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China pledges deeper bond connections through trading link and Panda market

IPOs facing tougher scrutiny in Korea after probe of Samsung Biologics

Huiyuan Juice seeks second waiver from lenders in bid to keep funds flowing

PLUS: FIRST-HALF LEAGUE TABLES

Upfront

Global clout

Strange as it sounds, global banks may do better in Asia when times are tough.

International firms held on to seven of the 10 top slots in the Asia Pacific investment banking fee tables in the first half of 2018, up from five this time last year and only three in the first half of 2016.

Much of the difference is down to a slowdown in Chinese dealmaking, with onshore debt markets bearing the brunt of a concerted effort to deleverage the economy and with outbound acquisitions still under scrutiny.

But is there also a correlation with the quality of advice required? Global arrangers would certainly like to think so.

The first half of 2018 has seen volatility return to the world's capital markets at a time when fast-growing technology companies are raising billions of dollars to finance their continued expansion.

High-growth IPOs, giant block trades and equity-linked financings are less commoditised products than the many

> Four of Asia's top five equity underwriters in the first half were US banks – double last year's tally.

Hong Kong listings from China's financial sector in recent years. Private-sector companies also tend to hire smaller underwriting groups for their bond or equity offerings than the state sector, and often pay higher fees.

Four of Asia's top five equity underwriters in the first half were US banks – double last year's tally. Even in debt, Morgan Stanley has been the biggest gainer, jumping 10 places to second for G3 bond underwriting, mainly thanks to an audacious sole-led deal for Hong Kong property The Center.

Big and complicated deals do play to global banks' strengths, but such lumpy revenues pose other challenges. It is hard to build a business around unpredictable mega-deals, and a slowdown in flow deals means that competition for these elephant-sized fees can only get more intense.

Still, with a heavy pipeline of jumbo capital raisings still to come, global banks can look forward to more hard work in the second half, even if market conditions do improve.

High stakes

At some point, Asian high-yield bonds will become an enormous buying opportunity. Right now, however, it would take a brave fund manager to make that bet.

After a spectacular rout in US dollar bonds from junk-rated Chinese issuers, the average yield on a five-year Asian high-yield bond is now higher than at any point since July 2013.

A spate of default scares from the likes of China Energy Reserve & Chemical Group and Wuzhou International has sapped confidence in the sector at a time when rising US Treasury yields are already denting global demand for emerging-market assets.

China's campaign to deleverage the financial sector and an ongoing battle to stem rising house prices have piled on more pressure, forcing more issuers to borrow overseas and shutting some investors out of the offshore market.

Many Chinese property companies have repriced their own curves by tapping recent issues at far higher yields – often well into the double digits – in desperation to keep their funding lines open.

As a result, well-known names such as Kaisa Group, Sunac and Fantasia now offer yields of over 10%. (Kaisa's 7.25% June 2020s are at 13.6%.)

Seasoned investors will no doubt see parallels with previous sell-offs in the volatile Chinese property sector, when those who bought in at the bottom reaped huge rewards once concerns about onshore financing curbs ultimately evaporated.

So far, global investors have shown little interest in getting back in the game. Recent high-yield issues have gone almost entirely to China-linked investors, who may be more familiar with Chinese issuers or simply have fewer alternatives to consider under their mandates.

This time around, a slowdown in offshore issuance and a gradual easing of onshore liquidity will eventually restore confidence in the top names, but a rapid rebound for the entire sector looks unlikely. Tighter Chinese regulations mean the massive inflows of 2016 and 2017 from highly leveraged investors may never return, and more marginal issuers will slide into default.

Brave fund managers may still find fortune at today's prices, but they will have to choose wisely.

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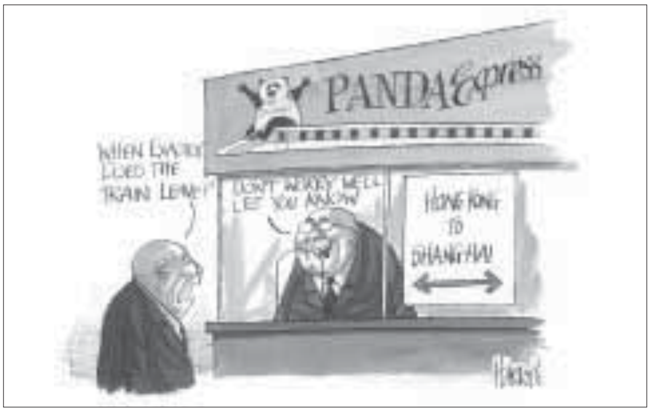


China vows better connections

■ **Bonds** PBoC promises easier access through trading link, Panda market

BY INA ZHOU

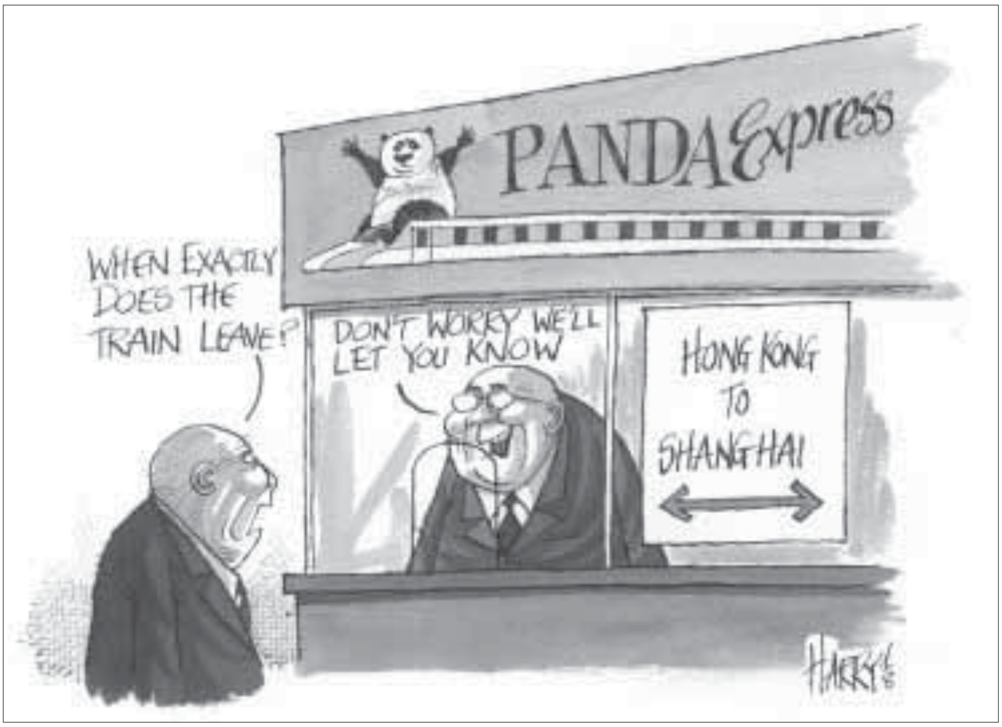
China has pledged to further improve access for foreign issuers and investors to the world's third-largest bond market through a streamlined Bond Connect link and a revamped Panda bond market.

On the first anniversary of Bond Connect last Tuesday, the People's Bank of China announced several measures that are likely to drive more inflows via the trading link and pave the way for Chinese bonds to be included in major international indexes.

"The PBoC and the SAFE will continue to promote opening up of China's bond market and to create a favourable market environment for overseas investors," Pan Gongsheng, deputy governor of the PBoC and administrator of the State Administration of Foreign Exchange, said at a ceremony in Hong Kong.

Foreign investors currently hold 1.9% of onshore Chinese bonds, up from 1.1% when the Bond Connect link was launched in July 2017.

As of the end of June, 356 overseas entities had accessed China's bond market via the new route, according to official



Korean IPOs under scrutiny

■ **Equities** Listing candidates face delays after regulatory probe of Samsung Biologics

BY CANDY CHAN

South Korean companies are facing a longer wait to go public after the country's financial regulator stepped up its audit of listing candidates.

The Financial Supervisory Service has tightened surveillance after it said in May that biotech drug manufacturer SAMSUNG BIOLOGICS had committed accounting fraud ahead of its 2016 IPO. The regulator said it planned to make a final ruling on the case on July 18.

"Almost all companies filing for listing this year have to take the audit checks from the FSS," said an ECM banker, compared to only around 30%-50% of the candidates in the past.

In the past the regulator only screened companies if it had received allegations of fraud from whistleblowers.

Bankers said they were now more prudent when preparing deals, and were spending more time with independent auditors on listing documents.

LOTTE DATA COMMUNICATION, an information technology unit of South Korean conglomerate Lotte Group, and low-cost carrier T'WAY AIR are among the IPO candidates that have faced additional scrutiny, according to another banker. Both companies won approval from the country's stock exchange last month.

Lotte Data expects to raise W121bn–W145bn (US$108m–$129m) while T'way Air is seeking around W234bn–W267bn, according to a person who has knowledge of the transactions.

Five more companies are subject to additional checks, a person with knowledge of the matter said. They are golf wear and apparel manufacturer CREAS F&C, secondary battery component manufacturer ECOPRO BM, semiconductor component manufacturer WOOJIN I&S, mobile game publisher KAKAO GAMES and robot manufacturer ROBOTIS. A dozen smaller deals are also currently under FSS surveillance, the person said.

Sechoeon Oh, lead examiner of audit review at FSS said the agency "does not carry out an audit review on all IPO applicants but conducts them based on a sample basis among companies that submit their business reports". The Korean Institute of Certified Public Accountants supervises audits of companies that do not submit business reports.

Oh declined to comment on the audit selection process, but said the Securities & Futures Commission will take action on audit offenses that appear as a result of FSS audits.

Creas F&C, Ecopro BM, KaKao Games, Lotte Data

data. Trading volume rose by 97% month on month to Rmb131bn in June.

SMOOTH CONNECTION

Pan's speech addressed some of foreign investors' key concerns about the link. He said full accessibility of delivery versus payment (DVP) settlement was expected in August and that tax issues related to onshore bond investments via Bond Connect would be clarified soon.

Onshore repo and derivatives will also soon be available to offshore investors via Bond Connect, Pan said.

Meanwhile, transaction fees via the current electronic platforms will be cut by 50% for offshore investors and more international electronic trading platforms will be allowed to join the scheme, according to Pan.

"The PBoC is actively promoting cooperation with other mainstream international electronic trading platforms including Bloomberg for the Bond Connect scheme," Pan said. Currently, Tradeweb, majority-owned by Thomson Reuters, is the main interface for offshore investors under Bond Connect. Thomson Reuters also owns IFR.

Offshore investors welcomed these initiatives while expressing hope for a detailed implementation timetable.

"The Bond Connect link definitely has the potential to become the most efficient and probably the cheapest channel to access China's bond market once the DVP and tax issues are resolved," said a Hong Kong-based fund manager.

"The tax issue is particularly thorny. We know we are required to pay withholding tax under the Bond Connect scheme, but we don't know how and which agency to pay the tax to," he said.

Smooth cross-border connectivity is one of the prerequisites to the inclusion of Chinese bonds in international indexes.

In March, Bloomberg announced that it planned to add renminbi-denominated bonds to its Bloomberg Barclays Global Aggregate Index from next April, which would make it the first of the three major index providers to include Chinese bonds in its flagship index.

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

PANDA PREVIEW

Pan also gave some details of the long-awaited Panda bond rules for the first time. Under the forthcoming guidelines, issuers would be able to decide whether to use the proceeds onshore or offshore, Pan said.

He said Panda bonds issued by overseas financial institutions will be reviewed by the PBoC, while offerings from sovereign issuers and corporate issuers will be overseen by the National Association of Financial Market Institutional Investors, a self-regulatory body under the PBoC.

Pan said the PBoC will support international rating agencies to rate Panda bonds.

The rules will also stipulate requirements for accounting standards and a broader array of auditing firms will be eligible to vet Panda bond documentation. He did not elaborate on this point.

The outlines are broadly in line with existing practices on Panda bonds, but market participants are not optimistic that the final rules will be published soon, as they have already been waiting for years.

An underwriter specialising in Panda bonds said the final formulation of the rules had been complicated by the fragmented regulatory regime.

In February, the NAFMII, the main regulator for corporate bonds in the interbank market, granted initial approval to the new rules on corporate Panda bonds, moving the rulebook into the last leg before publication.

Since then, however, there has been no further announcement. Sources say the delay is partly due to concerns that the exchange-traded bond market, the smaller of China's two bond markets, should also be included in the new regime. ■

Communications, Robotis, T'way Air and Woojin I&S did not respond to requests for comment.

"Market players including audit firms, underwriters and companies are worrying that the new audit exercise would consume more time in the already time-sensitive IPO process," said Huh Young-man, a capital markets attorney at Kim & Chang, adding it would affect market sentiment.

While the listing process normally takes six months from filing to go public, the FSS audit could delay the final approval by around a month.

However, Huh expects the impact to be short-lived since the market will get more clarity on the legal and audit requirements once the FSS has made its final conclusion over the Samsung Biologics case.

The person familiar with the surveillance also said that Korea Exchange remained market-friendly, downplaying concerns over the additional scrutiny.

CHAEBOL REFORM

The regulatory probe centered on questions about Samsung Biologics' profits in 2015, a year before it listed on the KRX. After years of losses, the company posted a net profit of W1.9trn in 2015 after changing the method it used to calculate the value of Samsung Bioepis, a joint venture with the US pharmaceutical company Biogen.

Samsung Biologics has claimed that the change was in line with international accounting standards, but the probe has knocked its share price down 18% over the last three months.

The biotech affiliate of technology giant Samsung Electronics, which develops and manufactures antibody drugs for the treatment of cancer, autoimmune disease and diabetes, has a market capitalisation of around W28bn. Samsung C&T owns a 43.4% stake in Samsung Biologics and Samsung Electronics 31.5%.

Samsung Biologics is the not only affiliate of Samsung Electronics that has been criticised by the FSS. The stock-trading arm of the conglomerate – Samsung Securities – got itself in hot water after it erroneously issued 2.8bn shares to its employees in April.

The new head of the FSS, Kim Ki-sik, who joined the financial watchdog on April 2, has repeatedly pledged to restore public trust in the agency and said that no favours would be given to the chaebols, Korea's powerful family-controlled conglomerates.

Public anger over the chaebols' political influence contributed to the ousting of former president Park Geun-hye following a series of corruption allegations involving her confidante Choi Soon-sil and Samsung's Lee Jae-yong.

New president Moon Jae-in, who took office in May 2017, called his rise to power "the culmination of the candlelight revolution", a reference to protests in 2016 against his predecessor. ■

Huiyuan Juice fights loan squeeze

Loans **Borrower seeks another waiver, reviving concerns over Chinese food sector**

BY YAN JIANG

CHINA HUIYUAN JUICE GROUP is seeking another waiver on a €180m (US$211m) syndicated loan after failing to fulfil the conditions under a previous one granted less than three months ago, adding to lenders' concerns over China's food industry.

The Hong Kong-listed company was unable to publish its 2017 annual results or resume trading in its shares by June 29, breaching the conditions of the first waiver it obtained on April 19.

A few days before the deadline Huiyuan sent a second waiver request to lenders asking for an extension to both requirements until the end of November.

Banks are likely to grant the second waiver after the borrower offered an increased guarantee at a meeting on Thursday, sources said.

However, the episode has added to worries about China's food sector, which has been dogged by food safety scandals and controversies.

"We have been traditionally cautious on Chinese food companies due to safety issues," said a banker in Hong Kong.

Tough time ahead for Asian HY

Bonds **High-yield issuance tumbles in Q2, as new issue premiums soar**

BY FRANCES YOON

Asian high-yield credit markets face another tough six months amid expectations that the volatility that rocked issuance in the first half will continue at least until year-end.

Rising interest rates, a flood of offshore supply from China and weak secondary markets have dampened demand for Asian high-yield debt in the first half of 2018.

With the US Federal Reserve expected to stick to its monetary tightening cycle for this year and next, and concerns over rising defaults in China and a wave of maturities due from next year, investors are treading carefully, particularly as secondary trading levels continue to face selling pressures.

Asian high-yield volumes dropped only slightly to US$21.7bn in the first half of this year, down from US$23.7bn in the same period in 2017, according to Thomson Reuters data.

But the pace of issuance tumbled in the second quarter, with high yield volumes down 22% year on year, the data showed. The average yield on a five-year Asian US dollar high-yield bond touched 7.86% last week, the widest level since July 2013, according to Thomson Reuters data.

Much of this year's issuance has come in a weak market, despite a bullish start that bankers said had initially come as a surprise. In the first quarter, high-yield volumes were actually up 7% year-on-year.

"The first few weeks of 2018 were really a seller's market, you could bring almost anything at any time," said Haitham Ghattas, head of debt origination for Asia at Deutsche Bank.

