THOMSON REUTERS

IFR ASIA

INTERNATIONAL FINANCING REVIEW ASIA

JUNE 30 2018 ISSUE 1047 **www.ifrasia.com**

› Chinese issuers rush out overseas IPOs before markets weaken further

› Cambodia to open new frontier for Asian bonds with first onshore corporate issue

› Malaysia CDS spikes after Mahathir refuses to rule out capital controls

BONDS
China readies US$3bn sovereign issue after 2017's blowout return
06

BONDS
NDRC raises risks for property sector with warning over overseas debt
08

LOANS
Syndicated lending volumes slide again in second quarter on M&A slowdown
10

PEOPLE & MARKETS
SGX rolls out dual-class shares with fewer restrictions than Hong Kong
12

LOOKING FOR A WIDER VIEW OF THE GLOBAL SYNDICATED LOAN MARKET?

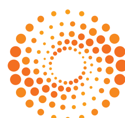
LOOK TO THOMSON REUTERS LPC

Thomson Reuters LPC is the premier global provider of information on the syndicated loan and high yield bond markets. Our first-to-the-market news and comprehensive real-time and historical data help industry players stay informed about market trends and facilitate trading and investment decisions.

LPC's publications, end-of-day valuations, online news, analysis, and interactive databases are used every day by banks, asset managers, law firms, regulators, corporations and others to drive valuation, syndication, trading, research and portfolio management activities.

CONNECT TO THE GLOBAL SYNDICATED LOAN MARKET WITH THOMSON REUTERS LPC.

www.loanpricing.com
lpc.info@thomsonreuters.com



THOMSON REUTERS

Upfront

Market monsoons

The start of the monsoon season is a tough time to be in India, as delegates to last week's Asian Infrastructure Investment Bank meetings discovered first-hand. As with the weather, India's capital markets may be about to get worse before they get better.

Already buffeted by the global retreat from emerging markets, India is facing additional headwinds from a rising oil import bill, looming elections and a constrained banking sector. So far, fast-growing mutual funds and non-bank finance companies have been able to offer shelter, propping up high equity valuations and lending to mid-cap borrowers, but liquidity is wearing thin.

Many in Mumbai warn of a stormy six months ahead.

Bad debt in the banking sector is a particular cause for concern. Eleven of the 21 public-sector banks are either barred from lending or under regulatory supervision.

The shift from name lending to cashflow and credit assessments will eventually lead to a more efficient financial system and a more productive economy.

Losses in the state banks have already burned through the US$11bn the government set aside for recapitalisation this year, and private sector banks are now attracting scrutiny, too.

As a result, risk appetite has evaporated. Loan officers have retreated to the safety of large-cap clients, squeezing supply chain financing and threatening to curtail the investment cycle.

A 150bp jump in 10-year government yields has also taken banks and many major investors out of the bond market, shutting off an obvious alternative for growing companies. Equity capital raising has also stalled, after a retreat of overseas investors left local institutions – especially mutual funds – with too much pricing power.

Further stresses could come from a ruthless RBI, which has shown itself willing to combat inflation and support the currency despite the risk to economic activity. There are early signs of a deterioration in consumer credit quality, and there is always a risk to consumption if it doesn't rain enough. And how much of last year's deluge of fund inflows was driven by demonetisation, rather than long-term investment?

The bulls (and there are still many) point to long-term gains from the introduction of a nationwide goods and service tax, the improved resolution of bad debts through an accelerated bankruptcy process, and India's obvious demographic dividend.

Now that it has begun, the shift from name lending to cashflow and credit assessments will eventually lead to a more efficient financial system and a more productive economy. In the shorter term, the government can limit further damage to the rupee by committing to its borrowing plans.

The government is pulling the right levers. The Aadhaar system of ID cards and wider digitalisation of government services offer important efficiency gains. The liberalisation of foreign investment limits in rupee bonds and a broadening of overseas borrowing rules will bring more money into the system. Asset reconstruction companies, a bad bank or even privatisation could also speed up resolution of the bad debt issue.

And a slowdown in public equity issuance does not necessarily mean there is no investment: CPPIB is poised to take a US$300m stake in Mytrah, the latest major investment in the growing renewable energy sector. In technology, Flipkart, Ola and others continued to attract smart capital from the likes of SoftBank and Tencent, and strategic capital from Walmart or eBay. None are in any rush to IPO.

The growth of institutional investment also has legs. Regular savings plans are pumping over US$1bn a month into equity-focused mutual funds, and there is plenty of room to increase insurance and pension fund assets from the current 6% of GDP (versus over 80% in Malaysia, for instance).

To broaden funding options and attract more investment, the securities regulator has even floated the idea of allowing Indian companies to list overseas directly.

India's long-term consumption story and a 7%-plus growth rate are still hard for investors to resist. But the uncertainties over the next six to 12 months cannot be ignored, either. Expect a stormy ride.

EDITOR
Steve Garton
+852 2912 6670
steve.garton@tr.com

HEAD OF ASIAN CREDIT
Daniel Stanton
+65 6417 4548

ASIA EQUITIES EDITOR
Fiona Lau
+852 2912 6673

DEPUTY HEAD OF ASIAN CREDIT
Frances Yoon
+852 2841 5783

DEPUTY EQUITIES EDITOR, ASIA
S. Anuradha
+65 6417 4547

SENIOR CREDIT CORRESPONDENT, ASIA
Kit Yin Boey
+65 6417 4549

ASIA PACIFIC BUREAU CHIEF, LOANS
Prakash Chakravarti
+852 2912 6671

SENIOR REPORTERS: HONG KONG
Thomas Blott
+852 2841 5878

Carol Chan
+852 2912 6604

SENIOR REPORTER: SYDNEY
John Weavers
+61 2 9373 1655

SENIOR ANALYST: TOKYO
Takahiro Okamoto
+813 6441 1773

ASIAN CREDIT CORRESPONDENT
Krishna Merchant
+65 6417 4544

REPORTERS: HONG KONG
Ina Zhou
+852 2912 6674

Candy Chan
+852 2912 6672

EDITOR, IFR
Matthew Davies
+44 (0)20 7542 7504

DESK EDITOR
Vincent Baby

HEAD OF PRODUCTION
Victor Ng

PRODUCTION ASSISTANT
Mike Tsui

HEAD OF GLOBAL ADVERTISING AND SPONSORSHIP
Shahid Hamid
+65 9755 5031

IFR ASIA AWARDS MANAGER
Paul Holliday
+44 (0)20 7542 8018

GLOBAL ADVERTISING PRODUCTION MANAGER
Gloria Balbastro
+44 (0)20 7542 4348

SUBSCRIPTION SALES ENQUIRIES
China, Hong Kong, Taiwan, Korea, Japan
Alan Wong
+852 2912 6606

India, Singapore, Malaysia, Thailand, Indonesia and Australia
Samantha Harris
+612 9373 1749

SUBSCRIPTION ACCOUNT MANAGER
Pia Batuan
+65 6403 5542

CLIENT SERVICES
IFR.Clientsupport@tr.com

WEBSITE
www.ifrasia.com

EMAIL ADDRESSES
firstname.lastname@tr.com

THOMSON REUTERS

HONG KONG (HEAD OFFICE)
16/F Cityplaza 3,
14 Taikoo Wan Road,
Taikoo Shing,
Hong Kong
+852 2843 6363

TOKYO
30F Akasaka Biz Tower,
5-3-1 Akasaka,
Minato-ku, Tokyo,
Japan 107-6330
+813 6441 1119

SINGAPORE
18 Science Park Drive,
Singapore 118229, Singapore
+65 6775 5088

LONDON
30 South Colonnade, Canary Wharf,
London E14 5EP
+44 (0)20 7250 1122

NEW YORK
3 Times Square, 18th Floor
New York, NY10036
+1 646 223 4000

IFR Asia is a sister publication of International Financing Review. The contents of this publication, either in whole or part, may not be reproduced, stored in a data retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without written permission of the publishers. Action will be taken against companies or individual persons who ignore this warning. The information set forth herein has been obtained from sources which we believe to be reliable, but is not guaranteed. Subscriptions to IFR Asia are non-refundable after their commencement issue date. © Thomson Reuters 2018. Published by Thomson Reuters in Hong Kong. Printed in Hong Kong by Diversified Global Graphics Group. Unauthorised photocopying is illegal.

COMPANY INDEX

51 Credit Card 5
7Road 21
Aoyuan Group 19
ARQ Group 18
Astra Sedaya Finance 27
Axsesstoday 17
Azure Power 26
Banco Latino Americano de Exportaciones 32
Bank of Jiujiang 22
Bank of the Philippine Islands 30
Bao Feng Asset Management 33
Beijing Capital Group 19
Biostime Healthy Australia Investment 23
BNZ International 30
Canaan 22
CapitaLand Retail China Trust 30
China Construction Bank 19
China Grand Pharmaceutical and Healthcare 21
China Huarong Asset Management 20
China Renaissance Group 21
China Tower 5, 21
CJ Logistics 32
Commonwealth Bank of Australia 18
Country Garden Property Group 19
Courts Asia 31
Credit Agricole 28
CW Advanced Technologies 31
Ebang International 22
Electricity Generating Authority of Thailand 34
Employees Provident Fund of Malaysia 29
Far East Horizon 19
FingerTango 21
Ganfeng Lithium 21
Genesis Energy 29
Goldfish Funding 32
Government Housing Bank 34
Greater Hyderabad Municipal Corporation 26
Guirenniao 19
Gunvor Singapore 31
Hattha Kaksekar 4
HDFC Asset Management 27
Heungkuk Fire & Marine Insurance 32
Hong Leong Bank 29
Impro Precision Industries 5
Indiabulls Housing Finance 11, 27
Indonesia Eximbank 27
Indore Municipal Corporation 26
Inke 21
International Finance Corporation 30
Intron Technology 22
Japan Excellent 28
Kanda Biomass Energy 28
Kingboard Chemical Holdings 24
Korea National Oil Corp 32
KT Corp 8
Lodha Developers 27
Meituan-Dianping 20
MGM China Holdings 29
MGM Grand Paradise 29
Mobvista 22
Momo 23
National Highways Authority of India 26
National Storage REIT 18
New Frontier 22
oOh!media 17, 18
People's Republic of China 6
Pepper Group 17
PNB Housing Finance 11
PolicyBazaar.com 27
Posco 32
PTT Global Chemical 34
Pune Municipal Corp 26
Qeeka Home 4
Qilu Expressway 22
RE1 18
Redsun Properties Group 22
Renault 8, 28
Sadbhav Engineering 26
Scentre Finance (Aust) 18
Scentre Management 18
Sharp 5, 29
Shenzhen Investment 24
Shihlien China Holding 32
Shriram Transport Finance 11, 26
Sino-Ocean Land (Hong Kong) 24
Sports Toto Malaysia 29
Tata Capital 11
Tata Housing 11
Teachers Mutual Bank 17
Tianli Education International 23
Tokai Carbon 28
Tong Yang Life Insurance 31
Toyota Motor 28
Trafigura Beheer 31
United Overseas Bank Malaysia 29
Uxin 4, 23
Vedanta 26
Vinfast Trading and Production 34
Vingroup 34
Walker 17
Want Want China Holdings 33
Westpac Banking Group 8
Westpac New Zealand 30
Winbond Electronics 33
Wise Talent Information Technology 23
X Financial 23
Xiaomi 4
Yuan Lih Construction 33
Zhaogang.com 23

Contents

INTERNATIONAL FINANCING REVIEW ASIA
JUNE 30 2018 ISSUE 1047

COVER STORIES

EQUITIES
04 Chinese issuers rush out IPOs
At least 16 Chinese companies are rushing out overseas IPOs in July in a bid to raise a combined US$15.4bn before market conditions deteriorate further.

BONDS
04 Cambodia set for bond first
Cambodia is set to become the next frontier market for credit investors, as it prepares to welcome its first corporate bond later this year.

BONDS
06 Foreign funds cool on Malaysia
Foreign investors are pulling out funds from Malaysia and hedging against widening credit spreads, with uncertainty over government policies.

NEWS

06 China readies dollar bond return
The PRC is set to issue US$3bn of sovereign bonds later this year, adding to its sovereign curve after ending a decade-long absence from the dollar market in 2017.

08 China curbs property bond sales Property developers face tighter state scrutiny over offshore bond sales, after an aggressive fundraising spree.

08 Investors snap up Samurai supply Rare issuers KT Corp and Westpac Banking Group added to the rebound in Samurai bond sales.

10 Q2 slowdown hits Asian lending Syndicated lending in Asia Pacific, ex-Japan, showed a 31% year-on-year decline to US$94.17bn in Q2.

PEOPLE & MARKETS

12 SGX introduces weighted voting rights
Singapore Exchange ushered in new rules last week allowing companies with dual-class shares to list in the city, despite criticism of insufficient investor protection.

13 Modi urges AIIB to lend more Indian PM urged the PRC-backed AIIB to increase lending tenfold within two years to meet regional investment needs.

15 In brief Citigroup has received a licence to provide futures margin deposit services in China to investors.

16 Who's moving where ABN AMRO has announced two senior appointments in its Asia Pacific trade and commodity finance business.

ASIA DATA

36 This week's figures

COUNTRY REPORT

17 AUSTRALIA
Teachers Mutual Bank used an otherwise closed market to price an upsized A$200m three-year floating-rate note at three-month BBSW plus 137bp.

19 CHINA
Chinese sportswear maker Guirenniao was downgraded by Moody's to B2 from B1 on Thursday and has placed the rating on review for downgrade.

23 HONG KONG
Hong Kong-listed Health and Happiness International Holdings is returning to the loan markets for a US$350m-equivalent refinancing.

26 INDIA
Shriram Transport Finance has fixed yields for an offering of up to Rs50bn (US$731m) of retail bonds, according to the offer document.

27 INDONESIA
A US$950m multi-tranche loan for Indonesia Eximbank attracted over 30 lenders in general syndication despite tight pricing levels.

28 JAPAN
Toyota Motor has mandated JP Morgan, Bank of America Merrill Lynch and Citigroup to arrange investor calls with Asia, Europe and the US, starting June 26.

29 MACAU
MGM China Holdings has completed an amendment and extension of a HK$23.4bn seven-year loan signed in June 2015.

29 MALAYSIA
UOB Malaysia has set up a senior/subordinated MTN programme of M$8bn to sell senior or Tier 2 bonds in the ringgit bond market.

29 NEW ZEALAND
Genesis Energy has allocated the NZ$200m general offer of its new 30-year non-call five subordinated unsecured listed capital bonds.

30 PHILIPPINES
Bank of the Philippine Islands has established a US$2bn MTN programme. BPI Capital is sole global coordinator and lead arranger of the programme.

30 SINGAPORE
CapitaLand Retail China Trust has sold S$130m of four-year bonds at 3.25%, inside initial guidance of 3.4% area at a spread of 97.7bp over SOR.

31 SOUTH KOREA
Tong Yang Life Insurance, has hired JP Morgan, Nomura and UBS to arrange investor meetings in Singapore, Hong Kong and London from July 2-6.

32 TAIWAN
Aircraft leasing firm AerCap Holdings has self-arranged a US$790m seven-year secured loan attracting 28 banks despite very tight pricing.

34 THAILAND
PTT Global Chemical will buy back US$495.894m of its US$1bn 4.25% senior unsecured notes due September 19 2022.

34 VIETNAM
The deadline for Vingroup's US$400m five-year loan has been extended to early July. The transaction has attracted a handful of lenders so far.

Chinese issuers rush out IPOs

■ **Equities** At least 16 companies looking to raise a combined US$15.4bn despite global sell-off

BY FIONA LAU

At least 16 Chinese companies are rushing out overseas IPOs in July in a bid to raise a combined US$15.4bn before market conditions deteriorate further.

Fears of an intensified trade war between China and the US have quickened a sell-off in global stock markets in recent weeks. As of last Thursday, the Dow Jones Industrial Average had retreated 9% from its January high and Hong Kong's Hang Seng Index dropped 15% from its January peak.

Investors have turned cautious amid worsening market conditions, forcing issuers to price their shares low, trim the fundraising size or even pull the floats.

Chinese smartphone maker XIAOMI raised HK$37.1bn (US$4.7bn) in the world's biggest tech float in four years, after pricing it on Friday at the bottom of the indicative price range of HK$17–$22. The final price values the company at US$53.9bn pre-shoe or US$54.3bn post-shoe.

The valuation is far below the US$100bn touted by sources earlier this year and below the more recent floor price of US$70bn that the company and its advisers had informally used as guidance for investors.

"The falling markets have kept many high-quality long-only investors away from the Xiaomi deal though we did see some sizable orders from global long-only funds on the last day of bookbuilding. Many orders also came in at a smaller-than-expected size," said a person familiar with the situation.

Chinese online interior design and construction company QEEKA HOME postponed a Hong Kong IPO of up to HK$2.18bn last Wednesday, the day it was supposed to price the float. On the same day, UXIN, one of China's biggest used-car marketplaces, slashed the size of its Nasdaq IPO by more than half.

The company raised US$225m through the sale of 25m primary

Cambodia set for bond first

■ **Bonds** Microfinance provider eyes debut corporate issue with help of multilateral instutions

BY DANIEL STANTON

Cambodia is set to become the next frontier market for credit investors, as it prepares to welcome its first corporate bond later this year.

Multilateral institutions are helping to bring the debut deal to market and create a new local currency funding destination in the region, before a fully fledged sovereign bond market has developed in Cambodia.

Microfinance provider HATTHA KAKSEKAR (HKL), whose name translates as "a helping hand for farmers", plans to issue up to US$20m-equivalent of bonds denominated in Cambodian riel later this year. Proceeds will be used to support the growth of its lending programme, which served around 118,000 borrowers as of December 31 2017.

HKL is a wholly owned subsidiary of Thailand's Bank of Ayudhya, which is 76.88% owned by Japan's Mitsubishi UFJ Financial Group.

The International Finance Corporation, the private-sector development arm of the World Bank Group, has proposed to invest in the bond offering.

"The IFC investment in the first KHR bond in Cambodia is to help create a domestic corporate bond market in Cambodia and to support the company in raising funding to finance the growth of its lending program to micro borrowers including farmers and women borrowers in the rural areas," the IFC wrote in a disclosure.

Thailand's Tris Rating in May assigned HKL a BBB+ rating, noting that the company had a strong market position and good risk management systems, but said that rules from the central bank capping interest rates on new microfinance loans at 18% per annum would constrain profitability for the sector in the next few years.

In August 2017, Cambodia passed an official declaration, or prakas, enabling companies to issue debt securities, and followed this with rules to allow bonds to be listed on the Cambodia Stock Exchange (CSX). Bonds can be issued in Cambodian riel or US dollars, and can be senior unsecured, secured or guaranteed. It also set out rules for its own domestic credit rating agencies.

American depositary shares at US$9 each, down 53% from the original target of up to US$475m.

IMPRO PRECISION INDUSTRIES also decided not to open books on a US$200m IPO after pre-marketing.

The casualties are not only IPO applicants. Last Friday, SHARP, the Japanese electronics unit of Taiwan's Foxconn, cancelled a global primary follow-on offering of up to ¥226bn (US$2.1bn) as the trade friction between the US and China has increased volatility in the stock market.

PRESSING AHEAD

Many other companies, however, are pressing ahead with their deals as they are worried that an intensified trade war will drag the markets down further.

At least 16 Chinese issuers, including the mammoth float of up to US$10bn from CHINA TOWER, aim to raise a combined US$15.4bn in July. (*See Table*.)

The expiring validity of financial numbers used for regulatory disclosure and worries over increasing market volatility are the main reasons for the rush, according to bankers.

"Many of these companies have their financials dated end of December last year. If they don't launch the deals by the end of June, they will have to update the financials under the stock exchange's rules," said a banker on one of the deals.

"It will take at least two months to update the financials, which means the floats can only hit the market post summer. Market conditions may get even worse by then, so many issuers prefer to give it a try now," said another banker on two of the deals.

To raise the chance of getting the deals out of the door, many issuers are coming out with smaller-than-planned floats as they sell fewer shares at a lower valuation, say the bankers.

51 CREDIT CARD, for instance, was looking to raise about US$500m when it filed a listing application for a Hong Kong IPO in March. It considered selling about 20% of the company at a valuation of about US$2.5bn back then.

The company, however, announced a much smaller IPO of up to HK$1.37bn (US$175m) last week as it was selling only about 10% of the company at a valuation of up to US$1.75bn.

"Many of these issuers also build a shadow book before they launch the deals to the markets to ensure at least the base deals are covered," said a third banker.

XIAOMI SIGNAL

Six companies are also looking to price floats before Xiaomi starts trading on July 9, avoiding the risk of further bad news should the stock trade down.

"If markets continue to fall, Xiaomi is likely to make a disappointing debut and further dent investors' appetite for IPOs," said a banker on one of the six deals.

As of Friday afternoon, mobile phone infrastructure company China Tower was still considering whether to start pre-marketing its US$8bn–$10bn float on July 2. It is understood that the company is evaluating whether it should wait until Xiaomi's debut to decide when to press ahead.

"There is a chance China Tower will bring its float post summer if Xiaomi doesn't trade well," said a person familiar with the situation.

CLSA, *Goldman Sachs* and *Morgan Stanley* were joint sponsors for the Xiaomi deal. ■

JULY IPOS

Issuer	Fundraising size (US$)	Stage
China Tower	8bn–10bn	Hearing on June 28
Inke	193m	Pricing on July 4
Tianli Education	169m	Pricing on July 4
Intron Technology	106m	Pricing on July 5
Redsun Properties	300m	Pricing on July 5
51 Credit Card	174m	Pricing on July 6
Cangnan Instrument	114m	Pricing on July 6
7Road	189m	Pricing on July 11
Qilu Expressway	198m	Pricing on July 11
Ganfeng Lithium	1bn	Bookbuilding on July 9
Cango *	300m US IPO	Bookbuilding on July 9
Bank of Jiujiang	503m	Trading on July 10
FingerTango	208m	Trading on July 12
Canaan	At least 1bn	Hearing in early July
Ascletis Pharma	400m–500m	Hearing in early July
Hope Education	400m	Hearing in early July

* Except Cango, all others are Hong Kong IPOs

Source: IFR Asia

"We have a lot of potential bond issuers, mostly from financial institutions," said Try Sina, senior manager in the listing and disclosure department at the CSX. "Banks, as issuers, would come later, next year."

