has launched a US$150m five-year onshore term loan, with *Bank of Taiwan* as mandated lead arranger and bookrunner.

The unsecured loan, with Taiwan-listed parent Compeq Manufacturing as guarantor, comprises a US$50m tranche A and a US$100m tranche B, paying an interest margin of 105bp over Libor.

The borrower will pay any excess interest rate beyond a 40bp difference between TAIFX and Libor.

Banks can join as MLAs with US$18m or more for an upfront fee of 14bp, as joint arrangers with US$12m–$17m for a 9bp fee, or as participants with US$6m–$11m for a 4bp fee. The deadline for responses is April 27.

Proceeds are for a factory expansion project in central China's Chongqing city and also for refinancing a US$84m five-year term loan from December 2013. BoT also led the 2013 loan, which offered a margin of 125bp over three-month or six-month Libor. The borrower would pay any excess interest rate beyond a 35bp difference between TAIFX and Libor.

CHEMCHINA ALLOCATES JUMBO BULLET

CHINA NATIONAL CHEMICAL CORP has allocated its US$5.5bn dual-tranche term loan after attracting 24 banks in general syndication.

Banco Santander, *Bank of America Merrill Lynch*, *Barclays*, *BNP Paribas*, *China CITIC Bank*, *Commerzbank*, *Credit Agricole*, *Credit Suisse*, *First Abu Dhabi Bank*, *Industrial Bank*, *Rabobank*, *MUFG*, *Natixis*, *Societe Generale* and *Unicredit Bank* are mandated lead arrangers and bookrunners and equal underwriters on the bullet loan.

CNAC Century (HK) is the borrower, while parent ChemChina and affiliates China National Agrochemical (CNAC) and CNAC Saturn (HK) are guarantors. The borrower, as well as CNAC and CNAC Saturn, are fully owned subsidiaries of state-owned ChemChina.

The bullet loan is split into a US$3.85bn three-year tranche A and a US$1.65bn five-year tranche B, paying opening top-level all-ins of 181.33bp and 215bp over Libor, respectively, based on ChemChina's ratings of Baa2/BBB/A– (Moody's/S&P/Fitch). Pricing is tied to a ratings grid.

Funds will refinance a US$12.7bn bridge loan, which funded the company's SFr43bn (US$43bn) acquisition last year of Swiss seeds and pesticides maker Syngenta.

For full allocations, see www.ifrasia.com.

Top bookrunners of China syndicated loans
1/1/18 – 31/3/18

	Name	Deals	Amount US$(m)	%
1	Bank of China	33	10,657.5	62.4
2	Citic	3	4,300.5	25.2
3	CDB	1	1,238.7	7.3
4	HSBC	2	120.3	0.7
5	Ping An Bank	1	100.0	0.6
6*	CMB	1	87.8	0.5
6*	Bank of East Asia	1	87.8	0.5
8	SMFG	2	81.2	0.5
9*	OCBC	1	48.7	0.3
9*	KDB	1	48.7	0.3
9*	First Financial	1	48.7	0.3
	Total	43	17,083.5	

* Based on market of syndication and market total

Proportional credit

Source: Thomson Reuters SDC Code: S8b

GOLDWIND ALLOCATES BULLET LOAN

Wind-turbine maker Xinjiang Goldwind Science & Technology has allocated its US$300m three-year bullet loan.

Standard Chartered was the original mandated lead arranger and bookrunner on the loan, while *China Construction Bank (Asia)* and *Hang Seng Bank* are MLABs.

Lenders were offered a top-level all-in pricing of 165bp, via an interest margin of 145bp over Libor and a 60bp upfront fee.

The borrower is **GOLDWIND INTERNATIONAL HOLDINGS (HK)**, a unit of Xinjiang Goldwind Science. The parent will provide a keepwell deed and a deed of equity-interest purchase undertaking.

Funds are for general corporate purposes.

For full allocations, see www.ifrasia.com.

EQUITY CAPITAL MARKETS

MAOYAN WEYING USES DUO FOR IPO

MAOYAN WEYING, China's biggest online seller of film tickets, has started working with Bank of America Merrill Lynch and Morgan Stanley on a Hong Kong IPO this year, according to people close to the deal.

The company plans to raise about US$1bn from the float, say the people.

Maoyan was valued at Rmb20bn (US$3.17bn) last November, when internet giant Tencent Holdings made a Rmb1bn investment in the company, according to a Reuters report.

The investment came after Maoyan and Tencent-backed Beijing Weiying Technology struck a merger deal in September to create a film ticketing giant.

Maoyan Weying's other backers include Shenzhen-listed film producer Beijing Enlight Media and Meituan Dianping, China's largest provider of on-demand online services.

China is the world's second-largest cinema market and nearly 80% of film-goers buy tickets online, Reuters has reported, citing Big Data Research.

Top bookrunners of China equity and convertible offerings
1/1/18 – 31/3/18

	Name	Issues	Amount US$(m)	%
1	Goldman Sachs	11	5,404.1	12.0
2	Morgan Stanley	11	5,069.8	11.3
3	BAML	5	4,290.2	9.6
4	Citigroup	8	3,952.1	8.8
5	Citic	11	2,677.5	6.0
6	Huatai Sec	10	2,389.7	5.3
7	China Sec	10	1,599.5	3.6
8	Shenwan Hongyuan Sec	2	1,568.0	3.5
9	Guotai Junan Sec	12	1,473.6	3.3
10	China Merchants Sec	7	1,216.9	2.7
	Total	136	44,880.7	

*Market volume

"Standard Exclusion not applicable"

Proportional credit

Source: Thomson Reuters SDC Code: C1m

LIEPIN OPERATOR FILES FOR IPO

WISE TALENT INFORMATION TECHNOLOGY, operator of Chinese Internet-based recruitment services provider Liepin.com, has applied for a Hong Kong IPO.

JP Morgan and *Morgan Stanley* are joint sponsors on the proposed float.

IFR reported in January that Liepin could raise US$600m–$800m from the IPO.

The company posted a 2017 net profit of Rmb7.6m a turnaround from a 2016 loss of Rmb128m.

According to the filing, it had 38.9 million registered individual users as of December 31 2017.

Liepin was valued at about US$1bn in June 2016, when it raised US$100m from a China Mobile Innovation Industry Fund-led private financing round. China Mobile and State Development & Investment Corp established the fund.

Warburg Pincus and Matrix Partners China also invested US$70m in Liepin during a 2014 fundraising round.

REDSUN PROPERTIES FILES FOR IPO

REDSUN PROPERTIES GROUP has applied to the Stock Exchange of Hong Kong for a proposed IPO.

The Jiangsu-based developer aims to raise around US$400m from the listing, according to people close to the plans.

Redsun posted a 2017 profit of Rmb1.20bn on revenue of Rmb6.14bn, according to a company filing.

CCB International, *Huatai Financial* and *ABC International* are joint sponsors of the float.

APPROVALS FOR SHANGHAI FLOATS

CHINA SECURITIES, also known as CSC Financial, has cleared a China Securities Regulatory Commission hearing for a proposed Shanghai listing of up to 400m A-shares, or about 5.2% of its enlarged capital.

Based on the April 3 close of HK$6.71, equivalent to Rmb5.37, the brokerage may raise over Rmb2bn from the listing.

UBS Securities and *China Galaxy Securities* are joint sponsors on the IPO, proceeds of which will be used to increase the firm's capital.

The IPO still needs written CSRC approval.

GAN & LEE PHARMACEUTICALS has also cleared a CSRC hearing for a proposed Shanghai IPO of about Rmb2.52bn.

The company plans to sell not more than 40.2m shares, or about 10% of its enlarged capital. Proceeds will be used for insulin production, research and development, and replenishment of working capital.

Citic Securities is the sponsor on the IPO and joint bookrunner with *Citi Orient Securities*.The float is still awaiting written CSRC approval.

Paper products maker XIANHE CORP intends to raise up to Rmb843m from a Shanghai IPO of 62m shares, having set the price at Rmb13.59 each.

The price represents a 41% discount to the average valuation of listed peers in the paper and paper products industry. In pricing consultations, the institutional book was about 502 times covered.

The book will close on April 9.

Citi Orient Securities is the sponsor.

Proceeds will be used mainly for paper production and a thermal power project.