"What we saw in late first quarter and early second was a market of windows, with a flurry of activity backing up secondary levels and leading to elevated new issue premiums resulting in a period of subdued issuance."

China South City's US$150m 10.875% 2020s, which priced in May, were trading 13.5 points lower from reoffer,

ASIAN US DOLLAR HIGH-YIELD 5-YEAR AVERAGE YIELD (%)

Source: Thomson Reuters

"But in more recent years, food safety seems no longer the only issue. Companies are reporting various problems. Just look at Huishan Dairy. That is horrible."

China Huishan Dairy Holdings faces liquidation and delisting from the Hong Kong stock exchange after its shares were suspended following a sudden collapse in March 2017.

China's biggest integrated dairy producer owes billions of dollars to creditors, including Bank of China and HSBC.

Huiyuan Juice is still operating normally, although its position is precarious. Without a second waiver from its lenders, the company would have to pay back the debt immediately.

Failing to do so could also spark cross-default provisions on other debt, including a HK$1bn (US$127m) convertible bond due 2019 and a US$200m 6.5% senior bond due 2020. However, the company has managed to repay a €200m (US$235m) 1.55% three-year bond due July 7 and it is seeking a waiver from holders of the convertible bond.

The convertible bond gives holders the right to call an event of default and seek repayment at 120% of the principal if the stock is suspended for 10 days, but no action has yet been taken. The sole investor when the notes were issued in January was a company controlled by Hui Ching Lau, chairman of Qinqin Foodstuffs, another Hong Kong-listed food company.

"We have been traditionally cautious on Chinese food companies due to safety issues. But in more recent years, food safety seems no longer the only issue. Companies are reporting various problems. Just look at Huishan Dairy. That is horrible."

RATING DOWNGRADES

Ratings agencies are taking a dim view of the company's prospects.

On June 12, Moody's downgraded the group, China's largest privately owned juice producer, by three notches to Caa1 from B1, saying the need for the company to provide the Hong Kong stock exchange with a full explanation of why it had failed to disclose an intercompany loan would delay the resumption of share trading and increase its liquidity risk.

On June 19 Fitch slashed Huiyuan's rating to CCC+ from B, following an earlier downgrade on April 4 from B+.

"Fitch expects deteriorating liquidity and reduced funding access. We also believe the company could incur difficulties in moving a large amount of onshore cash to offshore for loan-repayment purposes," the agency said. "We see challenges over its operation and general working capital needs – again due to tight liquidity."

Huiyuan's shares have been suspended since March 29 when it disclosed that it had provided loans totalling Rmb4.28bn (US$681m) to Beijing Huiyuan Beverage, a company 65% owned by its largest shareholder and chairman Zhu Xinli, between August 2017 and March 2018.

Although the transaction was significant, Huiyuan did not disclose it and did not obtain approval from independent shareholders, therefore violating several Hong Kong listing rules.

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

Huiyuan Juice was not available for comment. ■

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while Sunac China Holdings' US$450m 2023s were still eight points below par, according to Tradeweb.

In the latest sign of onshore liquidity strains, China Huachen Energy's 6.625% 2020s plunged 24 points on Friday to a cash price of 41/44 after its Shanghai-listed parent Wintime Energy defaulted on onshore bonds.

"We are sceptical of global cross-over investor interest in Asian US dollar high-yield bonds at this stage and expect further turbulence with the investor base highly concentrated," said Owen Gallimore, a credit analyst at ANZ.

BUYING OPPORTUNITY?

The silver lining to poor secondary levels is that for some investors, it offers buying opportunities that haven't been available for a long time.

"For the first time in years, we are finally being compensated for the risk we are taking with double-digit coupons," said a Hong Kong-based asset manager at a Chinese bank.

"Even if that means taking on more risk because of the uncertain backdrop, at least I am able to clip higher coupons."

Despite concerns that a string of short-dated bonds maturing next year could drive default rates higher if markets deteriorate further, bankers are still bullish on the sector.

"We do think there might be more tightening measures in the Chinese property sector in certain cities, but overall, that sector is relatively healthy compared with other industries," said Chen Yi, who heads global capital markets at Haitong International Securities Group. "That's why we have a slightly more bullish view than some foreign banks."

Bankers say that it is this appetite that could keep the high-yield market open for business, even as prices continue to correct.

"While Asian high-yield markets are less liquid than Europe and the US, it is not only true on the way down, but also on the way up," said Deutsche's Ghattas. "Names that have fallen 10-15 points can easily rebound if we see a turn in fund flows or uptick in risk sentiment. Even a little liquidity goes a long way."

Haitong Securities clinched the number one spot in Asian high-yield bonds in the first half for a second year running, holding 7.6% market share, according to Thomson Reuters data. *Citic Securities*, which operates offshore as CLSA, ranked second with 6.9% of total volumes, and *Guotai Junan Securities* third at 5.7%.

THE BULL CASE

The National Development and Reform Commission, China's state planner, has slowed its approvals of foreign debt issues, removing some of the supply pressure on the overseas market. It announced last month that it would restrict overseas borrowing for land purchases and development, and would enforce an early warning mechanism over foreign debt.

The China Securities Regulatory Commission has also allowed the likes of CIFI Holdings and Longfor Group to sell onshore bonds.

In the meantime, Haitong's Yi is waiting for positive momentum from earnings season in August, and said he would advise clients to start looking at the markets after September.

"The peak for Asian high-yield issuance was in the first quarter," said Yi. "We hope the market will come back in the fourth quarter. But I guess compared to 2017, overall issuance should be 10% lower." ■

Insurance IPOs facing political risk

Equities Uncertainty over new Malaysian government's intentions hangs over planned floats

BY S ANURADHA

The change of government in Malaysia has called into question a spate of expected IPOs from foreign insurers, leaving the market to ponder whether the new administration will stick with a policy requiring overseas investors to reduce their stakes in their local units.

Bank Negara Malaysia last year gave foreign insurers until the end of June 2018 to reduce their holdings in their local affiliates to a maximum of 70%, finally enforcing a rule first introduced in 2009.

However, the central bank's last governor, Muhammad Ibrahim, who had issued the demand, resigned last month as part of a sweeping reshuffle of the country's leadership following the May 9 election, raising doubts over the policy.

"The push towards stake reduction was Muhammad's pet project, it is not necessary that the new team will have the same priority," an ECM banker said, pointing out that the new government has reversed several of the previous administration's policies and projects.

So far, only Manulife and Allianz meet the 70% requirement, thanks to a 30% free float for their locally listed units.

Two IPOs are in the pipeline, but their timing is unclear.

Last week TOKIO MARINE HOLDINGS filed the preliminary prospectus for a M$500m (US$124m) IPO of its local insurance unit. In May Prudential also filed a draft prospectus for a US$500m–$1bn IPO of PRUDENTIAL ASSURANCE MALAYSIA.

"Raising the local shareholding in foreign companies suits the nationalistic narrative of the current government and it may not want to be seen favouring foreigners."

On the other hand, AIA, Great Eastern Holdings and Zurich Insurance have yet to announce plans to reduce their stakes in local affiliates via IPOs or strategic sales.

With Muhammad gone, it is not clear if Bank Negara will extend the deadline or defer the requirement.

Reuters reported last month the directive will be reviewed as foreign insurers are finding it hard to find local buyers.

However, some analysts think the central bank is unlikely to make major concessions.

"Raising the local shareholding in foreign companies suits the nationalistic narrative of the current

Indonesia launches infra fund

Bonds Bandha Investasi aims to bridge funding gap, deepen capital markets

BY KRISHNA MERCHANT

Indonesia has launched a state-owned infrastructure investment fund in a bid to drive more of the country's savings into long-term projects and deepen the local capital markets.

BANDHA INVESTASI INDONESIA, a joint venture between investment bank Bahana Pembinaan Usaha, brokerage Danareksa and other state-owned financial firms, is expected to invest in debt and equity issues from state-owned infrastructure developers, and also make direct investments in toll roads and power plant projects.

"The availability of infrastructure fund and capital market financing will provide a longer-term financing horizon compared to conventional bank financing," said Aldian Taloputra, an economist at Standard Chartered.

"We think the alternative financing scheme that involves foreign investment participation has to be encouraged, given the relatively limited domestic savings."

Indonesia has ambitious plans to develop infrastructure, increase connectivity between regions and reduce logistics costs. It aims to build power plants to increase its electrification ratio to 96.6% and install capacity of 71,000 megawatts. It wants to develop five major ports, 10 large airports and build 1,800km of toll roads under its medium-term development programme.

However, government and quasi-government agencies can only finance around a third of the US$330bn spending plan over the next five years, according to analysts.

"The availability of infrastructure fund and capital market financing will provide a longer-term financing horizon compared to conventional bank financing. We think the alternative financing scheme that involves foreign investment participation has to be encouraged, given the relatively limited domestic savings."

Bandha Investasi aims to bridge the funding gap with potential investors from both the public and private sectors, according to a presentation by Bahana.

In recent years, Indonesia's GDP growth has remained around the 5% level and it has coincided with the slowdown in investment growth.

"Fixed investment will need to be ramped up for overall GDP growth to break free from the narrow range around 5%," said Eugenia Victorino, economist for Asia at ANZ Research.

The infrastructure fund will start life with entirely state-owned shareholders, with the aim to eventually open it up to the private sector and then foreign investors.

Besides Bahana and Danareksa, state-owned insurance, pension funds and credit firms such as Asuransi Jasindo, Asabri, Jasa Raharja, Askrindo Insurance, Taspen and Jamkrindo will also hold stakes.

The stakeholders are each expected to contribute Rp30bn–Rp40bn initially, with a target of building the total investment to US$1bn (Rp9trn–Rp10trn) by 2022, said Adi Saputra, portfolio manager for fixed income at Sucor Asset Management.

"It is not yet clear where these companies will get the money from; however, many believe there is so much idle money in the country, sitting in insurance and investment companies, which can be channelised through this newly established investment firm to serve the interest of the nation," said Saputra.

government and it may not want to be seen favouring foreigners," an analyst said.

Since taking office, Prime Minister Mahathir has announced that Malaysia will pull out of a high-speed railway project with Singapore and ordered the main Chinese contractor to halt work on the US$14bn East Coast Railway Link.

LOW ECM VOLUME

Until the insurance situation becomes clearer, other prospective deals are giving equity capital market bankers hope of turning the page on a slow first half.

Oil-and-gas services provider SAPURA ENERGY has hired *Bank of America Merrill Lynch* and *Maybank* to manage the US$750m–$900m IPO of its oil exploration and production subsidiary with a targeted launch in the fourth quarter or early next year.

Companies likely to launch IPOs later this year or early next year include tower company EDOTCO (US$1bn), poultry producer LEONG HUP INTERNATIONAL (US$600m) and fast-food chain QSR BRANDS (US$500m).

The growing pipeline is good news as ECM activity has been quiet in the first half of 2018 with deals totalling US$1.15bn completed, down from US$1.37bn a year earlier, according to Thomson Reuters data. The biggest IPO of the year so far was Mi Equipment's M$191m offering.

BNP Paribas and *Kenanga* are working on the Tokio Marine IPO.

Bank of America Merrill Lynch and *CIMB* are working on the Prudential transaction. ■

NEW FUNDING AVENUES

This is not the first time Indonesia has nudged SOEs to invest in infrastructure. Last year, it supported sovereign-owned issuers such as Jasa Marga and Waskita Karya in their efforts to raise Komodo, or offshore rupiah, bonds.

Two years ago, the market regulator introduced mandatory bond holdings for insurance and pension funds to buttress onshore demand for rupiah bonds. Indonesia has also embraced new instruments such as Green bonds, project bonds, perpetual bonds and asset-backed securities to raise capital for infrastructure spending.

"By investing in toll road projects of SOEs like Jasa Marga, the companies can get fresh money, reinvest in other projects and fast-track infrastructure development," said Saputra from Sucor AMC.

However, it is too early to say if Bandha Investasi will be able to attract private and foreign participation, or grow into one of South-East Asia's major sovereign wealth funds alongside Malaysia's Khazanah Nasional and Singapore's Temasek Holdings.

"The state-owned investment firm is still a new concept. We are not yet sure about the legal framework, investor protection, technical details and what products will be launched or which instruments they will invest in," said Saputra.

By making use of funding from state-owned enterprises and the Indonesian private sector, the fund will take the pressure off the sovereign to raise funds from overseas investors.

Foreign investors have been selling Indonesian government bonds for the last four months, despite a 100bp increase in interest rates to stabilise the rupiah. Volatility in US Treasury yields, coupled with the weakness of the rupiah this year, are prompting Indonesian issuers to look for solutions onshore, and the new fund could be a welcome source of financing.

"The government is continuously creating onshore demand for SOE bonds and equities. One of the ways is by allowing this state-owned investment firm to buy onshore assets," said Saputra. ■

MUMSS dropped from bond deals

■ **Bonds** Syndicates reshuffled after regulator alleges manipulation of JGB futures

BY TAKAHIRO OKAMOTO

MITSUBISHI UFJ MORGAN STANLEY has been dropped from several bond deals in Japan, days after regulators recommended that it be fined for alleged manipulation of government bond futures.

Japan's Securities and Exchange Surveillance Commission said on June 29 that MUMSS should be fined ¥218.37m (US$1.97m) for manipulating JGB futures. According to the SESC's press release, a MUMSS employee placed large orders for JGB futures on August 25 2017 without intending to execute them.

A final decision on whether to fine the company will be taken by the Financial Services Agency, but the damage to MUMSS's reputation has apparently already had an impact with issuers.

Toray Industries last Monday unveiled a changed line-up for a forthcoming bond issue. MUMSS, which was one of five leads when Toray made the mandate announcement on June 22, was no longer included in the updated syndicate. Toray declined to comment on the reason for the change.

Tokyo Gas on Monday also changed the lead managers for the 30 and 40-year tranches of an upcoming triple-tranche offering. MUMSS had been hired as one of the leads for the two tranches on June 29, but was excluded. A Tokyo Gas spokesperson said the decision was made based on the company's rules, but did not give further details.

The headwinds continued as MUMSS was dropped from several more offerings of municipal bonds, zaito agency bonds and corporate bonds, according to DealWatch, a Thomson Reuters publication.

"As it is our customers' decisions, we do not have any comment. We sincerely accept the customers' decisions and make every effort to restore the customers' confidence."

No such impact was seen in the Samurai market, where MUMSS was one of five lead managers of a multi-tranche offering for French bank BPCE last week.

Market participants would not comment on record about the change in the various syndicates. However, a few sources pointed to the timing of the regulator's statement as the likely reason for MUMSS's exclusion.

There are precedents of banks getting the cold shoulder in Japan under similar circumstances. According to DealWatch, other Japanese banks lost out on bond deals in 2011 and 2012 when they faced accusations of alleged insider trading or mistreatment of customers.

A MUMSS spokesperson said: "As it is our customers' decisions, we do not have any comment. We sincerely accept the customers' decisions and make every effort to restore the customers' confidence." ■

Asian G3 slump accelerates

Bonds League Tables Rising yields derail primary market for Asian issuers

BY DANIEL STANTON

Asia G3 bond issuance cooled in the first half of the year as rising volatility derailed new issues and investors turned cautious towards emerging markets.

Bond sales for Asia ex-Japan declined to US$176.6bn in the first half, down 16.2% from a year earlier, according to Thomson Reuters data. The 11.8% decline in the first quarter accelerated, with issuance volume shrinking to US$75.7bn in the second quarter, down 21.3% from the same period a year ago.

"The first half of 2018 was notable for providing a more challenging market backdrop than we have seen for several years," said Sean McNelis, co-head of debt capital markets for Asia Pacific at HSBC.

HSBC topped the bookrunner table with US$13.9bn of volume and a 7.9% market share. Citigroup and JP Morgan were next, with US$10.8bn and US$8.4bn, respectively, for market shares of 6.1% and 4.8%.

All three were in the same positions a year ago, but Bank of China jumped four places to fourth position, racking up US$7.7bn of underwriting credit.

Still, almost every bank in the top 20 saw its underwriting volume shrink from this time last year. BNP Paribas, which rose five places to seventh with US$6.6bn of deal flow, Credit Agricole and Citic CLSA were the only three to buck the trend.

Rising US Treasury yields have made Asian bonds seem relatively less attractive, and some bonds that had performed well last year have plunged in the secondary market.

"Asian funds are sitting on high cash levels and picking up bonds in secondary trading," said an Asia syndicate head. "If the deal inventory in secondary starts to get light, they will have to start getting involved in primary again."

Many issuers and investors have taken the decision to stay on the sidelines, as the trade war between the US and China escalates. A reversal in policy could spur a rally in Asian bonds, in much the same way as South Korean bond spreads tightened when Trump unexpectedly changed tack from threatening to destroy North Korea to holding a summit with leader Kim Jong-Un.