Another microfinance institution could potentially issue bonds this year.

The CSX has come out with rules to enable investors to trade corporate bonds and equipped a new trading platform. Bonds can be traded through auction or negotiation.

The IFC also wrote that the new issue would set a local pricing benchmark and help to develop a domestic bond market, making Cambodian companies less reliant on US dollar funding and less vulnerable to exchange rate movements.

CGIF SUPPORT

So far, only one Cambodian company has issued corporate bonds, and that was in the offshore market. Casino operator Nagacorp, which is listed in Hong Kong and rated B1/B (Moody's/S&P), in May printed a US$300m three-year non-call two bond at a yield of 9.375%.

The Cambodian government currently sells negotiable certificates of deposit with tenors of two weeks to one year directly to banks. The Asian Development Bank wrote in its ASEAN+3 Bond Market Guide in February that the Ministry of Economy and Finance was exploring the use of an auction system to sell government bonds.

The Credit Guarantee and Investment Facility, a multilateral facility established by the ASEAN+3 countries with the ADB, is expected to provide a guarantee to some Cambodian corporate bond issues, including the first offering. It provides credit guarantees on bonds, mainly denominated in Asian local currencies, to bonds from investment grade issuers in the ASEAN+3 countries.

Khoo Boo Hock, vice president, operations at CGIF, declined to comment on individual transactions.

"Developing bond markets go beyond getting one bond issued, as one bond does not make a market," said Khoo. "As such, efforts to encourage a number of potential issuers to consider making offerings as well as nurturing an investor base for a market to emerge include many initiatives across numerous dimensions."

Another Asian frontier could soon open for corporate bonds: the CGIF this month conducted a corporate bond issuance workshop in Laos. A panel of industry experts called for Laotian regulators to provide more incentives to encourage companies to issue bonds. ■

Foreign funds cool on Malaysia

Bonds Sovereign CDS hits 14-month high after Mahathir revives talk of ringgit peg

BY KIT YIN BOEY, DANIEL STANTON

Foreign investors are pulling out funds from Malaysia and hedging against widening credit spreads, with uncertainty over government policies driving sovereign credit default swaps to a one-year high.

The spike came as Prime Minister Mahathir Mohamad suggested that the government was looking at certain options to stem growing fiscal deficits and protect the ringgit.

In an interview with Singapore-based Channel News Asia television last week, Mahathir said pegging the ringgit was not necessary for now, but would be considered as an option if needed. Mahathir pegged the ringgit to the US dollar and introduced

China readies dollar bond return

Bonds Repeat of last year's frenzy looks unlikely against weak market backdrop

BY CAROL CHAN, INA ZHOU

The PEOPLE'S REPUBLIC OF CHINA is set to issue US$3bn of sovereign bonds later this year, adding to its sovereign curve after ending a decade-long absence from the dollar market last October.

Market participants expect strong demand for the new issue, but said a repeat of last year's frenzy looked unlikely against the weak market backdrop.

China's US$2bn offering nine months ago was the country's first US dollar sovereign offering since 2004. It priced at a tiny spread over US Treasuries and repriced the dollar curve for state-owned Chinese banks and corporate issuers.

"There is hard demand for China's US dollar sovereign bonds, especially from Chinese banks and index funds. Moreover, the issue size is relatively small compared to the economy. I don't see any problem in terms of demand," said a DCM banker who was involved in last year's deal.

The banker expects China will not give too much premium in terms of pricing and will price close to the secondary market curve of its US dollar sovereign bonds issued last year.

Angus Hui, head of Asian credit and emerging market credit at Schroders Investment Management, also expects demand will remain intact as China's US dollar sovereign bonds provide investors with a relatively higher yield but low volatility among other emerging sovereign markets.

STABLE SPREADS

"Credit risk differentiation is becoming even more important in risk-off environments. With a solid sovereign rating and small issue size, China's planned US dollar bond will continue to be welcomed by the market," Hui said.

Last October, China issued one of the tightest US dollar sovereign bonds on record, sealing its position as an economic heavyweight in global debt capital markets.

capital controls during his first stint as prime minister in a controversial measure to stabilise the economy in the 1998 Asian financial crisis.

The comments added to investors' nerves over the new government's fiscal policies, sending five-year sovereign CDS to 115.15bp on Thursday, up 9bp on the week and the highest since April 19 2017.

Since its May 9 election victory, the Pakatan Harapan government has raised its assessment of total government debt to over M$1trn (US$251.2bn), pledged to remove the goods and services tax, and reopened investigations into the alleged misappropriation of funds from 1Malaysian Development.

At the same time, global sentiment towards emerging markets has weakened, as the unwinding of quantitative easing in the US sends dollar rates higher and makes Asian local currency credit look relatively less attractive.

"One of the main reasons people came into Malaysia local bonds was due to QE (similar to Asian corporate bonds)," said Phil Yuhn, portfolio manager for emerging market debt at Man GLG.

"We believe Malaysia doesn't have the external imbalances that many other EM countries have, but it does have a high level of foreign ownership of local bonds. One of the first moves of the new government was to remove GST, which may increase the fiscal deficit, and the external debt to GDP is high for a Single A country, in our view, once you include quasi-sovereign debt and 1MDB."

Foreign investors were net sellers of a massive M$12.9bn (US$3.2bn) of short and long-dated Malaysian conventional and Islamic debt securities in May, according to Kenanga Research. This was the highest in 14 months and more than double the M$4.7bn outflow in April. Foreign holdings of all Malaysian government bonds, including sukuk, fell to 25.9% in May, the lowest since March 2017, while foreign holdings of conventional government bonds only dropped to 41.9%.

Similar sell-offs were seen in the equity market. MIDF Research reported that initial data from Bursa Malaysia showed net sales by foreign investors were at M$1.89bn in the week ending June 15. The ringgit came under pressure as well, falling to M$4.04 against the US dollar from M$3.9235 at end-April.

That has caused some investors to worry that Mahathir might attempt to stem the decline by making it harder for foreigners to sell.

"They could start putting some controls in place to minimise outflows," said Yuhn. He said that if foreign investors find it hard to exit their local currency positions, "people may use more liquid instruments to hedge and CDS will reflect that".

"In our view Malaysia is one of the more vulnerable countries to a trade war between China and the US. Around 1.0% to 1.5% of its GDP is trade supplied to China that is subsequently supplied to the US."

REDUCED OVERHANG

Not all foreign investors share the nervous outlook.

"Capital controls can be a concern but for now, we are not treating it as a base case as they still have other means of survival and there is no need to resort to such a harsh measure," said one foreign fund manager.

"They may impose some simple capital control to prevent domestic outflows but there is no point clamping down on foreign investors as there isn't as much of a foreign investment overhang anymore."

Malaysia has some US$108.5bn in its official reserves as of end-May, a slight dip from US$109.5bn a month ago, according to data from Bank Negara Malaysia.

Analysts believe the sell-off will continue into the next few months following concerns that credit rating agencies may put on Malaysia on ratings watch.

"Additionally, the sudden resignation of Bank Negara Malaysia's governor and the change in several government-linked corporate heads is also expected to add uncertainty to the domestic bond market," said the Kenanga report.

Malaysia is also exposed to the ongoing trade war between the US and China.

"In our view Malaysia is one of the more vulnerable countries to a trade war between China and the US. Around 1.0% to 1.5% of its GDP is trade supplied to China that is subsequently supplied to the US," said Man GLG's Yuhn. ■

The US$2bn five-year and 10-year notes, equally split between the two tranches, priced at Treasuries plus 15bp and 25bp, respectively, and received US$21bn in orders, or 10.5 times the issue size, as the rare bond offering gained solid support from both Chinese investors and international investors.

"The Chinese government of course wants this year's US dollar sovereign bond to drive the momentum for other Chinese credits, but it seems pretty hard amid recent market volatility in the wake of US-China trade tensions and expectation of further interest rate hikes in the US," said the banker.

Both tranches of last October's issue, which benefited from the extreme rarity value, have fallen in cash terms this year, in line with US Treasuries as rates have risen in the US, but their spreads remain relatively stable.

The 2.125% bonds due 2022 and 2.625% bonds due 2027 were quoted at 96.762/97.159 and 96.037/96.628 in cash prices on Friday morning or a spread of 20bp and 27bp over US Treasuries, respectively, according to Thomson Reuters.

This year's offshore sovereign offerings from China will be skewed more towards dollars than renminbi. Alongside its June 26 announcement of the US dollar plans, the Ministry of Finance also said it would issue Rmb10bn (US$1.5bn) of Dim Sum bonds via two offerings this year, down from Rmb14bn last year.

The banker said the MoF had not yet picked banks to handle the US dollar bond sale and the issue would not launch in the near term.

RMB BONDS AFFECTED

For the Dim Sum bonds, the MoF is set to auction Rmb3bn two-year notes and Rmb1.5bn five-year notes to non-central bank institutional investors on July 5 in Hong Kong through the Central Moneymarkets Unit and sell Rmb500m of notes to foreign central banks based on the tender result.

Banny Lam, head of research at CEB International, expects demand for the sovereign Dim Sum bonds will be weaker this year after the sharp drop of the renminbi in June because of renewed US-China trade jitters.

The renminbi slid more than 3% against the US dollar in June, erasing all the gains earlier this year, and has weakened to its lowest level in more than seven months. ■

China curbs property bond sales

Bonds Developers face refinancing challenge after NDRC warns over short-dated notes

BY INA ZHOU, CAROL CHAN

Chinese property developers are facing tighter scrutiny over their offshore bond sales, after an aggressive fundraising spree triggered a warning from the state planner.

The National Development and Reform Commission last week singled out developers and local government funding vehicles in a statement warning of the risks from overseas bond issuance.

Bankers said the NDRC had also discouraged issues of US dollar bonds with maturities of less than one year in verbal guidance to some intermediaries the previous week.

Market participants said the NDRC has come under greater pressure to rein in developers' access to foreign debt and fall in line with the central government's efforts to curb surging property prices. China's housing ministry said last week that it would crack down on property irregularities in 30 major cities from July to the end of December.

The latest measures threaten to limit an essential overseas source of funding for the property sector, which has had a very tough time accessing the domestic bond market since late 2016.

The NDRC clarified on Friday that it had not considered banning any companies from issuing offshore debt, but DCM bankers still voiced concerns that the heightened regulatory oversight would add to refinancing risks in a bearish US dollar bond market.

"The tightened scrutiny will definitely increase the refinancing risk in the property sector, especially for those weak Single B names, which are likely to see some offshore bond defaults this year," one banker said.

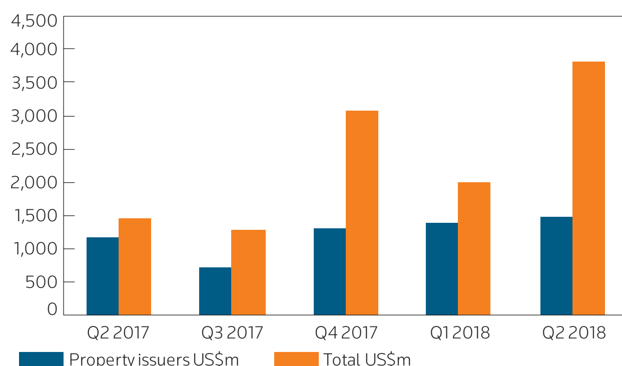
He and two other bankers noted the NDRC had tightened new quota approvals for developers and LGFVs, particularly the weaker ones, a month ago, reversing a looser stance since the 19th party congress ended last October.

They also reckoned that the tightening measures would support US dollar bonds from the sector in the secondary markets by cooling the pace of supply.

"If there is going to be a slowdown of new quota approvals, it may actually help

"If there is going to be a slowdown of new quota approvals, it may actually help existing quota holders, and this could in fact make bonds rally, just like early last year when there were no new quotas approved."

ASIAN USD BOND ISSUES WITH TENOR UNDER ONE YEAR



Source: IFR

Investors snap up Samurai supply

Bonds Positive momentum continues despite tensions in global markets

BY TAKAHIRO OKAMOTO

Japanese bond buyers welcomed the chance to diversify their portfolios last week as rare issuers KT CORP and WESTPAC BANKING GROUP added to the rebound in Samurai bond sales.

South Korean telecom company KT followed up a popular offering from state-owned Export-Import Bank of Korea the previous week with a ¥20bn (US$187m) deal, split between ¥4bn of 0.31% two-year notes and ¥16bn of 0.38% three-year bonds.

The spreads over yen offer-side swaps were 22bp and 27bp, respectively. This was KT's first Samurai issue since it sold a ¥15bn three-year bond in February 2015.

Although Kexim took ¥120bn off the table the previous week, KT was still able to draw good demand from investors amid improved sentiment towards the region after the summit between US President Donald Trump and North Korean leader Kim Jong Un in Singapore. Total demand exceeded ¥40bn, but the deal was capped at ¥20bn.

Appetite for foreign credit also allowed French car maker RENAULT to sell a ¥57.4bn Samurai last week, despite rising trade tensions that have knocked credit spreads in the European auto sector. (*See Japan Debt capital markets.*)

Asset managers and trust banks bought both tranches from KT, while the three-year saw participation from regional investors as well.

"Not every investor is 100% okay with Korean bonds, but the majority of investors show strong appetite, especially because of the recent supply drought from South Korea," said a banker on the deal. "I think this trend will continue."

Prior to last week's Kexim trade, there were only two Korean Samurai deals in the 2016-2017 period: Hanwha Chemical in 2016 and Shinhan Bank in 2017.

KT started marketing in three tranches of two, three, and five years on Tuesday, with the two and five-year portions on a reverse enquiry basis. In response to the demand for short-dated paper, it decided to issue the two-year and not to print the five-year.

Citigroup and *Daiwa* were the leads on the deal, which is rated A–/A by S&P/Fitch.

WESTPAC RETURNS

There was more supply from

existing quota holders, and this could in fact make bonds rally, just like early last year when there were no new quotas approved," said a DCM banker with a foreign bank, who said he was clarifying the new approach with the NDRC.

The initial reaction to the news, however, was negative. US dollar notes of Chinese developers were down 1–4 points last Thursday.

SHORT-DATED NOTES

Bankers said the NDRC had told underwriters that issuers of short-dated US dollar notes would have trouble registering notes with longer tenors. It did not say whether it would issue a formal notice regarding short-dated notes, the banker said.

"The NDRC made it clear to us that they did not want to see any issuance of short-dated US dollar notes in the near term," said a banker briefed on the verbal guidance.

Under the current regulatory regime, issuers are not required to register offshore bonds with a tenor of less than one year with the NDRC in advance.

"As the NDRC does not have the mandate to oversee short-dated notes at the moment, it wishes to get across the message to issuers via intermediaries," the banker said.

In the statement posted last Wednesday, the NDRC said it was working on a new rule on a system of foreign debt registration which would clarify the qualification and criteria for issuing offshore debt. Short-dated paper may be addressed in that rule, the banker said.

"We've put on hold 364-day deals to wait for clearer regulatory guidance after the news. We don't want to make NDRC unhappy and affect the quota approval of our future deals," a banker from a Chinese brokerage said.

Since the first public offering of short-dated US dollar bonds from a Chinese issuer in May 2017, most issuers in this format have been Chinese developers and LGFVs.

Issuing short-term offshore debt allows Chinese borrowers to address immediate funding needs without the need to register their plans with mainland regulators. That avoids any delays in the approval process, but leaves companies under pressure to refinance within a short deadline.

USE OF PROCEEDS

The NDRC said in the statement last week that risk prevention regarding foreign debt should be strengthened after a significant growth in offshore debt in the past two years, particularly from property developers and LGFVs.

"We've put on hold 364-day deals to wait for clearer regulatory guidance after the news. We don't want to make NDRC unhappy and affect the quota approval of our future deals."

The NDRC said developers should primarily use the proceeds from foreign debt issues to repay debt. The use of proceeds for real estate development projects and for replenishment of working capital would be limited, it said.

The NDRC would also ask property developers to submit letters of commitment over the use of proceeds from foreign debt.

Bankers said developers had already followed the requirement regarding the use of proceeds in recent deals and many of them could still issue under existing quotas registered with the NDRC.

"Despite the heavy supply (from developers) earlier this year, many of them still sit on large amounts of unutilised quotas as the weak market backdrop does not allow them to use up all their quotas," a banker said.

"By coming out and making such a cleary stated public announcement, NDRC is sending a strong message to both issuers and investors which should bring more confidence to the prospect of healthy development of the market given more prudent regulatory oversight," UBS wrote in a research note.

In the first five months of this year, Chinese firms issued a total of US$99.2bn of foreign debt, close to the volume issued in the same period last year, NDRC said. In 2017, the total issuance of foreign debt was US$235.8bn. ■

---

the Asia-Pacific region on the same day, as Westpac, rated Aa3/AA–, raised ¥76.3bn from an offering of five-year Samurai bonds, brushing aside the scandals that have plagued the Australian banking sector.

The deal is Westpac's first in the Samurai market since it sold ¥85bn of five-year notes in January 2016.

The new issue, with a 0.32% coupon and a 17bp spread over swaps, attracted strong interest from a wide variety of investors, including insurers, domestic banks, trust banks, asset managers, specialised banks and regional banks. Bankers on the deal said they were impressed by regional investors' strong appetite.

"What is obviously different from [the issuer's] deals in the past is strong demand from regionals," said a banker on the deal.

"I think the regional investors participated because of [the appeal of] the spread and absolute level for these credit ratings," another banker on the deal added. Indeed, the 0.32% coupon looked very attractive compared to five-year JGBs, rated one notch lower at A1/A+, which yield -0.11%.

"Not every investor is 100% okay with Korean bonds, but the majority of investors show strong appetite, especially because of the recent supply drought from South Korea. I think this trend will continue."

He stressed the diversified participation as one of the highlights of the deal. "We were able to 'liven up' the deal by drawing demand from a wide variety of investors, not necessarily relying only on big investors."

Nonetheless, the deal landed at the wider end of the initial price guidance of 15bp–17bp due to the spread widening of Australian banks in dollars.

Australian banks have been plagued by scandals lately, as the country's Royal Commission continues to unearth cases of bad behaviour, but such headlines did not affect the Westpac Samurai deal. "We heard almost no concerns about the issuer or the sector," said the second banker.

Daiwa, *Mitsubishi UFJ Morgan Stanley*, *Mizuho*, *Nomura* and *SMBC Nikko* were the joint lead managers. ■

Q2 slowdown hits Asian lending

Loans Syndicated volumes dip 31% on slowdown in Chinese M&A

BY PRAKASH CHAKRAVARTI

Syndicated lending in Asia Pacific, excluding Japan, showed a steep 31% year-on-year decline to US$94.17bn in the second quarter, dragging first-half borrowing volumes down 9.2% to US$211.60bn, according to Thomson Reuters LPC data.

The second-quarter total is the region's lowest quarterly tally in five years, as the combination of China's economic slowdown, fewer M&A financings and heavy bond issuance hit loan volumes.

China's tougher rules on overseas investments continued to weigh on outbound acquisitions.

"The slowdown in Chinese outbound M&A deals and acquisition financing is partly the result of companies needing more time to understand the implications," said Lewis Wong, head of North Asia for Credit Suisse's APAC financing group.

Deal flow across the region plunged 33% in the second quarter, with 227 Asian loans closing compared to 340 a year earlier.

First-half volume hit a five-year low, and deal flow, with 556 loans closed, was 20% lower than that 12 months earlier.

Hong Kong, home to China's offshore loan market, topped Asia (ex-Japan) with loan volume of US$48.15bn in the first half. Australia and China followed close behind with US$45.56bn and US$44.51bn respectively. The three markets combined accounted for 65% of the market share for Asia (ex-Japan).

Meanwhile, although globally announced M&A deals hit a record US$2.5trn in the first half, event-driven financings in Asia dropped 25% to US$16.86bn as fewer Chinese companies were able to complete strategic overseas acquisitions and Australia lacked big-ticket take-private buyouts that helped boost loan volume in 2017.

Australian M&A lending recorded the biggest slump as a result, sliding 79% to US$1.77bn in the first half, although overall Australia loan volume recorded a 13.5% increase.

Among the major loan markets in the region, Taiwanese lending rocketed 110% to US$18.88bn in the first half compared with US$8.98bn in the first six months of 2017.

Japan, Asia's biggest loan market, rose 4.2% to US$124.86bn in the first six months of this year, compared with US$119.86bn in the same period last year.

The tally is set to jump in the second half, when a mammoth US$30.85bn bridge loan backing Takeda Pharmaceutical's £46bn (US$62bn) acquisition of London-listed rare-disease specialist Shire is added.

Frenzied bond issuance in the first quarter by Asian borrowers contributed to the loan market slump, as companies locked in long maturities ahead of anticipated US interest rate rises.

Excluding Japan, Asian companies raised US$182.5bn from 313 bonds in G3 currencies in the first half, but borrowers are expected to shift back to loans with more rate rises on the horizon.

The Federal Reserve has already increased its benchmark rate seven times since the end of 2015, and the prospect of further rises and uncertain conditions in bond markets, are expected to boost the appeal of floating-rate loans.

Australian RMBS lose altitude

Structured Finance ADIs pull in their horns after last year's issuance splurge

BY JOHN WEAVERS

The Australian RMBS market has slowed from last year's record-breaking pace with A$12.9bn (US$9.5bn) raised from 15 trades so far this year, down nearly 16% from a year ago, according to Thomson Reuters data.