Top bookrunners of Hong Kong dollar bonds, inc certificates of deposit, commercial paper
1/1/18 – 31/3/18

Name	Issues	Amount HK$(m)	%
1 HSBC	47	18,386.0	29.6
2 Standard Chartered	19	11,566.5	18.6
3 BoCom	3	5,500.0	8.8
4 Mizuho	6	3,049.4	4.9
5 UBS	2	1,325.0	2.1
6 Credit Agricole	4	1,260.0	2.0
7 Societe Generale	3	984.9	1.6
8 Goldman Sachs	1	900.0	1.5
9 Citigroup	4	780.0	1.3
10 BNP Paribas	4	775.0	1.3
Total	112	62,189.8	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: AS5a

Top bookrunners of Hong Kong dollar bonds, ex-certificates of deposit, commercial paper
1/1/18 – 31/3/18

Name	Issues	Amount HK$(m)	%
1 HSBC	14	8,776.0	38.2
2 Standard Chartered	9	5,044.5	22.0
3 Mizuho	3	1,749.4	7.6
4 Credit Agricole	4	1,260.0	5.5
5 Goldman Sachs	1	900.0	3.9
6 UBS	1	825.0	3.6
7 BNP Paribas	4	775.0	3.4
8 Societe Generale	2	484.9	2.1
9 Citigroup	1	300.0	1.3
10* SMFG	1	250.0	1.1
10* MUFG	1	250.0	1.1
10* Daiwa Sec Group	1	250.0	1.1
Total	43	22,967.8	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: AS6

Top bookrunners of Hong Kong syndicated loans
1/1/18 – 31/3/18

Name	Deals	Amount US$(m)	%
1 HSBC	8	1,779.9	12.3
2 Bank of China	6	1,589.3	11.0
3 MUFG	3	1,160.3	8.0
4 ICBC	4	1,115.9	7.7
5 ANZ	4	937.1	6.5
6 Standard Chartered	2	935.4	6.5
7 UOB	2	618.6	4.3
8 CMB	2	490.4	3.4
9 Deutsche	2	490.0	3.4
10 Mega Financial	2	440.2	3.1
Total	25	14,433.1	

* Based on market of syndication and market total
Proportional credit
Source: Thomson Reuters SDC Code: S9b

› CHUANTOU ENERGY PULLS CB PLAN

SICHUAN CHUANTOU ENERGY has withdrawn its application for a proposed issuance of six-year convertible bonds to raise up to Rmb4bn.

The withdrawal is due to current market conditions, regulatory policy requirements, the financing environment, as well as the potential issuer's actual situation, according to a company filing.*Credit Suisse Founder Securities* was sole bookrunner.

The electric power producer had planned to use the proceeds to build a hydropower plant.

› FANGDA PROPOSES EB ISSUE

LIAONING FANGDA GROUP INDUSTRIAL has proposed a private placement of three-year exchangeable bonds of up to Rmb6bn with the shares of FANGDA CARBON NEW MATERIAL as underlying.

Liaoning Fangda holds 731m Fangda Carbon shares, or 40.85% of the company's issued capital.

The issuance plan still needs regulatory approval.

Fangda Carbon makes graphite and carbon products.

Hong Kong global equity and equity-related
1/1/18 – 31/3/18

Name	Issues	Amount US$(m)	%
1 UBS	3	1,003.4	25.0
2 Goldman Sachs	2	500.7	12.5
3 China Merchants Sec	2	417.3	10.4
4* BNP Paribas	1	333.3	8.3
4* Citic	1	333.3	8.3
6 Guotai Junan Sec	2	258.8	6.4
7 Get Nice Sec	3	119.6	3.0
8 CCB	2	106.0	2.6
9 Yue Xiu Securities	1	99.9	2.5
10 Kingston Sec	7	78.6	2.0
Total	75	4,017.4	

Source: Thomson Reuters

HONG KONG

DEBT CAPITAL MARKETS

› CLP SETS UP MTN PROGRAMME

CLP POWER HONG KONG set up a US$4.5bn medium-term-note programme, with *HSBC* as arranger, before listing it on the Stock Exchange of Hong Kong on April 3.

CLP Power Hong Kong Financing will be the issuer and CLP Power Hong Kong will be the guarantor.

SYNDICATED LOANS

› SIPG MAKING MAIDEN TRIP

SHANGHAI INTERNATIONAL PORT (GROUP) is seeking a HK$8.8bn (US$1.12bn) 13-month borrowing on its debut in the syndicated loan markets.

Sole bookrunner *Deutsche Bank*, which first provided the loan last September, has brought in *DBS Bank* and is selling down the borrowing further to other lenders.

The bullet loan, due on October 24, pays an all-in pricing of about 100bp over Hibor.

Proceeds refinanced bridge loans the port operator obtained from BOC International, HSBC and JP Morgan in 2016 to invest in the IPO of Postal Savings Bank of China last September.

As a cornerstone investor in PSBC's HK$59.1bn IPO, SIPG put up HK$15.9bn for 3.35bn shares at HK$4.76 each.

SIPG monetised half its stake last July through US$1bn of zero-coupon exchangeable bonds, split equally into four-year put two and five-year put three tranches. The notes are exchangeable for the H-shares of PSBC, China's biggest bank in branch numbers.

The borrower could sell another EB to monetise its remaining stake in PSBC.

INDIA

DEBT CAPITAL MARKETS

› VEDANTA PLACES TWO-TRANCHER

VEDANTA has raised Rs40bn (US$616m) from a private placement of two-tranche bonds, with *Axis Bank* and *HDFC Bank* said to be the arrangers.

According to a National Securities

Depository filing, the diversified Indian natural resources company placed two respective three-year bonds to raise Rs16.5bn and Rs23.5bn at 8.5% each.

The placement was completed on April 5.

Crisil recently revised to positive from stable its outlook on Vedanta's bank facilities and debt programme, as well as reaffirming its AA rating.

The rating agency cited a strengthening business profile on the back of a structural improvement in aluminium profitability and expectations of volume ramp-up across businesses.

Crisil expects deleveraging to continue in the medium term.

In December, Vedanta sold bonds maturing in 2020 at 7.8% to raise Rs5bn.

BAJAJ GETS THREE-YEAR FUNDS

BAJAJ FINANCE has raised Rs35bn from three-year zero-coupon rupee bonds priced to yield 8%, according to a National Securities Depository filing.

Crisil has assigned a rating of AAA (stable) to the notes.

MUTHOOT TARGETS UP TO RS30BN

MUTHOOT FINANCE plans to raise Rs5bn, with an option to retain oversubscription of up to Rs30bn, from a public issue of rupee bonds, according to an offer document.

The gold-financing firm has fixed annual coupons of 8.00% for notes of 400 days, 8.50% for those of two years, 8.75% for those of three years and two months and 9% for those of five years. The issue opens on April 9 and closes on May 8.

Muthoot has also provided options for monthly and cumulative coupon payments.

Crisil and Icra have assigned AA (stable) ratings to the notes.

Edelweiss Financial Services and *AK Capital Services* are lead arrangers.

Top lead managers of Indian rupee bonds
1/1/18 – 31/3/18

	Name	Issues	Amount Rs(m)	%
1	Axis	52	288,705.1	34.2
2	HDFC	29	132,112.6	15.6
3	Trust Group	47	111,557.6	13.2
4	ICICI	39	66,072.6	7.8
5	Yes Bank	11	37,959.0	4.5
6	AK Capital	20	34,524.3	4.1
7	Kotak Mahindra	12	28,353.0	3.4
8	State Bank of India	13	27,548.9	3.3
9	HSBC	5	20,500.0	2.4
10	SPA Capital Advisors	5	15,570.1	1.8
	Total	103	845,049.5	

*Market volume

Proportional credit

Source: Thomson Reuters SDC Code: AS23

Muthoot will use 75% of the proceeds for lending and the rest for general corporate purposes.

RELIANCE INFRA OPTS FOR DOUBLE

RELIANCE INFRASTRUCTURE has raised Rs10bn from dual-tranche rupee bonds at 11.5%, according to a filing on National Securities Depository Limited.

The offering comprised a Rs5bn one-year three-month tranche and a Rs5bn one-year four-month tranche.

The one-year four-month bonds have a put and call option in this July, September, December and next March. The one-year three-month bonds have a put and call option this June, September, December and next March.

India Ratings sees the bonds as A, while Care rates them A–.

SREI LOOKS TO PUBLIC FUNDING

SREI EQUIPMENT FINANCE is looking to a public issue of rupee bonds to raise up to Rs10bn, according to a draft prospectus filed to Indian exchanges.