"There is already absolute value in Asian bonds," said Jan Dehn, head of research at emerging markets specialist Ashmore. "They have sold off in line with other EM countries as risk aversion has increased due to Trump's protectionism."

US Treasury yields are expected to head higher, with the market expecting one or two further hikes by the end of the year, following rate increases in March and June. That has added to the appeal for investors of floating-rate bonds, which have seen a burst of issuance from Chinese issuers, from banks to property developers.

Perpetual bonds, especially those with fixed-for-life coupons, have fallen out of favour this year after a rash of issuance in the past two years, as they do not offer much protection for investors against rising rates.

After the bull run in bonds of the past few years, issuers now face a trickier path to market, with rising yields accompanied by unpredictable events in international trade and politics.

"The second half of the year is likely to see market volatility remain at levels higher than those seen in recent years," said HSBC's McNelis. ■

Top bookrunners of Asia Pacific Securitisations (ex-Japan and Australia) (ex-A$ and CDOs)
1/1/18 – 30/6/18

Name	Issues	Amount US$(m)	%
1 China Merchants Sec	6	2,877.8	30.5
2 Citic Sec	5	1,580.4	16.7
3 China Sec	2	853.3	9.0
4 Huatai Sec	2	694.3	7.4
5 China Dvlp Bank Sec	1	507.8	5.4
6 ICBC	2	472.3	5.0
7 Guotai Junan Sec	1	441.9	4.7
8 CMB	2	378.3	4.0
9 CICC	1	348.7	3.7
10* Mizuho	1	292.9	3.1
10* Bank of Nanjing	1	292.9	3.1
Total	12	9,443.2	

*Market volume

Proportional credit

Source: Thomson Reuters SDC Code: AZ2

Top bookrunners of all Asian currencies (excluding Japan and Australia) (inc-certificates of deposit)
1/1/18 – 30/6/18

Name	Issues	Amount US$(m)	%
1 Citic Sec	261	37,574.0	6.1
2 Bank of China	236	34,230.4	5.5
3 ICBC	223	32,280.0	5.2
4 CCB	251	29,865.4	4.8
5 ABC	180	25,576.9	4.1
6 BoCom	198	24,838.2	4.0
7 CSC Financial	180	20,141.9	3.3
8 Industrial Bank	182	19,447.5	3.1
9 CMBC	154	14,696.0	2.4
10 CMB	124	13,967.8	2.3
Total	4,408	619,241.4	

*Market volume

Proportional credit

Source: Thomson Reuters SDC Code: AS1

Top bookrunners of all Asian currencies (excluding Japan, Australia and China) (inc-certificates of deposit)
1/1/18 – 30/6/18

Name	Issues	Amount US$(m)	%
1 KB Financial	289	13,904.8	9.4
2 NH Inv & Sec	166	10,789.6	7.3
3 Mirae Asset Daewoo	185	9,236.7	6.2
4 Korea Investment	254	9,035.2	6.1
5 HSBC	113	8,308.6	5.6
6 Axis	78	5,766.7	3.9
7 Kyobo Life	97	5,205.2	3.5
8 SK Sec	67	3,804.3	2.6
9 DB Financial Invest	76	3,658.8	2.5
10 Standard Chartered	55	3,545.7	2.4
Total	2,594	148,434.7	

*Market volume

Proportional credit

Source: Thomson Reuters SDC Code: AS1a

Top bookrunners of Asian fixed- and floating-rate bonds for G3 currencies ex-Japan, inc-Australia (inc-Samurais and Yankees)
1/1/18 – 30/6/18

Name	Issues	Amount US$(m)	%
1 HSBC	114	13,882.6	7.6
2 Citigroup	72	11,187.5	6.1
3 Morgan Stanley	49	9,969.4	5.5
4 JP Morgan	38	8,412.1	4.6
5 Bank of China	85	7,679.0	4.2
6 BAML	45	7,578.4	4.2
7 BNP Paribas	47	6,889.6	3.8
8 Goldman Sachs	34	6,568.3	3.6
9 Deutsche	48	6,050.1	3.3
10 Standard Chartered	61	6,005.4	3.3
Total	315	182,523.7	

*Market volume

*Includes Asian Development Bank issuance.

Proportional credit

Source: Thomson Reuters SDC Code: AR1

Top bookrunners of Asian fixed- and floating-rate bonds for G3 currencies ex-Japan and Australia (inc-Samurais and Yankees)
1/1/18 – 30/6/18

Name	Issues	Amount US$(m)	%
1 HSBC	103	11,684.5	7.9
2 Morgan Stanley	39	7,829.1	5.3
3 Bank of China	85	7,679.0	5.2
4 Citigroup	60	7,444.3	5.0
5 Standard Chartered	60	5,908.8	4.0
6 Goldman Sachs	31	5,507.6	3.7
7 BAML	38	5,310.3	3.6
8 JP Morgan	26	5,106.1	3.4
9 BNP Paribas	38	4,717.4	3.2
10 Deutsche	41	4,534.8	3.1
Total	267	148,243.2	

*Market volume

Proportional credit

Source: Thomson Reuters SDC Code: AR2

Q2 slowdown for Asian lending

Loans League Tables Chinese M&A crackdown eats into syndication volumes

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.

Japan, Asia's biggest loan market, saw strong acquisition financing activity and raised US$16.83bn in M&A loans, including a giant ¥825bn (US$7.51bn) facility for a Bain Capital-led consortium's buyout of Toshiba's memory chip unit. Interestingly, Japan's tally in the first half was neck and neck with the M&A loans transacted in the rest of Asia.

As a result, Japanese loan volume 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.

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.

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

This is significantly lower than the borrower's last US$1bn loan of May 2015, which paid all-ins of 146.3bp and 174bp for the three and five-year tranches, respectively. ■

Top bookrunners of Asia Pacific syndicated loans G3 currencies (ex-Japan, inc-Australia)
1/1/18 – 30/6/18

	Name	Deals	Amount US$(m)	%
1	HSBC	23	4,283.8	6.7
2	Standard Chartered	22	4,198.7	6.6
3	ANZ	20	3,791.8	5.9
4	ICBC	8	3,209.1	5.0
5	Mizuho	12	3,207.1	5.0
6	MUFG	19	2,809.7	4.4
7	UOB	4	2,290.5	3.6
8	DBS	16	2,283.8	3.6
9	CCB	7	2,194.9	3.4
10	BNP Paribas	14	2,166.5	3.4
11	Mega Financial	10	1,899.6	3.0
12	Deutsche	8	1,777.1	2.8
13	Citigroup	12	1,641.9	2.6
14	Bank of China	12	1,426.9	2.2
15	ING	10	1,304.3	2.0
16	First Abu Dhabi Bank	9	1,270.6	2.0
17	Fubon Financial	12	1,226.5	1.9
18	Credit Suisse	6	1,193.8	1.9
19	NAB	5	1,185.6	1.9
20	CTBC Financial	9	1,096.8	1.7
	Total	133	64,012.8	

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

Top bookrunners of Asia Pacific syndicated loans Int'l currencies, Rmb and NT$ (ex-Japan, inc-Australia)
1/1/18 – 30/6/18

	Name	Deals	Amount US$(m)	%
1	Bank of China	169	31,608.1	19.8
2	ANZ	49	11,149.5	7.0
3	HSBC	36	7,976.5	5.0
4	Standard Chartered	34	6,670.8	4.2
5	Mizuho Bank	25	5,409.0	3.4
6	China Citic Bank	5	4,948.8	3.1
7	MUFG	31	4,670.8	2.9
8	ICBC	13	4,590.3	2.9
9	DBS	31	4,422.2	2.8
10	Mega	24	4,023.0	2.5
11	Bank of Taiwan	29	3,862.9	2.4
12	NAB	18	3,774.2	2.4
13	BNP Paribas	25	3,586.2	2.2
14	UOB	8	3,466.7	2.2
15	CCB	14	3,025.4	1.9
16	SMBC	21	2,641.3	1.7
17	Westpac	14	2,523.9	1.6
18	OCBC	16	2,357.4	1.5
19	ING	12	2,251.5	1.4
20	ABC	2	2,225.1	1.4
	Total	433	159,730.2	

*Market volume
Proportional credit
Source: Thomson Reuters LPC

Top bookrunners of Asia Pacific syndicated loans All currencies (ex-Japan, inc-Australia)
1/1/18 – 30/6/18

	Name	Deals	Amount US$(m)	%
1	Bank of China	168	31,830.9	19.4
2	ANZ	49	11,226.4	6.8
3	HSBC	41	8,697.5	5.3
4	Standard Chartered	35	6,923.3	4.2
5	Mizuho	25	5,454.2	3.3
6	Citic Sec	5	4,976.5	3.0
7	MUFG	31	4,750.2	2.9
8	ICBC	13	4,572.0	2.8
9	DBS	32	4,471.3	2.7
10	Mega Financial	24	4,064.9	2.5
11	Taiwan Financial	26	3,858.3	2.4
12	NAB	18	3,805.1	2.3
13	BNP Paribas	25	3,648.0	2.2
14	UOB	8	3,466.7	2.1
15	CCB	14	3,032.5	1.9
16	SMFG	22	2,753.2	1.7
17	Westpac	15	2,601.6	1.6
18	OCBC	16	2,433.2	1.5
19	ING	12	2,313.3	1.4
20	ABC	2	2,225.1	1.4
	Total	486	164,247.8	

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

Top bookrunners of Asia Pacific syndicated loans All currencies (ex-Japan and Australia)
1/1/18 – 30/6/18

	Name	Deals	Amount US$(m)	%
1	Bank of China	164	30,529.7	23.3
2	Standard Chartered	33	6,770.9	5.2
3	HSBC	29	5,881.2	4.5
4	Citic Sec	5	4,976.5	3.8
5	DBS	31	4,260.1	3.3
6	Mega Financial	24	4,064.9	3.1
7	ICBC	12	3,872.0	3.0
8	Taiwan Financial	26	3,858.3	3.0
9	Mizuho	14	3,467.0	2.7
10	UOB	6	3,272.6	2.5
11	MUFG	21	3,244.5	2.5
12	CCB	14	3,032.5	2.3
13	BNP Paribas	19	2,769.8	2.1
14	ABC	2	2,225.1	1.7
15	SMFG	16	2,034.6	1.6
16	OCBC	14	2,017.8	1.5
17	ANZ	16	1,954.9	1.5
18	Fubon Financial	21	1,919.8	1.5
19	Maybank	12	1,904.3	1.5
20	CDB	2	1,592.6	1.2
	Total	423	130,804.2	

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

China boosts Asia ECM volumes

Bonds League Tables **Tech sector will continue to dominate in second half**

BY S ANURADHA

Chinese issuers boosted Asian equity capital market activity in the first half of 2018 amid fears that escalating trade tensions with the US will turn markets weaker in the second half.

Equity and equity-linked deals in Asia Pacific, excluding Japan, totalled US$132bn in the first half of the year, according to Thomson Reuters data. *Goldman Sachs* led the league table having managed deals totalling US$12bn followed by *Morgan Stanley* (US$10bn) and *Citigroup* (US$8.9bn).

Chinese issuers, led by technology companies, accounted for US$74.5bn of deals, up from US$53.5bn in the first half of 2017.

Although XIAOMI put its Chinese Depositary Receipt offering on hold, its HK$37.1bn (US$4.7bn) Hong Kong IPO was still the world's biggest tech float in four years. FOXCONN INDUSTRIAL INTERNET raised Rmb27bn (US$4bn) through its Shanghai listing while MERCARI, a rare Japanese unicorn, raised US$1.2bn.

The Chinese technology sector is likely to remain important again in the second half of the year. Big Hong Kong IPOs planned from China include CHINA TOWER (US$10bn) and online services provider MEITUAN DIANPING (US$4bn). Among US listings, TENCENT MUSIC, China's largest music-streaming service is planning an up to US$4bn IPO and e-commerce company WALNUT STREET GROUP is targeting a US$1bn float.

"In the past 12 months the IPO calendar in Asia ex-Japan has had roughly half the transactions related to tech, fintech and biotech. Looking at the pipeline for the remainder of the year, that could move to 2/3 or even 3/4 of all transactions," said Aaron Arth, head of financing group at Asia, ex-Japan, Goldman Sachs.

"This has been healthy for the overall market as, for the first time in history, investors have an enormous selection of high growth stories to participate in."

Private-sector companies are now dominating the IPO pipeline, Arth said.

"These are equity stories investors want to own over the long term with exposure to China and high growth. Despite the recent volatility and performance, investors will remain focused on the combination of China, growth and technology."

Outside of China, India was the most active market with share sales totalling US$11.7bn in the first half of 2018 versus US$10bn in 2017. South Korea came next at US$9.7bn, Hong Kong (US$6.2bn), the Philippines (US$3.2bn), Singapore (US$3.3bn), Thailand (US$3.2bn) and Vietnam (US$2.5bn). Vietnam registered the biggest jump, rising from USS180.5m in the first half of 2017 after TECHCOMBANK's D21trn (US$921m) and VINHOMES' D31trn share sales.

South-East Asia and India continue to offer promise for the second half, with major deals including the over US$2bn follow-on offering of SAN MIGUEL PURE FOODS in the Philippines and the up to US$1bn each IPOs of RENEW POWER, LODHA DEVELOPERS and SEMBCORP ENERGY in India. ■

Top bookrunners of global common stock Asia Pacific (ex-Japan and Australia)
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	Morgan Stanley	30	8,233.4	8.3
2	Goldman Sachs	37	8,184.6	8.2
3	Citigroup	37	8,071.1	8.1
4	CICC	10	5,627.0	5.7
5	BAML	10	5,176.5	5.2
6	Citic Sec	30	4,729.7	4.8
7	Credit Suisse	24	4,296.0	4.3
8	UBS	21	3,618.6	3.6
9	China Sec	17	2,788.1	2.8
10	Huatai Sec	15	2,615.0	2.6
11	Guotai Junan Sec	22	2,602.9	2.6
12	JP Morgan	17	2,369.5	2.4
13	Shenwan Hongyuan Sec	3	1,687.5	1.7
14	Deutsche	12	1,614.9	1.6
15	Axis	11	1,498.1	1.5
16	China Merchants Sec	12	1,411.7	1.4
17	Haitong Sec	16	1,375.7	1.4
18	HSBC	8	1,230.5	1.2
19	Kotak Mahindra	10	1,178.9	1.2
20	State Bank of India	10	1,046.5	1.1
	Total	783	99,462.9	

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

Top bookrunners of global common stock Asia Pacific (ex-Japan)
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	Morgan Stanley	34	9,545.1	8.6
2	Goldman Sachs	43	8,686.2	7.8
3	Citigroup	44	8,559.8	7.7
4	UBS	31	6,187.7	5.6
5	CICC	10	5,627.0	5.0
6	BAML	10	5,176.5	4.6
7	Citic Sec	30	4,729.7	4.2
8	Credit Suisse	25	4,327.2	3.9
9	JP Morgan	22	3,389.0	3.0
10	China Sec	17	2,788.1	2.5
11	Huatai Sec	15	2,615.0	2.3
12	Guotai Junan Sec	22	2,602.9	2.3
13	Deutsche	13	1,812.4	1.6
14	Macquarie	14	1,809.8	1.6
15	Shenwan Hongyuan Sec	3	1,687.5	1.5
16	Axis	11	1,498.1	1.3
17	China Merchants Sec	12	1,411.7	1.3
18	Haitong Sec	16	1,375.7	1.2
19	HSBC	8	1,230.5	1.1
20	Kotak Mahindra	10	1,178.9	1.1
	Total	1,154	111,586.7	

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

Top bookrunners of global convertible offering Asia Pacific (ex-Japan and Australia)
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	Goldman Sachs	4	3,128.8	16.5
2	Citic Sec	3	1,414.0	7.5
3	CICC	3	1,173.2	6.2
4	Credit Suisse	5	1,135.4	6.0
5	JP Morgan	4	977.1	5.2
6	CSC Financial	2	941.0	5.0
7	China Sec	3	852.1	4.5
8	China Merchants Sec	3	841.1	4.4
9	Bank of China	2	729.7	3.9
10	Zhongtai Sec	2	610.6	3.2
11	Morgan Stanley	3	535.6	2.8
12	BNP Paribas	2	475.4	2.5
13	China Galaxy Sec	1	452.1	2.4
14	Guotai Junan Sec	1	394.4	2.1
15	Minsheng Sec	1	381.3	2.0
16	Citigroup	2	335.8	1.8
17	Essence Sec	1	316.9	1.7
18	Huatai Sec	1	314.2	1.7
19	HSBC	3	296.4	1.6
20	Haitong Sec	3	263.0	1.4
	Total	65	18,940.9	

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

Top bookrunners of global convertible offering Asia Pacific (ex-Japan)
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	Goldman Sachs	6	3,554.0	17.4
2	Citic Sec	3	1,414.0	6.9
3	Credit Suisse	6	1,277.3	6.3
4	CICC	3	1,173.2	5.8
5	JP Morgan	4	977.1	4.8
6	CSC Financial	2	941.0	4.6
7	China Sec	3	852.1	4.2
8	China Merchants Sec	3	841.1	4.1
9	Morgan Stanley	4	818.9	4.0
10	Bank of China	2	729.7	3.6
11	Zhongtai Sec	2	610.6	3.0
12	BNP Paribas	2	475.4	2.3
13	China Galaxy Sec	1	452.1	2.2
14	Guotai Junan Sec	1	394.4	1.9
15	Minsheng Sec	1	381.3	1.9
16	BAML	2	347.0	1.7
17	Citigroup	2	335.8	1.7
18	Essence Sec	1	316.9	1.6
19	Huatai Sec	1	314.2	1.5
20	HSBC	3	296.4	1.5
	Total	74	20,409.5	

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

TOP STORY LEAGUE TABLES

Global banks set pace in Asian IB fees

International banks dominate despite drop in overall revenues

Global banks clung on to their share of Asia investment banking revenues in the first half of 2017 after the worst second quarter in four years for overall fees.