In the first half of 2017, 18 issuers raised A$15.3bn, ahead of a bumper second half.

The recent contraction largely reflects a natural pause following the rush to issue at the end of last year when mortgage originators made the most of favourable conditions.

"There was some opportunistic supply between Q2 and Q4 last year that was underpinned by a positive market backdrop and tightening spreads. This encouraged several originators which typically access the RMBS market once a year, to make two or even three visits," explained Lionel Koe, director for securitisation origination at NAB.

Only one major bank originated RMBS in the first halves of 2017 and 2018, while sales not originated by authorised deposit-taking institutions (ADIs) actually increased year-on-year.

The big negative change was reduced supply from non-major bank ADIs (regional banks, building societies and credit unions), which has almost halved from 10 deals totalling A$8.0bn to five trades worth A$4.2bn in the first six months of 2018.

"The boost to liquidity from last year's elevated RMBS supply, alongside the subsequent slowdown in credit growth, has contained ADIs' RMBS issuance in 2018," Koe said.

In addition to last year's favourable backdrop, ADIs sought to comply with APS 120, the Australian Prudential Regulatory Authority's new simplified securitisation framework and the net stable funding ratio (NSFR), before both kicked in on January 1 2018.

The NSFR deadline encouraged banks, especially those with smaller balance sheets, to issue more capital-relief RMBS, which are neutral from a NSFR perspective, unlike funding-only RMBS that have negative NSFR implications because they require additional stable funding to maintain the ratio.

These regulatory incentives helped drive a fourfold increase in RMBS issuance from ADIs outside the big four lenders, to A$13.5bn in the whole of 2017 versus the 2016 total of A$3.3bn when only four non-majors printed one RMBS each.

This year regional banks have focused more on alternative funding instruments, especially the domestic senior unsecured arena which Suncorp, AMP Bank, Bank of Queensland, Members Equity Bank and Heritage Bank have all accessed.

In contrast, non-ADIs have stepped up their RMBS sales versus year-ago levels, with nine trades from seven originators issuing a total of A$6.7bn compared with A$4.9bn from seven non-ADI transactions in H1 2017.

As price-takers without access to other funding markets, non-ADIs tend to be steady RMBS issuers with their lower capital costs, thanks to predominantly internet-based operations, making them more resilient during periods of rising margins.

Securitisation spreads have certainly increased this year, but not alarmingly so with the current estimated clearing rate for major bank RMBS of 95bp being only 10bp wide of Commonwealth Bank of Australia's January Medallion

Bond issuance slowed in the second quarter, which is likely to continue through the holiday period as macroeconomic concerns refuse to abate.

A looming trade war between China and the US has sent a chill through the markets, along with a possible flight to quality by investors in the region's dollar-based emerging markets.

"Both loan and bond markets are open for high-grade borrowers, but for high-yield credits, borrowing in either market is challenging," said Birendra Baid, head of loan syndication for Asia at Deutsche Bank.

Reduced deal flow is continuing to push loan pricing lower as banks compete aggressively for scarce mandates as highlighted by a recent US$950m multi-tranche loan for Indonesia's Eximbank.

The deal attracted more than 30 lenders in general syndication despite offering extremely tight pricing. ■

2018-1 trade and 3bp inside the 98bp spread for the June 2017 Medallion 2017-1 print.

One buyside problem identified by syndication desks has been a contained offshore bid as some relative value Japanese and European investors switch to higher-yielding markets overseas.

For example, the two-year Treasury/ACGB spread, which was down at negative 60bp last September, hit parity on October 31 2017 before widening out to around positive 50bp currently.

Koe noted the average ticket size and participation rates from European accounts for recent Australian dollar RMBS senior Class A notes was down relative to last year though they have continued to support the mezzanine and junior notes.

He said some Japanese accounts have refrained from participating due to current basis costs, but suggested the repricing of RMBS is approaching levels where they may participate on future trades. ■

Indian public bonds gain following

■ **Bonds** NBFCs turn to retail investors rather than banks to fund rapid growth

BY KRISHNA MERCHANT

More Indian non-banking financial companies (NBFCs) are eyeing retail bonds to broaden their funding options at a time when bank finance and private debt placements are becoming increasingly constrained.

Icra Ratings estimates that retail-focused NBFCs will require around Rs3.8trn–Rs4trn (US$55bn–$58bn) of fresh debt funding during FY19 to support double-digit portfolio growth.

A regulatory campaign to clean up bad debts has sapped risk appetite in the banking sector, while rising yields and electronic bidding rules have slowed the pace of private bond placements to institutional investors to Rs336bn in April-May, the lowest in five years, according to Prime Database.

As a result, public bond offerings, which are available to both institutional and retail investors, are gaining traction.

PNB HOUSING FINANCE has received board approval to raise up to Rs100bn from a maiden issue of retail bonds in one or more tranches.

"As we expand, there is a need to diversify the borrowing so that we are not relying on a particular source of funds," said Kapish Jain, chief financial officer at PNB Housing Finance, which has a balance sheet of Rs600bn. "Retail non-convertible debentures are an additional avenue to raise funds besides bank lines, wholesale funds, and private placement of bonds."

TATA CAPITAL and TATA HOUSING have also received board approval to issue retail bonds. Tata group companies are eyeing Rs30bn–Rs70bn from public issues, said a source aware of the plans. INDIABULLS HOUSING FINANCE has board clearance to raise up to Rs150bn from retail bonds.

SHRIRAM TRANSPORT FINANCE's public issue of Rs50bn opened last week. Since May, Srei Equipment Finance, Dewan Housing Finance and JM Financial Credit have raised a total of Rs123.07bn from retail bonds.

While banking system credit growth has remained muted at 8.7%, NBFC credit increased to 10.5% in FY18. PNB Housing Finance has historically grown at 45%–50%. It estimates to grow at 1.5x to 1.7x the expected industry growth of 18% in FY19.

As a result of the rapid growth, some NBFCs are finding their access to bank financing curtailed by sectoral limits.

"Going forward, banks are likely to be constrained by their internal sectoral lending caps in taking incremental exposure on the NBFC sector," said Icra in a note dated June 10.

Moreover, some banks are cleaning up bad loans on their balance sheets and have less ability to lend.

"Weaker banks have restrictions on how much they can lend given the adherence to Prompt Corrective Action (PCA) norms and low capital positions," said R Sivakumar, head of fixed income at Axis Mutual Fund. The PCA framework requires lenders with weak asset quality to conserve capital and address their bad debts.

Some market participants feel that the increase in retail bond issuance shows that NBFCs are desperate for funds.

"When the normal channels of financing are not available, issuers are looking at unconventional sources such as public issues, which are expensive," said a trader from a foreign bank.

While retail bonds come with more investors and bigger deal sizes, the public format comes at a price.

Retail investors want a slightly higher yield, estimated to be 10bp–15bp more than the cost of a private placement. "With additional expenses for distribution and marketing, the cost of funds can go up by 20bp–25bp for NBFCs using the public route," said Ajay Manglunia, head of fixed income at Edelweiss Financial Services.

Adding in the impact of higher benchmark rates, Icra estimates the weighted average funding cost for NBFCs will rise to 9.3%–9.5% in FY19 from 8.4%–8.5% in FY18.

Public issues take one to two months to complete because issuers have to file a shelf prospectus with the market regulator, whereas a private bond placement can be completed in three days.

On the plus side, retail bonds are often larger and have longer maturities.

"NBFCs can raise large amounts and there is flexibility of tenor. It covers two to three interest rate cycles at the longer end," said Manglunia.

PNB Housing Finance is hoping that the pricing and maturity will match its liability profile.

"We are looking at borrowing in three, five and seven-year buckets," said Jain from PNB.

The large and better rated NBFCs will find it easier to sell retail bonds and transmit any increase in funding costs to customers. For example, PNB Housing Finance hiked borrowing rates by 25bp in May.

However, mid-sized and lower-rated NBFCs are expected to find it more challenging to access capital.

"The spreads will be higher for lower-rated NBFCs and it will not be economical for them to raise funds," said an analyst from a local rating agency. "Their competitive strengths will come down."

Despite the huge volume expected to hit the market, the bond issuances through the public route will be staggered.

"We will not see all the issuers come together at the same time, as NBFCs want to get the attention of retail investors," said Manglunia of Edelweiss. ■

TOP STORY EQUITIES

SGX introduces weighted voting rights

Singapore's rules are less restrictive than those in Hong Kong

SINGAPORE EXCHANGE ushered in new rules last week allowing companies with dual-class shares to list in the city, despite criticism that the rules carried insufficient investor protection and would not help attract issuers away from Hong Kong.

SGX said last Tuesday companies with weighted voting rights will be able to list on the main board provided they meet certain criteria such as being fast-growing, the beneficiaries of the WVR structure being integral to the company's success and the company having the backing of sophisticated investors.

The exchange introduced a number of safeguards for minority investors, including a requirement that all appointments of independent directors and auditors as well as reverse takeovers or delisting proposals be carried out on a one-share one-vote basis. SGX also said it would cap multiple voting shares at 10 votes a share.

SGX's move comes only two months after its rival Hong Kong Exchanges and Clearing introduced similar rules.

"We've been supporters of the principle of one share one vote therefore it's disappointing that the exchange has opted to do this, but it seemed inevitable, especially after Hong Kong implemented similar proposals," said Jenn-Hui Tan, head of capital markets and corporate governance for Asia Pacific at Fidelity International.

"I understand the commercial pressures of an exchange to compete for listings globally, but the real challenge for Singapore is to avoid becoming a secondary market for dual-class share companies ineligible or rejected for listing in Hong Kong."

INVESTOR SAFEGUARDS

The SGX version is slightly less restrictive than the rules introduced in Hong Kong.

The Hong Kong bourse restricted listings with WVR to "innovative" companies and those with a minimum market capitalisation of at least HK$10bn (US$1.27bn) as well as annual revenues of at least HK$1bn if its market cap is less than HK$40bn.

It also introduced new rules requiring the corporate governance committee of companies with WVR to be comprised entirely of independent directors.

SGX introduced no such requirements around the type of companies that would be eligible to list and set no market cap threshold beyond the minimum S$300m (US$219.63m) requirement for companies on the main board.

Singapore does not require listed companies to establish corporate governance committees, although SGX said companies with WVR structures must have a majority of independent directors on their remuneration, audit and nomination committees.

"I understand the commercial pressures of an exchange to compete for listings globally, but the real challenge for Singapore is to avoid becoming a secondary market for dual-class share companies ineligible or rejected for listing in Hong Kong."

"The Hong Kong rules are certainly a little bit more restrictive," said Stefanie Yuen Thio, managing partner at law firm TSMP Law Corporation. "They appear to have been drafted with a certain type of company in mind."

"Singapore has been thinking about this framework for a long time and the rules are drafted to provide more flexibility. Ultimately though, the exchange will decide which companies will be able to list. The companies will need to prove to the exchange that they need the growth capital and satisfy all the other criteria."

Investors and corporate governance advocates said that the safeguards were insufficient, however, with many opposed to dual-class shares outright.

"The analogy I draw is a room with sprinklers, a smoke alarm and a fire extinguisher but no door," said National University of Singapore Business School associate professor Mak Yuen Teen.

"All of the equipment might be useful if there's a fire but you can't get out of the room. If you have the wrong founder, or group of founders, you can't get rid of them."

RACE TO THE BOTTOM?

SGX's final rules include a number of changes from its earlier consultations. During its first consultation paper, published in February last year, it proposed a minimum market capitalisation of S$500m, which was dropped during the second consultation in March this year.

It also mooted introducing sunset clauses, where the differential voting structures fall away after a certain period of time, although this was also abandoned during the second set of proposals.

The exchange said in its final rules it would allow corporate vehicles to act as the beneficiaries of WVR structures, although it said in such cases it will consider additional enhancements. SGX introduced this rule in response to queries from three respondents to its second consultation.

Several investors expressed concern about the impact this will have on the types of companies that would list in Singapore.

"The intellectual premise for allowing dual-class shares is that the company uniquely benefits from the leadership of its founder," said Fidelity's Tan. "Clearly, if you then allow corporate vehicles to hold those shares, you've broken that link."

"I think what it illustrates is the broader point that if you want to be competitive, you have to offer something different. In Hong Kong, the exchange is trying to limit itself to well-known, larger companies, where there is arguably less risk than with what Singapore is proposing."

Other sources said that SGX's move to welcome dual-class shares would not threaten Hong Kong's status as the pre-eminent listing venue in the region.

"We've seen in the last year or so, a lot of companies from South-East Asia looking at Hong Kong to list," said one ECM banker. "If they want to come to Hong Kong, they'll get bigger value and there's more liquidity. I don't think anything the Singapore Exchange can do will change that."

THOMAS BLOTT

Modi urges AIIB to lend more

The China-backed **ASIAN INFRASTRUCTURE INVESTMENT BANK** should increase lending tenfold within two years to help the region meet its investment needs faster, Indian Prime Minister Narendra Modi said at the third annual meeting of the multilateral lender in Mumbai.

To date the AIIB's loan portfolio totals US$4bn, but by 2020 the figure should rise to US$40bn, and by 2025 it should go up to US$100bn, Modi said.

The AIIB began operations in January 2016, having been cast as an alternative to other multilateral lenders like the World Bank and the Asian Development Bank. It has a capital base of US$100bn and has approved 25 projects in a dozen countries so far.

Despite the rivalry between China and India, New Delhi has received the largest share of AIIB funding so far – about US$1.3bn. But Modi's call for more lending during the meetings in Mumbai will put more pressure on the new multilateral to step up its activities in India, rather than China.

As well as border disputes the two Asian giants have squabbled over China's signature Belt and Road infrastructure initiative.

India has signaled unease over China's grand trade and transport plan as one strand runs through Pakistan-administered Kashmir, which India claims. Many Belt and Road projects are supported by China's state-owned banks and the AIIB.

AIIB president Jin Liqun stressed during the Mumbai meetings that the bank was willing to work with all regional initiatives, not just the China-led Belt and Road plan.

"We support all of the initiatives which would be working in the interests of the people," said Jin.

The AIIB last week also announced a US$100m investment in a fund of funds under India's National Infrastructure Investment Fund, with another US$100m under consideration in the second phase.

The investment aims to act as seed capital for a fund of funds that will then be able to attract more money from the private sector. Jin described it as a "first of its kind for this bank".

"We would like to explore the possibility and learn from this process … A fund of funds is quite normal in the private sector, but for an MDB this is quite innovative."

THOMAS BLOTT, STEVE GARTON

Stevenson takes HSBC finance reins

Former investment banker *Ewen Stevenson* will be **HSBC**'s next chief financial officer, after four years as CFO of rival Royal Bank of Scotland.

HSBC said last week Iain Mackay was retiring after eight years as finance chief. The date of the handover will be announced later, the bank said.

State-backed RBS said on May 30 that Stevenson was leaving the bank, even though he had been tipped to be its next chief executive. Stevenson refused to say at that time where he was going, but there was speculation he was heading for HSBC.

New Zealander Stevenson spent 25 years at Credit Suisse, mostly in its financial institutions group in London. His last role at CS was as co-head of the Europe, Middle East and Africa investment banking division and co-head of the global FIG group.

As well as helping banks with regard to M&A deals, capital, strategy and other issues, he also advised the UK Treasury on its rescues of RBS and Lloyds and the broader package of measures to save the banking system during the 2007–2009 financial crisis.

The path from investment banker to executive suite is well trodden, including by many Credit Suisse traders and bankers. Brady Dougan, the American who was Credit Suisse CEO for much of Stevenson's time there, started as a derivatives banker and moved up CS's investment bank ladder. David Mathers, who has been Credit Suisse's CFO for eight years, made his name with senior roles in CS's equities and research division.

Before them, American banker Philip Ryan set the template for Stevenson and put the idea in his head that FIG bankers had the skills and experience to succeed as CFOs.

Ryan made his name at CS as a managing director in its London and New York FIG teams and then headed the FIG group, before moving further up the Swiss bank to become finance director from 1999 to 2004.

Stevenson, 52, joined CS's investment bank in Wellington in 1989, after graduating from the city's Victoria University with degrees in commerce and administration and law. He moved to London with the bank in 1993 and stayed with the FIG team there for more than two decades.

He was lured to become RBS CFO in May 2014, shortly after fellow New Zealander Ross McEwan was appointed RBS chief executive. The pair knew each other from 2008 when Stevenson advised HBOS on the sale of its Australian business to Commonwealth Bank of Australia, where McEwan worked at the time.

At RBS the pair slashed the balance sheet, cut costs and dealt with a number of legacy conduct issues – helping clear the way for Britain's government to this month cut its stake to 62% from 70%.

Stevenson had been seen as a leading candidate to take over as RBS CEO from McEwan, who analysts and industry sources reckon could step down in the next year or two.

HSBC said it will grant Stevenson share awards to replace unvested RBS awards he is forfeiting. They are worth about £7.75m (US$10.13m) at current prices. He will also receive an award in lieu of any bonus he could have received from RBS for 2018, which could be worth up to £1.6m.

Stevenson's arrival at HSBC means Europe's biggest bank will have changed its top three people in the last nine months. Outsider Mark Tucker took over as chairman in October and HSBC veteran John Flint became CEO at the end of February. Sources have previously said Mackay wanted to be CEO but missed out to Flint.

Flint is attempting to shift HSBC's focus to revenue growth after years of restructuring and selling assets, which simplified the bank but also eroded revenues and has kept returns depressed.

Mackay, 56, has been at HSBC for 11 years including the last eight as CFO. He is well respected by analysts and joined the bank in Asia after a decade at General Electric.

STEVE SLATER

People & Markets

CBA appoints six top executives

COMMONWEALTH BANK OF AUSTRALIA made six appointments to its depleted executive committee as Australia's largest bank looks to rebuild after a difficult year.

CBA appointed *Nigel Williams* last Monday as chief risk officer, effective November 5. Williams spent 15 years with rival Australia and New Zealand Banking Group, most recently as CRO, before stepping down in March this year.

Chief executive Matt Comyn has picked *David Cohen* as deputy CEO, also effective November 5. Cohen will be moving from his current role as CRO at CBA. He will oversee the demerger of Colonial First State Group, the bank said.

Other internal appointments include *Andrew Hinchliff*, the new group executive for institutional banking and markets; *Angus Sullivan*, group executive for retail banking services; and *Sian Lewis*, head of human resources.

Hinchliff joined CBA in 2015 as executive general manager for global markets after more than 15 years in institutional banking and markets roles with Goldman Sachs and Credit Suisse First Boston. He will start his new job on August 1.

Lewis also starts her new role on August 1. She joined CBA in 2014 and was most recently in charge of the bank's customer contact centres. She previously spent nine years with Westpac Banking Corporation, working across retail and business banking.

Sullivan will take up the reins of retail banking, the division previously led by Comyn, on July 1. He was most recently acting group executive of retail banking services. He is a former partner with McKinsey.

Comyn has turned to outsider *Pascal Boillat* to fill the role of group executive for enterprise services and chief information officer. He will join on October 1 and will have oversight of technology and operations. Boillat was previously global group CIO at Deutsche Bank.

CBA said in a statement that the bank was completing the search for a chief financial officer and expected to announce a permanent appointment in August. Alan Docherty, CFO of institutional banking and markets, is currently filling the role on an interim basis.

The appointments follow a period of major turnover at CBA after financial intelligence agency Austrac revealed last August it was initiating civil proceedings against the bank following widespread breaches of money-laundering and counter-terrorism financing rules.

The revelations triggered a management shake-up with former CEO Ian Narev tendering his resignation two weeks later. In January, Comyn, who ran the division where lapses in control occurred, was appointed as Narev's successor.

CBA said in March that its head of institutional banking and markets, Kelly Bayer Rosmarin; technology chief, David Whiteing; and head of human resources, Melanie Laing would all leave, while in May CFO Rob Jesudason quit to join cryptocurrency start-up Block.one.

CBA also lost Vittoria Shortt as a member of its executive committee. She was tapped in December to run the bank's New Zealand unit, ASB Bank, leaving her job as head of marketing and strategy vacant.

Earlier this month, CBA said that the federal court had approved its settlement with Austrac in which it agreed to pay a record fine of A$700m (US$519.35m) and acknowledged that it had breached money-laundering and counter-terrorism financing rules on 53,750 occasions.

CBA repeatedly failed to report suspicious transactions, which it blamed in part on a computer error. Money laundered through CBA accounts included the proceeds of drug and firearms importation and distribution syndicates, predominantly involving methamphetamines, according to court documents.

The bank has been hit by other scandals. The federal court also approved earlier this month the settlement it reached in May with the Australian Securities and Investments Commission over allegations it manipulated the local benchmark interest rate.

CBA admitted that it engaged in "unconscionable conduct" in the course of trading in the BBSW market on five occasions from February to June 2012. It also agreed to pay a A$5m penalty, A$15m to a financial consumer protection fund and A5m towards the regulator's costs.

Last month, the Australian Prudential Regulatory Authority ordered CBA to set aside an extra A$1bn in capital until it satisfied regulators that it had improved oversight to avoid further compliance breaches in the future.

CBA along with the rest of the Big Four has also been under fire as a result of the Royal Commission, which has exposed widespread wrongdoing among Australia's largest banks. CBA's lawyers have presented evidence to the Commission that the bank knowingly charged dead clients for advice for years.

THOMAS BLOTT

DBS to launch China securities JV

DBS GROUP is set to become the latest foreign bank to enter the securities industry in China following the relaxation of rules around ownership.

"DBS is in talks with potential Chinese partners and with relevant government and regulatory bodies to establish a securities joint venture in China," a spokesperson for the Singaporean bank said.

DBS's foray comes shortly after JP Morgan and Nomura lodged applications to set up their own securities JVs.