It aims to raise Rs5bn, plus a greenshoe option of the same size. It has yet to announce the tenor and the bookbuilding dates.

The notes have AA+ ratings from both Brickwork and SMERA.

The equipment financier has appointed *Edelweiss Financial*, *AK Capital*, *IIFL Holdings*, *SPA Capital*, *Tipsons Consultancy* and *Trust Investment Advisors* as lead arrangers.

RELIANCE POWER RAISES RS7.5BN

RELIANCE POWER has raised Rs7.5bn from seven-year bonds at 12.18%, according to a National Securities Depository filing.

Top bookrunners of India syndicated loans
1/1/18 – 31/3/18

	Name	Deals	Amount US$(m)	%
1	L&T Financial Services	11	733.0	17.6
2	State Bank of India	4	589.3	14.2
3	Axis	3	510.3	12.3
4	MUFG	4	412.0	9.9
5	Indusind-Bank	7	402.8	9.7
6	Mizuho	3	345.3	8.3
7	ICICI	3	306.6	7.4
8*	Standard Chartered	1	128.7	3.1
8*	DBS	1	128.7	3.1
8*	ANZ	1	128.7	3.1
8*	Credit Agricole	1	128.7	3.1
8*	First Abu Dhabi Bank	1	128.7	3.1
	Total	31	4,163.6	

* Based on market of syndication and market total

Proportional credit

Source: Thomson Reuters SDC Code: S10b

The interest will be paid semi-annually.

The notes, which are not guaranteed, have a BBB Icra rating.

Last July, Reliance Power raised Rs2.5bn from rupee bonds of 11 months and 19 days at 10.2%.

GES EYES 10-YEAR PRINT

GREAT EASTERN SHIPPING aims to sell 10-year rupee bonds at 8.85% to raise Rs3bn, according to a BSE filing.

The bonds have AAA (stable) ratings from both Care and Brickwork.

Last May, the Indian company raised Rs1.5bn from 10-year rupee bonds at 8.25%.

SYNDICATED LOANS

BIRLA CARBON SEEKS LARGER LOAN

BIRLA CARBON, a unit of Indian conglomerate Aditya Birla Group, is seeking a US$1.2bn loan after scrapping plans to issue US dollar bonds.

The borrower has added two more banks to the arranger group as *JP Morgan* and *SG Asia* are underwriting US$50m apiece.

Nine other banks, mandated earlier, are underwriting around US$122m each. They are *ANZ*, *Axis Bank*, *BNP Paribas*, *Credit Agricole*, *Citigroup*, *DBS Bank*, *ICICI Bank*, *Mizuho Bank* and *Standard Chartered*.

The borrowing is split into a US$1.05bn 30-month term loan and a US$150m 30-month revolving credit.

The overall loan is expected to be launched into syndication sometime this month.

Birla Carbon had previously eyed a US$600m dual-tranche loan and US dollar bonds of a similar size. However, bond market conditions have not been conducive for high-yield borrowers in recent weeks given the rise in US Treasury yields.

India equity and equity-related
1/1/18 – 31/3/18

	Name	Issues	Amount US$(m)	%
1	Axis	9	1,314.4	15.1
2	Citigroup	6	1,171.2	13.4
3	State Bank of India	9	1,012.7	11.6
4	Kotak Mahindra	5	869.0	10.0
5	Morgan Stanley	1	692.4	7.9
6	ICICI	8	662.7	7.6
7	HDFC	3	446.1	5.1
8	BAML	2	360.4	4.1
9	JM Financial	7	353.2	4.0
10	Edelweiss Financial	6	323.7	3.7
	Total	95	8,732.4	

Source: Thomson Reuters SDC Code: C1L

› EIGHT JOIN NTPC 10-YEAR SAMURAI

India's largest power utility **NTPC** successfully closed the country's first unsecured 10-year offshore borrowing with a ¥39.42bn (US$370m) loan, which attracted eight banks in general syndication.

MUFG, *Mizuho Bank* and *SMBC* were mandated lead arrangers and bookrunners on the Samurai loan, offering a top-level all-in pricing of 105bp, based on an interest margin of 95bp over Tibor and a weighted-average remaining life of 10 years.

The leads prefunded the loan in September and launched it into general syndication in December. Signing with the banks joining in syndication took place on March 22.

Funds will be used partly to finance capital expenditure for NTPC's ongoing and new projects, as well as for renovation and modernisation of its power stations.

In January 2016, NTPC cancelled plans to raise a seven-year loan of up to US$500m after failing to get regulatory approval.

NTPC last raised a US$100m bilateral loan in the second half of 2015 for refinancing purposes. Mizuho provided that three-year facility.

Established in 1975 as National Thermal Power Corp, NTPC is engaged in power generation, consultancy, project management, oil-and-gas exploration and coal mining. As of July 2017, the company had an installed capacity of 51,671MW. This accounted for almost 16% of India's total installed power generation capacity and 24% of total electricity generation in the country.

For full allocations, see www.ifrasia.com.

› PFC DRAWS FOUR TO BORROWING

State-owned **POWER FINANCE CORP** has closed its US$300m five-year loan as four banks joined in general syndication.

Mandated lead arrangers and bookrunners *MUFG*, *Mizuho Bank* and *State Bank of India* managed to sell down only US$32m in general syndication - not surprising due to the tight pricing.

The loan paid a top-level all-in pricing of 100bp, based on an interest margin of 70bp and a 4.5-year remaining life.

The tepid response does not bode well for the syndication of another US$250m five-year loan for which PFC has mandated MUFG, Mizuho and SBI.

For full allocations, see www.ifrasia.com.

RESTRUCTURING

› SUPREME COURT LIFTS RCOM STAY

RELIANCE COMMUNICATIONS has cleared a hurdle towards completing planned asset sales as part of a debt restructuring, after the Indian Supreme Court lifted a stay that had been granted to trade creditor Ericsson India.

Ericsson had in March won a stay preventing RCom from selling spectrum, media convergence nodes and real estate until it was repaid. RCom had responded in a stock exchange filing that unsecured creditors should not have a higher priority of claims than secured lenders.

On Thursday, the Supreme Court lifted the stay, allowing RCom to sell the assets to Reliance Jio Infocomm as planned.

However, the court did not rule on a stay granted by the National Company Law Tribunal in favour of minority investors holding a 4.26% stake in subsidiary Reliance Infratel, which blocks RCom from selling tower and fibre assets. The Supreme Court said RCom should file an appeal before the NCLAT. The disputed claim by Reliance Infratel shareholders totals only Rs2bn–Rs3bn (US$30,800–$46,200), said RCom.

RCom said that following the latest developments, it was confident of achieving an overall debt reduction of around Rs250bn "within the next few weeks", as par of the first phase of its asset monetisation plans. It had originally planned to close the sale by the end of March.

In March, holders of RCom's US$300m 6.5% senior secured bonds approved the substitution of collateral backing the notes, freeing the assets to be sold. Restructuring talks are underway, and part of the consideration for bondholders includes a cash payment following the asset sales.

EQUITY CAPITAL MARKETS

› ATRIA TARGETS SEOND-HALF IPO

Internet service provider **ATRIA CONVERGENCE TECHNOLOGIES** has filed a draft prospectus for an IPO of US$300m–$400m targeted for the second half of this year.

Primary shares for Rs8bn (US$123m) and 10.2m secondary shares will be sold. Argan Mauritius and TA FVCI are among the vendors of the secondary shares. Argan currently owns 57.05% of the company and TA holds 37.71%. Founder Chinnaswamy Sunder Raju and some individual shareholders own the remaining interest.

Atria says it is India's third largest broadband internet service provider with a 6.9% market share.

ACT earned a net profit of Rs1.71bn for the financial year to March 31 2017 versus Rs1bn for FY2016.

Citigroup, *HDFC Bank*, *ICICI Securities* and *JP Morgan* are bookrunners on the IPO.

› RAIL VIKAS FILES IPO DRAFT

State-owned **RAIL VIKAS NIGAM** has filed to the Securities and Exchange Board of India a draft prospectus for its IPO of Rs6bn.

The Indian government will sell a 25% stake in the IPO, through bookrunners *Elara Capital*, *IDBI Capital* and *Yes Securities*.

Rail Vikas develops high-speed-rail networks.

› CRYSTAL CROP SOWS IPO SEEDS

CRYSTAL CROP PROTECTION has filed a draft prospectus for its IPO of Rs10bn, targeted for launch in the second half of this year.