International banks took seven of the top 10 positions in terms of fees earned in Asia Pacific ex-Japan during the six months to June, unchanged from this year's first quarter and up from five in the first half of last year.

GOLDMAN SACHS and CREDIT SUISSE were among the biggest risers year on year, up nine places to third and five places to fifth, respectively, while there were also gains for UBS, MORGAN STANLEY and JP MORGAN.

BANK OF CHINA retained its top position, generating US$625.2m in fees for 6.5% market share, according to Thomson Reuters data, which counts fees earned from debt and equity underwriting, syndicated loans and mergers and acquisitions.

CITIC SECURITIES was second with a 4.3% share of wallet, ahead of Goldman Sachs with a 3.56% market share.

The latest figures will come as welcome news to international banks, which have seen Chinese banks and brokers eat into their market share over the last two years.

Global banks regained ground during Q1 as a surge in complex equity placements and new economy-related deals tilted the scales back in their favour.

Growing tensions between China and the US, a liquidity squeeze in China and waning investor sentiment towards emerging markets resulted in a much tougher Q2.

Overall IB fees fell 21% year on year to US$4.49bn, the worst Q2 since 2014. In contrast, total IB fees rose 5% during Q1 to US$5.12bn.

"It's definitely been a tale of two halves during the first six months," said David Chin, head of corporate client solutions for APAC at UBS.

"The first three months were very active, particularly for ECM, where there we saw a number of large blocks and CBs."

"The whole macroeconomic and geopolitical environment then became more volatile during the last few months, which, coupled with the liquidity squeeze, had a knock-on effect on the deal pipeline."

NEW ECONOMY

Overall ECM fees dipped 5% to US$2.89bn, although this belied a successful period for global banks compared with their Chinese counterparts.

International banks took six out of the top 10 positions in the ECM fee league tables for the first half, whereas last year only Citigroup ranked inside the top 10.

Global banks benefited from an upsurge in follow-on offerings and equity-linked deals, two areas where Chinese banks have so far struggled to gain much traction.

"In order to be effective in doing blocks or converts, it really requires a broad distribution platform and product expertise," said Johnson Chui, head of APAC ECM at Credit Suisse.

"A select few Chinese banks do have that facility, but I think in nearly all cases international banks have more fully fledged capabilities in both areas."

Meanwhile, the IPO pipeline was relatively subdued with the exception of a few Asia-to-US listings, although most bankers expect this to pick up during the second half with China Tower set to follow Xiaomi with a July listing.

"There is always a bit of a rush in July for Hong Kong listings," said UBS's Chin.

"There is probably a bit of investor fatigue at the moment, but new economy companies will continue to comprise the majority of the major IPOs, which plays to the strengths of international banks."

Overall DCM fees fell 14% to US$3.45bn as G3 bond volumes failed to keep pace with last year's record year on rising US interest rates and expectations of higher inflation.

Bankers said they expected volumes to remain subdued for the rest of the year as liquidity tightening in China and new measures such as the clampdown on 365-day notes continue to bite.

Fees from loans fell by 16% to US$1.74bn, while M&A fees rose 6% to US$1.54bn as last year's figures were crimped by China's squeeze on capital outflows in early 2017.

THOMAS BLOTT

FIRST HALF 2018 IB Fee League Table
ASIA PACIFIC (EX-JAPAN)

Rank	Row labels	Values fees in (US$)	Share of wallet (%)
1	Bank of China	625.17	6.50
2	Citic Sec	417.03	4.34
3	Goldman Sachs	342.34	3.56
4	Citigroup	323.21	3.36
5	Credit Suisse	311.12	3.24
6	Morgan Stanley	283.42	2.95
7	HSBC	255.44	2.66
8	UBS	255.33	2.66
9	JP Morgan	250.42	2.61
10	ICBC	233.64	2.43
11	CICC	224.22	2.33
12	Deutsche	222.83	2.32
13	CCB	181.94	1.89
14	Guotai Junan Sec	159.18	1.66
15	Haitong Sec	154.70	1.61
16	ABC	144.41	1.50
17	BAML	143.81	1.50
18	CSC Financial	129.48	1.35
19	ANZ	123.36	1.28
20	BNP Paribas	118.59	1.23
21	CMB	113.27	1.18
22	China Merchants Sec	110.25	1.15
23	DBS	101.85	1.06
24	BoCom	97.42	1.01
25	Standard Chartered	91.88	0.96
	Subtotal	5,414.32	56.33
	Total	9,612.17	

Source: Thomson Reuters

Goldman rapped over Australia block

Bankers in Australia are again feeling nervous about their handling of share placements after the country's corporate regulator penalised GOLDMAN SACHS over its role as underwriter of a block trade in 2015.

The US bank and the Australian Securities and Investments Commission last week signed an enforceable undertaking, the second enforcement action involving an Australian share placement in the last month.

In June, the Australian Competition and Consumer Commission said that federal prosecutors had charged issuer Australia and New Zealand Banking Group, underwriters Citigroup and Deutsche Bank, as well as six current and former employees, with criminal cartel offences over a 2015 share placement.

The announcement rocked the banking sector, leading to concerns that the Commonwealth Director of Public Prosecutions' decision to pursue charges of collusion could lead to banks taking a more cautious stance on follow-on offerings, possibly bringing an end to joint underwritings.

The agreement between ASIC and Goldman centres on claims that the US investment bank overstated the level of demand for an A$853m (US$631.6m) block of shares in private hospital group Healthscope and failed to notify investors following a change in demand later during the bookbuilding.

Bankers said that ASIC's enforcement action against Goldman meant that banks might take a more conservative approach to handling share placements.

"There's not a lot of guidance on how banks need to handle disclosure during bookbuilding," said one ECM banker. "The unwritten rule is no news is bad news. If a deal is going well, you get multiple updates saying the books have been covered, they're multiple times covered, etc."

"If the regulator wants live updates then banks will be thinking if we have to notify everyone when a deal goes awry, we're fucked. To protect their position, the only way they'll be willing to underwrite the deal is if they're 100% confident it will clear the market, which means wider discounts."

MORE CAUTIOUS

According to ASIC, some of Goldman's equity sales team "may have … conveyed a misperception" to investors during the November 2015 block trade in informing them that five cornerstone investors had covered around A$500m of the share sale when in fact the bank had not obtained firm commitments.

The regulator also reprimanded the bank for not ensuring that when interest in the deal waned its salespersons corrected earlier statements about demand made to investors.

As part of the deal with ASIC, Goldman agreed to an internal review of policies and controls in addition to a A$500,000 "community benefit" payment.

ASIC noted that Goldman has already introduced changes since the block trade, including ensuring that legal or compliance staff approve all messages to investors during bookbuilding and a requirement that compliance attend any sales calls at the launch of the deal.

"We acknowledge ASIC's concerns and have taken steps to enhance our controls and processes," a spokesperson for Goldman said.

Bankers said that they would be taking a more cautious approach until the regulator provides more guidance.

"We've spoken to external counsel in order to get clarification about what is required going forward," said one ECM banker.

"With an enforceable undertaking, it's unclear what the facts are so it's difficult to know whether this will apply to all block trades. Everyone is already laser-focused on compliance at the moment and this agreement will add to that trend."

ANZ, Citigroup and Deutsche plus six former and current bankers are due to appear in Sydney's Downing district court on October 9 for the first hearing in the cartel case, after the court accepted an application by the defendants' lawyers to postpone the hearing, which was originally scheduled last Tuesday.

THOMAS BLOTT

Credit Suisse settles princeling probe

CREDIT SUISSE agreed to pay about US$77m to settle US bribery probes into its awarding of jobs to family members and friends of Chinese and other government officials in the Asia Pacific region in order to win lucrative investment banking business.

The US Department of Justice last Thursday said Credit Suisse's Hong Kong unit will pay a US$47.03m criminal fine and enter a non-prosecution agreement, in which the Swiss bank admitted and accepted responsibility for wrongdoing.

Credit Suisse will also pay US$29.82m to settle related US Securities and Exchange Commission civil claims.

JP Morgan agreed to pay about US$264m in November 2016 to settle similar probes into its hiring practices.

Credit Suisse was accused of violating the Foreign Corrupt Practices Act by hiring and promoting dozens of people connected with Asian government officials from 2007 to 2013 as a quid pro quo to win banking business.

The SEC said Credit Suisse offered jobs to more than 100 people with such ties during the period, including over 60 recommended by officials from Chinese state-owned companies.

Authorities said many of these "relationship hires" or "referral hires" were less qualified than other job candidates who lacked the desired ties.

They said one referral hire was the daughter of a top official for a state-owned Chinese energy company.

Authorities said a senior Credit Suisse investment banker in Hong Kong called the daughter "a princess (who was) not used to too many rounds of interview," and that employees crafted a resume for her that had to be "a bit 'creative'" in the details.

"Trading employment opportunities for less-than-qualified individuals in exchange for lucrative business deals is an example of nepotism at its finest," William Sweeney, assistant director-in-charge of the Federal Bureau of Investigation's New York office, said in a statement.

Credit Suisse said it has made numerous upgrades to its internal compliance procedures and controls and there were no allegations that clients or counterparties were harmed.

The bank had disclosed the expected Justice Department settlement last month.

Credit Suisse, under chief executive Tidjane Thiam, is in the final stage of a three-year restructuring, following three straight annual losses tied in part to legal settlements and a scaling back of its investment banking business.

JONATHAN STEMPEL

Deutsche APAC equities head quits

DEUTSCHE BANK's Asia Pacific equities head James Boyle has resigned, two years after he was brought in to help rebuild the bank's formerly dominant global markets division.

His departure comes shortly after chief executive Christian Sewing announced major global staff cuts as the bank looks to turn the corner after three successive years of losses.

Boyle was poached from Citigroup in July 2016 to run Deutsche's equities business in the region before being promoted in February last year to co-head of global markets for APAC alongside David Lynne.

Prior to his resignation, he was again serving as global equities head for APAC following a reshuffle last year, which saw the equities and fixed income trading divisions move into the corporate and investment bank.

Boyle joined Deutsche during a tough period marked by heavy losses and litigation.

A US$7.2bn settlement with the US Department of Justice in December 2016 over an investigation into claims Deutsche missold mortgage securities failed to draw a line under those issues, ultimately paving the way for the ousting of John Cryan as CEO earlier this year.

The bank slashed bonuses 77% to to €546m (US$639.1m) in 2016, which rival bankers said had led to an exodus of some top talent.

In Asia, Neil Hosie, who was head of equity trading for APAC, and Patrick Kelly, who led facilitation trading, both left for Credit Suisse and were among the most senior departures.

Boyle brought in senior staff, particularly from Citigroup. Angus Yang and Richard Chung both joined from the US bank as head of synthetic equity for APAC and head of trading for APAC respectively.

Rival bankers say that Deutsche has struggled to regain the dominant position it once held in global markets under the leadership of Boon Chye Loh, however.

According to data from Coalition, Deutsche ranked third last year in fixed income, currencies and commodities in the region, down one place from a year earlier, while in equities it remained between seventh and ninth.

Sewing plans to cut at least 7,000 jobs globally. In May, however, he reassured staff during a townhall meeting in Singapore that the bank remained committed to the region.

Reuters previously reported that the bank was planning cuts of more than 100 jobs in its Asian investment banking division.

Last month, Deutsche lost Bruce MacDiarmid, its co-head of corporate finance in Australia, and Keyvan Zolfaghari, its Hong Kong-based head of capital markets solutions for APAC, to Goldman Sachs.

Other recent departures include May Chan, formerly head of South-East Asia debt origination; Sanjay Sharma, head of India equity capital markets; and David Zhu, head of loan syndications for North Asia.

THOMAS BLOTT

New Bond Connect market makers named

BANK OF AMERICA MERRILL LYNCH, JP MORGAN and MIZUHO BANK have been named as market makers for Bond Connect, one year after the scheme's launch.

The China Foreign Exchange Trade System also named seven Chinese financial institutions as market makers for the trading link, which gives offshore investors access to the Chinese interbank bond market. They are CHINA GUANGFA BANK, CHINA MERCHANTS SECURITIES, CHINA MINSHENG BANK, CHINA SECURITIES, CHINA ZHESHANG BANK, BANK OF NANJING and PING AN SECURITIES.

CFETS had already granted seven international banks market maker status. They are BNP Paribas, Citigroup, DBS Bank, Deutsche Bank, HSBC, Standard Chartered and Bank of Tokyo-Mitsubishi UFJ.

According to the Bond Connect Company's website, there are currently 34 banks acting as participating dealers. Bond Connect Company is a joint venture between CFETS and Hong Kong Exchanges and Clearing.

The northbound channel of Bond Connect was launched on July 3 last year, giving foreign investors an additional channel to access the interbank market without the need to open a mainland tradingaccount.

Regulators in both Hong Kong and China have previously said southbound trading, linking Chinese investors with Hong Kong and other overseas markets, will begin later, although no date has been set.

People's Bank of China deputy governor and administrator of the State Administration of Foreign Exchange Pan Gongsheng said last Tuesday measures would be announced soon regarding the clarification of taxation issues and the implementation of delivery versus payment settlement.

According to data from HKEx, market participation in Bond Connect has been growing steadily with average daily trading volumes reaching Rmb6.55bn (US$988m) last month, more than double the daily average volumes in the first quarter of the year.

THOMAS BLOTT

IN BRIEF

HKEx
Backdoor listings consultation

HONG KONG EXCHANGES AND CLEARING is considering tougher rules on backdoor listings and shell companies.

In a consultation paper published on June 29, the exchange operator proposes to restrict major disposals or acquisitions for 36 months following a change in control of listed companies; prohibiting the sale of securities, where the proceeds will be used to acquire or develop a new business that is larger than the issuer's current business; and tightening the rules around continuing listing criteria.

In April, HKEx warned IPO sponsors and issuers that it assesses the suitability of listing applications on the broad commercial rationale of their plans and not just on a checklist of what constitutes a shell company.

In June 2016, it spelled out characteristics shared by shell companies, including a small market capitalisation, an asset-light business and little or no external financing at the pre-listing stage.

In its revised guidance, the exchange said that "exhibiting none of those characteristics does not necessarily mean that a listing applicant is suitable".

HKEx's tougher stance comes after a several corporate governance scandals, including a penny stock crash in June last year, blamed in part on backdoor listings.

Respondents have until August 31 to submit their feedback to HKEx's consultation.

People & Markets

Commonwealth Bank of Australia
New class action suit

COMMONWEALTH BANK OF AUSTRALIA has been served with a class action lawsuit filed by law firm Phi Finney McDonald on behalf of certain shareholders.
The class action was filed on behalf of certain shareholders who acquired an interest in CBA's shares between June 16 2014 and August 3 2017, the bank said in a statement last Monday.
CBA noted that the proceeding makes similar claims as another shareholder class action started by law firm Maurice Blackburn against the bank in October 2017, and that it intends to "vigorously" defend the claim.
Maurice Blackburn had filed a class action against CBA on behalf of shareholders, accusing the lender of failing to disclose widespread breaches of anti-money-laundering rules.
Last month, CBA 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 as part of a settlement with Australia's financial intelligence agency Austrac.