In April, the China Securities Regulatory Commission allowed foreign investors to own a majority stake, for now a maximum of 51%, in securities JVs. The regulator has also pledged to gradually expand the business scope of JVs.

The changes introduced by China's securities regulator have triggered a new wave of enthusiasm among international banks, which have long bristled over previous regulations capping their ownership at 49% and leaving their JV partners often in control of key licences.

Only HSBC, which invested under the terms of a specific deal between China and Hong Kong, has a controlling 51% stake in a Chinese securities JV. UBS and Goldman Sachs enjoy management control of their JVs, without holding a majority equity stake.

UBS, which currently holds a 24.99% stake in its JV, UBS Securities, was the first to apply to increase its stake to 51%. Founder Securities, Credit Suisse's JV partner, has also said it was liaising with the regulator about changes to the shareholdings of its JV. Other banks are expected to follow suit.

Despite much fanfare, JVs have so far produced little income for their foreign sponsors. Figures released in May show that the combined net profits of the six operational Sino-foreign JVs fell by around a third in 2017.

The six JVs made a combined net profit of Rmb370.12m (US$55.9m) with Citi Orient Securities ranking first for the second year in a row, despite a 27% decline in net profit to Rmb188.24m.

THOMAS BLOTT

JPM to grow China IB staff by 40%–50%

JP MORGAN plans to grow its China investment banking headcount by 40%–50% over the next two to three years as it gears up to win more business once it receives the go-ahead for a majority-owned securities joint venture.

The US bank also intends to revamp its coverage model to focus on winning more business from China's fast-growing new economy companies.

It said it would split its coverage across seven industries: financial services and technology, healthcare and technology, enterprise and technology services, new mobility, lifestyle and smart manufacturing, digital access, and infrastructure and commodities.

The bank did not disclose the current headcount of its China IB team.

"China is the country that just has leapfrogged, surpassing many things that happened in the West for the last decade," said Murli Maiya, co-head of IB for Asia Pacific at JP Morgan.

"The new economy in China is newer than and very different from many economies anywhere in the West."

The reorganisation comes only a few weeks after the US bank applied to set up a majority-owned securities JV in China, becoming the third bank to take advantage of a recent loosening of rules on foreign shareholdings.

In April, the China Securities Regulatory Commission authorised foreign investors to own a majority stake, for now a maximum of 51%, in securities JVs. The regulator also said it would gradually expand the business scope of JVs.

JP Morgan was the third global bank after UBS and Nomura to apply for majority ownership after the rules were introduced.

It previously held a 33.3% stake in a securities JV before agreeing to sell its stake to its partner First Capital Securities in 2016.

JP Morgan also appointed Mark Leung as chief executive officer for China last month as part of its renewed push in the country. David Li, senior country officer for China, was also made vice chairman of global banking.

Rival banks have made similar moves in response to the regulatory changes. Last month, UBS merged its Greater China IB teams and appointed Xuewen Bi, head of corporate client solutions at the JV, and Asia vice chairman John Lee co-heads of the combined group.

Credit Suisse Founder Securities, the mainland securities JV of Credit Suisse, has also been strengthening its A-share research capabilities. Last month, its partner, Founder Securities, said it was liaising with the regulator about changes to the shareholding of the JV.

THOMAS BLOTT

IN BRIEF

Citigroup
First US bank with FMDB licence

CITIGROUP said last Friday it has received a licence to provide futures margin deposit services in China to investors under the qualified foreign institutional investor and RMB qualified foreign institutional investor schemes.

QFII and RQFII investors who trade equity index futures instruments on the China Financial Futures Exchange are required to open a margin deposit account with a licensed futures margin deposit bank.

Citigroup said it was the first US bank to be granted the licence from the exchange.

HSBC said in 2013 it was the first foreign bank to receive an FMDB licence from CFFEX.

ANZ
Papua New Guinea assets sold

AUSTRALIA AND NEW ZEALAND BANKING GROUP is selling its retail, commercial and small-to-medium sized enterprise banking businesses in Papua New Guinea to KINA BANK, to focus on institutional and large corporate banking in the region.

ANZ previously announced the sale of its retail and wealth businesses in Singapore, Hong Kong, China, Taiwan, Indonesia and Vietnam.

In a separate statement, Kina said it was buying the ANZ PNG businesses for K24.2m (US$7.19m).

AIIB
MoU with IDB

The ASIAN INFRASTRUCTURE INVESTMENT BANK has signed a memorandum of understanding with the ISLAMIC DEVELOPMENT BANK to co-finance

infrastructure projects.

The two development banks will focus their efforts on sustainable infrastructure projects, in particular, the AIIB said in a statement.

The MoU will also strengthen cooperation between the two organisations through knowledge sharing, temporary assignments, secondments and training.

Launched in 2016, the China-led AIIB has been viewed by many as a rival to the Western-dominated World Bank and Asian Development Bank. The AIIB has signed MoUs with both organisations, however.

ANZ

Share buyback doubled

AUSTRALIA AND NEW ZEALAND BANKING GROUP is increasing its on-market share buyback programme by a further A$1.5bn (US$1.1bn) to a total of A$3bn.

ANZ said last month it would increase the programme once it finalised reinsurance arrangements with Zurich Insurance Group, receiving about A$1bn as proceeds.

Australia's biggest banks are selling non-core assets as they face regulatory pressure to boost capital. They are also seeking to get back to basics after a series of governance scandals.

"The progress of our transformation means we are able to return this surplus capital to shareholders," chief financial officer Michelle Jablko said in a statement on June 22.

WHO'S MOVING WHERE...

■ **ABN AMRO** has announced two senior appointments in its Asia Pacific trade and commodity finance business.

Eugene Ganchev has been appointed head of APAC TCF, while *Gregory Vandeler* has been appointed APAC head of agri-commodities and TCF coverage.

■ Both will be based in Singapore.**STATE STREET GLOBAL ADVISORS**, the asset management arm of State Street, has appointed *Marcus Miholich* as head of capital markets for Europe, the Middle East and Africa and Asia Pacific, effective immediately.

He replaces *Paul Young*, who has left the firm.

Miholich will stay in London and report to Tim Coyne, global head of capital markets for the global SPDR business, a group of exchange-traded funds managed by SSGA.

Miholich joined SSGA in October last year from Haitong Securities and was most recently responsible for SSGA's ETF Nordic business development strategy. He was head of Delta One, ETF and cash equity trading at Haitong and has also worked at Bank of America Merrill Lynch, JP Morgan and Morgan Stanley.

■ *Andrew Hagan*, **NEW ZEALAND DEBT MANAGEMENT OFFICE**'s head of risk policy, and currently acting director for infrastructure and housing, will become acting head of NZDMO from August 13.

In the interim, *Charles England*, NZDMO's head of accounting and transactional services, will be acting head of NZDMO.

These arrangements follow the announcement on May 31 that the head of the office, Sarah Vrede, would leave the Treasury on June 29 to take up company directorships and consulting roles. Vrede became NZDMO head in 2014.

■ **HONG KONG EXCHANGES AND CLEARING** has appointed six new members to its listing committee, effective immediately.

The new members are *Vincent Gao*, partner at Hillhouse Capital; *Richard Pu*, deputy general counsel at Tencent Holdings; *John Wong*, Greater China chairman at the Boston Consulting Group; *Matthew Emsley*, partner at Herbert Smith Freehills; *Charles Nixon*, group general counsel of Hutchison China MediTech; and *Alex Wong*, managing director of Boyu Capital Advisory.

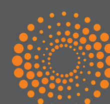
The listing committee is tasked with approving listing applications for both the Main Board and Growth Enterprise Market as well as advising the exchange on policy and approving amendments to the Main Board and GEM rules.

IFR MARKETS

GET THE FULL DEPTH OF IFR MARKETS REAL-TIME CREDIT, RATES AND FOREX COVERAGE, INCLUDING ALERTS, CUSTOMISABLE LANDING PAGE, SEARCH, AND MORE...

AVAILABLE ON THOMSON REUTERS EIKON AND IFRMARKETS.COM

To request a Free Trial today email:
IFR.ClientSupport@thomsonreuters.com



THOMSON REUTERS™

Australia 17 China 19 Hong Kong 23 India 26 Indonesia 27 Japan 28 Macau 29 Malaysia 29
New Zealand 29 Philippines 30 Singapore 30 South Korea 31 Taiwan 32 Thailand 34 Vietnam 35

AUSTRALIA

DEBT CAPITAL MARKETS

TEACHERS NETS A$200M

TEACHERS MUTUAL BANK, rated Baa1/BBB (Moody's/S&P), took advantage of an otherwise closed primary market to price an upsized A$200m (US$149m) three-year floating-rate note inside 140bp area guidance at three-month BBSW plus 137bp.

NAB and *Westpac* were joint lead managers on last Monday's offering which had a minimum issue size of A$100m.

The issuance programme has been certified by the Responsible Investment Association Australasia as an ethical investment.

In October 2016 Teachers, one of Australia's largest mutual banks, issued a A$100m three-year FRN, priced at three-month plus 140bp.

AXSESSTODAY PLANS SIMPLE BOND

Equipment finance provider **AXSESSTODAY** has announced a rare A$50m minimum five-year ASX-listed Simple Corporate bond offer.

Evans Dixon Corporate is arranger and joint lead manager with *Shaw and Partners* on the broker and institutional offer, expected to price on or around July 4.

Axsesstoday will be only the fourth issuer of Simple Corporate bonds under the Corporations Amendment Act of 2014, which sought to encourage issues from listed companies.

Healthcare and home-care provider Australian Unity printed a A$250m five-year note in November 2015 before real estate developers Peet and Villa World issued A$100m and A$50m five-year notes in June 2016 and March 2017. Peet subsequently sold a A$50m 5,25-year FRN in July 2018.

The 2014 amendment extended the life of the base prospectus for simple corporate issuers to three years from two, making it easier to tap existing bonds, and the maximum maturity allowed to 15 years from five.

The new rules also removed liabilities for company directors and reduced disclosure requirements, while paving the way for parallel trading in the wholesale and retail bond markets.

Only corporations with paper traded on the Australian Securities Exchange can offer corporate bonds under the simple disclosure regime.

The bonds must be senior offerings with minimum sizes of A$50m. They cannot be callable and must have fixed margins/spreads.

Simple corporate bonds are seen as useful to smaller ASX-listed companies with broad retail appeal, seeking to diversify their investor bases.

However, the retail/listed market is still more expensive that the all-in costs of issuance in the wholesale market which unrated online job search provider SEEK accessed in April 2017 with a A$175m sale of five-year floating-rate notes.

STRUCTURED FINANCE

PEPPER MARKETS DUAL-CURRENCY RMBS

Non-bank lender **PEPPER GROUP** has mandated *Citigroup*, *CBA*, *NAB* and *Westpac* to market a potential non-conforming US dollar and Australian dollar RMBS transaction across both 144A and Reg S formats.

Investor meetings will be held in the US in the week commencing July 9 and in Australia the following week.

In March Pepper Group issued an enlarged A$1bn equivalent dual-currency non-conforming RMBS, called Pepper Residential Securities Trust No 20.

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

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

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

SYNDICATED LOANS

OOH!MEDIA FUNDING ADSHEL BUY

Australian outdoor advertising firm **OOH!MEDIA** is raising A$779.9m (US$579m) through a new loan and a rights issue to fund its acquisition of bus stop advertising business Adshel, according to a stock exchange filing last Monday.

oOh!media has received fully underwritten commitments for a A$450m loan from two of the four major Australian banks.

The loan will partially fund the A$570m acquisition of Adshel, a major provider of poster and digital advertising spaces on street furniture in Australia and New Zealand.

Out of the A$450m loan, around A$259.8m will go towards the acquisition, while the remainder will be used for refinancing existing oOh!media debt.

Post-completion, oOh!media expects to enter into new interest rate hedging arrangements for around 70% of the drawn debt.

oOh!media is also raising A$329.9m through a 1-for-2.3 pro rata accelerated non-renounceable entitlement offer, the institutional portion of which opened on Monday and closed on Tuesday. A retail tranche for the rights issue opened on Friday and closes on July 11.

The acquirer is issuing around 72m new shares at A$4.60 per share, a 14% discount to the last traded price of A$5.35 on Monday.

Transaction costs related to the acquisition and the entitlement offer amount to an additional A$19.7m.

The acquisition is expected to close this year and is subject to approval from the Australian Competition and Consumer Commission.

oOh!media is acquiring Adshel from media company HT&E at a price that is substantially higher than its initial A$470m proposal made in April.

Macquarie Capital and *Highbury Partnership* advised oOh!media on the acquisition, with Macquarie also underwriting the entitlement offer.

WALKER EXTENSION RISES TO A$1.5BN

Australian property developer **WALKER** has increased a five-year term loan to A$1.5bn following commitments from 22 lenders in general syndication.

The banks joining mainly included lenders from China, Taiwan and South Korea.

Mandated lead arrangers and bookrunners *ANZ* and *Commonwealth Bank of Australia* had invited existing and new lenders to participate in the loan, which extended and increased a A$1.05bn facility signed in 2016.

Walker's flagship Collins Square development in Melbourne's Docklands formed the security for the 2016 loan.

The new facility was launched with an increased size of A$1.47bn to accommodate an additional tower.

The 2016 loan paid an all-in pricing of around 180bp based on an interest margin of 170bp over BBSY and a loan-to-value ratio of 60%.

The extension exercise offered existing lenders a 30bp extension fee to roll over their commitments and an establishment fee of about 10bp per annum for additional commitments and to new participants.

Signing is slated in the next couple of weeks.

Collins Square is Australia's largest central business district commercial precinct. The new tower is backed by 10-year leases with several blue-chip tenants.

Walker operates in Australia, North America, Fiji and Malaysia.

For full allocations, see www.ifrasia.com.

SCENTRE SHOPS FOR A$500M REFI

Scentre Group, the operator of Westfield shopping centres in Australia and New Zealand, has launched a A$500m dual-tranche loan.

ANZ, *MUFG* and *National Australia bank* are the mandated lead arrangers and bookrunners of the transaction, which comprises a 5.5-year tranche A and a seven-year tranche B.

The interest margins are tied to Scentre Group's ratings from Moody's and S&P.

The 5.5-year tranche pays margins of 160bp over BBSY for Baa2/BBB (Moody's/S&P) or lower, 130bp for Baa1/BBB+, 115bp for A3/A–, 105bp for A2/A, and 95bp for A1/A+ or higher. The initial margin is 105bp.

The margins for the seven-year tranche for the respective ratings are 185bp, 155bp, 140bp, 130bp and 120bp. The opening margin is 130bp.

If the borrower has a split rating, the margin for the lower rating will apply.

MLAs committing A$100m or more earn participation fees of 55bp and 70bp for tranches A and B, respectively, while lead arrangers joining with A$75m–$99m receive fees of 50bp and 65bp, respectively. Arrangers taking A$50m–$74m earn fees of 45bp and 57.5bp for tranches A and B, respectively, while lead managers joining with A$25m–$49m receive fees of 40bp and 50bp.

Bank presentations were slated to be held in Sydney on June 20 followed by Hong Kong on June 26, Taipei on June 27 and Singapore on June 28. The deadline for commitments is July 16.

The borrowers are SCENTRE MANAGEMENT, RE1 and SCENTRE FINANCE(AUST). Scentre Group is the guarantor.

Proceeds are for refinancing and general corporate purposes.

Scentre Group last tapped the loan market via Scentre Management with a A$245m three-year senior club deal in June last year. Credit Agricole and Sumitomo Mitsui Banking Corp were the lenders to that deal, according to Thomson Reuters LPC data.

NATIONAL STORAGE NETS A$715M REFI

Australian self-storage provider NATIONAL STORAGE REIT has agreed terms on the refinancing of its debt facilities, increasing the overall facility to A$715m from A$617m previously.

Average weighted maturities have also increased to 4.7 years from 3.6 years previously.

All existing financiers and club banks committed additional funding and maturities to the financing.

NSR's debt facilities are agreed on a club basis from a selection of major Australian banks comprising *National Australia Bank*, *Westpac* and *Commonwealth Bank of Australia*; and superannuation fund *AustralianSuper*.

The facilities are secured on NSR's owned and leased storage centre properties.

The previous financing had maturities ranging from December 2019 to December 2026.

NSR agreed a A$100m term loan in December 2016 from AustralianSuper.

That financing, which was secured over the company's properties, was divided equally into a A$50m eight-year tranche and a A$50m 10-year tranche.

ARQ OBTAINS A$142M FINANCING

ASX-listed digital solutions provider ARQ GROUP has obtained a A$142m three-year loan from two banks, according to a stock exchange filing on Thursday.

ANZ and *National Australia Bank* were the lenders on the unsecured financing, which comprises a committed funding of A$112m and an uncommitted A$30m acquisition tranche.

Proceeds refinance existing facilities of A$96m.

The loan has standard financial covenants relating to net leverage, interest cover and gearing ratios, and provides ARQ with certainty in relation to its debt funding for the next three years, the filing says.

ARQ was founded in 1996 as one of Melbourne University's commercial ventures and once had a monopoly on Australian commercial domain names. It was known as Melbourne IT until March before it adopted the new name in a rebranding exercise to reflect its shift away from domain name registration into digital services.

EQUITY CAPITAL MARKETS

CBA DROPS ASSET MANAGEMENT IPO

COMMONWEALTH BANK OF AUSTRALIA has decided not to proceed with a previously announced IPO of its asset management unit, dealing another blow to the quiet Australia IPO market after several companies pushed back their listing plans.

The bank announced last week it will demerge its entire wealth management and mortgage broking business unit into a new company called CFS Group.

The demerged unit will include the bank's asset management arm Colonial First State Global Asset Management (CFSGAM), which in May was slated for a listing later this year. Brokers valued the business at around A$3bn–$5bn (US$2.33bn–$3.88bn), making the IPO potentially a multi-billion Australian dollar deal.

CBA chief executive Matt Comyn said in the announcement that the change of plan "responds to continuing shifts in the external environment and community expectations, and addresses the concerns regarding banks owning wealth management businesses."

CFS Group will seek a separate listing on ASX. CBA shareholders will receive shares proportional to their CBA holdings.

CBA does not intend to retain any shareholding in CFS Group following the demerger.

The Australian IPO market experienced a poor 2017 with only US$3.9bn raised, the lowest since 2012, according to Thomson Reuters data.

Investors' hopes of a better 2018 were disappointed earlier with oil and gas company Quadrant Energy, valued at around A$4bn, dropping its float and coal company Riversdale Resources pushing back its IPO of about A$130m.

Viva Energy, which has just kicked off a float to raise up to A$3.05bn, is the largest ASX IPO so far this year. If the deal comes to fruition, it will also be the largest IPO ASX in four years.

OOH!MEDIA COMPLETES INSTO OFFERING

Online media company OOH!MEDIA has raised A$290m from institutional investors as part of a 1-for-2.3 pro rata accelerated non-renounceable entitlement offer.

The take-up rate from the institutional

offering is approximately 82%. The leftover shares were sold through a shortfall bookbuild which was "strongly oversubscribed", according to a company statement.

The company on June 25 announced the A$329.9m entitlement offer which also includes a retail offering of 72m new shares at A$4.60 each, a 14% discount to the market price of A$5.35 on the announcement day.

The retail offer opens on June 29 and close on July 11.

Macquarie Capital is the underwriter of the entitlement offer.

CHINA

DEBT CAPITAL MARKETS

MOODY'S DOWNGRADES GUIRENNIAO

Chinese sportswear maker GUIRENNIAO, which last December failed to launch a debut offshore bond offering, was downgraded by Moody's to B2 from B1 on Thursday.

Moreover, the rating agency has placed the rating on review for downgrade, meaning that a further downgrade is possible.

"The rating downgrade and review for further downgrade reflect our concern over Guirenniao's increased refinancing risk amid tighter funding market conditions in China," said Stephanie Lau, a Moody's vice president and senior analyst.

Lau pointed out that the Shanghai-listed company's Rmb891m (US$134m) of cash as of the end of Q1 2018 was insufficient to cover its debt obligations maturing over the next 12 months, including Rmb1.3bn in short-term borrowings and Rmb900m of short-term notes payable in 2018.

Moreover, the company has also to refinance Rmb1.1bn of private and public onshore bonds due in 2019, she noted.

Given this material amount of debt maturing over the next 12-18 months, Guirenniao may have to seek alternate sources of liquidity beyond its current banking facilities, she added.

Guirenniao in December pulled a proposed offering of three-year US dollar bonds due to weak demand after marketing the debut issue at a yield of 9.5% area. The Fujian-based company had an offshore debt-issuance quota of US$300m at that time.

Moody's said its review will focus on whether Guirenniao takes any concrete actions to refinance its short-term debt and the ability of its major shareholder to offer additional equity or financial resources. The company was 77% owned by chairman and CEO Tianfu Lin at the end of March 2018.

Moody's said it would likely cut the rating if Guirenniao is unlikely to reverse its current weak liquidity.

Guirenniao's Shanghai-listed shares fell more than 40% year this year.

FAR EAST HORIZON PRINTS FLOATERS

FAR EAST HORIZON, rated BBB–/BBB– (S&P/Fitch), priced US$400m three-year floating-rate notes at three-month Libor plus 200bp, inside initial guidance of 220bp area.

The final pricing is wider than the market had expected. Nomura saw fair value at three-month Libor plus 175bp–185bp.

The Reg S issue drew final orders of over US$980m from 100 accounts, including interest from leads.

Of the notes, 95% went to Asia and 5% to EMEA. By investor type, 55% were fund managers, 20% were insurers and sovereign wealth funds, 17% were banks, and the rest were private banks, corporates and others.

Nomura said in a note it is broadly comfortable with Far East Horizon's fundamentals given its "leading position in China's leasing industry, stable asset quality and adequate funding-liquidity profile".

With S&P affirming the company's rating last November after capital buffers were boosted following the issuance of US$400m subordinated perpetual capital securities, and with Fitch also affirming its rating in March, near-term fallen angel risk for the company looks quite limited, Nomura said.