The Indian agro-chemical company will sell primary shares for Rs5.45bn and secondary shares for Rs4.55bn in the IPO.

Members of the Agarwal family, majority owners of Crystal Crop, and Everstone Capital will sell shares in the IPO. Currently, the Agarwals own 91.2% of the company, Everstone holds 3.5% and employees controls 5.3%.

The shares will be listed on BSE and the National Stock Exchange.

Axis, *HSBC*, *ICICI Securities* and *Nomura* are the IPO bookrunners.

INDONESIA

DEBT CAPITAL MARKETS

› FIF SELLS RUPIAH DUAL-TRANCHER

Auto-financing firm **FEDERAL INTERNATIONAL FINANCE** has issued dual-tranche rupiah bonds to raise Rp2.6trn (US$189m), according to a term-sheet.

FIF raised Rp1.52trn from a 370-day tranche at 6.10% and Rp1.08trn from a three-year piece at 7.45%.

IndoPremier, BCA Sekuritas, Danareksa, DBS Vickers Securities, Mandiri Sekuritas and *Trimegah Sekuritas* were lead arrangers on

Top bookrunners of Indonesian rupiah bonds
1/1/18 – 31/3/18

	Name	Issues	Amount Rp(m)	%
1*	MUFG	1	1,350,000.0	20.5
1*	Mandiri SARL	1	1,350,000.0	20.5
1*	HSBC	1	1,350,000.0	20.5
1*	BNP Paribas	1	1,350,000.0	20.5
5	Citigroup	1	500,000.0	7.6
6	TD Sec	1	500.0	0.0
	Total	**5**	**6,578,155.0**	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: AS9

the issue.

Fitch has assigned a AAA (stable) rating to the Indonesian firm's senior unsecured debt programme.

ALFAMART TARGETS RP1TRN AT 7.5%

SUMBER ALFARIA TRIJAYA, or Alfamart, plans to sell three-year rupiah bonds at 7.5% to raise Rp1trn, according to a term-sheet.

The interest on the bonds will be paid quarterly.

The Indonesian convenience-store operator has appointed *BCA*, *Indo Premier* and *Mandiri Sekuritas* for the issue.

Fitch Indonesia has assigned a AA– rating to the notes.

SYNDICATED LOANS

INDO EXIM CLOSE TO HIRING SEVEN

INDONESIA EXIMBANK is close to hiring *ANZ*, *First Abu Dhabi Bank*, *Mizuho Bank*, *MUFG*, *OCBC Bank*, *Standard Chartered* and *UOB Bank* for a multi-tranche loan of US$950m.

The loan comes with maturities of one, three and five years at a split that is being finalised. The launch into general syndication is imminent.

The proceeds will refinance a US$600m three-year tranche of a US$1bn loan signed in May 2015. The piece comes due in May. The US$1bn loan, which also had a US$400m five-year portion, drew 45 lenders, including seven mandated lead arrangers and bookrunners.

The May 2015 loan paid respective top-level all-ins of 146.3bp and 174.0bp, based on interest margins of 118bp and 150bp over Libor.

Indo Exim's most recent market visit was last June for a US$350m one-year club loan, with BNP Paribas, StanChart, SMBC and UOB as leads. The loan was said to have paid an all-in of around 70bp.

A previous US$725m dual-tranche syndicated loan from August 2016 offered top-level all-ins of 132.27bp and 161bp for tenors of three and five years, based on margins of 105bp and 145bp over Libor and remaining lives of 2.75 and 4.75 years, respectively.

Top bookrunners of Indonesia syndicated loans
1/1/18 – 31/3/18

Name	Deals	Amount US$(m)	%
1 State Bank of India	1	400.0	59.1
2 Standard Chartered	2	69.1	10.2
3* Qatar National Bank	1	37.5	5.5
3* Maybank	1	37.5	5.5
3* BNP Paribas	1	37.5	5.5
6* ANZ	1	31.6	4.7
6* Emirates NBD	1	31.6	4.7
6* SMFG	1	31.6	4.7
Total	3	676.5	

Based on market of syndication and market total
Proportional credit
Source: Thomson Reuters SDC Code: S11b

TRANSMEDIA SIGNS US$300M REFI

TRANSMEDIA, a subsidiary of conglomerate CT Corp, and another affiliate have signed a US$300m-equivalent loan for refinancing.

BNP Paribas, *Deutsche Bank*, *Maybank*, *CIMB Bank* and *Standard Chartered* were mandated lead arrangers and bookrunners on the loan, split into US$265m and €30m (US$35m) tranches.

Deutsche Bank took the €30m piece. Lenders were only invited to commit to the US dollar portion at a top-level all-in pricing of 357.03bp, via an interest margin of 325bp over Libor and a participation fee of 105bp.

Transmedia and TELEVISI TRANSFORMASI INDONESIA are the joint borrowers. Chairul Tajung, founder and chairman of CT Corp, has provided a personal guarantee, while Trans Rekan Media and Agranet Multicitra Siberkom are guarantors.

Besides refinancing, funds will be used for working capital needs.

CT Corp, which has interests in financial services, media, retail, lifestyle, entertainment, property and agriculture, was known as Para Group before changing its name in 2011. Televisi operates Trans TV, while Agranet is a media company and publisher of online news in Indonesia.

For full allocations, see www.ifrasia.com.

CSUL LIFTS NEW-MONEY LOAN

CHANDRA SAKTI UTAMA LEASING has increased a three-year loan to US$126.5m from US$75m, following commitments from eight lenders in general syndication.

ANZ, *Emirates NBD*, *Standard Chartered* and *SMBC* were mandated lead arrangers and bookrunners on the financing, which had a base size of US$75m and an unspecified greenshoe option.

The loan paid a top-level all-ins of 301.9bp (offshore) and 336.9bp (onshore), based on interest margins of 265bp (offshore) and 300bp (onshore) over Libor, and a remaining average life of 1.625 years.

CSUL last raised a US$60m four-year facility in September 2016, according to Thomson Reuters LPC data. Credit Suisse was MLAB on that financing, which attracted five other lenders.

The borrower is the financing arm of privately owned Tiara Marga Trakindo. The parent, founded in 1970, is an authorised dealer in Indonesia of heavy-equipment vehicles, including Caterpillar, Iveco, Mercedes-Benz and Michelin.

For full allocations, see www.ifrasia.com.

Indonesia global equity and equity-related
1/1/18 – 31/3/18

Name	Issues	Amount US$(m)	%
1 Sinar Mas Group	1	30.0	44.1
2 Indo Premier Sec	1	17.1	25.2
3 Victoria Investama	1	11.8	17.4
4 Mirae Asset Daewoo	2	9.0	13.3
Total	5	67.9	

Source: Thomson Reuters

JAPAN

DEBT CAPITAL MARKETS

MIZUHO PRINTS TWO-TRANCHE EUROS

MIZUHO FINANCIAL GROUP on Wednesday priced a €1bn two-tranche offering of senior unsecured bonds, with *Mizuho*, *Bank of America Merrill Lynch*, *BNP Paribas*, *Natixis* and *UBS* as leads.

The group sold a €500m piece of five-year floating-rate notes at three-month Euribor plus 50bp, off initial price thoughts of plus 60bp–65bp, and a €500m portion of 10-year fixed-rate bonds at mid-swaps plus 65bp, off IPTs of 75bp–80bp.

Final books stood at €1.1bn for the five-year and €800m for the 10-year.

Expected ratings are A1/A– (Moody's/S&P).

MARUBENI HIRES FOR DOLLARS

MARUBENI hired *JP Morgan*, *Citigroup*, *Mizuho* and *SMBC Nikko* as joint bookrunners for investor meetings in Singapore and Hong Kong, from April 5, ahead of a proposed US dollar five-year senior unsecured bond issue.

The Japanese trading company is expected to price the Reg S notes in the near future, subject to market conditions.

The notes are expected to be rated Baa2/BBB (Moody's/S&P), in line with the issuer.

MEXICO TO RETURN TO SAMURAI

MEXICO sounded out investors last week for an offering of Samurai bonds, two sources told IFR.

There were already growing expectations that the sovereign was mulling a return to the yen market after Mexican officials met Japanese investors last month.

IFR reported in March that a non-deal roadshow for Mexico was organised through Mizuho, Nomura and SMBC Nikko to update the buyside ahead of the country's presidential elections in July.

The sources said expected maturities of the Mexican Samurais would be between three and 20 years.

Official marketing will likely start this week.