ANZ
"Difficult" trading conditions to last

AUSTRALIA AND NEW ZEALAND BANKING GROUP said it expects difficult trading conditions to continue.
"We expect the difficult trading conditions to continue into the foreseeable future and this reinforces (that) our strategy to simplify our business remains appropriate for the times," ANZ chairman David Gonski wrote to shareholders on June 29.
"The difficult trading conditions impacting institutional banking globally persisted during the half and we continue to rebalance our portfolio by focusing on customers that value our differentiated international network," he added.
Australian regulators have told banks to keep higher cash reserves in relation to their loan books and cut their interest-only loans, prompting lenders to raise interest rates and sell non-core assets.

WHO'S MOVING WHERE...

■ CITIGROUP has hired *Udhay Furtado* from Goldman Sachs as managing director with a focus on equity capital markets.
Based in Hong Kong, he is due to start in October and will report to Ashu Khullar, head of capital markets origination for APAC at Citigroup.
Furtado has been with Goldman since 2006 and was appointed co-head of South-East Asia investment banking last year along with Harry Naysmith.
He previously worked at Deutsche Bank and spent four years with Citigroup as vice president early on in his career.

■ STANDARD CHARTERED has promoted *Vishu Ramachandran* to the newly created role of group head of retail banking.
Based in Singapore, he will report to Ben Hung, chief executive officer for retail banking and wealth management and regional CEO for Greater China and North Asia.
Ramachandran, who will take up his new role on July 16, is a longtime consumer banking executive at StanChart who was most recently global chief risk officer for retail banking.
Hung was given oversight of wealth management in March in addition to running global retail banking.

■ ICICI BANK has appointed *GirishChandra Chaturvedi* as part-time non-executive chairman, effective July 1.
Chaturvedi, a former Indian Administrative Services officer, most recently served as chairman of the Warehousing Development and Regulatory Authority.
He has also been a government nominee director on the boards of Life Insurance Corporation of India, Canara Bank, Bank of Baroda, IDBI Bank and IDFC.
The term of ICICI Bank's previous chairman, M K Sharma, expired on June 30.
The bank, India's third largest lender by assets, also named Chaturvedi as an independent director for three years.
This comes shortly after the bank tapped group veteran Sandeep Bakhshi to be its interim head, with chief executive Chanda Kochhar on leave pending a probe over an alleged conflict of interest.

■ *Foster Lee*, a former loans banker who had joined a property developer last year, is back in the industry with FORTUNE FOUNTAIN CAPITAL.
Lee started with the Hong Kong-based financial services group in April as managing director with responsibility for raising financing for FFC and for managing a mezzanine fund that is being set up.
Prior to joining FFC, he was with Carnival Group International Holdings as chief investment officer. Lee had joined the Hong Kong-listed real estate developer in October after working for 5-1/2 years with *China Minsheng Banking Corp* where his last title was head of syndicated finance. Before his stint with China Minsheng, he worked at DBS Bank in Hong Kong and GE Capital in Sydney and Hong Kong.
Interestingly, in his latest role with FFC, Lee has tapped into China Minsheng for a €71m (US$82.56m) two-year loan for FFC's acquisition of an 88.8% stake in French crystal maker BACCARAT.
China Minsheng took €21m of the loan and sold down the remaining €50m to South Korean financial institution *Meritz Securities*.
The loan, signed in mid-June, is said to have paid an all-in pricing north of 400bp and represented leverage of 5.26x based on the €13.5m in Ebitda Baccarat generated in 2017.
On June 21, FFC completed the acquisition of the stake in the 254-year-old Paris-listed company from US investment firms Starwood Capital Group and L Catterton for €164m.
FFC has also invested equity in the take-private deals of overseas listed Chinese companies such as Focus Media Holding, Mindray Medical International, Qihoo 360 Technology, and WuXi Pharma Tech.

■ DBS GROUP has appointed *Tan Teck Long* as chief risk officer, effective July 1.
He replaces *Elbert Pattijn*, who is retiring from the bank after 10 years in the job.
Tan joined DBS as a trainee officer in its corporate banking department in 1993 and has gone on to held a number of senior roles with the Singaporean lender, most recently as head of the institutional banking group's large and mid-cap businesses as well as its chief operating officer.
He reports to CEO Piyush Gupta in his new role.

■ *Freddie Kwah* has left TAIPEI FUBON COMMERCIAL BANK's Singapore branch after joining less than a year ago.
Kwah joined the firm in the third quarter of last year and had responsibility for loan syndications in South and South-East Asia for the Taiwanese bank's corporate finance department.
Before joining Taipei Fubon, he worked at First Abu Dhabi Bank, where he was the regional head of syndication and distribution for about four years. He has also worked in DBS Bank and WestLB.

■ Obituary: Sandra Pemberton
Sandra Pemberton, a veteran of Asian and European loan markets, passed away the week before last.
She had worked in loan syndications at National Australia Bank and RBS in Sydney, Hong Kong and London. She was also the vice chair of the Australian management committee of the Asian Pacific Loan Market Association.

Raising the Samurai standard

Kexim President Sung-soo Eun says a yen benchmark is important for Korean issuers

Export-Import Bank of Korea Chairman and President SUNG-SOO EUN

EXPORT-IMPORT BANK OF KOREA Chairman and President Sung-soo Eun said the export credit agency's latest Samurai issue was not just for its own funding needs but to pave the way for other Korean issuers to follow, stressing the double role Kexim has as the nation's leading international borrower.

On June 21, the agency raised an impressive ¥120bn (US$1.08bn) split between ¥70bn 18-month notes and ¥50bn three-year bonds, making the most of the positive momentum after the historic June 12 summit between US President Donald Trump and North Korean leader Kim Jong Un.

"This deal was a great success and definitely contributed to Kexim's own annual funding needs, as well as diversifying our funding horizon," Eun told IFR during a trip to Tokyo for the signing ceremony.

The trade, via joint lead managers *Daiwa*, *Merrill Lynch Japan Securities*, *Mitsubishi UFJ Morgan Stanley* and *Mizuho*, was the largest Samurai issue from Asia ex-Australia.

Eun, who took office in September 2017, stressed that the success of the deal made clear that there is strong appetite among Japanese investors for Korean credits.

"I think there would be more issuance to follow," he said. "I believe that is one of Kexim's roles as a leading borrower – we are the first to test the market, do a successful deal, and pave the way for other issuers to follow."

Indeed, Korean telecom service provider KT Corp returned to the Samurai market the following week with a ¥20bn dual-tranche two and three-year transaction.

Last month's Kexim deal came after an almost three-year absence. The previous deal was done in September 2015 when it issued ¥16bn of two-year notes and ¥39bn of three-year bonds.

Explaining the long hiatus, Eun said: "Due to the cross-currency swap levels, it didn't make much sense for us to raise funds in the Samurai market and swap them to use in another currency."

He emphasised, however, that the Samurai market had always been at the top of the list for consideration, and said the agency's commitment had shown its commitment to Japanese investors by holding numerous non-deal roadshows to Tokyo, including during its three-year absence from the primary market, to provide updates on its credit and performance.

Those efforts paid off on the agency's return. Strong demand not just from Japanese but from foreign investors allowed Kexim to upsize the deal by ¥40bn from the originally planned ¥80bn. Its Double A rating also helped to bring in demand.

Kexim acknowledges that it paid a small premium in the three-year tranche over its US dollar secondary curve, but considers the cost worth paying if it meets its goal of diversifying its funding profile.

"Our top priority is achieving optimal funding cost," Eun said. "But we also have to consider diversification of funding sources in order to secure stable funding, and diversification sometimes requires a slight premium."

GEOPOLITICAL RISK

Kexim picked this time for the comeback for two reasons. "First, we have seen growth in our Japanese yen assets in recent months, which prompted a natural need for yen funding," Eun said.

The second reason was the dramatic improvement in the geopolitical situation in and around the Korean peninsula. "[This] had been one of the key downside risks that many investors were voicing concerns over," he said.

Several summits between the two Koreas culminated in the historic meeting between the US and North Korea in Singapore. "We felt the timing was ripe for us to return to the market," Eun said. Less than a week later, Kexim started marketing the Samurai trade on June 18.

Kexim said it wants to stay committed to Japanese investors, who have traditionally been supportive of it and other Korean issuers.

"Japan is one of Korea's closest neighbours with one of the largest credit markets in the world," Eun said. "We want to stay committed to our investors and, once again, become a regular issuer in the Samurai market."

Kexim sees the Samurai market as "crucial" to diversify its huge funding volume.

"Each year we raise around US$10bn-equivalent, but this amount cannot be raised solely from the dollar market, so we need to tap various non-US dollar markets," Eun said. "Japanese investors sometimes become quite conservative, but, as our closest neighbour, they know us well, and this is one of the few markets where we can achieve a sizable issuance amount."

Asked about its funding plan for the remainder of the year, Kexim gave no specific issuance schedule. "Our funding requirement for this year is US$8bn and we have already secured US$5.8bn, which is around 73% of our target, so we are quite comfortable with where we are at the moment," he said.

Also holding Kexim back from issuing bonds is the possibility of market conditions becoming less favourable if US rates turn more volatile and a trade war between the US and China intensifies.

"We are seeing volatility pick up in the market and we see potential headwinds coming from a variety of sources as we move into the second half," Eun said. "I believe now is the time to stay vigilant and remain flexible to adapt to this fast-changing environment."

TAKAHIRO OKAMOTO

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AUSTRALIA

DEBT CAPITAL MARKETS

› TOYOTA AUSTRALIA STRUGGLES IN UK

TOYOTA FINANCE AUSTRALIA tested sterling waters for the first time last Tuesday, some three months after making its euro debut, but its four-year trade struggled to gain traction.

The final £250m (US$330m) size was a benchmark-minimum amount, and the Gilts plus 85bp spread did not improve beyond the 85bp–90bp initial price thoughts range.

Joint leads *BNP Paribas*, *HSBC* and *Lloyds (B&D)* reckoned talk started 25bp–30bp above fair value. Toyota Motor Credit Corporation had September 2021s at plus 55bp and September 2022s at 59bp over, according to pre-announcement Tradeweb prices.

The generous starting premium meant the two outstanding bonds subsequently softened a fair amount and were both bid up to 11bp wider.

TMCC's €500m (US$583m) five-year euro suffered from a recent wave of supply at the end of March and attracted a limited book of €650m.

Toyota Australia, which has mostly issued in Australian dollars, said part of the sterling proceeds will be used to refinance debt.

The issuer has six bonds on Tradeweb maturing this year in New Zealand, US and Australian dollars totalling some A$567m (US$420m) equivalent.

› CBA TAPS STERLING MARKET

COMMONWEALTH BANK OF AUSTRALIA (Aa3/AA–/AA–) raised £250m from a three-year senior unsecured Reg S floating-rate note issue, priced 45bp wide of three-month Libor.

CBA, *Credit Suisse* and *Nomura* were joint bookrunners on last Wednesday's trade.

The previous major bank sterling trade was the Australia and New Zealand Banking Group's £275m three-year senior unsecured FRN on March 14, priced at three-month Libor plus 32bp.

Before that Westpac printed a £500m five-year covered floater at 24bp over three-month Libor on January 11.

› SAFA REOPENS LOCAL MARKET

The SOUTH AUSTRALIA GOVERNMENT FINANCING AUTHORITY, rated Aa1/AA (Moody's/S&P), issued the first domestic bond of the new financial year with last Wednesday's A$1bn syndicated sale of a new 10-year benchmark line.

The 3.0% May 24 2028s priced at 99.360 for a yield of 3.12%, at the wide end of EFP (10-year futures) plus 51bp–53bp guidance and 54.25bp over the May 2028 ACGB.

Bank of America Merrill Lynch, *Deutsche Bank*, *NAB* and *Nomura* were joint lead managers on the transaction.

SAFA is due to release its remaining 2018-19 funding intentions after the state budget is released on September 4.

› ADB PRINTS A$150M 11-YEAR

ASIAN DEVELOPMENT BANK (Aaa/AAA/AAA) raised the minimum A$150m it was seeking from last Wednesday's 11-year Kangaroo bond sale.

The 3.1% June 15 2029s priced at 99.746 for a yield of 3.1275%, 41bp wide of asset swaps and 54bp over the April 2029 ACGB.

Mizuho and *TD Securities* were joint lead managers for the deal.

› NEXTDC NOTES IV RAISE A$300M

NEXTDC raised A$300m from last Friday's dual-tranche senior unsecured four-year (June 9 2022) note offering, called Notes IV, arranged by sole lead manager *NAB*.

The transaction consists of a A$200m floating-rate note, priced at three-month

Top lead managers of all Australian debt, inc-ABS, MBS (ex-self-funded transactions)
1/1/18 – 30/6/18

	Name	Issues	Amount A$(m)	%
1	NAB	51	10,362.2	15.7
2	CBA	27	7,402.5	11.3
3	ANZ	42	7,349.9	11.2
4	UBS	19	5,749.1	8.7
5	Deutsche	26	5,304.2	8.1
6	Westpac	35	5,237.3	8.0
7	Citigroup	13	3,857.6	5.9
8	TD Sec	47	3,837.5	5.8
9	JP Morgan	15	2,646.8	4.0
10	RBC Capital	33	2,391.0	3.6
	Total	190	65,819.5	

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

Top lead managers of Australian dollar-denominated domestic securitisation, inc-self-funded transactions ex-CDOs
1/1/18 – 30/6/18

	Name	Issues	Amount A$(m)	%
1	NAB	15	4,684.1	34.1
2	Westpac	10	2,000.5	14.6
3	CBA	8	1,476.8	10.8
4	ANZ	4	1,190.3	8.7
5	Macquarie	5	874.0	6.4
6	BAML	3	770.0	5.6
7	Deutsche	3	620.5	4.5
8	JP Morgan	1	499.5	3.6
9	HSBC	2	436.6	3.2
10	SMFG	1	230.0	1.7
	Total	20	13,733.8	

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

Top lead managers of all Australian securitisation, inc-self-funded transactions ex-CDOs
1/1/18 – 30/6/18

	Name	Issues	Amount A$(m)	%
1	NAB	15	4,918.7	33.9
2	Westpac	10	2,120.4	14.6
3	CBA	8	1,503.4	10.4
4	ANZ	4	1,190.3	8.2
5	Macquarie	5	874.0	6.0
6	BAML	3	796.7	5.5
7	Deutsche	3	647.2	4.5
8	JP Morgan	1	499.5	3.4
9	HSBC	2	436.6	3.0
10	UOB	1	284.5	2.0
	Total	21	14,519.6	

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

Top lead managers of Australian dollar-denominated domestic bonds, inc-Kangaroo bonds, ex-self-funded transactions, ABS, MBS
1/1/18 – 30/6/18

	Name	Issues	Amount A$(m)	%
1	ANZ	38	6,159.6	11.8
2	CBA	19	5,925.7	11.4
3	UBS	19	5,749.1	11.0
4	NAB	36	5,678.1	10.9
5	Deutsche	23	4,683.7	9.0
6	TD Sec	47	3,837.5	7.4
7	Citigroup	12	3,699.8	7.1
8	Westpac	25	3,236.8	6.2
9	RBC Capital	33	2,391.0	4.6
10	Nomura	25	2,386.1	4.6
	Total	170	52,085.7	

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

NAB retains top spot in bonds table

Bonds Aussie major heads H1 2018 league table fortified by dominant ABS business

NATIONAL AUSTRALIA BANK has retained its position at the head of the Australian dollar bond issuance league table in H1 2018, according to Thomson Reuters data.

NAB participated in 51 of the 190 domestic currency transactions, including securitisations but excluding self-led trades, for a 15.7% share of the A$65.8bn (US$48.0bn) raised between January 1 and June 30. This was almost A$10bn down from the A$75.6bn sold in H1 2017.

Commonwealth Bank of Australia was second with an 11.3% share from 27 issues, closely followed by ANZ Banking Group which has been on 42 tickets for a 11.2% share.

UBS was the best placed international bank with 19 trades and an 8.7% share making it fourth in the bookrunner rankings, followed by Deutsche Bank's 8.1% market share from 26 deals.

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

In H1 2017 ANZ, Westpac, CBA and NAB led the Australian dollar table with Deutsche Bank, UBS, Citigroup, TD Securities, Macquarie and Nomura rounding off the top 10.

NAB is by some distance the number one Australian ABS bookrunner with a 33.9% share of the A$14.5bn market, well ahead of the country's other three major banks, Macquarie and its international peers.

Indeed, excluding securitisations and self-led deals, ANZ is the market leader with an 11.8% market share, followed by CBA, UBS and NAB with 11.4%, 11.0% and 10.9% shares of total supply, respectively.

Overall H1 supply, this time including self-led deals, fell from A$91.1bn in the same period a year ago to A$80.1bn, due to a large decline in Commonwealth and state government syndicated issuance, as well as a drop-off in asset-backed securities.