The senior unsecured notes, to be issued off a US$4bn MTN programme, have an expected BBB– rating from S&P.

The Hong Kong-listed Chinese financial services company will use the proceeds for working capital and general corporate purposes.

ANZ, *HSBC*, *ICBC (Asia)* and *Standard Chartered* were joint global coordinators, joint lead managers and joint bookrunners.

BEIJING CAPITAL PLANS OFFSHORE

BEIJING CAPITAL GROUP, rated Baa3/BBB–/BBB, has hired banks for a proposed offering of senior unsecured Reg S bonds denominated in US dollar and/or offshore renminbi.

HSBC, *DBS* Bank, *CICC*, and *China Citic Bank International* are joint global coordinators, joint lead managers and joint bookrunners.

Beijing Capital Group, which is 100% owned by the Beijing municipal government, has started to meet investors in Hong Kong and Singapore from June 26.

The proposed notes will be issued by Trade Horizon Global and guaranteed by Beijing Capital Grand, and have the benefit of a keepwell and liquidity support deed and a deed of equity interest purchase undertaking from Beijing Capital Group.

The notes have an expected BBB rating from Fitch.

COGARD CLEARED FOR ONSHORE BONDS

Property developer Country Garden has obtained regulatory approval to issue bullet bonds in China's exchange-traded bond market for the first time in two years.

COUNTRY GARDEN PROPERTY GROUP, an onshore unit of the company, has received clearance from the Shenzhen Stock Exchange for a Rmb2.5bn private bond placement with proceeds intended for rental housing projects, according to a filing on the SZSE.

In the past two years, Country Garden has tapped asset-backed securities in the exchange-traded bond market but was not allowed to issue bullet corporate bonds there.

China Securities is sole lead on the offering.

AOYUAN ONSHORE NOTES GET OK

Chinese property developer AOYUAN GROUP has been cleared to issue up to Rmb1.5bn notes on the Shanghai Stock Exchange – two years after it submitted the plan.

The issue has been approved by the China Securities Regulatory Commission and the stock bourse, according to an announcement on SSE.

Aoyuan Group, a wholly owned PRC entity of Hong Kong-listed China Aoyuan Property Group, filed the initial plan to the SSE in June 2016.

Aoyuan Group's Rmb2.4bn 5.80% three-year notes, issued in July 2015, will become due on July 30.

Southwest Securities is lead underwriter and bookrunner for the offering with *Zhongtai Securities* as joint lead underwriter.

China Lianhe has assigned AA ratings to both the issuer and the bonds.

Earlier this month, China Aoyuan Property Group, rated B1/B+/BB–, reopened its 7.50% senior notes due May 10 2021 for a tap of US$225m in the offshore market.

STRUCTURED FINANCE

RATING SPURS INTEREST IN CCB'S RMBS

Foreign participation in CHINA CONSTRUCTION BANK's latest offering of residential mortgage-backed securities has spiked, as the trade was the first to carry an international rating.

About 20% of the Rmb9.965bn securities, launched last Tuesday in China's interbank

Huarong return shows floater appeal

Bonds **Asset manager finds demand, with little impact from ex-chairman investigation**

CHINA HUARONG ASSET MANAGEMENT, rated A3/A–/A, showed demand continues to be strong for floating-rate paper, as it priced a US$1.1bn triple-tranche US dollar senior unsecured bond offering.

The Chinese bad-debt manager priced a US$400m three-year floating-rate note at three-month Libor plus 117.5bp and a US$550m five-year FRN at Libor plus 132.5bp.

Final price guidance was Libor plus 120bp, plus or minus 2.5bp, and 135bp, plus or minus 2.5bp, respectively, tightening from initial guidance of 145bp area and 160bp area.

It also priced a US$150m tap of its US$700m 4.75% fixed-rate notes due April 27 2027 at 95.941 to yield 5.332%. This was equivalent to 10-year Treasuries plus 245bp, versus the initial 265bp area guidance.

A source away from the deal estimated that the issuer had paid a premium in the high single digits for the floaters.

"Demand for floaters from financial issuers still seems to be healthy, but the small size of the 2027 tap is a bit of a surprise," said the source. "Three and five-year paper is what investors want now."

The wide starting point helped build momentum. Total orders reached over US$3.5bn across all three tranches, including demand from lead managers.

The three-year floater drew orders of around US$1.4bn from 67 accounts, while the five-year attracted US$1.3bn from 54 accounts. Asian accounts bought 86% of the three-year notes and 92% of the five-year, with EMEA investors taking the rest.

Banks bought 58% of the three-year, fund managers 32%, private banks 8% and sovereign wealth funds 2%. Three-quarters of the five-year notes went to banks, 20% to fund managers, 4% to private banks and 1% to sovereign wealth funds.

The 2027 bonds attracted US$860m of orders from 45 accounts. Asian investors bought 94% and EMEA accounts 6%. Fund managers booked 65%, banks 12%, insurers 21% and private banks 2%.

The moderate issue size this time compared with its previous multi-tranche issue has taken into consideration of the weak market backdrop as well as to align with Chinese regulator's guidance to deleverage and refocus on its core bad debt business, a banker on the deal said.

CHAIRMAN PROBE

The Reg S issue was Huarong's first public bond offering in the offshore market since Lai Xiaomin resigned as chairman in April, following news that he was being investigated for alleged "serious discipline violations" by China's anti-corruption watchdog.

Fitch on May 3 said it did not expect the probe of the former chairman to have any immediate impact on Huarong's ratings and is of the view that Huarong's core business of distressed asset management and its important policy role are unlikely to change.

"Huarong's rating is underpinned by the Ministry of Finance's controlling shareholding, the company's important policy role in managing distressed debt and hence our expectations of extraordinary support from the state, if needed," the rating agency said.

Nomura's credit trading desk said in a note it was turning more constructive on US dollar bonds issued by Chinese asset management companies as valuations are looking more attractive following the recent market weakness, while AMCs are likely to take less risk as new regulatory guidance that came into effect on January 1 encouraged them to deleverage and shift their focus back to distressed asset management.

All of the three tranches will be issued by Huarong Finance 2017 with China Huarong International Holdings as guarantor. Both companies are indirect wholly owned subsidiaries of Huarong.

The notes also have the benefit of a keepwell deed and a deed of equity interest purchase, investment and liquidity support undertaking from Huarong.

The notes have expected Baa1/A ratings (Moody's/Fitch).

Proceeds will be used for working capital and general corporate purposes.

The syndicate was shuffled during bookbuilding, with Bank of Communications and China Minsheng Banking Corp, Hong Kong, both promoted to global coordinator from bookrunner, while Morgan Stanley was dropped from the list of bookrunners and replaced by Credit Agricole and CICC.

When the dust settled, *Bank of China*, *Bank of Communications*, *China Minsheng Banking Corp, Hong Kong branch*, *Goldman Sachs*, *Huarong Financial*, *HSBC*, *ICBC* and *Standard Chartered* were joint global coordinators.

They were also joint bookrunners with *ANZ*, *Cathay United Bank*, *CCB International*, *China Citic International*, *Credit Agricole*, *CLSA*, *CICC*, *First Abu Dhabi Bank*, *Mizuho*, *OCBC* and *UOB*.

CAROL CHAN, DANIEL STANTON

bond market, were allocated to foreign investors, according to a banker familiar with the matter.

S&P has assigned preliminary ratings of AAA to all three senior tranches in the transaction. The offering is also the first RMBS from China that S&P has assigned.

"Offshore investors do require international ratings to invest in onshore RMBS," said a banker familiar with the deal. He noted the Rmb1.5bn Class A tranche was mostly taken by foreign banks.

A Rmb1.5bn Class A1 tranche was priced at par to yield 4.78%, a Rmb1.8bn Class A2 tranche was priced at 4.90% and a Rmb5.4bn Class A3 tranche of floating-rate-notes was priced at an initial yield of 5.24%, or 34bp over the benchmark interest rate on five-year loan, which is currently at 4.90%.

A1,A2 and A3 tranches are all rated AAA/AAA by China Bond/China Chengxin. A Rmb5.4bn unrated subordinated tranche is retained by CCB.

The offering was available to offshore investors via the Bond Connect link.

This was CCB's eleventh RMBS trade this year.

Final allocation to foreign investors in the previous deals was understood to be very small.

China Merchants Securities was lead underwriter and bookrunner on the offering with *HSBC Bank (China)*, *CICC* and *Bank of China* as joint lead underwriters.

CCB Principal Capital Management was financial adviser.

EQUITY CAPITAL MARKETS

MEITUAN-DIANPING FILES FOR HK IPO

MEITUAN-DIANPING, an online food delivery-to-ticketing services provider, has filed for a Hong Kong IPO which could raise at least US$4bn, according to people close to the deal.

The company, backed by Chinese internet giant Tencent Holdings, is expected to list in October, say the people.

According to the filing, Meituan-Dianping posted a loss of Rmb18bn (US$2.9bn) in 2017, versus a loss of Rmb5.8bn in 2016. Its unaudited adjusted net loss was Rmb2.9bn.

Meituan-Dianping was formed in 2015 from the US$15bn merger of Meituan and Dianping.

Meituan-Dianping was valued at around US$30bn in a fundraising round last year. It is aiming for a US$60bn valuation in the IPO.

Bank of America Merrill Lynch, *Goldman Sachs* and *Morgan Stanley* are joint sponsors for the Meituan deal. China Renaissance is the financial adviser.

Meituan is the latest company with dual-class shares filing for a Hong Kong IPO, after Chinese smartphone maker Xiaomi.

Wang Xing owns 11.4% of the company through 573m A-shares that carry voting rights of about 48.4%. Tencent owns 20.1% and Sequoia Capital 11.4%.

CHINA TOWER WINS LISTING APPROVAL

Mobile phone infrastructure company **CHINA TOWER** has won listing approval for a Hong Kong IPO of up to US$10bn, according to people close to the deal.

Pre-marketing of the deal may start next week but no decision has been made as yet, say the people.

The company, which could be valued at up to US$40bn, is planning to raise US$8bn–$10bn from the float, say the people.

CICC and *Goldman Sachs* are the joint sponsors.

At US$10bn, China Tower's float will be the world's largest IPO since Chinese e-commerce giant Alibaba raised US$25bn from a US IPO in 2014.

CHINA GRAND PULLS PLACEMENT

Hong Kong-listed **CHINA GRAND PHARMACEUTICAL AND HEALTHCARE** has pulled a top-up placement of HK$572m (US$73m) that was launched last Monday.

According to a term-sheet obtained by IFR, the company intended to sell 110m shares at HK$5.20 each or at a 4.9% discount to the pre-deal spot.

There was an upsize option of 21m shares.

According to people close to the deal, the company decided to pull the proposed placement amid worsening market conditions during bookbuilding.

Nomura was the sole global coordinator for the placement. The bank was also a joint placing agent with *Everbright Securities* and *Celestial Capital*.

China Grand Pharmaceutical announced last month it has partnered with private equity firm CDH Investments to acquire Australian liver cancer treatment firm Sirtex Medical for US$1.4bn.

CHINA RENAISSANCE PLANS IPO

CHINA RENAISSANCE GROUP, an investment bank led by one of the country's most famed rainmakers, aims to raise as much as US$800m in a Hong Kong IPO, according to people with direct knowledge of the matter.

Beijing-based China Renaissance plans to raise between US$600m–$800m, the people said.

It is targeting a valuation of between US$4bn and US$5bn, said one of the people. *Goldman Sachs* and *ICBC International* are joint sponsors for a listing tentatively scheduled for October.

Bao, 47, who has previously worked at Morgan Stanley and Credit Suisse, has been described as one of the best-connected bankers in China.

He plans to use part of the proceeds to develop the firm's asset management business and to expand into markets such as the United States and South-East Asia, said the person.

FINGERTANGO LAUNCHES IPO

FINGERTANGO, a mobile game developer in China, plans to raise up to HK$1.6bn from a Hong Kong IPO.

The company is selling 500m shares at an indicative price range of HK$2.07–$3.27.

The deal is set to price on June 29.

The company plans to use the proceeds for business development and working capital.

China Securities International is the sole sponsor and sole global coordinator. The bank is also joint bookrunner with *Capital CSC Securities*, *Head & Shoulders Securities*, *Morton Securities*, *Oceanwide Securities* and *Yuanta Securities (Hong Kong)*.

GAME ON FOR 7ROAD IPO

Chinese online gaming developer **7ROAD** has opened the book for a Hong Kong IPO of up to HK$1.48bn.

The company plans to sell about 667m new shares at an indicative range of HK$1.50–$2.22 each.An over-allotment option of 100m shares is offered.

Two cornerstone investors will take up a combined US$40m or about 25% of the pre-shoe deal size. They are ZhongHua Financial for US$30m and Shengqu Technology Korean for US$10m.

About 30% of the proceeds will fund R&D to develop proprietary online games and another 30% will be used to invest or acquire other overseas or China-based popular internet operators. The rest will be for general corporate purposes.

The shares will price on July 11 and be listed on July 18.

CCB International and *GF Securities* are joint sponsors.

GANFENG PRE-MARKETS US$1BN IPO

Shenzhen-listed **GANFENG LITHIUM** has kicked off pre-marketing for a Hong Kong IPO of about US$1bn, according to people close to the deal.

The company is tentatively looking to sell 14.25% of its enlarged share capital pre-greenshoe, and 16.04% post-greenshoe.

The initial split for the institutional tranche and Hong Kong retail offering is 94% and 6%.

Proceeds will be used for upstream mergers and acquisitions, output expansion, and research and development, among other things.

Citigroup is sole sponsor for the float. *CICC* and *Deutsche Bank* are also working on the transaction.

INKE LAUNCHES HK$1.5BN IPO

Chinese live video streaming operator **INKE** has started bookbuilding to raise HK$1.16bn–$1.51bn from a Hong Kong IPO.

The company is selling 302m shares, or 15% of the of the enlarged share capital, at an indicative range of HK$3.85–$5.00 per share.

There is an overallotment option of 45m primary shares.

Two cornerstone investors, Focus Media

MAKE THE MOST OF YOUR SUCCESS STORIES

For information on how you can use favourable IFR Asia articles to reinforce your sales message.
For more information email: cmi.advertising@tr.com

and Bilibili, are backing a total of US$40m of the deal, or approximately 23% of the offering at the midpoint of the range.

According to a regulatory filing, Inke posted a net loss of Rmb239m in 2017, narrowing from a loss of Rmb1.47bn in 2016. It had an average 25.2 million active users per month in the fourth quarter of 2017.

Pricing is scheduled on July 4 and listing on July 12.

CICC, *Citigroup* and *Deutsche Bank* are joint sponsors on the float.

INTRON TECHNOLOGY LAUNCHES IPO

Automotive electronics company **INTRON TECHNOLOGY** started bookbuilding last Thursday for a Hong Kong IPO of up to HK$833m.

The company is selling 250m primary shares at an indicative price range of HK$2.90–$3.33 each. The range represents a 2018 forecast P/E of 10.5–12.0 and 2019 forecast P/E of 6.8–7.8.

Bull Capital, cornerstone investor for the float, has committed for US$17m of the shares.

The company will use the proceeds for research & development, acquiring testing and other equipment, mergers and acquisitions and working capital.

The deal will price on July 5 and trading will start on July 12.

BNP Paribas is the sole sponsor, sole global coordinator and sole bookrunner for the float.

JIUJIANG OPENS BOOK FOR IPO

BANK OF JIUJIANG has started bookbuilding for a Hong Kong IPO of up to HK$3.9bn.

The commercial lender in China's eastern Jiangxi province is selling 360m primary shares at an indicative price range of HK$10.48–$10.96 each.

The price range represents a 2018 forecast price-to-book ratio of 0.91–0.95.

Six cornerstone investors are taking up shares for HK$1.87bn, or 48.6% of the float assuming the deal is priced at the mid-point of the range. They are Rong De Investment (32.9m shares), Success Cypress (32.9m shares), AVICT Global (32.6m shares), Hong Kong KaiLi Furniture (32.6m shares), Venfi Group (22m shares) and R&F Properties (HK) (21.7m shares).

The book will close on June 29 and pricing is slated for the same day. The stock is expected to be listed on July 10.

ABC International and *China Securities International* are joint sponsors on the IPO, proceeds of which will be used to replenish the bank's capital.

According to its regulatory filing, Bank of Jiujiang's net profit for 2017 rose 13% to Rmb1.76bn. At the end of 2017, its total assets stood at Rmb271bn, its capital adequacy ratio at 10.5% and non-performing loan ratio at 1.6%.

MOBVISTA PLANS IPO

MOBVISTA, a Chinese mobile marketing company, is planning to raise about US$300m–$400m from a Hong Kong IPO, according to people close to the deal.

The company, which is already listed on National Equities Exchange and Quotations, has filed a Hong Kong listing application. *CMB International* and *UBS* are the joint sponsors.

NEEQ, China's third board, is an over-the-counter market.

In April, NEEQ and Hong Kong Exchanges and Clearing signed a memorandum of understanding which allows NEEQ-listed companies to list in Hong Kong without delisting from the third board.

Mobvista posted net profit of US$27m in 2017, up 38% from a year earlier. Its revenue was US$313m in 2017.

NEW FRONTIER UPSIZES NYSE IPO

NEW FRONTIER, an investment vehicle chaired by Hong Kong's former finance secretary Antony Leung, has raised US$250m from a NYSE IPO to pursue acquisitions in Asia.

The special purpose acquisition company (SPAC) intended to raise US$230m through the sale of primary units at US$10 each, with each unit structured as one share common and one-half a warrant exercisable at US$11.50 per full warrant.

It sold 25m units at US$10 each eventually.

New Frontier has also lined up accredited investors to invest an additional US$181m on an acquisition.

The SPAC focuses on healthcare, technology and education and has specifically ruled out biotech and real estate investments.

Credit Suisse and *UBS* were joint bookrunners.

ONE MORE BITCOIN MINING GEAR IPO

EBANG INTERNATIONAL, a Chinese bitcoin mining gear maker, has filed for a Hong Kong IPO with *Haitong International* as sole sponsor.

The filing came after its rival **CANAAN** filed a Hong Kong listing application in May. Canaan is targeting a listing hearing as early as this week for a float of at least US$1bn, according to people close to the deal.

IFR reported in May Ebang planned to raise about US$1bn from its float.

According to the company's filing, 94.6% of its 2017 revenue came from blockchain-related business and 5.4% from telecommunications. It posted a net profit of Rmb385m for 2017, from Rmb11m in 2016.

QILU EXPRESSWAY IPO GETS GOING

QILU EXPRESSWAY has started bookbuilding for a Hong Kong IPO of up to HK$1.6bn.

The expressway operator in China's Shandong province is selling 500m shares, or 25% of the enlarged capital, at an indicative price range of HK$2.50–$3.10 per share. The range implies a pre-shoe market capitalisation of up to HK$6.2bn.

There's an overallotment option of 75m shares.

Three cornerstone investors committed a total of HK$700m, with CITIC-Prudential Life Insurance and Shandong Hi-Speed Investment each pledging HK$291m and Shandong SSF HK$119m.

About half of the proceeds will be used for acquiring operative toll roads, bridges and relevant infrastructure projects and 25% will be used for maintenance of the Jihe Expressway. The remainder will be used to pay short-term bank loans or for general corporate purposes.

The shares will be priced on July 12 and listed on July 19.

China Securities International and *Zhongtai International* are the joint sponsors, and also joint global coordinators with *CCB International*, *GF Securities Hong Kong* and *Guotai Junan International*.

REDSUN STARTS BOOKBUILDING

Chinese developer **REDSUN PROPERTIES GROUP** has started bookbuilding for a Hong Kong IPO of up to HK$2.5bn.

The Jiangsu-based company is selling 800m shares, or 25% of the enlarged share capital, at an indicative price range of HK$2.18-$3.18 each.

There's an overallotment option of 120m new shares.

The shares are expected to be priced on July 5 and listed on July 12.

Four cornerstone investors are backing the deal with a combined US$111m based on the mid-point of the price range. They are ZR Holding (HK$100m), Applied Development (HK$300m), Glow Land International (US$20m) and Honor Well (HK) Investment (US$39.6m).

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

› TIANLI OPENS BOOK FOR IPO

Chinese private education service TIANLI EDUCATION INTERNATIONAL has started bookbuilding for a Hong Kong IPO of HK$1.1bn–$1.3bn.

The company, which operates in eight cities in western China, is selling 500m shares or 25% of its enlarged share capital at an indicative price range of HK$2.26–$2.66 each.

There is an over-allotment option of 75m primary shares.

Three cornerstone investors committed to invest a combined US$61.3m, or about 39% of the offering at the midpoint of the range. They are Overseas Chinese Town Asia (100m shares), Greenwoods Asset Management (US$20m) and Value Partners (US$10m).

Tianli posted Rmb136m profit for 2017, an 84% increase from Rmb74m in 2016.

At the end of the 2017 fall semester, it had 20,924 students enrolled in its network of thirteen K-12 schools, eleven tutorial centres and four early childhood centres.

Pricing is scheduled on July 4 and listing on July 12.

CICC is the sole sponsor and sole global coordinator of the deal.

› UXIN SLASHES US IPO SIZE

UXIN, one of China's biggest used-car marketplaces, has slashed its US IPO size by more than half amid challenging market conditions.

Uxin raised US$225m through the sale of 25m primary American depositary shares at US$9 each, down 53% from the original target of up to US$475m.

It planned to sell 38m ADSs at an indicative price range of US$10.5–$12.5 each. The stock closed at US$9.67, up 7.4% from the IPO price on its trading debut last Thursday.

The company also raised US$175m from a private placement of convertible bonds.

Goldman Sachs, *JP Morgan* and *Morgan Stanley* led the transaction with *CICC* and *China Renaissance*.