Mexico was last in the Samurai market in June 2016 to raise ¥135bn ($1.26bn) from the sale of bonds at tenors of three, five, 10 and 20 years.

SYNDICATED LOANS

SEPIA OBTAINS PROJECT FUNDS

Netherlands-based SEPIA MV30 has signed a US$987m loan for its floating production storage and offloading (FPSO) charter project in Brazil's Sepia oilfield from *Japan Bank for International Cooperation* and seven commercial banks.

JBIC provided US$492m of the loan, while *ABN AMRO*, *ING Bank*, *Mizuho Bank*, *MUFG*, *OCBC Bank*, *Societe Generale* and *SMBC* came up with the remaining US$495m.

A US$247m portion of the 12-year loan from commercial banks carries 100% political risk and 90% commercial risk coverage from Nippon Export & Investment Insurance.

Signing took place on March 29.

The borrower, part of Japan's Marubeni Corp, Mitsui & Co, Mitsui Engineering & Shipbuilding, Mitsui OSK Lines and Modec, signed a FPSO charter agreement with the Brazilian state-owned oil company Petroleo Brasileiro for 21 years.

JOGMEC RETURNS FOR JUMBO

JAPAN OIL GAS & METALS NATIONAL CORP (Jogmec) is seeking a one-year bullet term loan of ¥393.53bn (US$3.7bn), just two months after signing a similar borrowing.

The interest rate on the government-guaranteed loan will be determined through conventional auctions with pricing bids due on April 11. *Mizuho Bank* is the agent.

Drawdown is slated for April 27. Proceeds will be for operating funds.

Typically, Jogmec raises a large loan in April during frequent visits to the syndicated loan market. Last April, it raised a ¥335.22bn one-year term loan with a similar structure and a zero interest rate.

In February, the borrower obtained a ¥36.818bn one-year term loan at zero interest after heavy oversubscription from lenders, such as regional banks.

NREH SIGNS ¥55BN HYBRID LOAN

NOMURA REAL ESTATE HOLDINGS has completed a ¥55bn 37-year hybrid loan, according to releases from Japanese rating agencies.

The loan can be repaid seven years after drawdown on April 27. The interest margin on the loan will step up by 100bp after seven years. The initial margin and lender list were not disclosed.

Japan Credit Rating Agency and Rating & Investment Information have assigned respective BBB+ and BBB ratings to the loan, which both treat as 50% equity.

The borrower made its debut in the hybrid market on March 6 with two bonds – a ¥30bn 40-year and a ¥20bn 42-year at respective yields of 103bp and 113bp over mid-swaps.

RENOVA SIGNS SOLAR POWER PF

Tokyo-based renewable energy developer RENOVA signed a ¥15.63bn 22-year loan on March 30 for its 40.8MW solar power project in Iwate prefecture.

Mizuho Bank was arranger of the loan, while 10 regional banks and two insurance companies joined in syndication. The 10 are *Akita Bank*, *Aomori Bank*, *Bank of Iwate*, *Hokuto Bank*, *Kita-Nippon Bank*, *Michinoku Bank*, *Shonai Bank*, *Toho Bank*, *Tohoku Bank* and *Yamagata Bank*. The insurers are *Japan Post Insurance* and *Nippon Life Insurance*.

Karumai Sonbou Solar GK, a unit of Renova, NEC Capital Solutions and Sky Solar Holdings, will use the funds to develop the plant at Karumaimachi in Iwate prefecture.

Commercial operations are expected to begin in October 2021.

This is Renova's 12th mega solar plant and its third plant at Karumaimachi.

KUMAGAI GUMI SIGNS FOR ¥20BN

Tokyo-listed general contractor KUMAGAI GUMI said it had signed two commitment lines of ¥10bn each, with maturities of one and three years.

SMBC was the arranger and agent, while *Sumitomo Mitsui Trust Bank* came in as co-arranger. *Fukui Bank*, *Gunma Bank*, *Hokuriku Bank*, *Mie Bank* and *MUFG* joined as participants.

The facilities, signed on March 29, represent flexible and stable funding and give a boost to the borrower's financial base.

Top bookrunners of Malaysia syndicated loans
1/1/18 – 31/3/18

	Name	Deals	Amount US$(m)	%
1	Mizuho	2	2,051.7	24.7
2*	UOB	1	2,000.0	24.1
2*	Standard Chartered	1	2,000.0	24.1
2*	HSBC	1	2,000.0	24.1
5*	SMFG	1	51.7	0.6
5*	Hong Leong Financial	1	51.7	0.6
5*	Citigroup	1	51.7	0.6
5*	MUFG	1	51.7	0.6
5*	BNP Paribas	1	51.7	0.6
	Total	2	8,310.0	

* Based on market of syndication and market total

Proportional credit

Source: Thomson Reuters SDC Code: S14b

MALAYSIA

DEBT CAPITAL MARKETS

UMW WORKS ON ISLAMIC PERPS

UMW HOLDINGS plans to market this week an offering of Islamic perpetual bonds, with a call in year 10, for proceeds to be used to repay debt.

The Malaysian automotive company, a AA2 credit to RAM, intends to raise M$1bn (US$262.4m), with an option to increase the size. The perps will be issued off its newly established musharakah programme of M$2bn.

CIMB and *Maybank* will be joint lead managers. They are also joint principal advisers and joint lead arrangers on the programme, while CIMB Islamic Bank and Maybank Islamic Bank are joint shariah advisers.

The perps have a A1 RAM rating to reflect their deep subordination. There will be a 1% step-up in year 10, while coupons can be deferred on a cumulative basis.

The company, part of state-backed Permodalan Nasional, has said the perps will improve its financial health with longer-duration funding. The notes will be treated as 50% equity from a rating

Malaysia global equity and equity-related
1/1/18 – 31/3/18

	Name	Issues	Amount US$(m)	%
1*	CIMB Group	1	160.4	19.3
1*	JP Morgan	1	160.4	19.3
3	Maybank	3	147.0	17.7
4	RHB	6	130.6	15.7
5	BNP Paribas	1	128.6	15.5
6	M and A Sec	3	32.7	3.9
7	K&N Kenanga	3	24.8	3.0
8	TA Sec	7	13.2	1.6
9	Alliance Bank (Malaysia)	2	13.0	1.6
10	UOB	1	5.6	0.7
	Total	33	830.4	

Source: Thomson Reuters

perspective and 100% equity from an accounting viewpoint.

CORRECTION The article "UiTM plans Green SRI sukuk" published in the March 24 edition of IFR Asia (Page 35) mentioned an inaccurate issue rating. The correct rating is AA–

PHILIPPINES

DEBT CAPITAL MARKETS

MEGAWORLD SELLS FIXED-FOR-LIFE

MEGAWORLD priced on Wednesday a US$200m offering of perpetual fixed-for-life notes, despite recent hikes in Treasury yields and expectations of rate increases this year.

The perpetual non-call five senior unsecured notes were sold at par to yield 5.375%, well inside initial price guidance of 6.000% area. The size of the unrated Reg S issue was capped at US$200m, and was heard to have benefited from the strong support of private-bank investors.

When final guidance was announced, the order book was over US$400m. A note to investors said it included large anchor orders, "one of which may constitute a majority of the securities".

Top bookrunners of all Philippine peso bonds
1/1/18 – 31/3/18

	Name	Issues	Amount Ps(m)	%
1	Standard Chartered	2	5,857.1	13.2
2*	Security Bank	1	2,857.1	6.4
2*	Metropolitan B&T	1	2,857.1	6.4
2*	BPI	1	2,857.1	6.4
2*	ING	1	2,857.1	6.4
2*	China Bk Capital Corp	1	2,857.1	6.4
2*	BDO Unibank	1	2,857.1	6.4
	Total	4	44,375.0	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: AS10

Philippines global equity and equity-related
1/1/18 – 31/3/18

	Name	Issues	Amount US$(m)	%
1	BPI	2	483.6	68.4
2	UBS	1	152.5	21.6
3*	Metropolitan B&T	1	27.9	4.0
3*	BDO Unibank	1	27.9	4.0
5	RCBC	1	14.9	2.1
	Total	5	706.8	

Source: Thomson Reuters

Megaworld has bonds due on April 15 2018 and April 17 2023, quoted on Tuesday at yields of 3.5% and 4.3%, respectively, according to Tradeweb.

Last September, peer Ayala raised US$400m from 5.125% unrated fixed-for-life perp non-call fives at par. The perp was quoted at a cash price of 97 to yield 5.3%.