Total government sales fell from A$29.0bn to A$19.8bn, while securitisations slipped from A$18.2bn to A$13.7bn.

SSA Kangaroos have raised A$11.8bn so far in 2018, little changed from A$12.9bn a year earlier, while issuance of non-SSA Kangaroos (mostly from banks) more than tripled from A$2.3bn to A$7.0bn.

Domestic financial issuance increased to A$24.3bn versus A$22.0bn previously, whereas domestic corporate supply declined to A$3.6bn from A$6.8bn.

Another feature of early 2018 issuance has been an extension in tenors with the average maturity of SSA Kangaroos, non-SSA Kangaroos, domestic financials and governments rising to 9.4, 8.3, 4.9 and 11.9 years, respectively, from 9.0, 7.3, 3.9 and 10.8 years in H1 2017.

CITI LEADS OFFSHORE

Citigroup tops the H1 2018 offshore league table having been on 10 foreign currency trades totalling US$3.4bn for a 9.5% share of the US$35.2bn supply.

HSBC lies in second place with its 18 deals representing 9.1% of overseas issuance while, after a strong Q2, JP Morgan has moved up to third with a 9.0% share from 11 trades.

Next come Bank of America Merrill Lynch and Morgan Stanley with 6.4% and 6.2% of offshore bond business, respectively.

Westpac, Deutsche Bank, BNP Paribas, Credit Suisse and CBA hold the 6th to 10th places in that order.

JOHN WEAVERS

BBSW plus 375bp and a A$100m 6.0% fixed-rate note priced at par.

Notes IV is complementary to NEXTDC's A$300m 6.25% June 2021s, known as Notes III, issued in May 2017, also via NAB.

The unrated ASX-listed data-centre provider used the proceeds of Notes III to redeem its A$60m Notes I and A$100m Notes II at the next optional call date of June 16 2017.

Notes I were issued in June 2014 with a five-year non-call two-and-half structure and paid a coupon of 8.0%. Notes II, with the same maturity date of June 16 2019 were issued in November 2015 and paid a 7% coupon.

AOFM TO OPEN MAY 2041 LINE

The AUSTRALIAN OFFICE OF FINANCIAL MANAGEMENT has mandated *CBA*, *TD Securities*, *UBS* and *Westpac* for a syndicated sale of its new May 21 2041 Treasury Bond in the week beginning July 16.

The AOFM last visited the syndicated market on May 15 with a A$1.7bn tap of its 3.25% June 21 2039s.

On January 15 the AOFM drew a record order book of A$21.2bn for the A$9.6bn issue of 2.75% November 21 2029 bonds.

CBA TO REPURCHASE LOCAL BONDS

COMMONWEALTH BANK OF AUSTRALIA will consider opportunities to repurchase outstanding long-term debt via open-market purchases or other means, as part of its balance sheet management.

The repurchases will help reduce CBA's debt maturity profile, overall funding costs and assist in meeting regulatory changes and requirements.

The five lines CBA will consider repurchasing are the A$2bn October 2018s, the A$1.5bn April 2019s, the A$2bn July 2019s, the A$1.75bn October 2019s and the A$1.5bn July 2020s.

Top bookrunners of Australia syndicated loans

1/1/18 – 30/6/18

	Name	Deals	Amount US$(m)	%
1	ANZ	27	7,160.7	23.1
2	NAB	18	3,805.1	12.3
3	HSBC	12	2,816.4	9.1
4	Westpac	10	2,148.8	6.9
5	CBA	14	2,018.8	6.5
6	Mizuho	11	1,987.2	6.4
7	MUFG	10	1,505.7	4.9
8	Bank of China	4	1,301.2	4.2
9	ING	2	978.2	3.2
10	BNP Paribas	6	878.3	2.8
	Total	**55**	**31,054.6**	

* Based on market of syndication and market total

Proportional credit

Source: Thomson Reuters SDC Code: S7

Top bookrunners of Australian equity and convertible offerings

1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	UBS	10	3,283.4	19.7
2	Morgan Stanley	5	2,035.0	12.2
3	Macquarie	10	1,500.1	9.0
4	JP Morgan	5	1,340.5	8.1
5	Goldman Sachs	6	1,118.4	6.7
6	Morgans Financial	18	773.0	4.6
7	Citigroup	7	632.8	3.8
8	Deutsche	2	602.7	3.6
9	Taylor Collison	16	511.2	3.1
10	Hartleys	24	473.7	2.8
	Total	**374**	**16,649.0**	

*Market volume

"Standard Exclusion not applicable"

Proportional credit

Source: Thomson Reuters SDC Code: AK1

Vocus closes refi to strong response

■ **Loans** Foreign lenders pile into telco's refinancing

Australia's fourth-largest phone company VOCUS GROUP has closed a A$1.417bn-equivalent (US$1.06bn) refinancing with commitments from 12 banks in general syndication.

ANZ, *Commonwealth Bank of Australia*, *HSBC* and *National Australia Bank* were the mandated lead arrangers and bookrunners of the refinancing.

The transaction comprises a A$510m-equivalent 4.25-year bullet revolver tranche A, a A$510m-equivalent 3.25-year bullet revolver tranche B, a NZ$150m (US$108m) 3.25-year bullet revolver tranche C, a A$75m-equivalent 2.25-year bank guarantee and letter of credit tranche D and a A$175m 2.25-year amortising tranche E. Tranches B and C will amend and extend existing facilities.

Lenders were offered a top-level participation fee of 65bp and a 10bp fee for existing commitments.

The interest margins are based on a net leverage ratio. The margins for tranche A are: 300bp over BBSY/Libor (3.5x or more), 265bp (3.0x–3.5x), 230bp (2.5x–3.0x), 190bp (2.0x–2.5x), 170bp (1.5x–2.0x), 155bp (1.0x–1.5x) and 145bp (less than 1x).

For the respective net leverage ranges, tranches B and C offer margins of 285bp, 250bp, 215bp, 175bp, 155bp, 140bp and 130bp. The benchmarks for tranche B and C are BBSY/Libor and BKBM, respectively.

Tranche E offers margins of 270bp, 235bp, 200bp, 160bp, 140bp, 125bp and 115bp over BBSY.

The initial margins are 230bp, 215bp, 215bp and 200bp for tranches A, B, C and E, respectively, based on the current let leverage of 2.5x–3.0x. Tranche D offers a margin of 135bp over BBSY/BKBM/Libor/Sibor for all levels.

Vocus said on June 25 that the net leverage ratio on the refinancing had been amended to provide financial headroom and flexibility. The covenant relating to net leverage ratio allows for a maximum 3.75x for June 30 and December 31 this year, 3.50x at June 30 and December 31 in 2019, 3.25x at June 30 2020 and 3.00x at December 31 2020 and thereafter.

The new facility has a weighted average life of 3.4 years and covenants restrict dividends from being paid until the net leverage ratio is below 2.25x for two consecutive testing dates.

Proceeds from the new loan refinanced a multi-tranche loan of A$1.095bn and NZ$160m completed in May 2016.

The borrowers are Vocus Group, VOCUS GROUP HOLDINGS, VOCUS (NEW ZEALAND) HOLDINGS and M2 GROUP.

For full allocations, see www.ifrasia.com.

EVELYNN LIN

Under Australian liquidity rules bonds are no longer treated as term debt when maturities fall below 12 months.

› TCORP AUCTIONS A$250M

NEW SOUTH WALES TREASURY CORP, rated Aaa/AAA (Moody's/S&P), issued A$250m of 3.0% February 20 2030 bonds via last Thursday's Yieldbroker tender to take the issue size up to A$1.961bn.

The tender received A$1.267bn of bids for a 5.068 cover ratio. The lowest and highest bids allocated were at EFP (10-year futures) plus 50.75bp and 51.5bp, respectively, with a weighted average accepted spread of 51.096.

Top bookrunners of Australian equity
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	UBS	10	3,283.4	22.3
2	Morgan Stanley	4	1,662.3	11.3
3	Macquarie	10	1,500.1	10.2
4	JP Morgan	5	1,340.5	9.1
5	Morgans Financial	18	773.0	5.3
6	Citigroup	7	632.8	4.3
7	Goldman Sachs	4	563.1	3.8
8	Taylor Collison	16	511.2	3.5
9	Hartleys	24	473.7	3.2
10	Ord Minnett	4	400.4	2.7
	Total	**364**	**14,730.2**	

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

STRUCTURED FINANCE

› COLUMBUS RMBS SETS SAIL

Non-bank lender Columbus Capital has released initial price guidance for an approximate A$500m-equivalent dual-currency, Australian dollar and Reg S US dollar RMBS, COLUMBUS CAPITAL TRITON 2018-1.

MUFG, *NAB* and *Westpac* are joint lead managers.

Price talk for US$100m Class A1-US and A$185m Class A1-AU notes with weighted-average lives of 1.4 years and 3.0 years is one-month Libor plus 85bp area and one-month BBSW plus 123bp area, respectively.

Guidance for the A$65m Class A1-5Y notes with a 4.9-year WAL is one-month BBSW plus 155bp area.

Price talk for the A$25m A2s, A$20.5m A3s and A$8.5m ABs, all with 4.2-year WALs, is 165bp area, 175bp area and 185bp area over one-month BBSW, respectively.

For the A$46m pre-placed Class A1-MM notes with a 0.4-year WAL, guidance is one-month BBSW plus 70bp area.

For the pre-placed A$10m Class Bs, A$6.25m Class Cs, A$2.0m Class Ds, all with 4.2-year WALs, guidance is high 100s area, high 200s area and high 300s area wide of one-month BBSW.

Guidance for the pre-placed A$1.25m Class Es with a 3.3-year WAL is one-month BBSW plus high 500s area.

The structure is completed by A$1.5m of pre-placed Class F notes with a 4.9-year WAL.

Columbus Capital previously accessed the market last November with an enlarged A$500m prime RMBS through Triton Capital 2017-2, five months after the A$500m Triton Capital 2017-1 print.

› MEDALLION REPLACEMENT

Indicative price guidance for the new Medallion 2013-2 A3-R notes, to refinance the A$400m Class A3 notes of the MEDALLION 2013-2 RMBS, is one-month BBSW plus mid to high 90bp.

CBA has been mandated to market the notes, which have a 3.78-year weighted-average life and 16.64% credit support.

SYNDICATED LOANS

› BOCO ROCK CLOSES A$210M REFI

BOCO ROCK WIND FARM has closed a A$210m (US$155m) five-year refinancing with six banks, according to a press release from *MUFG*.

The Japanese lender acted as sole mandated lead arranger, underwriter, bookrunner and facility agent on the loan and syndicated it to five other banks. It ended up with A$40m.

Commonwealth Bank of Australia, Industrial and Commercial Bank of China, ING Bank and Societe Generale joined with A$35m apiece, while National Australia Bank came in for A$30m.

The loan is said to pay pricing of around 150bp over BBSY, which is significantly lower than that on a A$265m loan it refinances.

According to Thomson Reuters LPC data, Boco Rock Wind Farm raised A$265m through a five-year project financing in June 2013 after Thai power producer Electricity Generating Public Co acquired the project in what was its first wind investment in Australia.

Five lenders funded the project's construction. The interest margin on that loan started at 230bp over BBSY during construction before stepping up to around 240bp during operations.

Boco Rock Wind Farm, which has been operational since 2015, is situated in New South Wales state and its 67 turbines generate up to 113MW of renewable energy. CLP Holdings' EnergyAustralia, previously called TRUEnergy, is the offtaker under a 15-year agreement.

RETAIL FOOD WAIVES COVENANT TEST

Fast food franchise owner RETAIL FOOD GROUP said on June 29 its lenders had agreed to waive testing of financial covenants under its senior debt facilities for the period ending June 30.

To reduce balance sheet leverage, the company is assessing a range of options, including potential asset sales, RFG said.

In March, RFG's senior lenders had agreed to reset covenants in its loan agreements to provide more breathing space after posting a half-year loss due to write-offs and impairments.

The firm had A$319m in loans outstanding after it extended a A$150m three-year loan with A$100m to January 2020 and A$50m to December 2020 with lenders National Australia Bank and Westpac and cut the size of a five-year loan due in December 2020 by A$25m earlier this year.

The changes to its covenant package included increasing the debt-to-Ebitda ratio for 12 months to 3.0x from 2.5x and then reverting back to 2.5x, maintaining a minimum underlying Ebitda budget of A$90m for the financial year 2019, introducing a financial covenant on actual quarterly underlying Ebitda performance to budget and amortisation of A$12.5m of the loans to occur by March 2 2019.

RFG had also agreed to use 60% of the proceeds from any asset sales to pay down the debt and pricing changes due to the higher leverage limit.

CHINA

DEBT CAPITAL MARKETS

WUZHOU INTL OUTLINES DEFAULTS

WUZHOU INTERNATIONAL HOLDINGS said it had received demands from creditors related to defaults of Rmb1bn (US$151m) under its loan agreements, which triggered a cross-default on its dollar bonds.

Five civil petitions have been lodged in China against Wuzhou or its subsidiaries for repayment of loans. China Huarong Asset Management, Shanghai branch, Shanghai Lvdi Asset Management, and the Bank of East Asia (China)'s Nanjing and Wuxi branches are the plaintiffs.

Wuzhou International said it was currently liaising with creditors to try to extend the repayment period as well as to make alternative payment arrangements.

The failure to repay the loans triggered an event of default on the property developer's US$300m 13.75% notes due to mature on September 26.

HUACHEN SELL-OFF ON PARENT DEFAULT

Power-plant operator HUACHEN ENERGY's US$500m 6.625% bonds due 2020 plunged 24 points to a cash price of 41/44 on Friday after its Shanghai-listed parent WINTIME ENERGY defaulted on onshore bonds.

In a stock exchange filing on Friday, Wintime said it failed to make repayment on Rmb1.5bn 7.00% 365-day commercial paper due July 5. The principal and interest due totalled Rmb1.605bn.

Trading of Wintime's shares and its other onshore bonds has been halted since July 6.

Wintime said it is taking actions to raise funds to repay the debt.

The company earlier said it plans to apply for new credit facilities from China Citic Bank and Ping An Trust, and plans to issue new onshore bonds.

Huachen, which issued its debut US dollar bond last May, is rated B1 by Moody's and its 6.625% bonds are rated B2.

Its bonds had seen selling pressure since late May after the Shanghai Stock Exchange questioned Wintime's potential liquidity risk. The bonds, which were still traded at above the 90 level in mid-May, had fallen to around 68 late last month, according to a bond trader.

JIUDING FIXES CONSOLIDATION DELAY

JIUDING GROUP FINANCE has secured consent from holders of the US$230m 6.5% 2020 additional bonds it issued last October via a tap to resolve a consolidation delay.

Bondholders agreed on July 2 to amend certain terms of the notes to make them fungible with the original bonds in the same line, according to a stock exchange filing.

The bonds, issued via a reopening on October 26, were supposed to be consolidated with the original US$150m 6.5% line issued on July 25 2017 on or after February 8 2018, but this was delayed due to "technical issues", a banker who was involved in the deal told IFR earlier.

It is rare that bonds issued from a tap are not made fungible with the original bonds after such a long time, another banker had said.

Top bookrunners of Dim Sum bonds (Rmb issued and settled offshore bonds)

1/1/18 – 30/6/18

	Name	Issues	Amount Rmb(m)	%
1	HSBC	25	9,601.8	31.6
2	Standard Chartered	16	8,740.9	28.8
3	Societe Generale	2	2,050.0	6.7
4	Bank of China	3	1,805.8	5.9
5	Credit Agricole	9	1,705.8	5.6
6	Citic Sec	3	1,153.3	3.8
7*	DBS	1	1,000.0	3.3
7*	KGI Financial	1	1,000.0	3.3
9*	Goldman Sachs	1	475.0	1.6
9*	JP Morgan	1	475.0	1.6
	Total	53	30,404.3	

*Market volume

Proportional credit

Source: Thomson Reuters SDC Code: AS24a

Top bookrunners of all renminbi bonds, ex-self-funded transactions

1/1/18 – 30/6/18

	Name	Issues	Amount Rmb(m)	%
1	Citic Sec	261	238,113.2	8.0
2	Bank of China	235	216,630.0	7.3
3	ICBC	222	204,526.5	6.9
4	CCB	251	189,555.2	6.4
5	ABC	180	162,418.0	5.4
6	BoCom	187	139,636.8	4.7
7	CSC Financial	180	127,447.0	4.3
8	Industrial Bank	182	123,411.7	4.1
9	CMBC	154	93,097.3	3.1
10	CMB	124	88,605.3	3.0
	Total	1,814	2,984,792.4	

*Market volume

Proportional credit

Source: Thomson Reuters SDC Code: AS24

Jiuding Group Finance on June 8 launched a consent solicitation to amend the terms and conditions of the additional bonds and the supplemental trust deed between the issuer, the guarantor and Citicorp International as trustee, to authorise the consolidation into a single series.