› WISE TALENT PRICES IPO

WISE TALENT INFORMATION TECHNOLOGY, the operator of Chinese online job portal Liepin.com, has priced its HK$2.9bn IPO slightly above the mid-point of the indicative price range, according to people close to the deal.

The company sold 88m primary shares, or 17.8% of its enlarged share capital, at HK$33 each versus the range of HK$28.50–$35.50. The final price represents a 2020 P/E of 20.6.

It will use the proceeds for research and development, acquisitions, sales and marketing initiatives and working capital.

JP Morgan and *Morgan Stanley* are the joint sponsors. They are also joint global coordinators and joint bookrunners with *Huatai Financial* and *UBS*.

The company posted a 2017 net profit of Rmb7.6m, a turnaround from a 2016 loss of Rmb128m, according to a regulatory filing. It had 38.9 million registered individual users as of December 31 2017.

› X FINANCIAL PLANS US IPO

X FINANCIAL, a Chinese online consumer finance services provider, is planning a US IPO which could raise about US$100m–US$200m this year, according to people close to the deal.

The company operates Xiaoying Wealth Management, Xiaoying P2P, Xiaoying Puhui and Xiaoying Card Loan, according to its website.

Tang Yue, chairman of X Financial, was a co-founder of online travel service company eLong.

Founded in 2014, X Financial counts Hong Kong's Chow Tai Fook conglomerate and Chinese entrepreneur Zhu Baoguo, chairman of Shanghai-listed Joincare Pharmaceutical, among its shareholders, according to the website.

Deutsche Bank and *Morgan Stanley* are arranging the planned float.

› ZHAOGANG.COM FILES FOR IPO

Chinese online steel marketplace ZHAOGANG.COM has filed for a Hong Kong IPO, the third company to take advantage of the city's newly introduced rules which allow the listing of dual-class shares companies.

The company plans to raise about US$300m–$400m from the float, according to people close to the plans.

China Merchants Securities, *Citigroup* and *Goldman Sachs* are joint sponsors for the deal. China Renaissance is the sole financial adviser.

According to the regulatory filing, Zhaogang's revenue was Rmb17bn in 2017, representing a 94% growth from a year earlier. The company, however, lost Rmb124m in 2017, narrowing from a Rmb822m loss in 2016.

Founder Wang Dong and co-founder Wang Changhui hold class A shares giving them more voting rights.

Founded in 2012, Zhaogang.com provides steel storage and processing services, logistics and online trading capabilities.

› MOMO CB RAISES US$650M

Nasdaq-listed MOMO has raised US$650m from a seven-year put five convertible bond of US$650m.

The company, a mobile social networking platform in China, priced the CBs at a coupon of 1.25% and a conversion premium of 42.5%.

The books were well covered, allowing Momo to price the deal at the mid-point of the indicative ranges. The coupon was marketed at a range of 1.0%–1.5% and the conversion premium at 40%–45%.

There were more than 130 investors in the book, with demand coming from Asia and the US, according to a person close to the deal.

There is an over-allotment option of US$100m which can be exercised within 30 days.

Credit Suisse, *JP Morgan* and *Morgan Stanley* were the bookrunners.

Credit spread was assumed at 300bp and implied volatility at about 34%. Bond floor was at around 80.

HONG KONG

SYNDICATED LOANS

› BIOSTIME BACK FOR US$350M REFI

Hong Kong-listed infant formula and pediatric nutritional products maker Health and Happiness International Holdings, formerly known as Biostime International Holdings, is returning to the loan markets for a US$350m-equivalent refinancing.

Goldman Sachs has agreed to provide a US$300m-equivalent term loan and a US$50m revolving credit facility, which will be syndicated to other lenders, according to a June 21 company filing, the day of signing.

BIOSTIME HEALTHY AUSTRALIA INVESTMENT, an indirect subsidiary, is the borrower, while Biostime and some other subsidiaries are guarantors of the senior secured term loan.

The new facility will refinance a US$450m three-year senior secured term loan the borrower signed in April 2016 with 12 lenders, including the mandated lead arrangers, bookrunners and underwriters Goldman Sachs and Industrial and Commercial Bank of China. That borrowing comprised a US$239.5m tranche and a US$210.5m-equivalent portion in Australian dollars and paid a top level all-in pricing of 465bp based on a margin of 375bp for an average life of 2.5 years.

The new term loan facility, to be drawn in US and Australian dollars, matures one month before Biostime's US$600m 7.25%

senior notes due June 21 2021, according to the announcement.

Proceeds from the US$50m senior secured multi-currency revolver will be used for general corporate purposes and working capital.

The existing US$450m term loan was used to refinance a bridge loan of the same size, which backed Biostime's A$1.39bn (US$1bn then) acquisition of an 83% stake in Australian vitamin maker Swisse Wellness.

SINO-OCEAN LAND RAISES US$693M

Chinese state-owned real estate company Sino-Ocean Group Holding, formerly Sino-Ocean Land Holdings, has signed a US$693m-equivalent four-year term loan with 10 banks.

Bank of China (Hong Kong) was the facility agent of the club loan, which comprises a US$160m tranche and a HK$4.185bn (US$533m) tranche.

The deal, signed on June 15, paid a top-level all-in pricing of 250bp over Libor/Hibor.

The borrower is SINO-OCEAN LAND (HONG KONG), a wholly owned subsidiary of the Hong Kong-listed parent company.

In June 2017, the company signed a US$697m-equivalent same-tenor loan with 14 banks. BOCHK was also the facility agent of that borrowing, which paid a top-level all-in pricing of 245bp via a margin of 215bp over Libor/Hibor.

For full allocations, see www.ifrasia.com.

SHENZHEN INVESTMENT SIGNS CLUB

Hong Kong-listed property developer SHENZHEN INVESTMENT has signed a HK$10bn five-year club loan with 15 lenders.

Bank of China (Hong Kong) was the coordinator and facility agent of the deal, which offered an all-in pricing of 220bp based on an interest margin of 195bp over Hibor and an average life of 3.75 years.

Signing took place on Tuesday.

According to a stock filing on the same day, there will be an event of default if Shum Yip Holdings ceases to own at least 35% of the borrower, ceases to be its single-largest shareholder, ceases to control the borrower's board or itself ceases to be at least 51% owned by the Shenzhen city government.

Shum Yip is a wholly owned company of Shenzhen city government and currently a 60.8% shareholder in Shenzhen Investment.

The borrower is the largest listed property developer under the Shenzhen State-owned Assets Supervision and Administration Commission.

For full allocations, see www.ifrasia.com.

KINGBOARD UPSIZES TO HK$7BN

KINGBOARD CHEMICAL HOLDINGS, a Hong Kong-listed maker of laminates and printed circuit boards, has made an impressive return to the loan markets after an eight-month absence, increasing a four-year loan to HK$7bn from HK$6bn following commitments from 12 banks.

DBS, *Hang Seng Bank* and *Standard Chartered* were the mandated lead arrangers, bookrunners and underwriters of the latest financing, which is equally split into a term loan tranche A and a revolving credit tranche B.

Based on an interest margin of 95bp over Hibor and a 3.5-year average life, banks were offered a top-level all-in pricing of 117bp via a participation fee of 77bp.

Funds are for general corporate funding, capital expenditure and refinancing purposes.

The borrower raised a HK$5.5bn four-year loan last November. Hang Seng and StanChart were the MLABs of that financing, which paid a top-level all-in pricing of 123bp based on an interest margin of 100bp over Hibor and a 3.5-year average life.

For full allocations, see www.ifrasia.com.

MAKE THE MOST OF YOUR SUCCESS STORIES

REINFORCE YOUR MARKETING MESSAGE WITH REPRINTS FROM IFR Asia

If your company has been singled out for praise by one of IFR Asia's independent journalists, a high-quality reproduction of the article will make a valuable addition to your marketing collateral.

IFR Asia reprints act as a powerful reinforcement of your sales message by providing a credible and authoritative third-party endorsement.

Reprints can be provided in hard copy or electronic format and we can tailor the design to include logos, adverts and contact details.

For more information on the various advertising and sponsorship opportunities available within IFR, email: cmi.advertising@tr.com

THE IFR ASIA DCM BRIEFING

www.ifrbriefings.com

THE IFR ASIA DCM BRIEFING IS A RICH AND CONCISE DAILY SUMMARY OF ASIA'S DEBT CAPITAL MARKET ACTIVITY, DESIGNED TO COMPLEMENT THE WAY YOU WORK.

"Insightful, provocative and refreshing!"

PM, Western Asset Management.

Broadcast as an email with a PDF attachment, the Briefing has the flexibility to be printed, read on your PC screen or viewed via your handheld device as you travel to work. It ensures you start every morning fully up-to-speed with every move and deal from the previous day, and that you know what to look out for in the days ahead.

As the only product on the market to focus solely on Asia DCM, the Briefing delivers essential and timely information that helps our subscribers create new opportunities and do business with confidence.

In the Briefing you will find:

- A daily market wrap of the previous day's highlights in pricing and bookbuilding
- League tables of the leading bookrunners
- A summary of new deals priced, by region – and their impact on the markets
- A local and secondary markets summary
- Confirmed pipeline deals and rumours of deals ahead
- A round-up of activity in Asia G3 bonds.

The IFR Asia DCM Briefing is written *by* Asia DCM specialists *for* Asia DCM specialists. We talk to an extensive network of global contacts but remain entirely independent, so you can be sure that the intelligence you receive is both authoritative and actionable – keeping you ahead of your competitors.

For trial access to the IFR Asia DCM Briefing email rmtrials@thomsonreuters.com or call +44 (0)20 7369 7317.

A THOMSON REUTERS SERVICE

INDIA

DEBT CAPITAL MARKETS

› SHRIRAM SETS YIELDS FOR RETAIL BONDS

SHRIRAM TRANSPORT FINANCE has fixed yields for an offering of up to Rs50bn (US$731m) of retail bonds, according to the offer document.

The Indian commercial vehicle finance provider has set the effective yields at 9.09%, 9.29% and 9.39%, payable annually, for three, five and 10-year bonds for qualified institutional buyers (QIBs) and corporates. Yields for high-net-worth individuals (HNIs) and retail investors are 10bp higher for each tenor.

The effective yields for a monthly interest payment option for five and 10 years are 9.3% and 9.41% for QIBs and corporates and 9.41% and 9.51% for HNIs and retail investors.

The yields for a cumulative payment option are 9.1% and 9.3% for QIBs and corporates and 9.2% and 9.4% for HNIs and retail investors.

The issuer has allotted 10% of the bonds to QIBs, 10% to corporates, 40% to HNIs and 40% to retail investors.

The base issue size is Rs10bn, with a greenshoe option of Rs40bn.

Shriram has appointed *AK Capital, Axis Bank, Edelweiss Financial Services, JM Financial* and *Trust Capital* as lead arrangers.

Crisil and India Ratings have assigned a AA+ (stable) rating to the Rs50bn retail bond programme, citing a stable funding profile and dominant franchise in the used commercial vehicles financing segment.

The issue opens on June 27 and closes on July 20.

› AZURE LOOKING AT DOMESTIC BONDS

AZURE POWER is in talks with bankers to raise Rs10bn from two to three-year rupee bonds, according to market sources.

In an email, the renewable energy company declined to comment on any fundraising plans. However, head of investor relations Nathan Judge said that Azure is well capitalised and has strong access to capital.

"We procure the lowest cost funding offered to us, whether it is domestic or international funding," said Judge.

Azure is continuing to grow quickly and has 1143MW under construction. Recently, it commissioned a 40MW solar power plant in the northern state of Uttar Pradesh.

"We continue to look for projects that have attractive returns, well above our cost of capital," said Judge.

In June 2017, Azure Power Global raised US$500m from 5.25-year non-call three senior Green bonds. It issued dollar bonds through an offshore vehicle, with the aim of using the proceeds to subscribe to rupee bonds from its power entities in India.

› INDORE MUNI ISSUE SCRAPES THROUGH

INDORE MUNICIPAL CORPORATION has raised Rs1.399bn from 10-year municipal bonds at 9.25%, according to market sources, in India's first municipal bond issue since February.

"The investor interest was low at these levels and the bidding time was also extended to persuade the market to bid closer to 9%," said a source. "A provident fund is rumoured to have picked up a major chunk of the issue."

The notes have a put/call option in the seventh year and staggered redemption in four equal instalments at the end of the seventh, eighth, ninth and 10th year. Interest will be paid half yearly.

Brickwork Rating and Acuite have assigned AA (structured obligation) ratings to the notes.

The issuance of municipal bonds has been slow since Pune revived the market last year. In June 2017, PUNE MUNICIPAL CORP raised Rs2bn from 10-year bonds at 7.59%. In February this year, GREATER HYDERABAD MUNICIPAL CORPORATION raised Rs2bn from 10-year bonds at 8.9% (payable semi-annually).

There have been 30 municipal bond issues in India to date, amounting to only around Rs17bn, with over 75% of the issuance before 2006, according to Moody's.

The lack of disclosure has weighed on the development of the municipal bond market.

"Improved disclosure and greater transparency are a prerequisite for a fully functioning bond market," said Gjorgji Josifov, assistant vice president and analyst from Moody's in a note. "In the case of India, a divergence is also apparent in disclosure between issuers, with the states showing higher levels than the cities."

The lack of publicly available information on fiscal performance, debt and contingent liabilities, weak governance and management continue to hinder the credit assessment of municipalities.

The introduction of new regulations in 2015 which imposed more stringent financial disclosure standards is positive. However, "their slow implementation reflects the significant challenges that municipalties face," said Josifov.

› NHAI SELLS BONDS TO LIC AND OTHERS

NATIONAL HIGHWAYS AUTHORITY OF INDIA has raised Rs21.95bn from 30-year bonds at 8.55%, according to market sources.

The notes have a call option at the end of 10 and 20 years from the date of allotment.

Bonds worth Rs20bn were placed with Life Insurance Corp.

Crisil, Icra and Care have assigned AAA ratings to the notes.

In November last year, NHAI raised Rs50bn from 15-year bonds at 7.64%.

NHAI is yet to make an official announcement on the final size, tenor and price of the bond issue.

› SADBHAV TRIPLE-TRANCHER NETS RS5.1BN

SADBHAV ENGINEERING has raised Rs5.1bn from three-part domestic bonds, according to a National Securities Depository Limited filing.

The Indian construction company issued equal Rs1.7bn three, four and five-year tranches at 9%.

There is a put and call option at the end of 18 months for the three-year tranche and 36 months for the four and five-year portions.

The notes are secured by a pledge of shares, mortgage of land owned by guarantors and a working capital demand loan facility of at least Rs1.2bn.

Care Ratings has assigned a A+ rating to the notes.

› VEDANTA SUBMITS BOND PLAN TO BOARD

VEDANTA is seeking board approval on July 3 to raise up to Rs15bn from domestic bonds in one or more tranches, according to a BSE release.

The Indian subsidiary of London-listed Vedanta Resources is likely to issue the notes at 9.18% for a three-year tenor, said a source.

Vedanta is yet to announce the final price and tenor of the bond offering.

Earlier this month, Vedanta raised Rs34bn from a 10-year loan with all-in pricing of 8.8% to buy Mumbai-listed Electrostreel, after the bankruptcy court named it the winning bidder in March.

Vedanta paid Rs53.2bn to acquire a 90% stake in Electrosteel. It said the investment through Vedanta Star, a wholly owned subsidiary, would be split between a Rs35.55bn inter-company loan and a Rs17.65bn equity injection.

In April, Vedanta raised Rs40bn from a private placement of three-year bonds at 8.5%, split across two tranches.

SYNDICATED LOANS

› TWO JOIN INDIABULLS LOAN

INDIABULLS HOUSING FINANCE's US$200m five-year loan has attracted two banks to the arranger group.

CTBC Bank and *Sumitomo Mitsui Trust Bank* have committed as equal status arrangers to the loan, which was launched in May.

ANZ, *Barclays* and *MUFG* are the original mandated lead arrangers and bookrunners of the bullet loan, which carries an unspecified greenshoe and pays a top-level all-in pricing of 167bp based on an interest margin of 145bp over Libor.

The deadline for responses has been extended to early July from June 29.

The pricing is richer than that on the borrower's last transaction in March when it raised US$200m through a five-year amortising facility. That deal paid a top-level all-in pricing of 143bp based on a margin of 120bp over Libor and an average life of 3.56 years. MUFG and State Bank of India were the original MLABs of the financing, while Korea Development Bank came in with the same title. Seven other lenders joined in general syndication.

EQUITY CAPITAL MARKETS

› REGULATOR PUTS LODHA IPO ON HOLD

India's securities regulator has put LODHA DEVELOPERS' US$700m–$1bn IPO on hold as it examines alleged past violations.

The Securities and Exchange Board of India did not specify the nature of the investigation.

Primary shares for Rs37.5bn and secondary shares totalling 18m will be sold in the IPO. The Mangal Prabhat Lodha family are the vendors of the secondary shares.

CLSA, *JM Financial*, *Kotak* and *Morgan Stanley* are the joint global coordinators and bookrunners with *BOB Capital*, *Edelweiss*, *HDFC Bank*, *ICICI Securities*, *IIFL*, *UBS* and *Yes Securities*.

The Indian property company planned an IPO of Rs28bn (US$419m) in 2010, but did not launch because of weak market conditions.

Citigroup, Enam, CLSA, Credit Suisse, JP Morgan, Kotak, Nomura, SBI Capital and Global TrustCapital were the bookrunners then.

Founded in 1980, the company has 37 ongoing projects across London, Mumbai and Pune. It has a land bank of over 4,450 acres. Lodha reported sales of Rs55bn in the nine months that ended on December 30 2017.

› POLICYBAZAAR.COM IPO ON HOLD

Online insurance aggregator POLICYBAZAAR.COM has put a potential domestic IPO of US$200m–$400m on hold after its parent ETechAces Marketing received over US$200m of funding from SoftBank Vision Fund and InfoEdge.

The company last year invited bids from banks for an IPO but had not taken any decision. "It had gone slow on the IPO and with this funding it is not in any rush to go to the public market," an ECM banker said. The company was planning to hire up to four underwriters for the IPO.

ETechAces owns PolicyBazaar and lending marketplace PaisaBazaar.com. Among the other investors in ETechAces are InfoEdge, Tiger Global Management, Inventus Capital, Ribbit Capital, Premji Invest, Steadview Capital and Temasek.

› HDFC AMC TO LAUNCH IPO ON JULY 11

HDFC ASSET MANAGEMENT plans to open an IPO of up to Rs35bn for subscription from July 11 to July 13, people with knowledge of the transaction have said.

The price range will be announced in the first week of July.

HDFC AMC is one of India's leading mutual fund companies with assets of Rs2.93trn as of December 31 2017. Its net profit rose to Rs5.5bn in the year to March 31 2017 from Rs4.78bn in 2016.

Shareholders Housing Development Finance Corp and Standard Life Investments are looking to sell a combined 25.5m shares, or a stake of 12.1% in the IPO. Of the shares, 8.6m, or a stake of 4.1%, will come from HDFC and 16.9m, or an 8% stake, will be from Standard Life.

According to the draft prospectus, HDFC owns close to 57.4% of the AMC and Standard Life controls 38.2%. A group of individual investors hold the remaining interest.

Axis, *Bank of America Merrill Lynch*, *Citigroup*, *CLSA*, *HDFC Bank*, *ICICI Securities*, *IIFL Holdings*, *JM Financial*, *JP Morgan*, *Kotak*, *Morgan Stanley* and *Nomura* are the bookrunners.

INDONESIA

SYNDICATED LOANS

› LENDERS FLOCK TO INDO EXIM LOAN

A US$950m multi-tranche loan for INDONESIA EXIMBANK has attracted over 30 lenders in general syndication despite tight pricing levels.

ANZ, *First Abu Dhabi Bank*, *Mizuho Bank*, *MUFG*, *OCBC Bank*, *Standard Chartered* and *UOB Bank* are the mandated lead arrangers, bookrunners and equal underwriters of the deal, which will be increased in size.

The loan paid top-level all-ins of 60bp, 92bp and 108bp, respectively, based on interest margins of 45bp, 75bp and 95bp over Libor for one, three and five-year maturities.

These levels are significantly inside the pricing Indo Exim paid on its previous visits, including a US$1bn loan signed in May 2015 it is partially refinancing. That loan paid a top-level all-in pricing of 146.3bp and 174bp based on interest margins of 118bp and 150bp over Libor for the three and five-year tranches, respectively. Forty-five lenders, including seven mandated lead arrangers and bookrunners, participated in that deal, which also included a US$400m five-year piece.

The latest loan repays a US$600m three-year tranche of that 2015 borrowing.

Indo Exim's previous loan was in June last year for a US$350m one-year club with BNP Paribas, StanChart, Sumitomo Mitsui Banking Corp and UOB. The loan was said to have paid an all-in pricing of around 70bp.

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

› ASTRA SEDAYA DOUBLES DOWN

ASTRA SEDAYA FINANCE, the auto finance unit of Indonesia's Astra International, has more than doubled a three-year loan to US$370m following commitments from 14 banks in general syndication.

Citigroup, *DBS Bank*, *OCBC Bank*, *Sumitomo Mitsui Banking Corp* and *Taipei Fubon Commercial Bank* are the mandated lead arrangers and bookrunners of the loan, which had an initial size of US$150m.

The borrowing paid a top-level all-in pricing of 101.54bp (offshore) and 111.54bp (onshore) based on interest margins of 80bp (offshore) and 90bp (onshore) over Libor and an average life of 1.625 years.

The borrower's previous visit to the market was in June last year for a US$300m three-year loan that was more than tripled from an original US$90m target. Citigroup, CTBC Bank and HSBC were the MLABs of the financing, which was marketed to Taiwanese lenders only and offered a top-level all-in pricing of 124.6bp based on a margin of 100bp over Libor and an average life of 1.625 years.

For full allocations, see www.ifrasia.com.