In January, Philippine port operator ICTSI sold a 5.875% unrated fixed-for-life perp callable in May 2022 at par. The perp was quoted on Tuesday at 98.50 to yield 6%.

JP Morgan was sole bookrunner on the Megaworld trade.

SINGAPORE

DEBT CAPITAL MARKETS

CENTURION ENLARGES PROGRAMME

CENTURION has increased to S$750m (US$608.3m) from S$500m the size of its MTN programme, with *DBS* as sole lead arranger, to prepare for the refinancing of maturing bonds.

Proceeds will also be used for general corporate needs, including investments.

Singapore-listed Centurion has two outstanding bonds – a S$65m 5.25% three-year, due on July 16, and a S$65m 5.25% three-year sold last April.

The property company develops, owns and manages worker and student accommodation in Singapore, Malaysia, the UK and Australia.

RESTRUCTURING

SWIBER FACES REDEMPTION DEMAND

Financially strapped offshore marine engineering company SWIBER HOLDINGS has until April 13 to meet a redemption demand on S$150m (US$114m) of 6.5% Islamic bonds.

Swiber said in a statement to Singapore Exchange last Thursday that, as it is in judicial management, it will be unable to comply with the redemption demand from bond trustee Bank of New York Mellon Singapore.

The trustee notified Swiber last Tuesday that dissolution events had occurred as

Top bookrunners of all Singapore dollar bonds
1/1/18 – 31/3/18

	Name	Issues	Amount S$(m)	%
1	DBS	12	2,008.8	36.7
2	OCBC	11	1,373.0	25.1
3	UOB	3	778.8	14.2
4	HSBC	3	420.0	7.7
5	Standard Chartered	3	248.8	4.5
6	CIMB Group	1	128.8	2.4
7	Hong Leong Financial	1	70.0	1.3
8	Credit Suisse	1	50.0	0.9
	Total	19	5,478.0	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: AS12

Top bookrunners of all Singapore dollar bonds (domestic)
1/1/18 – 31/3/18

	Name	Issues	Amount S$(m)	%
1	DBS	12	2,008.8	39.6
2	OCBC	11	1,373.0	27.0
3	UOB	3	778.8	15.3
4	HSBC	3	420.0	8.3
5	Standard Chartered	3	248.8	4.9
6	CIMB Group	1	128.8	2.5
7	Hong Leong Financial	1	70.0	1.4
8	Credit Suisse	1	50.0	1.0
	Total	18	5,078.0	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: AS15

Top bookrunners of Singapore syndicated loans
1/1/18 – 31/3/18

	Name	Deals	Amount US$(m)	%
1	DBS	5	1,399.4	16.8
2	OCBC	3	1,021.7	12.3
3	Maybank	2	834.5	10.0
4	Standard Chartered	2	832.7	10.0
5	UOB	2	755.5	9.1
6	SMFG	1	645.5	7.8
7	BNP Paribas	3	413.8	5.0
8	ING	2	356.6	4.3
9*	CTBC Financial	1	316.7	3.8
9*	First Abu Dhabi Bank	1	316.7	3.8
	Total	11	8,328.5	

* Based on market of syndication and market total
Proportional credit
Source: Thomson Reuters SDC Code: S16b

Singapore global equity and equity-related
1/1/18 – 31/3/18

	Name	Issues	Amount US$(m)	%
1	HSBC	2	232.3	25.6
2	RHB	1	107.7	11.9
3	DBS	3	101.5	11.2
4	UOB	3	80.7	8.9
5*	Credit Suisse	2	63.2	7.0
5*	Maybank	2	63.2	7.0
7*	CICC	1	43.0	4.7
7*	Citigroup	1	43.0	4.7
7*	Haitong Sec	1	43.0	4.7
7*	Bank of China	1	43.0	4.7
	Total	14	909.0	

Source: Thomson Reuters

SGX RegCo slams Noble Group's plan

RESTRUCTURING SGX regulatory arm urges creditors to rethink restructuring proposal

The regulatory arm of the Singapore Exchange has criticised NOBLE GROUP's proposed restructuring plan, questioning the method for allocating shares under a back-up restructuring plan and urging creditors to reconsider the proposal.

A restructuring support agreement signed by holders of around half of Noble's senior debt states that current shareholders would receive a 10% stake in the new company after the workout.

However, if the primary restructuring plan fails and the company enters administration, Noble's RSA states that, under an alternative proposal, current shareholders would only be allocated shares in the new company if they had voted in favour of the original restructuring plan.

It would ultimately be up to a court-appointed administrator to decide how to proceed if Noble entered administration in the UK, as proposed, but Noble said in an earlier proposal that it expected an administrator to favour the alternative restructuring proposal, given the high level of support from creditors.

"SGX RegCo is of the view that shareholders should have the freedom of choice in voting on the primary restructuring," said Singapore Exchange Regulation in a statement. "How a shareholder votes on the primary restructuring should not have a bearing on whether he/she would be entitled to receive shares in the new company under the alternative restructuring.

"SGX RegCo will not hesitate to register its concerns about the alternative restructuring – in its current form – with the relevant administrator to be appointed should Noble Group be placed in administration."

SGX RegCo urged senior creditors to reconsider the restructuring proposal.

Shareholder Goldilocks, which holds around a 8.2% stake in Noble, said the RSA was "fatally flawed" and "doomed to fail" unless it was reworked.

"Goldilocks has been emphasising since Noble first announced its initial restructuring proposal on 29 January 2018 that its restructuring proposal must not be a plan that is formulated in an opaque process with one particular class of stakeholders, at the expense and to the direct detriment of Noble's stakeholders generally," said the Abu Dhabi-based investment fund.

Goldilocks also urged Noble to publish its first-quarter financial results, and questioned why it had this week appointed three UK-based directors, which Goldilocks said appeared to have been done to help implement Noble's proposed move to the UK.

DANIEL STANTON

Swiber applied for and was placed under judicial management on October 6 2016.

The sukuk will mature on August 2.

INVESTORS SEEK MIDAS REDEMPTION

Two holders of MIDAS HOLDINGS' US$30m 7% bonds have asked for the notes to be redeemed with unpaid interest.

The notes, sold in 2016 to CRRC Hong Kong and CRRC Hongkong Capital Management, were due on November 23 2017, but the maturity was extended to 2018. The pair, holding equal amounts of the bond, made the respective redemption requests on April 3 and April 4 with payments to be made within seven calendar days.

In a statement last Thursday to the Singapore Exchange, the Singaporean manufacturer of aluminium alloy extruded products and polyethylene pipes said its board of directors would talk to the noteholders for a further extension.

The two investors had agreed in November to extend the maturity with full redemption to be made on March 22 2018, based on a number of undertakings, including pledges of entire equity interest in wholly owned subsidiary Dalian Huicheng Aluminum and a 32.5% stake in joint venture CRRC Nanjing Puzhen.

The former executive chairman and guarantor Chen Weiping also entered into a charge over 100m shares he owned in Midas as security against his obligations in his guarantee on the bonds, while Midas' subsidiaries committed to a Rmb40m (US$6.44m) performance deposit to the investors.

Midas faces a host of financial and corporate issues. The company filed a report in late March with Singapore's Commercial Affairs Department over possible breaches of securities laws and other offences related to irregularities in China. Midas had reported that subsidiary Dalian Huicheng Aluminium had given unauthorised guarantees to third parties, while several litigations, enforcement orders and court documents against a number of units were discovered.

At the same time, subsidiaries Jilin Midas Aluminium Industries and Jilin Midas Light Alloy had not met Midas instructions to transfer funds to the Singapore office to redeem the 2017s.

CROSS-BORDER OKAY FOR EZRA

EZRA HOLDINGS has obtained approval from the US Bankruptcy Court in the US Chapter 11 proceedings on its application for a cross-border protocol between courts in Singapore and the US over its restructuring efforts.

The US court approval was granted on March 26, after the Singapore High Court gave its clearance for the protocol on March 13.