The extraordinary resolution was duly passed in the meeting with bondholders on July 2, and related parties have entered a second supplemental trust deed and the additional bonds are expected to be consolidated and form a single series with the original notes on or before July 31, according to the filing.

The Reg S senior unsecured bonds, rated BB by S&P, carry a guarantee from the issuer's parent, Tongchuangjiuding Investment Management Group.

The bonds have fallen by more than 15 points since March and were quoted at 82.25/84.25 on June 8, the date when the consent solicitation was launched. The bonds were quoted at 80.25/81.75 on July 3, according to Thomson Reuters data.

Tongchuangjiuding is listed on China's National Equities Exchange and Quotations (third board). Hong Kong insurer FT Life Insurance, Chinese brokerage Jiuzhou Securities and private equity firm Kunwu Jiuding Investment Holdings are some of its major operating units.

› CCB FINANCIAL PRINTS FLOATERS

CCB FINANCIAL LEASING (A1/A/A) priced US$400m five-year US dollar floating-rate notes at three-month Libor plus 125bp, well inside initial 145bp area guidance.

CCBL (Cayman) 1 Corp will issue the senior unsecured bonds with a guarantee from CCB Leasing (International) Corp, and keepwell and asset purchase deeds from CCB Financial Leasing Corp.

The Reg S notes have expected ratings of A/A (S&P/Fitch).

Proceeds will be used for general corporate purposes.

Bank of America Merrill Lynch, *Bank of China*, *CCB International*, *DBS* and *HSBC* were joint global coordinators. They were also joint bookrunners with *ANZ*, *Bank of Communications*, *China Construction Bank (Asia)*, *MUFG* and *Westpac*.

› CDB LEASING EYES US$ SENIOR

CHINA DEVELOPMENT BANK FINANCIAL LEASING, rated A1/A/A+, has hired banks for a proposed offering of US dollar senior notes off its US$3bn MTN programme.

Standard Chartered Bank, *HSBC*, *Bank of China*, *Bank of Communications*, *China Citic Bank International*, *DBS Bank* and *Haitong International* are joint global coordinators as well as joint bookrunners and joint lead managers with *China Securities International*, *ICBC (Asia)*, *KGI Asia*, *Orient Securities (Hong Kong)*, *UBS* and *China Minsheng Banking Corp Hong Kong branch*.

The Chinese leasing company has started to meet investors in Hong Kong, Singapore and London from July 5.

The Reg S notes will be issued by CDBL Funding 2 and will be unconditionally and irrevocably guaranteed by Metro Excel, a wholly owned subsidiary of the Hong Kong-listed company through a trust arrangement.

The notes will also have the benefit of a keepwell and asset purchase deed provided by CDB Financial Leasing and are expected to be rated A2 by Moody's and A+ by Fitch.

› CMB INTERNATIONAL PLANS SENIOR

CMB INTERNATIONAL CAPITAL, rated Baa1/BBB+ (Moody's/S&P), has hired banks for a proposed offering of US dollar senior unsecured notes.

The investment banking arm of China Merchants Bank started meeting investors in Hong Kong and Singapore from July 4.

CMB International itself is the sole global coordinator as well as joint lead manager and joint bookrunner with *Wing Lung Bank*, *China Merchants Securities (HK)*, *Agricultural Bank of China Hong Kong branch*, *Bank of Communications*, *Citigroup* and *Shanghai Pudong Development Bank Hong Kong branch*.

The Reg S notes will be issued by wholly owned BVI subsidiary Legend Fortune with CMB International as the guarantor.

The notes have expected ratings of Baa1/BBB+ (Moody's/S&P).

› FITCH DOWNGRADES GANGTAI GROUP

Real estate developer and jeweler GANGTAI GROUP, which issued a debut US dollar bond in March, was downgraded by Fitch and is facing a possible further downgrade.

Fitch cut Gangtai Group's long-term foreign-currency issuer default rating and the senior unsecured rating of its US$100m 9.75% senior notes due 2019 to B– from B. At the same time, all ratings have been placed on rating watch negative.

The rating agency said the downgrade reflects a sharp deterioration in the liquidity position of the company's 39%-owned Shanghai-listed jewellery retail unit Gansu Gangtai Holdings (Group), due to increased working capital requirements and a high proportion of short-term debt.

There is a prospect for further negative rating action if the liquidity position of Shanghai-listed unit further deteriorates and results in a default, it said.

According to Fitch, the Shanghai-listed unit had almost Rmb3bn in short-term debt due in 2018 as of June 20, but had only Rmb749m in cash and cash equivalents as of end-March 2018.

Fitch said under normal business operations, the Shanghai-listed unit would likely be able to roll over its short-term debt obligations, but Fitch expects the rapid increase in net debt to Rmb4.4bn at end-March from Rmb1.9bn at end-2016 to challenge its ability to secure refinancing.

Fitch said although a default by the Shanghai-listed unit would not necessarily result in a default at Gangtai Group, it could significantly affect the group's access to funding.

Gangtai Group in March issued the Reg S 1.5-year bonds at 98.648 to yield 10.75% with Haitong International as sole global coordinator, sole bookrunner and sole lead manager. It orignally had sounded out the market for a potential issue of three-year bonds, but switched to a shorter tenor at the end.

The bonds are illiquid and no quotes were found in Thomson Reuters data.

Shares of Gansu Gangtai Holdings were halted from trading on June 11.

› GUOTAI JUNAN INTL SETS UP MTN

GUOTAI JUNAN INTERNATIONAL HOLDINGS, rated Baa2/BBB+ (Moody's/S&P), has set up a HK$15bn (US$1.9bn) medium-term-note programme with *Guotai Junan Securities (Hong Kong)* as arranger.

The programme is listed on the Stock Exchange of Hong Kong.

› GANSU HIGHWAY HIRES FOR DOLLARS

State-owned GANSU PROVINCIAL HIGHWAY AVIATION TOURISM INVESTMENT GROUP, rated BBB–/BBB– (S&P/Fitch), has hired banks to arrange fixed income investor meetings in London, Hong Kong and Singapore starting on July 10.

Bank of China, *Barclays* and *Citigroup* are joint global coordinators. They are also joint bookrunners and joint lead managers along with *Industrial Bank, Hong Kong branch*, *China Construction Bank (Asia)*, *Tensant Securities* and *China Citic Bank International.*

A proposed offering of Reg S senior unsecured US dollar bonds may follow. The notes are expected to be rated BBB–/BBB– (S&P/Fitch).

The issuer is the only enterprise authorised by the provincial government of Gansu, a north-central Chinese province, to undertake fundraising, investment, construction, management and operation of transportation infrastructure projects within the province.

CHINA MOF SERVES DIM SUM OFFERING

China's Ministry of Finance has sold Rmb5bn Dim Sum bonds in its first offering of the year in Hong Kong.

The MINISTRY OF FINANCE OF THE PEOPLE'S REPUBLIC OF CHINA priced a Rmb3.3bn two-year tranche at 3.65% and a Rmb1.7bn five-year tranche at 3.80%.

The MoF announced late last month a plan to raise Rmb10bn from Dim Sum notes in Hong Kong this year, smaller than its total Dim Sum issuance of Rmb14bn last year.

It also said that it would issue US$3bn US dollar bonds in the second half of this year.

CDB SELLS NOTES VIA BOND CONNECT

CHINA DEVELOPMENT BANK, rated A1/A+ (Moody's/S&P), has sold Rmb35bn five-tranche notes in the interbank bond market and via Bond Connect.

The issue was timed to mark the one-year anniversary of the trading scheme linking China's bond market with overseas investors.

The bank priced Rmb4bn one-year notes at par to yield 3.32%, Rmb5bn three-year notes at 3.84%, Rmb8bn five-year notes at 3.95%, Rmb5bn seven-year bonds at 4.15% and Rmb13bn 10-year bonds at 4.04%.

The five tranches were 5.29 times, 4.67 times, 4.01 times, 3.85 times and 5.20 times covered, respectively.

"CDB expects to continue taking advantage of the Bond Connect offering to enlarge the investors' base and enhance the corporation with overseas institutions," the bank said in a press release.

Bank of China (Hong Kong), *Credit Agricole CIB* and *Ping An Securities (Hong Kong)* are the cross-border coordinators of the issue.

Top bookrunners of China syndicated loans
1/1/18 – 30/6/18

	Name	Deals	Amount US$(m)	%
1	Bank of China	151	28,006.3	66.4
2	Citic Sec	4	4,632.7	11.0
3	ABC	1	2,097.7	5.0
4	CDB	2	1,592.6	3.8
5	ICBC	2	434.0	1.0
6	Ping An Bank	2	432.2	1.0
7	BNP Paribas	3	384.6	0.9
8*	ANZ	1	332.2	0.8
8*	ING	1	332.2	0.8
8*	China Everbright	1	332.2	0.8
8*	Nordea	1	332.2	0.8
8*	SEB	1	332.2	0.8
8*	Societe Generale	1	332.2	0.8
	Total	176	42,211.5	

* Based on market of syndication and market total

Proportional credit

Source: Thomson Reuters SDC Code: S8b

SHENGJING BANK PLANS ONSHORE PERP

SHENGJING BANK, based in Shenyang in China's north-eastern Liaoning province, plans to issue up to Rmb9bn of perpetual capital bonds in the onshore interbank bond market.

Proceeds will be used to replenish Tier 1 capital, the Hong Kong-listed city commercial bank said in a filing.

The issue is subject to approval from shareholders, the China Banking and Insurance Regulatory Commission and other relevant regulatory authorities.

STRUCTURED FINANCE

CMB ABS DRAWS FOREIGN INTEREST

CHINA MERCHANTS BANK has printed Rmb5.538bn (US$825m) securities backed by consumer loans in China's interbank bond market. The transaction was also available via the Bond Connect link.

The trade comprises Rmb4.8bn Class A notes, rated AAA/AAA (China Bond/China Lianhe), Rmb270m Class B notes, rated AA/AA+ (China Bond/China Lianhe), and Rmb468m unrated subordinated notes.

The Class A notes with weighted-average life of 0.42 year and the Class B notes with weighted-average life of 1.36 years were priced at par to yield 4.78% and 4.90% respectively.

China Merchants Bank retains 5% of the principal across tranches. Meanwhile, about 20% of the subordinated tranche, with weighted-average life of 2.04 years, was allocated to offshore investors via the Bond Connect link, according to a press release.

A source familiar with the deal said those offshore investors, which had participated in previous onshore ABS deals, were attracted by the relatively good quality of the underlying asset and potential high return of the subordinated tranche.

China Merchants Securities was lead underwriter and bookrunner on the offering. *HSBC Bank (China)* was syndicate member.

Top bookrunners of China equity and convertible offerings
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	Goldman Sachs	26	7,312.8	9.8
2	CICC	12	6,755.1	9.1
3	Morgan Stanley	20	6,489.8	8.7
4	Citic Sec	26	5,485.8	7.4
5	Citigroup	14	4,767.4	6.4
6	BAML	6	4,553.4	6.1
7	China Sec	19	3,605.8	4.8
8	Huatai Sec	16	2,929.2	3.9
9	Guotai Junan Sec	20	2,523.3	3.4
10	Shenwan Hongyuan Sec	4	1,902.9	2.6
	Total	266	74,513.3	

*Market volume

"Standard Exclusion not applicable"

Proportional credit

Source: Thomson Reuters SDC Code: C1m

SYNDICATED LOANS

CDH BORROWS FOR SIRTEX BUY

Chinese alternative asset fund manager CDH INVESTMENTS is raising US$700m through a dual-tranche loan to finance its acquisition of Australian liver cancer treatment specialist Sirtex Medical.

Bank of China Macau branch has underwritten the loan, which is split into a US$300m five-year term loan and a US$400m 18-month bridge. The borrowing is expected to be launched into syndication in the next few weeks.

In mid-June, Beijing-based CDH and its partner, China Grand Pharmaceutical and Healthcare Holdings, emerged as the winner for Sirtex with a A$1.9bn (US$1.4bn) offer, trumping a rival bid from US-based Varian Medical Systems.

According to a stock filing from Sirtex on June 14, CDH will ultimately own 51%, while CGP will own the remainder.

The transaction awaits approval from the Committee on Foreign Investment in the United States. It won the nod from Australia's Foreign Investment Review Board on Tuesday.

Hong Kong-listed CGP announced a rights issue on Wednesday of up to HK$2.88bn (US$367m) to pay for the acquisition. The balance consideration for the acquisition will be funded by existing cash.

Australia has proven an attractive destination for Chinese investment in the healthcare sector, with A$5.5bn in deals agreed since 2015, Reuters reported on Tuesday.

GEELY DRAWS STRONG RESPONSE

A €3.07bn (US$3.57bn) bank loan for ZHEJIANG GEELY HOLDING GROUP's purchase of a stake in Swedish truckmaker Volvo has met with a strong response, with 14 banks joining in senior syndication.

BNP Paribas and *China Citic Bank* were the mandated lead arrangers, bookrunners, underwriters and global coordinators, while BNP was also the facility agent.

Proceeds funded Geely's purchase of an 8.2% stake in Volvo from activist investor Cevian Capital.

The financing comprises a €2.12bn

five-year bullet term loan and a €950m 12-month bridge that offered top level all-in pricing of 185bp and 130bp over Euribor respectively.

Drawdown of the facility took place on May 27.

The loan is the biggest M&A financing in the first half of 2018 for an outbound acquisition from China. Increased government regulatory scrutiny on capital outflows has dented M&A financings from the mainland, which totalled US$3.75bn in the first half of 2018, 37% lower than the US$5.92bn raised in the same period last year.

Geely's subsidiary, Geely Sweden Industry Investment, will hold the stake.

For full allocations, see www.ifrasia.com.

GREENTOWN SIGNS US$800M LOAN

Chinese property developer GREENTOWN CHINA HOLDINGS has signed a US$800m-equivalent three-year syndicated loan, the company said on Tuesday.

The unsecured loan, which can be drawn in HK or US dollars, will be mainly used to refinance Greentown's offshore debt.

The deal pays a margin of 256.5bp over Hibor/Libor and has an average life of 2.7 years.

The financing received strong support and was increased from the launch amount of US$630m.

HSBC led the loan as mandated lead arranger and bookrunner.

China Merchant Bank, *China Construction Bank*, *Bank of East Asia*, *Bank of Communications*, *Dah Sing Bank*, *Fubon Bank*, *Industrial Bank*, *ICBC*, *Mega International Commercial Bank*, *Nanyang Commercial Bank*, *Ping An Bank*, *Shanghai Pudong Development Bank* and *China Minsheng Banking* were mandated lead arrangers.

Bank of Shanghai, *China Everbright Bank*, *Luso International Bank* and *Wing Lung Bank* were lead arrangers.

WISDOM EDUCATION HOLDS SITE VISIT

Hong Kong-listed WISDOM EDUCATION INTERNATIONAL HOLDINGS invited banks to a site visit last Wednesday in Dongguan.

Standard Chartered coordinated the visit to two schools.

The company operates primary and secondary schools in southern China.

In February 2017, it completed a HK$977.5m IPO in Hong Kong.

CHAILEASE PAYS UP FOR QUICK RETURN

CHAILEASE INTERNATIONAL FINANCE is back for a Rmb2bn (US$301m) three-year term loan, with more generous pricing than it paid on a larger borrowing completed in May.

Mizuho Bank (China) is the sole mandated lead arranger and bookrunner of the new loan, which pays an interest margin of 120% of the PBoC rate. The benchmark rate for the three-year tenor has remained unchanged at 4.75% since October 2015.

Co-lead arrangers committing Rmb500m or more earn a top-level participation fee of 25bp, while lead arrangers with tickets of Rmb300m–Rmb490m receive 20bp and arrangers taking Rmb100m–Rmb290m are offered 15bp.

Commitments are due by August 15 and signing is expected to take place in September.

The borrower's previous loan was a Rmb4.5bn three-year borrowing clubbed between four Chinese banks in May. It pays an interest margin of 105% of the PBoC rate, according to Thomson Reuters LPC data.

In early September, CIFC, a wholly owned subsidiary of Taiwan-listed Chailease Holding, signed a US$250m three-year term loan that followed close on the heels of a Rmb2.05bn three-year secured term loan. Mizuho was also the sole MLAB of the renminbi loan, while nine others joined in syndication. The deal paid a top-level fee of 20bp and a margin of 110% of the PBoC rate.

GENIUS AUTO INCREASES LOAN

GENIUS AUTO FINANCE, a subsidiary of Hong Kong-listed Chinese auto maker Geely Automobile Holdings, has increased its second borrowing within six months to Rmb1.13bn.