JAPAN

DEBT CAPITAL MARKETS

TOYOTA MOTOR EYES US DOLLAR BONDS

TOYOTA MOTOR has mandated *JP Morgan*, *Bank of America Merrill Lynch* and *Citigroup* to arrange investor calls with Asia, Europe and the US, starting on June 26.

A benchmark-sized offering of one or more tranches of US dollar-denominated SEC-registered senior unsecured notes with maturities between three and 10 years may follow, subject to market conditions.

The notes are expected to be rated AA– (stable) by S&P and Aa3 (stable) by Moody's.

CREDIT AGRICOLE FINDS RETAIL DEMAND

CREDIT AGRICOLE raised ¥46.4bn (US$423m) from a subordinated Samurai bond offering to Japanese retail investors.

The retail deal, aimed at diversifying the French bank's investor base, came after it raised ¥87bn on June 1 from an offering of senior preferred and senior non-preferred Samurai bonds in five and 10-year tenors.

The bond, with a coupon of 1.504%, matures on July 12 2028. The coupon guidance had been between 1.02% and 2.02%.

This is the first retail Samurai bond since Credit Agricole's peer BPCE sold a five-year senior non-preferred bond in July 2017. The size is much larger than the ¥10bn BPCE sold, but it was due to the issuers' preferece to go large or not.

SMBC Nikko is a sole underwriter of the retail bonds that have expected ratings of BBB/A (S&P/Fitch).

SYNDICATED LOANS

TOKAI CARBON RAISING LOANS FOR US BUY

TOKAI CARBON will fund its planned ¥34.1bn (US$311m) acquisition of Texas-based Sid Richardson Carbon with bank loans, the Tokyo-based company said in a statement on Tuesday.

The Japanese carbon black manufacturer will buy 100% of its US peer and group companies SRCG and New SRCG Genpar.

The acquisition is expected to be completed in early September.

Tokai Carbon last tapped the syndicated loan market in September 2017 when it raised a ¥10bn one-year loan with MUFG as arranger.

In September 2014 it raised a US$58m loan from Japan Bank for International Cooperation (funded via MUFG) to back its C$188m (then US$169m) acquisition of Canada's Cancarb.

KANDA BIOMASS RAISES ¥38BN LOAN

KANDA BIOMASS ENERGY has signed a ¥37.61bn 18-year project financing to develop a 75MW biomass power plant in Fukuoka prefecture, one of the largest biomass plants in Japan.

Sumitomo Mitsui Banking Corp was the mandated lead arranger, while *Bank of Fukuoka*, *Bank of Saga*, *Chugoku Bank*, *Daido Life Insurance*, *Dai-ichi Life Insurance*, *Daishi Bank*, *Fukuoka Hibiki Shinkin Bank*, *Meiji Yasuda Life Insurance* and *Nippon Life Insurance* joined in syndication.

Separately, *JA Mitsui Leasing* and *Sumitomo Mitsui Finance & Leasing* are providing a mezzanine loan with an undisclosed size to back the project.

The electricity produced by the plant will be sold to Kyushu Electric Power.

Renova (43.1%), Sumitomo Forestry (41.5%), Veolia Japan (10.0%), Kyuden Mirai Energy (5.0%) and Mihara Group (0.4%) are the sponsors of the project, which will start construction in November 2018. Commercial operations are slated to begin in June 2021.

EXCELLENT REIT SIGNS ¥14BN REFI

JAPAN EXCELLENT signed ¥14bn in syndicated and bilateral loans for refinancing on Tuesday, the Tokyo Stock Exchange-listed real estate investment trust said in a statement.

Mizuho Bank arranged a ¥11bn syndicated loan, which is split into bullet term loans – a ¥8bn seven-year facility and a ¥3bn 8.5-year borrowing with interest margins of 39.5bp and 46bp over six-month Tibor respectively.

Bank of Fukuoka, *MUFG*, *Norinchukin Bank*, *Resona Bank*, *Shinkin Central Bank* and *Sumitomo Mitsui Banking Corp* joined in syndication.

Separately, Dai-ichi Life Insurance is providing a ¥3bn five-year bullet bilateral

Renault prices Samurai amid tensions

Bonds **French carmaker sees little resistance despite US tariff threat**

RENAULT raised ¥57.4bn (US$524m) from a dual-tranche Samurai issue amid trade tensions between the US and Europe.

The French automaker sold ¥39.1bn 0.36% three-year notes and ¥18.3bn 0.49% five-year bonds. The spreads over yen offer-side swaps were 25bp and 34bp, respectively.

The deal was affected by Renault's credit widening and trade tensions that hit the European automobile industry.

According to Thomson Reuters data, the five-year credit default swaps on Renault widened to 90.15bp on June 22 from 72.63bp on June 1 and a 50.13bp low on April 18.

Headlines that US President Trump threatened to impose a tariff on all European Union cars coming into the US also had a negative impact. "[The threat] shouldn't have any direct impact on Renault," a banker on the deal said with a sigh. Indeed, Renault does not sell any cars to the US.

The issue size turned out to be smaller than the ¥90bn raised in its previous deal on June 29 2017, when Renault sold ¥63.4bn of 0.36% three-year paper at 25bp over swaps and ¥26.6bn of 0.49% five-year bonds at 35bp.

Although the spreads and coupons were exactly the same as the previous trade for the shorter tenor and 1bp tighter for the longer tenor, the new bonds priced near the wider end of the initial guidance ranges of 21bp–25bp and 31bp–35bp. The five-year was initially marketed on a reverse inquiry basis.

Still, the deal drew more than ¥50bn of demand. Trust banks participated strongly in both tenors. A big domestic bank too bought the three-year, while life insurers were cited as buyers of the five-year.

As the issuer's funding needs were smaller than last year, the issue size, as well as the pricing levels, was satisfactory for the issuer. The issuer was also happy about solid demand for the five-year tranche.

The proceeds will mainly be used for coming payments of its yen-denominated debts.

Mitsubishi UFJ Morgan Stanley and *Mizuho* were the leads on the deal, which has expected ratings of BBB+/A– by R&I/JCR.

TAKAHIRO OKAMOTO

loan with a fixed annual interest rate of 0.46%.

Drawdown for both loans was slated for June 30.

The borrower invests mainly in office buildings in Tokyo metropolitan areas.

EQUITY CAPITAL MARKETS

SHARP AXES SHARE SALE PLAN

SHARP has scrapped its plan to issue up to ¥226bn (US$2.1bn) in new shares as trade frictions between the US and China have increased market volatility.

The Japanese electronics unit of Taiwan's Foxconn planned to sell 75m shares in the base deal, with an overallotment option of up to 11.25m shares, at a discount of 3%–5% to the market price. About 30% of the shares were allocated for international investors and 70% for domestic investors.

After the announcement, Sharp's shares opened at ¥2,700 last friday, a 15% jump from its previous closing price of ¥2,344.

The stock has fallen 10.7% since the terms of the share sale were announced on June 22, versus a 1% drop in the Nikkei 225 index over the same period.

The company had planned to use the proceeds to repurchase all class A shares held by Mizuho Bank and MUFG Bank and for research and development. Any proceeds remaining would have been used to redeem some corporate bonds.

Daiwa, *Mizuho* and *Nomura* were the joint global coordinators as well as joint bookrunners on the international offering.

MACAU

SYNDICATED LOANS

MGM CHINA CLOSES A&E EXERCISE

MGM CHINA HOLDINGS has completed an amendment and extension of a HK$23.4bn (US$3bn) seven-year loan signed in June 2015, according to a company announcement and sources.

Bank of America Merrill Lynch was the coordinator of the transaction.

The A&E exercise involved changes to the sizes of the tranches and a lengthening of the tenor of the financing, which has MGM China and MGM GRAND PARADISE as borrowers.

The new tranche sizes are a HK$15.6bn term loan and a HK$7.8bn revolving credit, respectively revised from HK$12.09bn and HK$11.31bn originally.

The final maturity date of the financing will be extended from April 29 2019 to June 26 2022. The amount of any revolving credit loans outstanding on June 22 2018 in excess of HK$7.8bn shall be deemed converted into term loans, which shall be repayable on March 31 2022.

If MGM Grand Paradise does not obtain an extension to its gaming sub-concession arrangement by March 31 2020, the revolving credit facility will be cut to HK$4.68bn on that day and the extra amount repaid, according to the announcement.

Lenders were offered an A&E fee of 100bp.

The initial margin is 250bp over Hibor based on a leverage ratio of 4x or more. It steps down to 225bp for a leverage ratio of 3.5x–3.9x, 200bp for 3.0x–3.4x, 175bp for 2.5x–2.9x, 150bp for 2.0x–2.4x, and 137.5bp for below 2x.

For full allocations, see www.ifrasia.com.

MALAYSIA

DEBT CAPITAL MARKETS

UOB MALAYSIA SETS UP PROGRAMME

UNITED OVERSEAS BANK MALAYSIA has set up a senior/subordinated MTN programme of M$8bn (US$2bn) that will allow it to sell senior or Tier 2 bonds in the ringgit bond market.

RAM Ratings has assigned ratings of AAA to the senior notes and AA1 to the subordinated notes, noting that the Malaysian unit is strategically important to parent Singapore-based UOB. The Malaysian operations remain sound with a liquidity coverage ratio well above the regulatory minimum requirement of 90%, said RAM.

UOB Malaysia and *HSBC Bank Malaysia* are lead arrangers on the programme, which was filed with the Securities Commission Malaysia last week.

HONG LEONG BANK TAKES T2 ROUTE

HONG LEONG BANK has issued a M$500m Basel III-compliant 10-year non-call five Tier 2 bond.

The subordinated bond was priced at par to yield 4.86%, inside the 4.93% paid by parent Hong Leong Financial Group for a M$500m 10NC5 T2 issue earlier in June. The tighter yield reflected the assets housed under the bank unit. HLFG had raised the funds to purchase the operating unit's T2 notes.

The Malaysian bank's T2 notes are rated AA1 by RAM. Proceeds will be used for working capital and general banking needs.

Hong Leong Investment Bank was lead manager for the bond which settled last Monday.

SPORTS TOTO BETS ON ONE YEAR

SPORTS TOTO MALAYSIA has privately placed M$245m of one-year notes priced at par to yield 4.75%.

The notes are split into a M$120m tranche that settled last Friday and a M$125m piece that will settle on Monday.

The gaming company's bonds, rated AA– by Marc, are guaranteed by parent Berjaya Sports Toto.

CIMB Bank was sole lead manager for the deal.

SYNDICATED LOANS

EPF SEEKS £300M ASSET-BACKED REFI

Government-linked pension fund EMPLOYEES PROVIDENT FUND OF MALAYSIA is seeking a £300m (US$392m) five-year loan for refinancing purposes.

The borrower is in talks with relationship lenders to refinance a £320m five-year club loan due in July. Citigroup was the coordinator on the previous deal, which attracted three other banks and paid all-ins of around 165bp–170bp.

Like the previous deal, the new transaction is backed by UK-based assets.

EPF last raised a €268m (US$315m then) new-money loan backing the purchase of logistics assets in Europe. HSBC was the sole mandated lead arranger and bookrunner of the five-year deal, which attracted four other lenders in limited syndication. That financing, which comprises a €156m tranche A and €112m tranche B, is said to have paid a top-level all-in pricing in the 90s based on an interest margin of 82bp over Libor.

NEW ZEALAND

DEBT CAPITAL MARKETS

GENESIS PRICES SUB NOTE

GENESIS ENERGY has allocated the NZ$200m (US$128m) general offer of its new 30-year non-call five subordinated unsecured listed capital bonds.

The interest rate has been set at 4.65%,

within mid-swaps plus 195bp–215bp guidance at 201bp over the underlying swap rate.

An additional reserve offer for the notes is open for up to NZ$40m which is available holders of Genesis Energy's NZ$200m GPLFA capital bonds that will be redeemed on July 15.

BNZ, *Deutsche Craigs* and *Forsyth Barr* are joint lead managers on the transaction.

BNZ secures covered benefits

Bonds Westpac NZ waits in the wings as euro senior unsecured market struggles

BNZ INTERNATIONAL, acting through its London branch, became the first Antipodean bank to tap the euro market since the start of the scathing Australian Royal Commission into banking practices in March, with last Tuesday's solid €750m (US$875m) seven-year covered Eurobond sale.

The New Zealand major bank opted for a covered rather than a senior unsecured offering following its recent European roadshow, a sensible decision given the tepid receptions for the €500m AIB Group and €500m SpareBank 1 SMN seven-year and five-year senior unsecured trades the same day.

The BNZ 0.625% July 3 2025s priced at mid-swaps plus 15bp, 3bp inside guidance, for a modest 3bp new-issue concession, after joint lead managers *Barclays*, *DZ Bank*, *HSBC* and *National Australia Bank* secured a €1bn order book.

Tuesday's issuance outcomes are likely to encourage more low beta trades while markets remain so volatile. This is a problem for fellow Kiwi major WESTPAC NEW ZEALAND (A1/AA–/AA–) which held European investor meetings before BNZ, in late May and early June, arranged by *BNP Paribas*, *HSBC* and *Westpac*, for a euro-denominated five to seven-year senior unsecured issue.

"BNZ was spot on with a covered print which received good demand and good pricing," said a syndication manager away from the trade.

"My expectation is that Westpac New Zealand, which is in no hurry to print, will likely park its proposed senior issue given the market backdrop and often cool European investor appetite for non ECB repo-eligible Australian and New Zealand bank paper."

In addition to the choppy backdrop, Westpac New Zealand may encounter some specific pushback from senior unsecured bond investors relating to the banking scandals Down Under.

The Royal Commission, now at the halfway mark, has exposed multiple instances of wrongdoing in the Australian banking sector, wiping billions of dollars off the shares of major banks, triggering management reshuffles and encouraging banks to offload business units or face tighter regulation.

US investors have largely shrugged off concerns, with some arguing that increased regulation and tighter lending controls is actually credit positive (and equity negative) for Antipodean banks.

Westpac and Australia and New Zealand Banking Group smoothly raised a combined US$4.25bn in the US market in early May while New Zealand major lender ASB's 144A debut on June 7 was a well received US$1bn five-year print.

It has not all been plain sailing, however, with National Australia Bank attracting noticeably modest demand for a US dollar 3.25-year note offering on June 11.

BNZ is owned by National Australia Bank.

JOHN WEAVERS, ALICE GLEDHILL

PHILIPPINES

DEBT CAPITAL MARKETS

BPI SETS UP US$2BN MTN PROGRAMME

BANK OF THE PHILIPPINE ISLANDS has established a US$2bn MTN programme.

BPI Capital is sole global coordinator and lead arranger of the programme, which will allow BPI to list debt securities on the Singapore exchange. Joint lead arrangers are *Deutsche Bank*, *HSBC* and *JP Morgan*.

The four banks are also dealers with *Bank of America Merrill Lynch*, *Citigroup*, *ING*, *Mizuho Securities*, *MUFG*, *Standard Chartered*, *Standard Chartered Bank (Singapore)*, *UBS* and *Wells Fargo*.

IFC ISSUES GREEN PESO NOTES

INTERNATIONAL FINANCE CORPORATION has raised US$90m-equivalent from a debut issue of 15-year Mabuhay, or Philippine peso-denominated, Green bonds to support the local capital market and renewable energy, according to a press release.

Triple A rated IFC is yet to announce the coupon for the bonds.

"Mabuhay" is a welcome greeting in Tagalog.

The proceeds will be used to finance the Energy Development Corporation's (EDC) capital expenditure programme, which aims to optimise the generation output of geothermal power plants and improve resiliency. EDC is the Philippines' largest geothermal energy producer and accounted for around 9% of the country's total power generation capacity in 2016.

"IFC's Mabuhay bond showcases the powerful role that capital markets could play in mobilizing savings for climate finance," said Jingdong Hua, IFC vice president and treasurer.

IFC has issued 109 Green bonds to date, amounting to US$7.5bn in 12 currencies, to develop the Green bond asset class in emerging markets.

SINGAPORE

DEBT CAPITAL MARKETS

CAPLAND RETAIL CHINA SEIZES WINDOW

CAPITALAND RETAIL CHINA TRUST has sold S$130m (US$95.1m) of four-year bonds at 3.25%, inside initial guidance of 3.4% area.

The notes were priced at a spread of 97.7bp over Singapore dollar SOR.

No book size was released but banks and corporate investors took 60% of the deal, followed by insurers and fund managers with 27%, and private banks at 13%.

The Singapore-listed trust found a window on Wednesday to launch bookbuilding, almost two weeks after meeting fixed income investors in mid-June. Bankers had said weak market conditions, volatile benchmark rates and a large gap in price expectations between investors and issuers were keeping issuers on the sidelines.

Proceeds will be used to partly refinance bank loans due next year. CRCT plans to refinance some S$400m of bank loans ahead of maturity in 2019.

Settlement of the unrated bonds is on July 4, off a S$1bn multi-currency debt issuance programme.

DBS Bank was sole lead manager for the deal.

CRCT, which counts Temasek Holdings as a major shareholder, owns retail properties mainly in China.

COURTS SEEKS EARLY REDEMPTION

COURTS ASIA is seeking bondholder consent to redeem early a S$75m bond due March 15 2019.

Under a consent solicitation launched last Thursday, the Singapore-based retail company asked investors to approve the insertion of a call option into the bond agreement, which will allow it to redeem the notes earlier. An early consent fee of 0.25% of principal amount will be paid if bondholders submit their votes by July 13, after which a standard fee of 0.15% will be paid.

Courts also launched a tender to buy back the notes at a cash price of 100.75. The notes were quoted at 98.90 last Thursday.

The bond buyback is part of the company's capital and liability management to refinance well ahead of further rises in benchmark rates. Courts will fund the buyback from its surplus cash balances.

The consent and tender exercise will end on July 18 with a bondholder meeting scheduled for July 20.

DBS Bank is dealer manager while *Tricor Singapore* is tender agent.

SYNDICATED LOANS

GUNVOR INCREASES LOAN TO US$985M

GUNVOR SINGAPORE, a unit of commodities trading house Gunvor Group, has increased a dual-tranche revolving credit facility to US$985m from a US$800m target following commitments from 29 banks in general syndication.

DBS Bank, *ING Bank*, *First Abu Dhabi Bank*, *Maybank*, *Natixis*, *OCBC Bank* and *Rabobank* were the mandated lead arrangers and bookrunners of the financing.

The borrowing, which is split into a US$885m one-year (tranche A) and a US$100m three-year (tranche B) portion, offered top-level all-in pricing of 155bp and 176.67bp respectively based on interest margins of 100bp and 155bp over Libor for the two tranches.

Signing took place on June 21.

Proceeds refinance a US$1.055bn 364-day tranche A of a US$1.135bn two-part loan signed in June last year with 38 lenders. That loan paid top-level all-in pricing of 170bp and 185bp based on interest margins of 120bp and 165bp over Libor for the 364-day and three-year portions, respectively.

The latest loan also refinances the three-year portion of a US$911.7m dual-tranche loan completed in May 2015 with 31 banks. That deal paid top-level all-in pricing of 215bp and 256.7bp based on margins of 155bp and 225bp over Libor, respectively, for the one and three-year tranches.

For full allocations, see www.ifrasia.com.

Trafigura prepares annual refi

Loans **Commodities trader seeks at least US$1.5bn**

Commodity trading firm TRAFIGURA BEHEER is in talks with relationship banks for its annual refinancing exercise.

Trafigura's Singapore-based entity Trafigura Group is looking for at least US$1.5bn in financing split into a few tranches. The deal could launch as early as this month.

The borrower has parts of a US$2.2bn-equivalent loan signed in 2015 maturing in October. That facility – increased from a launch amount of US$1.6bn-equivalent – comprises a US$1.32bn 364-day revolving credit facility paying 70bp over Libor; a US$625m three-year term loan paying 110bp over Libor; and a US$255m-equivalent one-year renminbi-denominated term loan paying 100bp over CNH Hibor.

ANZ, DBS Bank, First Gulf Bank, ICBC, OCBC Bank, UOB and Sumitomo Mitsui Banking Corp were the original mandated lead arrangers and bookrunners on the US dollar denominated facilities, while Bank of China joined as a MLAB.

Trafigura is also looking to refinance part of a US$1.99bn-equivalent loan it closed last October. The transaction comprises a US$1.175bn 365-day US dollar revolving credit facility (tranche A), a US$380m-equivalent one-year renminbi term loan (tranche B) and a US$435m three-year US dollar term loan (tranche C).

Tranche A and C offered top-level all-in pricing of 95bp and 140bp based on interest margins of 65bp and 110bp over Libor, respectively. Tranche B paid a top-level all-in pricing of 130bp based on a margin of 100bp over CNH Hibor. ANZ, DBS Bank, ICBC London, First Abu Dhabi Bank and UOB were the original MLABs, while CTBC Bank and ICBC were the active MLABs for the renminbi facilities.

Trafigura's most recent visit to the loan market was in March for a US$5.725bn multi-tranche borrowing that refinanced its European revolving credit facilities. The loan comprises a US$2.2bn one-year RCF with two one-year extension options; and a US$3.525bn three-year RCF with two one-year extension options.

Around the same time, Trafigura also agreed a ¥72.64bn (US$661m) three-year Samurai loan, the fourth time it had tapped the domestic Japanese syndicated bank market.

CHIEN MI WONG

RESTRUCTURING

CW ADVANCED FILES FOR WINDING-UP

CW ADVANCED TECHNOLOGIES has submitted a petition in the High Court of Hong Kong to be wound up, a few days after it had applied for a six-month moratorium on legal proceedings against it.

Parent CW Group Holdings said in a filing that CWAT had submitted the liquidation petition last Monday and was seeking to appoint Osman Arab and Wong Kwok Keung of RSM Corporate Advisory Hong Kong as joint and several provisional liquidators.

A court hearing on the winding-up petition will be held on August 29 while the application for the JPLs will be heard on July 11.