Top bookrunners of all South Korea Won bonds
1/1/18 – 31/3/18

	Name	Issues	Amount Won(m)	%
1	KB Financial	129	7,434,798.0	18.3
2	Mirae Asset Daewoo	99	5,658,100.0	13.9
3	Korea Investment	94	4,107,845.0	10.1
4	NH Investment & Sec	53	3,796,000.0	9.3
5	Kyobo Life	48	2,861,268.8	7.0
6	SK Sec	38	2,498,000.0	6.1
7	DB Financial Inv	27	1,486,000.0	3.7
8	Shinhan Financial	17	1,335,000.0	3.3
9	KTB Investment & Sec	11	1,229,480.0	3.0
10	Hana Financial	16	1,130,000.0	2.8
	Total	783	40,722,555.5	

*Market volume

Proportional credit

Source: Thomson Reuters SDC Code: AS22

South Korea global equity and equity-related
1/1/18 – 31/3/18

	Name	Issues	Amount US$(m)	%
1*	Citigroup	3	1,029.2	18.6
1*	Goldman Sachs	3	1,029.2	18.6
3	Daishin Sec	5	920.9	16.6
4	NH Investment & Sec	5	691.3	12.5
5	Shinhan Financial	10	421.8	7.6
6	Korea Investment	4	272.5	4.9
7	Hana Financial	4	261.3	4.7
8	Mirae Asset Daewoo	3	234.7	4.2
9	KB Financial	1	191.2	3.5
10*	Nomura	1	142.1	2.6
10*	BNP Paribas	1	142.1	2.6
	Total	36	5,533.8	

Source: Thomson Reuters SDC Code: C1Q

The approvals will allow the financially strapped company to coordinate more efficiently bankruptcy proceedings in the US with the restructuring process in Singapore. Matters will now shift to setting up a framework of general principles to address issues that may arise from the cross-border proceedings.

In applying for approval for a cross-border insolvency protocol, Ezra had also asked for clearances for a number of issues that could arise from the process, including allowing the company to adopt US Bankruptcy Court-set deadlines for creditors to file their proofs of claim.

A hearing on the issues, referred to as prayers 2 to 5 of SUM 1195, will be held at the Singapore High Court on June 27.

Ezra filed for Chapter 11 bankruptcy in mid-March last year and defaulted on coupon payments due last year on S$150m 4.875% bonds, maturing on April 24 this year.

› NAM CHEONG GETS EXTENSION

NAM CHEONG has received approval from the Singapore High Court for an extension to August 6 of a moratorium that stays any legal proceedings against it.

The Malaysian offshore marine services company, which was put under a scheme of arrangement in early November, had asked for more time to meet conditions precedent to its completing a restructuring scheme.

Nam Cheong obtained overwhelming bondholder approval on January 24 for its proposals. Of the 97.047% of bondholders present and voting, 94.42% opted to convert their bonds into a term loan, while 5.58% chose the cash-out option. The company has unsecured debt of around US$343m, including S$90m of 2018 notes, S$75m of 2018s and S$200m of 2019s.

Nam Cheong will need SGX approval to issue and allot shares and term loans to bondholders, and to resume trading in its shares. It will also need to obtain court approval for the restructuring scheme within the moratorium period.

Top bookrunners of all Taiwan dollar bonds
1/1/18 – 31/3/18

	Name	Issues	Amount NT$(m)	%
1	HSBC	1	22,000.0	64.7
2	Yuanta Financial	1	3,500.0	10.3
	Total	5	34,000.0	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: AS11

Top bookrunners of Taiwan syndicated loans
1/1/18 – 31/3/18

	Name	Deals	Amount US$(m)	%
1	Mega Financial	9	1,159.5	18.4
2	Bank of Taiwan	11	982.9	15.6
3	Taiwan Cooperative	6	599.3	9.5
4	Fubon Financial	5	561.2	8.9
5	DBS	3	394.7	6.3
6	Taishin International	3	384.3	6.1
7	Land Bank of Taiwan	3	335.6	5.3
8*	Chang Hwa Commercial	4	284.9	4.5
8*	Cathay Financial	3	284.9	4.5
10	Hua Nan Financial	3	268.2	4.3
	Total	29	6,289.9	

* Based on market of syndication and market total
Proportional credit
Source: Thomson Reuters SDC Code: S19b

EQUITY CAPITAL MARKETS

› QUALITAS EYES S$133M FROM IPO

QUALITAS MEDICAL is targeting S$100m–$133m (US$77m–$102m) from its Singapore Exchange IPO, having set a price range of S$0.57–$0.76.

According to a term-sheet, Qualitas will sell up to 175.4m shares in the IPO, with a greenshoe option of 35m shares. Institutions will be sold up to 166.6m shares and retail 8.8m.

Books closed on April 6 and the shares will be listed on April 19.

If the greenshoe option is exercised, majority shareholder Southern Capital Group's stake will fall to 52.7% from 77.7%.

Southern Capital postponed a similar-sized Bursa Malaysia IPO in March 2015 on a tepid investor response. The IPO was pulled at the premarketing stage.

Besides operations in Malaysia, Qualitas also runs healthcare services in Australia, India and Singapore.

CIMB and *Credit Suisse* are joint global coordinators on the IPO and bookrunners with *CGS-CIMB*, *Daiwa* and *DBS*.

Before delisting in 2011, the healthcare services provider was listed on Singapore's Catalist exchange for small companies.

Taiwan global equity and equity-related
1/1/18 – 31/3/18

	Name	Issues	Amount US$(m)	%
1	Morgan Stanley	2	261.5	27.5
2	Taishin Financial	5	225.1	23.7
3	Yuanta Financial	2	167.7	17.7
4	Grand Fortune Sec	2	85.9	9.1
5	Mega Financial	3	55.8	5.9
6	Sinopac Holdings	4	31.3	3.3
7	Fubon Financial	6	30.3	3.2
8	Concord Sec	1	28.0	3.0
9	Masterlink Sec	2	15.5	1.6
10	KGI Financial	2	14.5	1.5
	Total	37	949.8	

Source: Thomson Reuters

› MGCCT RAISING ACQUISITION FUNDS

MAPLETREE GREATER CHINA COMMERCIAL TRUST has said it aims to sell shares of S$323.1m to finance the planned acquisition of seven commercial properties in Japan for S$770.5m.

The trust is likely to sell 296.4m new units at an illustrative price of S$1.09 to raise the S$323.1m. Banks have yet to be hired for the sale.

MGCCT will be renamed Mapletree North Asia Commercial Trust on the completion of the acquisition.

MGCCT shares closed flat at S$1.16 last Tuesday on the Singapore Exchange.

SOUTH KOREA

DEBT CAPITAL MARKETS

› HANWHA LIFE SET FOR MEETINGS

HANWHA LIFE INSURANCE, rated A1/A+ (Moody's/Fitch), will start investor meetings in Asia, Europe and the US on Monday, ahead of a proposed issue of US dollar subordinated capital securities.

JP Morgan is sole global coordinator and joint bookrunner with *Bank of America Merrill Lynch*, *Nomura* and *UBS*.

A benchmark 144A/Reg S offering is expected to follow, subject to market conditions. The hybrid capital securities are expected to be rated A3/A– (Moody's/Fitch).

Kyobo Life issued Korea's first offshore hybrid capital securities, rated A3/A– (Moody's/Fitch), from the insurance industry with last year's US$500m print. The 3.95% securities with a rolling 30-year maturity and call in 2022 were bid at a cash price of 98.9 on Wednesday, implying a yield of 4.2%, according to Thomson Reuters data.

› KAL SEEKS BIDS ON DOLLAR PERP

KOREAN AIR LINES is asking banks to submit proposals for a potential offering of US dollar perpetual notes, according to a DCM banker who received the invitation.

"Issuing perpetual notes has the advantage of equity treatment in accounting terms, which the carrier is looking for," he said.

In late February, KAL sold US$300m of three-year senior unsecured US dollar bonds at a yield of 6%, or Treasuries plus 362.1bp. That was KAL's first standalone offshore senior bond and its second overall

Top bookrunners of all Thai baht bonds
1/1/18 – 31/3/18

	Name	Issues	Amount Bt(m)	%
1	Krung Thai	7	12,625.0	7.3
2	Phatra Sec	4	8,600.0	5.0
3	Bangkok Bank	5	7,833.3	4.5
4	Siam Commercial	4	7,500.0	4.3
5	UOB	5	6,458.3	3.7
6	Kasikornbank	4	6,100.0	3.5
7	CIMB Group	2	2,166.7	1.3
8	MUFG	1	1,666.7	1.0
9	Globlex Sec	1	315.0	0.2
	Total	24	173,770.1	

*Market volume

Proportional credit

Source: Thomson Reuters SDC Code: AS7

Top bookrunners of Thailand syndicated loans
1/1/18 – 31/3/18

	Name	Deals	Amount US$(m)	%
1*	Maybank	1	240.0	50.0
1*	CIMB Group	1	240.0	50.0
	Total	1	480.0	

* Based on market of syndication and market total

Proportional credit

Source: Thomson Reuters SDC Code: S18b

standalone trade, following a US$300m perp non-call five issue last June.

Prior to that, it had sold US dollar bonds on the back of a guarantee from the Export-Import Bank of Korea.

TAIWAN

SYNDICATED LOANS

› GLOBAL BANK LIFTS LOAN SIZE

GLOBAL BANK increased the size of a three-year senior unsecured term loan to US$163m from an initial US$135.5m target before signing it on March 21.

Citigroup, *JP Morgan* and *Mizuho Bank* were joint lead arrangers and bookrunners on

Thailand global equity and equity-related
1/1/18 – 31/3/18

	Name	Issues	Amount US$(m)	%
1	Morgan Stanley	2	340.7	27.2
2*	Phatra Sec	1	169.3	13.5
2*	BAML	1	169.3	13.5
4	Bangkok Bank	1	117.0	9.3
5	TISCO	2	115.1	9.2
6*	Siam Commercial	1	113.4	9.1
6*	Credit Suisse	1	113.4	9.1
8	Kasikornbank	1	80.7	6.4
9	Nomura	1	29.5	2.4
10	KGI Financial	1	4.3	0.3
	Total	9	1,252.7	

Source: Thomson Reuters

the loan, which offered an interest margin of 175bp over Libor.

Lenders were offered a top-level upfront fee of 70bp.

Funds will be used to refinance debt.

The borrower, rated BBB– (S&P/Fitch), provides corporate and retail banking services in Panama and globally.

For full allocations, see www.ifrasia.com.

THAILAND

DEBT CAPITAL MARKETS

› PDMO LAUNCHES BOND SWITCHING

The PUBLIC DEBT MANAGEMENT OFFICE last Tuesday launched a two-day bond-switching tender to exchange short-term government bonds for longer-dated ones.

Three batches of such short-term bonds, dubbed source bonds, will be swapped for five series of longer-term notes, dubbed destination bonds.

The source bonds are the series LB191A, LB196A and LB206A, with maturities of eight months to two years three months, while the destination bonds are the series LB22DA, LB26DA, LB316A, LB326A and

Vietnam global equity and equity-related
1/1/18 – 31/3/18

	Name	Issues	Amount US$(m)	%
1*	Deutsche	1	66.2	33.3
1*	Citigroup	1	66.2	33.3
1*	Credit Suisse	1	66.2	33.3
	Total	1	198.5	

Source: Thomson Reuters

LB676A, with maturities of about four years to 49 years.

Holders of the source bonds submitted applications from last Tuesday. Settlement and exchange of the bonds will be completed on April 10.

The PDMO, a unit of Thailand's Ministry of Finance, aims to exchange bonds of up to Bt140bn (US$4.5bn).

Results were due to be released to bondholders on April 5 through joint lead managers *Bangkok Bank*, *Kasikornbank*, *Krungthai Bank* and *Standard Chartered Bank Thai*.

› BEM PRINTS BT10BN NOTES

BANGKOK EXPRESSWAY AND METRO last Thursday settled Bt10bn of three, five and seven-year bonds.

The Bt3bn three-year tranche will pay 2.05%, the Bt3.5bn five-year tranche 2.46% and the Bt3.5bn seven-year tranche 3.01%.

Krungthai Bank and *Siam Commercial Bank* were joint lead managers and underwriters for the notes, rated A by Tris.

› TPI POLENE OFFERS 3-YEAR BONDS

TPI POLENE is to launch a public offering of three-year bonds priced at 3.3% through sole lead manager and underwriter *CIMB Thai*.

The offering, open on April 18–25, aims to raise up to Bt8bn from retail and institutional investors.

The notes have a BBB+ Tris rating.

The Thai issuer, which produces cement and petrochemical materials, has two outstanding bonds of a combined Bt5bn due to expire this year.

ASIAN SYNDICATED LOAN PIPELINE UPDATES WEEK OF 4 APRIL

Company	Currency	Size (m)	Margin (All-in)	Tenor (mths)	Facility	Arrangers
Australia						
Downer EDI	A$	400			Revolver/Term Loan	ANZ, HSBC, BNP, BTMU, CBA
Spotless Group	A$	280	140	36	Revolver/Line >= 1 Yr.	BTMU, CBA, BNP, ANZ, Mizuho
	A$	280	155	48	Revolver/Line >= 1 Yr.	CBA, ANZ, HSBC, Mizuho, BNP
	A$	200	155	48	Term Loan	Mizuho, ANZ, CBA, BNP, HSBC
	NZ$	160	140	36	Revolver/Term Loan	Mizuho, BNP, CBA, ANZ, BTMU
Sundance Energy Australia	US$	250			Term Loan	
	US$	76			Revolver/Line >= 1 Yr.	
	US$	12			Standby Letter of Credit	
China						
Bohai Automotive Systems	€	100	(280)	36	Term Loan	Natixis
China Jinjiang Environment	US$	120	210 (240)	36	Term Loan	SCB
	Rmb	200	(240)	36	Term Loan	SCB
United Photovoltaics (Changzhou) Inv	Rmb	500	532 (562)	24	Term Loan	Fubon Financial
Hong Kong						
Beijing Jingneng Clean Energy (Hong Kong)	US$	220	143 (160)	36	Term Loan	HSBC
BOCOM International	HK$	4,000	130 (155)	36	Term Loan	SCB, BoC, HSBC, Communications
Fosun International	US$	500	200 (237)	36	Term Loan	Hang Seng, CMB, China Cinda Asset Management, BEA, First Abu Dhabi
Haitong UniTrust International Leasing	US$	200	120 (170)	24	Term Loan	DB
Hong Kong Broadband Network	HK$	3,900		62	Term Loan	Hua Nan Fin, Chiyu Banking, CA-CIB, Hang Seng, Taishin Financial
Hong Kong Broadband Network	HK$	200		62	Revolver/Line >= 1 Yr.	CA-CIB, Taishin Fin, B of Taiwan, Hang Seng, JPM
Shangri-La Asia Treasury	US$	150	80 (90)	60	Term Loan	BTMU
Yue Xiu Enterprises (Holdings)	HK$	3,000	(153)	36	Term Loan	China Cinda Asset Management, Communications, BEA, Fubon Fin
Indonesia						
PT Adira Dinamika Multi Finance	US$	250	90 (110)	36	Term Loan	BNP, DBS, ANZ, Citi, BTMU
PT Oto Multiartha	¥	2,500		36	Term Loan	Development Bank of Japan, ING
Japan						
Japan Oil Gas & Metals National Corp	¥	393,530		12	Term Loan	Mizuho
Malaysia						
Bukit Bintang City Centre Development	M$	150	(194)	60	Term Loan	CIMB, Malayan Banking
	M$	450	(194)	60	Term Loan	CIMB, Malayan Banking
	M$	120	(194)	72	Term Loan	CIMB, Malayan Banking
	M$	50	(194)		Guarantee	CIMB, Malayan Banking
Philippines						
San Miguel	US$	1,600		60	Term Loan	Mizuho, SMFG, SCB
Singapore						
Ecom Agroindustrial Asia	US$	400	125	12	364-Day Facility	ABN AMRO, ING , Rabo, DBS
Olam International	US$	83		60	Term Loan	ADB, Japan International Cooperation Agency
Oxley	S$	483		36	Term Loan	Malayan Banking
Puma International Financing SA	US$	68	125	12	Revolver/Line >= 1 Yr.	BTMU, SG, First Abu Dhabi Bank, Standard, UniCredit
	US$	400	125	12	Revolver/Line >= 1 Yr.	SG, ENBD, Natixis, NedBank , First Abu Dhabi Bank
	US$	650	235	36	Term Loan	NedBank , FRB, ING , ENBD, UniCredit
Thailand						
CPF Investment	US$	1,000	250 (257)	60	Term Loan	Kasikornbank Public Co Ltd, Mizuho
Vietnam						
Cafe Outspan Vietnam	US$	80		84	Term Loan	Japan International Cooperation Agency, ADB

Source: Thomson Reuters LPC

INDONESIAN PROJECT BONDS ROUNDTABLE

Sponsored by:

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CGIF Credit Guarantee & Investment Facility An Asian Bond Markets Initiative

MOODY'S INVESTORS SERVICE

SMBC

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

THOMSON REUTERS