CW Group said the moves were needed to protect CWAT's business and assets, which could facilitate its debt restructuring process. CWAT triggered an event of default after it failed to redeem an outstanding S$55.25m (US$35m) 7% bond on June 25, and failed to make coupon payments that were due as well.

The Singapore-based industrial machinery and equipment wholesaler filed an application on June 22 to the Singapore High Court for the moratorium. The filing automatically grants the company a one-month protection.

Meanwhile, CWAT will meet the bondholders on July 16 to give an update on its financial and business status in a move to kick off restructuring talks. The meeting will be facilitated by Securities Investors Association Singapore.

SOUTH KOREA

DEBT CAPITAL MARKETS

TONG YANG LIFE EYES TIER 2

TONG YANG LIFE INSURANCE, rated BBB+ by Fitch, has hired *JP Morgan*, *Nomura* and *UBS* to arrange investor meetings in Singapore, Hong Kong and London from July 2-6.

The Korean insurer is contemplating a US dollar Tier 2 Reg S bond offering. The proposed notes are expected to be rated BBB– by Fitch.

China's Anbang Insurance Group owns a 75% stake in Tong Yang Life. Fitch said there was uncertainty over whether Anbang would remain the owner, after the China Insurance Regulatory Commission announced in February it had taken control of Anbang.

There was still no official update on Friday on the status and likely timing of the last Korean insurance Tier 2 bond offering to come to market, more than a week after it started bookbuilding.

Guidance for **HEUNGKUK FIRE & MARINE INSURANCE**'s 10-year non-call five US dollar subordinated Tier 2 securities has not been updated from initial guidance of 7.375% area given on June 21.

The Tier 2 notes are expected to be rated Baa3 by Moody's, below the insurer's Baa1 rating. If they are not called on the fifth anniversary, the interest rate will reset to the initial spread over five-year US Treasuries.

JP Morgan is sole global coordinator and bookrunner for the benchmark Reg S deal.

Heungkuk Life Insurance is the largest shareholder of Heungkuk F&M.

KNOC PRINTS FRN FORMOSA

KOREA NATIONAL OIL CORP (Aa2/AA/AA–) has attracted over US$900m of final orders from 46 accounts for a US$400m five-year floating-rate Formosa bonds.

Of the notes, 50% went to Taiwan, 29% to the rest of Asia, and 21% to EMEA. By investor type, 41% were banks, 35% were fund managers, private banks and securities firms, and 24% were central banks and sovereign wealth funds.

The Reg S five-year floaters were priced at three-month Libor plus 87.5bp, from final guidance of Libor plus 90bp area, plus or minus 2.5bp.

The senior unsecured notes have expected ratings of Aa2/AA (Moody's/S&P). They will be listed in Taipei and Singapore.

Credit Agricole Taipei branch, *HSBC Bank Taiwan* and *Societe Generale Securities (HK) Taipei branch* were joint bookrunners.

POSCO PLANS DOLLAR ROADSHOW

Steelmaker **POSCO**, rated Baa1 (stable) by Moody's and BBB+ (positive) by S&P, has mandated *Bank of America Merrill Lynch*, *BNP Paribas*, *HSBC* and *Standard Chartered* to arrange investor meetings in Asia, Europe and the US commencing on July 9.

A US dollar 144A/Reg S deal may follow, subject to market conditions.

EQUITY CAPITAL MARKETS

CJ LOGISTICS BLOCK FETCHES W64BN

Asiana Airlines has raised W63.8bn (US$57m) from the sale of its remaining stake in **CJ LOGISTICS**, with the shares priced at the top of the indicative range, according to a source close to the deal.

The deal, involving 400,000 shares at an indicative range of W154,630–W159,565 each, was priced at W159,565, or a discount of 3% to the pre-deal spot.

The book was eight times covered, with interest mainly from hedge funds who were allocated about 60% of the offer. Long-only investors got the remaining shares.

About 60% of the demand came from local investors and 40% from international investors.

The clean-up trade aims to enhance the company's financial structure by disposing of non-core assets, according to regulatory documents.

KB Securities and *NH Investment & Securities* were lead managers for the block trade.

This is the second block sale made by the second-largest South Korean airline to unload its interest in the logistics company this year. In March, Asiana raised W93bn from the sale of 738,427 shares of CJ Logistics.

TAIWAN

SYNDICATED LOANS

AERCAP BORROWS LONG AT TIGHT PRICING

Aircraft leasing firm AerCap Holdings has self-arranged a US$790m seven-year secured loan that attracted 28 banks despite the deal offering very tight pricing and coming three months after the borrower obtained a bigger facility.

CTBC Bank and *DBS Bank* were the coordinators of the loan, which was increased from a US$600m target and signed on June 19.

Participating banks included 17 other Taiwanese lenders in addition to CTBC.

The facility offered a top-level all-in pricing of 152.9bp via an interest margin of 140bp over Libor and an upfront fee of 90bp.

The borrower is **GOLDFISH FUNDING**, a Netherlands-incorporated special purpose vehicle. AerCap Holdings and AerCap Ireland are the guarantors.

Funds are to buy an initial portfolio of 13 aircraft. Initial lessees are: China Southern Airlines, Ethiopian Airlines Enterprise, Garuda Indonesia, Latam Airlines Group, Thai Airways International and Zhejiang Loong Airlines.

In March, AerCap Holdings, rated BBB– (S&P/Fitch), signed a US$950m four-year loan that was increased from a US$600m target. CTBC Bank, DBS Bank and First Abu Dhabi Bank were the coordinators of that refinancing, which offered a top-level all-in pricing of 173.75bp based on an interest margin of 155bp over Libor and an upfront fee of 75bp. That deal also had 28 banks participating.

For full allocations, see www.ifrasia.com.

SHIHLIEN BACK FOR US$300M

SHIHLIEN CHINA HOLDING is returning to the loan market for a US$300m three-year term loan after an absence of more than two years.

Mega International Commercial Bank is the mandated lead arranger and bookrunner of the transaction, which offers an interest margin ranging from 160bp to 230bp over Libor based on the borrower's pre-tax net profit. The borrower will pay any excess interest rate beyond a 35bp difference between TAIFX and Libor.

Banks are being invited to join as MLABs with commitments of US$45m or more for an upfront fee of 30bp, as co-arrangers with US$30m–$44m tickets for a 20bp fee, as managers with US$20m–$29m tickets for a 12bp fee, or as participants with US$10m–$19m tickets for a 5bp fee.

There is a 3bp early bird fee for those joining by July 6. The deadline for responses is July 12.

Funds are to refinance a US$359m three-year loan the borrower obtained in January 2016. Mega also led that deal, which offered a margin ranging between 235bp and 275bp over three or six-month Libor. The borrower will also pay any excess interest rate beyond a 35bp difference between TAIFX and Libor.

Taiwan Glass Industrial indirectly owns a 38% stake in the Hong Kong-based borrower, which is a soda ash manufacturer.

BLADEX LAUNCHES US$175M LOAN

Panama-based **BANCO LATINO AMERICANO DE EXPORTACIONES** (Bladex) has launched a US$175m three-year bullet loan.

MUFG is the mandated lead arranger and bookrunner of the facility, which pays an interest margin of 110bp over Libor.

MLAs with commitments of US$30m or more receive an upfront fee of 45bp for a top-level all-in pricing of 125bp, while arrangers joining with US$15m-$29m earn a 40bp fee for an all-in of 123.33bp.

Want Want sells first Taiwanese Panda

Bonds **Debut Panda unlikely to lead to more Taiwanese offerings due to heightened tensions**

Taiwanese rice-cracker maker WANT WANT CHINA HOLDINGS made its debut bond offering in China last week, braving heightened tension between Beijing and Taipei to print the island's first Panda.

The Cayman Islands-incorporated company raised a small Rmb500m (US$75m) from a private placement of Panda bonds in China's interbank bond market. The one-year notes were priced at par to yield 5.40% last Wednesday.

The deal is understood to have taken about two years to come to fruition and the issuer secured the approval of the National Association of Financial Market Institutional Investors for its Rmb8bn Panda bond programme only some two weeks ago.

Sources familiar with the matter said even though Want Want China makes most of its business in China, its Panda bonds still did not come easy.

The Hong Kong-listed company, headquartered in Shanghai, is a multibillion dollar snacks-to-property empire in China.

Tension across the Taiwan Strait has intensified since Tsai Ing-wen from the pro-independence Democratic Progressive Party won the island's presidential election in 2016.

China said last Tuesday via its state media that a formation of its warships had held daily combat drills for more than a week in waters near Taiwan, ahead of an official visit of US Defense Secretary Jim Mattis to Beijing.

Not everyone in the credit market was convinced that it had been worth Want Want navigating the political backdrop and put in two years of work.

Bankers away from the deal argued that the issuer, rated A3/A– (Moody's/Fitch) could have raised cheaper funds in the offshore market. It could also have secured renminbi loans in China at the People's Bank of China's benchmark rate, currently set at 4.35% for one-year loans.

"China's onshore bond market has changed remarkably since 2016 when Want Want started exploring the idea of Panda bonds and the current funding cost is not favourable to the issuer," said a banker away from the deal but close to the issuer.

Some bankers said the pricing reflected liquidity conditions in the onshore market and the premium paid for private placement deals. AAA rated corporate bonds were indicated at 4.61% last Wednesday, according to China Bond. Want Want China is AAA rated by China Chengxin.

Demand from domestic investors was believed to be weak, yet the notes attracted some interest from foreign investors who were more familiar with the name and intended to buy the bonds from the secondary market, according to sources familiar with the deal.

Now that the first Taiwanese company has tested the Panda bond market, bankers are concerned that it may be the last one for some time.

"We pitched a few Taiwanese companies and figured that Panda bonds would be a very unlikely option for them due to sensitive political tension. The companies are not only concerned with the implication (of doing Panda bonds) to Beijing but also to Taipei," said the banker.

He also noted that the capital expenditure of Taiwanese companies overall had slowed in China in the past few years, with many relocating factories from China to South-East Asia to lower costs, leading to reduced funding needs in China.

Want Want China will use the proceeds to replenish working capital for its subsidiaries in China, according to a filing to the Stock Exchange of Hong Kong.

China Merchants Bank was sole lead on the offering.

INA ZHOU

Participants joining with commitments of US$14m or less receive a 35bp fee for an all-in of 121.67bp. The deadline for commitments is late July.

The borrower last tapped the loan market with a US$193m four-year senior borrowing in March 2017. Mizuho Bank was the MLAB on that deal, which attracted 18 other banks in general syndication.

Rated BBB/BBB+ (S&P/Fitch), New York-listed Bladex is a supranational bank specialising in financing of trade and economic integration in Latin America and the Caribbean.

BAO FENG AM LAUNCHES NT$3.5BN LOAN

BAO FENG ASSET MANAGEMENT has launched a NT$3.5bn (US$115m) seven-year loan.

Hua Nan Commercial Bank is the mandated lead arranger and bookrunner of the deal, which comprises a NT$2.5bn tranche, a NT$720m tranche B, a NT$720m guarantee tranche C and a NT$280m tranche D. Tranches B and C cannot exceed a combined NT$720m.

The margins on tranches A, B and D range from 85bp to 90bp over three-month Taibor, with a pre-tax interest rate floor set at 1.7%. Tranche C offers an annual guarantee fee of 80bp.

Banks are being invited for a 10bp upfront fee and the MLA title for commitments of NT$800m or more, an 8bp fee and the manager title for NT$600m–$799m, or a 5bp fee and the participant title for NT$300m–$599m. The deadline for responses is July 20.

The borrower's land and buildings serve as security, and the chairman is providing a guarantee.

Funds are for general corporate funding, capital expenditure and refinancing purposes.

The borrower last tapped the market in June 2016 with a NT$3bn loan. Taipei Fubon Commercial Bank and Hua Nan were the MLABs on that deal, which comprised a NT$2.5bn seven-year tranche A and a NT$500m three-year tranche B. The margins were 130bp and 125bp over three-month Taibor, respectively, on tranches A and B. The after-tax interest rate floor was set at 1.8%.

YUAN LIH CONSTRUCTION RAISES NT$13BN

YUAN LIH CONSTRUCTION has raised a NT$13bn three-year refinancing.

Mega International Commercial Bank was the mandated lead arranger and bookrunner of the transaction, which is split into a NT$9.5bn term loan tranche A and a NT$3.5bn guarantee tranche B.

Tranche A pays an interest margin of 60bp over the one-year post office savings rate, with a pre-tax interest rate floor set at 1.7%, while tranche B offers an annual guarantee fee of 70bp.

The borrower's chairman and director are the guarantors.

Signing was slated for Friday.

For full allocations, see www.ifrasia.com.

WINBOND SIGNS GUARANTEE FACILITY

WINBOND ELECTRONICS has signed its NT$10.15bn seven-year guarantee facility,

reduced slightly from an initial NT$10.18 target.

Taiwan Cooperative Bank was the original mandated lead arranger and bookrunner of the transaction, while six other banks joined with the same title.

The deal offered a 92bp guarantee fee and a top-level upfront fee of 65bp.

The facility will back the issuance of a NT$10bn corporate bond. Signing was on Tuesday.

The Taiwan-listed borrower makes integrated circuits and related components.

For full allocations, see www.ifrasia.com.

THAILAND

DEBT CAPITAL MARKETS

› GOOD TAKE-UP FOR PTTGC TENDER

PTT GLOBAL CHEMICAL has agreed to buy back US$495.894m of its US$1bn 4.25% senior unsecured notes due September 19 2022 under a tender offer, under which participating bondholders will subscribe to "like-kind" notes.

Tendering bondholders will receive a premium of US$2 per US$1,000 in principal amount. That was originally an incentive for bondholders who tendered by the early-bird deadline, but midway through the offer the issuer extended the incentive to all tendering bondholders.

Bondholders who tender their notes will be required to subscribe to new notes issued by GC Treasury Center, a wholly owned subsidiary of PTT Global Chemical, with terms identical to the existing bonds.

The "like-kind" swap will allow the parent company to benefit from a withholding tax exemption on distributions for bonds issued by a treasury centre.

Citigroup, *Bank of America Merrill Lynch* and *Standard Chartered* were dealer managers for the offer.

PTT Global Chemical is a petrochemical producer and an affiliate of national oil company PTT, which owns a 48.9% stake.

The new notes are expected to be rated Baa2/BBB (Moody's/S&P).

› EGAT GETS BT10BN CHARGE

ELECTRICITY GENERATING AUTHORITY OF THAILAND last Friday printed Bt10bn (US$456m) of 15 and 20-year bonds.

A Bt3bn 15-year tranche was priced at par to yield 3.57% and a Bt7bn 20-year tranche was at 3.78%. Both are rated AAA by Tris.

The state-owned utility firm is the largest producer of electricity in Thailand and is the main offtaker of power from independent producers. It is also the sole owner and operator of Thailand's power transmission network.

Kaiskornbank and *Thanachart Bank* were joint lead managers and underwriters for the deal, which settled on June 29.

› GHB SELLS DUAL-TRANCHER

GOVERNMENT HOUSING BANK has raised Bt4bn from the sale of five and 12-year bonds.

The Bt3.29bn five-year tranche priced at par to yield 2.36% and the Bt710m 12-year tranche at 3.3%, with spreads of 17bp and 29bp, respectively.

Settlement was made last Thursday. *Thanachart Bank* was the sole lead manager.

VIETNAM

SYNDICATED LOANS

› VINGROUP EXTENDS DEADLINE

The deadline for VINGROUP's US$400m five-year loan has been extended to early July from June 25.

The transaction has attracted a handful of lenders so far, with a few others expected to join in the coming days.

Bank of China Singapore branch, *Credit Suisse*, *HSBC*, *Industrial and Commercial Bank of China*, *Maybank* and *Taipei Fubon Commercial Bank* are the mandated lead arrangers and joint underwriters. Credit Suisse was initially mandated on the financing and brought in the other banks to expand the arranger group.

The financing pays a top-level all-in pricing of 370.38bp based on an interest margin of 350bp over Libor and has an average life of 3.925 years.

The borrower is VINFAST TRADING AND PRODUCTION, a Vingroup subsidiary. Vingroup and several of its subsidiaries act as guarantors.

Shares of Vincom Retail and Vinhomes, the holding company for the group's residential businesses, form part of the security package.

Funds are for capital expenditure, working capital and general corporate purposes.

Vingroup last tapped the market with a US$300m five-year loan in September 2016. Credit Suisse, ICBC, Maybank and Taipei Fubon were the MLABs on that deal, which offered a top-level all-in pricing of 545.45bp based on a margin of 500bp over Libor.

PLEASE CONTACT US IF YOU HAVE INFORMATION ABOUT JOB MOVES AT YOUR FIRM OR WITHIN THE MARKET

Call +852 2912 6670

or email **peoplemarkets@thomsonreuters.com**

THOMSON REUTERS

THE FIRST STEP IN CLO ANALYSIS:
DETAILED, ACCURATE, AND TRANSPARENT

LPC COLLATERAL

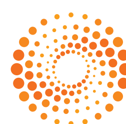
LPC COLLATERAL OFFERS CLO INVESTORS, MANAGERS & TRADERS A COMPETITIVE EDGE

CLO market professionals use LPC Collateral to run market value coverage analysis on CLO tranches and to compare holdings, asset breakdowns and overlap across CLOs.

LPC Collateral also includes Thomson Reuters LPC's loan market news and data, enabling users to dive into the underlying collateral of CLOs. The historical performance of CLOs can be analysed using LPC Collateral's charting function, then benchmarked against other deals and market segments.

CONNECT TO THE GLOBAL SYNDICATED LOAN MARKET WITH THOMSON REUTERS LPC

lpc.info@thomsonreuters.com
www.loanpricing.com



THOMSON REUTERS

ASIA DATA

MERRILL LYNCH ASIAN DOLLAR INDEX

Index	Description	Index level	1 week total return	1 month total return	3 months total return	OAS
ADIG	Asian-dollar high-grade index	382.926	0.075	0.102	–0.556	151
ADHY	Asian-dollar high-yield index	585.954	–1.116	–2.362	–3.675	571
AGIG	Asian-dollar government high-grade index	353.475	–0.012	–0.055	–1.298	145
AGHY	Asian-dollar government high-yield index	688.463	–0.567	–2.349	–3.345	447
ACIG	Asian-dollar corporate high-grade index	409.126	0.105	0.156	–0.297	154
ACHY	Asian-dollar corporate high-yield index	481.934	–1.222	–2.368	–3.743	595

Source: Merrill Lynch

LAST WEEK'S ECM DEALS

Stock	Country	Date	Amount	Price	Deal type	Bookrunner(s)
Wise Talent Information Technology	China	22/06/18	HK$2.9bn	HK$33	IPO (primary)	JP Morgan, Morgan Stanley, Huatai Financial, UBS
Xiaomi	China	29/6/18	HK$37.1bn	HK$17	IPO (primary/secondary)	CLSA, Goldman Sachs, Morgan Stanley, ABC International, BOC International, Credit Suisse, CICC, CCB International, CMB International, Deutsche Bank, ICBC International, JP Morgan, AMTD, Bank of America Merrill Lynch, BNP Paribas, China Galaxy International, China Merchants Securities, Citigroup, Futu Securities, Guotai Junan International, HSBC, UBS, Zhongtai International
New Frontier	China	28/6/18	US$250m	US$10	IPO (primary)	Credit Suisse, UBS

Source: IFR Asia

LAST WEEK'S EQUITY-LINKED ISSUANCE

Issuer	Country	Date	Amount	Greenshoe	Maturity	Coupon (%)	Premium (%)	Bookrunner
Momo	China	28/6/18	US$650m	US$100m	2025	1.25	42.5	Credit Suisse, JP Morgan, Morgan Stanley

Source: IFR Asia

MAKE THE MOST OF YOUR SUCCESS STORIES

REINFORCE YOUR MARKETING MESSAGE WITH REPRINTS FROM IFR Asia

If your company has been singled out for praise by one of IFR Asia's independent journalists, a high-quality reproduction of the article will make a valuable addition to your marketing collateral.

IFR Asia reprints act as a powerful reinforcement of your sales message by providing a credible and authoritative third-party endorsement.

Reprints can be provided in hard copy or electronic format and we can tailor the design to include logos, adverts and contact details.

For more information on the various advertising and sponsorship opportunities available within IFR, email: cmi.advertising@tr.com

THOMSON REUTERS

IFR ASIA: AT THE HEART OF ASIA'S CAPITAL MARKETS

IFR Asia is the world's most authoritative source of Asian capital markets intelligence, providing in-depth coverage on every significant issue across all asset classes.

Established in 1997, it draws on IFR's global editorial team – the largest of any capital markets publication with bureaux throughout the region – to provide the most reliable news, data and analysis there is.

IFRAsia.com takes this unrivalled content and combines it with new search functionality, enhanced navigation and intraday updates to create the perfect business development tool for the region's investment banking professionals.

To learn more about how you will benefit from IFR Asia's market-leading intelligence, visit www.IFRAsia.com

THOMSON REUTERS

IFR ASIA

A THOMSON REUTERS SERVICE

IFR
ASIA

REGISTER TODAY!

GREEN FINANCING ROUNDTABLE

2pm – 4pm | Monday July 9 2018 | Thomson Reuters, Singapore

Sponsored by:

Association partner:

The 2018 IFR Asia Green Financing Roundtable will take place on the morning of Monday July 9 2018 at the Thomson Reuters Building, Singapore.

Moderated by IFR Asia's **Daniel Stanton**, this 90-minute discussion will convene a panel of expert speakers to assess the current state of the market, examine the challenges and opportunities for market participants and provide an outlook for the year ahead and beyond.

The event is free to attend for all capital markets professionals and you can secure your place at **http://financial-risk-solutions.thomsonreuters.info/AsiaGreenFinancingRoundtable**

THOMSON REUTERS