Three banks joined the deal in general syndication. *Credit Agricole CIB (China)*, *Korea Development Bank Shanghai branch*, *Standard Chartered (China)* and *Sumitomo Mitsui Banking Corp (China)* were the mandated lead arrangers and bookrunners. StanChart is also the facility agent.

The deal was launched in April at an original size of Rmb780m. It is split into a Rmb730m one-year tranche and a Rmb400m two-year piece.

The one and two-year tranches offered top level all-in pricing of 124% and 120% of their corresponding PBoC rates, based on an interest margin of 120% over the benchmark rates. The one-year PBoC benchmark lending rate is now 4.35%, while the two-year rate is 4.75%.

Drawdown took place on June 27 following signing a couple of days earlier.

The loan is Genius Auto's second since January when it wrapped up an increased Rmb900m facility with five lenders. That deal comprises a Rmb800m one-year tranche and a Rmb100m two-year tranche. The borrowing paid a top-level all-in pricing of 123% and 117% of the PBoC rates.

Genius Auto Finance is 80% held by Geely and 20% by BNP Paribas Personal Finance.

For full allocations, see www.ifrasia.com.

EQUITY CAPITAL MARKETS

AURORA MOBILE FILES FOR NASDAQ IPO

AURORA MOBILE has filed for a Nasdaq IPO of up to US$200m, according to a term-sheet.

The Shenzhen-based mobile data aggregator recorded revenues of Rmb284.7m (US$43m) in 2017 versus Rmb70.3m in 2016. Its net loss rose to Rmb90.3m from Rmb61.4m a year earlier.

Credit Suisse, *Deutsche Bank* and *Goldman Sachs* are the bookrunners.

CHINA TOWER STARTS PRE-MARKETING

Mobile phone infrastructure company CHINA TOWER has started pre-marketing a Hong Kong IPO of up to US$10bn, according to people close to the deal.

Pre-marketing will last two weeks, say the people. Bookbuilding is tentatively scheduled to run from July 18 to 25, says one of the people.

One of the determining factors on whether or not China Tower will open books as planned is the debut performance of Chinese smartphone maker Xiaomi next Monday, according to the people.

China Tower, which could be valued at up to US$40bn, is planning to raise US$8bn–$10bn from the float, IFR earlier reported.

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 Mobile, China Unicom and China Telecom set up China Tower in July 2014 to be responsible for the construction, maintenance and operations of their telecommunications towers and infrastructure across the country.

China Mobile holds a 38% stake in China Tower, China Unicom has 28.1% and China Telecom 27.9%. State asset management firm ChinaReform Holding has a 6% stake.

E-HOUSE SEEKS HONG KONG LISTING

E-HOUSE (CHINA) ENTERPRISE has started pre-marketing a Hong Kong IPO of up to US$600m.

The real estate transaction service provider delisted from the New York Stock Exchange in 2016 following a management buyout.

Only primary shares will be sold in the IPO and the funds will be used to grow the business.

The company posted a 2017 profit and total comprehensive income of Rmb765.3m on revenue of Rmb4.6bn.

CICC and *Credit Suisse* are joint sponsors.

WALNUT STREET FILES FOR US$1BN IPO

WALNUT STREET GROUP, an online discounter operating the Pinduoduo mobile e-commerce site, has filed for a US IPO of up to US$1bn, according to a regulatory filing.

The American depository shares will be listed either on Nasdaq or the New York Stock Exchange.

The Shanghai-based company's revenues reached Rmb1.38bn ($208.19m) in the first quarter of 2018 from Rmb37m a year previously, according to the filing. Losses remained broadly steady at Rmb201m versus Rmb207.7m a year earlier.

Pinduoduo was formed three years ago and in the filing claimed 295 million active users of its mobile platform, which allows consumers to group together to increase the discounts offered by merchants.

CICC, *Credit Suisse* and *Goldman Sachs* are the bookrunners.

51 CREDIT CARD STARTS BOOKBUILDING

51 CREDIT CARD has begun bookbuilding for a Hong Kong IPO of up to HK$1.37bn (US$175m).

The online credit management company is selling around 118.7m shares at an indicative range of HK$8.50-$11.50 a share. The Hong Kong retail portion covers about 11.9m shares, and there is an over-allotment option for up to 17.8m shares.

51 Credit Card is expected to price the deal by July 6 and begin trading on July 13.

CNCB Hong Kong Investment, a unit of China Citic Bank, is the sole cornerstone investor, committing to buy around 23.5m shares for around US$30m at mid-point of the IPO price range.

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

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

About 40% or HK$438m of the proceeds will be used to promote the 51 Credit Card Manager App whereas 30% will go to enhance technology and risk management capabilities. The remainder will be for the use of investment or other corporate purposes.

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

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

ASCLETIS SEEKS LISTING APPROVAL

ASCLETIS PHARMA plans has sought listing approval from the Stock Exchange of Hong Kong, becoming the first biotech company to file under new IPO rules.

The company plans to raise about US$500m from the IPO in the second half of the year, IFR reported earlier.

Since April 30, biotech firms with no profits or revenue can list in Hong Kong. People close to the deal had previously told IFR the valuation of Ascletis could reach US$2bn–$3bn at the time of listing.

Founded in 2013, Hangzhou-based Ascletis manufactures anti-viral, cancer and liver-disease drugs.

The company posted revenue of Rmb9m in 2017, down 85% from a year earlier.

China Merchants Securities, *Goldman Sachs* and *Morgan Stanley* are joint sponsors for the IPO.

BABYTREE APPLIES FOR HONG KONG IPO

BABYTREE GROUP, China's largest parenting website, plans to raise about US$600m from a Hong Kong IPO.

The company has filed a listing application to the Stock Exchange of Hong Kong with *China Merchants Securities*, *Haitong International* and *Morgan Stanley* as joint sponsors. *UBS* is lead financial adviser and *Fosun Hani Securities* is co-financial adviser.

The company posted revenue of Rmb729.6m in 2017, up 43% from a year earlier. It had a loss of Rmb911m in 2017, narrowing from a Rmb934.5m loss in 2016.

Babytree.com allows parents to get and share pregnancy and parenting information.

According to a regulatory filing, the company has connected 338 advertising clients and 2,253 third-party e-commerce vendors.

The company has since developed other outlets such as Babytree Parenting mobile app, e-commerce site Meitun MaMa as well as WeTime which focuses on child development.

It has 139 million total monthly active users across all products in 2017.

E-HOUSE LAUNCHES HONG KONG IPO

E-HOUSE (CHINA) ENTERPRISE, a real estate transaction service provider, has started bookbuilding for a Hong Kong IPO of up to HK$5.71bn.

The company is selling 323m primary shares, or 22% of the enlarged share capital, at an indicative price range of HK$14.38–$17.68 each.

There is an overallotment option of 48m primary shares.

The cornerstone investors in the deal are Alibaba-backed Taobao China (US$50m), Henderson Land chairman Lee Shau Kee-backed Successful Lotus (US$38m), Overseas Chinese Town-owned City Legend International (US$151m) and City Developments-owned Educado Company (US$30m).

Books opened last week and close July 13. Shares list on July 20.

The proceeds will be used to further develop the real estate big data system and expand geographical coverage in the primary market and the brokerage network of the real estate agency services. The remainder will be used for staff training, marketing or other general corporate purposes.

The company posted a 2017 profit and total comprehensive income of Rmb765.3m on revenue of Rmb4.6bn.

CICC and *Credit Suisse* are joint sponsors and *Citigroup* is joint bookrunner for the deal.

HUJIANG FILES FOR HONG KONG IPO

HUJIANG EDUCATION AND TECHNOLOGY (SHANGHAI) CORPORATION, an online education provider, has applied for a Hong Kong IPO to raise up to US$500m, a person close to the deal said.

CMB International and *Haitong* are joint sponsors of the float.

Huijiang operates nearly 2,000 proprietary online courses and runs the CCtalk website. Established in 2016, CCtalk had 2.3 million monthly active users in 2017, of which 255,298 paid to use the service.

The company posted a loss of Rmb537m in 2017, up from a loss of Rmb421m in 2016, according to a regulatory filing.

Six shareholders, Cao Jian, Fu Cairui, Yu Jie, Tang Xiaozhe, An Jialiang and Jiang Shaojun, control the company through Hujie Investment, Hujiang Investment, Huji Investment, Shanghai Chengta, Huyuan Investment and Hunian Investment.

INKE PRICES IPO AT BOTTOM

The Hong Kong IPO of Chinese live-video-streaming operator **INKE** is set to raise HK$1.16bn after it was priced at the bottom of the HK$3.85–$5.00 per share range, according to a person close to the deal.

The company sold 302m shares, or 15% of the enlarged share capital. The final price translates into a P/E multiple of 7.2 for 2018 and 5.8 for 2019.

There is an overallotment option of 45m primary shares.

Two cornerstone investors, Focus Media and Bilibili, are buying shares for approximately US$40m.

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.

The stock is scheduled to list on July 12.

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

› INNOVENT BIOLOGICS FILES FOR IPO

INNOVENT BIOLOGICS has applied for a Hong Kong IPO, taking advantage of the city's new rules to allow early-stage drug developers to list.

The Chinese biopharmaceutical company, which counts Fidelity and Temasek among its shareholders, is seeking to raise about US$400m–$500m.

Since April 30, biotechnology firms with no profits or revenue can list in Hong Kong. Like other Chinese peers, Innovent Biologics has dropped an earlier plan to list in New York in favour of Hong Kong.

Founded in 2011 by Dr De-Chao Michael Yu, the company has developed four core antibody products that are in late-stage clinical development with 13 other antibody drugs in the pipeline for development.

According to the regulatory filing, the antibody products are aimed at treating multiple types of cancers, autoimmune disorders and other diseases such as leukemia. The company spent Rmb611m on R&D last year and owns three China-issued patents.

It has also partnered with US drugmaker Eli Lilly to co-develop three cancer treatments in China and overseas.

China Merchants Securities, *Goldman Sachs*, *JP Morgan* and *Morgan Stanley* are joint sponsors for the IPO.

› INTRON TECHNOLOGY PRICES AT BOTTOM

Automotive electronics company INTRON TECHNOLOGY has priced its Hong Kong IPO at the bottom of the HK$2.90–$3.33 range, putting the deal's value at HK$725m, according to a person close to the deal.

The company sold 250m primary shares, and the final price represents a 2018 forecast price-to-earnings multiple of 10.5 and 2019 PE multiple of 6.8.

Cornerstone investor Bull Capital has committed to buy shares for approximately US$17m.

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

Shares will start trading on July 12.

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

According to a regulatory filing, the company posted a net profit of Rmb85m for the nine months ended September 30 2017, representing a 45% year-on-year increase.

› JIUJIANG PRICES IN LOWER HALF

The Hong Kong IPO of BANK OF JIUJIANG is set to raise HK$3.8bn after being priced at HK$10.6 per share, in the lower half of the HK$10.48–$10.96 indicative range, a person with knowledge of the transaction has said.

The bank sold 360m primary shares and the final price represents a 2018 forecast price-to-book multiple of 0.92.

The stock is expected to list on July 10.

Six cornerstone investors are taking up 175m shares. The investors 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).

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

Jiangxi-based Bank of Jiujiang posted a 2017 net profit of Rmb1.76bn. At the end of 2017, its total assets stood at Rmb271bn, capital adequacy ratio at 10.5% and non-performing loan ratio at 1.6%.

› OPERA OPENS NASDAQ TAB

Norwegian software developer OPERA, owned by Shenzhen-listed Beijing Kunlun Tech, has filed for a Nasdaq IPO of up to US$115m.

According to a regulatory filing, Bitmain, IDG Capital Fund and IDG Capital Investors have committed to buy shares totalling US$50m, US$9.5m and US$471,000, respectively at the IPO price.

The Norwegian company, best known for its Opera web and mobile browser, was bought by a Chinese consortium of internet firms in 2016 for US$1.2m.

Beijing Kunlun Tech owns 48% of the company and Zhou Yahui through Keeneyes Future owns 19.5%. As Zhou owns a 25.9% stake in Beijing Kunlun, for which he serves as chairman and CEO, his total holding in Opera is 67.5%.

The company posted operating revenue of US$39.4m in the first three months of 2018, representing an increase of 55% from US$25.5m in the first three months of 2017. It generated a total operating revenue of US$128.9m last year.

Opera served 321.7m average monthly active users in the first three months of 2018, of which 239.4m were smartphone and PC users compared to 202.6m smartphone and PC users during the same period in 2017.

Proceeds will be used for R&D to strength the company's artificial intelligence-driven content and improve the brand's marketing across markets.

CICC and *Citigroup* are joint underwriters for the deal.

› TIANLI EDUCATION GETS TOP MARKS

TIANLI EDUCATION INTERNATIONAL has priced its Hong Kong IPO at the top of the HK$2.26–$2.66 indicative price range, putting the deal's value at HK$1.3bn, according to a person with knowledge of the transaction.

The Chinese private education service provider, which operates in eight cities in western China, sold 500m shares or 25% of its enlarged share capital.

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

The deal is backed by three cornerstone investors. Overseas Chinese Town Asia is committed to buying 100m shares, while Greenwoods Asset Management and Value Partners are buying shares for approximately US$20m and $10m respectively.

Tianli posted a 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.

The stock is scheduled to list on July 12.

CICC is the sole sponsor and sole global coordinator.

› WANKA ONLINE READY TO GO PUBLIC

WANKA ONLINE, a Chinese mobile advertising service provider, has applied for a Hong Kong IPO that could raise up to US$500m, according to a person close to the deal.

CICC, *Citigroup*, *ICBC* and *Macquarie* are joint sponsors on the proposed float.

The company provides advertising services for various industries. It marketed 2,817 mobile apps in 2017 and recently expanded into online game co-publishing and online-video distribution businesses, according to regulatory filings.

The company posted a 2017 net profit of Rmb7.5m, a turnaround from a 2016 loss of Rmb30m.

Wanka's executive directors Gao Dinan and Zheng Wei have a combined controlling interest of 39.7% in the company.

YANCOAL AUSTRALIA FILES IN HK

Coal miner **YANCOAL AUSTRALIA** has submitted an application for a dual primary listing on the Hong Kong stock exchange.

The listing could raise up to US$800m, according to a person close to the deal.

The company, which is currently listed on Australia Securities Exchange, said in a statement that it will retain its Australian listing.

Current shareholders will be able to participate in the Hong Kong capital raising on a pro-rata basis once the application is approved.

"Yancoal has applied for a dual listing in the interests of increasing liquidity in Yancoal's shares and to help further diversify Yancoal's investor base," Yancoal Chairman Baocai Zhang said.

Yancoal Australia shareholders have to approve the listing proposal in September.

Shanghai-listed Yanzhou Coal Mining owns 65.5% of Yancoal Australia and supports the dual listing plan.

The other large shareholders are Cinda International and miner Glencore, which hold respective stakes of 16.7% and 6.8%.

In 2017, Yancoal Australia produced 31.5m tons of saleable coal and earned profit after tax of A$229m (US$169m) on revenue of A$2.6bn.

It operates four coal mines and manages five others across New South Wales, Queensland and Western Australia.

BOCI Asia, *CMB International Capital* and *Morgan Stanley* are the joint sponsors for the dual listing.

Last August, Yancoal Australia completed a US$2.35bn rights issue as part of a US$2.5bn stock offering to raise funds for its US$2.69bn acquisition of Coal and Allied Industries from subsidiaries of Rio Tinto.

HONG KONG

SYNDICATED LOANS

PACIFIC BASIN RAISES US$325M

Hong Kong-listed Pacific Basin Shipping has raised a US$325m seven-year secured revolving credit facility, according to the company's announcement and sources.

BNP Paribas and *HSBC* were the mandated lead arrangers and bookrunners of the borrowing, which offers a margin of 150bp over Libor.

PB VESSELS HOLDING, a British Virgin Islands-based wholly owned subsidiary of Pacific Basin, is the borrower.

The facility will refinance several of Pacific Basin's existing credit facilities and raises fresh capital for previously unencumbered vessels.

The security package comprises 50 dry bulk vessels owned by Pacific Basin, 41 of which were subject to existing mortgages.

Signing was on June 25.

Pacific Basin Shipping is one of the world's leading owners and operators of modern Handysize and Supramax dry bulk vessels. It currently operates around 230 dry bulk ships of which 108 are owned and the rest chartered.

For full allocations, see www.ifrasia.com.

EIGHT JOIN BELLE DIVIDEND RECAP

A HK$30bn (US$3.82bn) five-year amortising loan for shoe retailer **BELLE INTERNATIONAL HOLDINGS** has attracted eight banks in senior syndication.

Bank of America Merrill Lynch and *HSBC* were the original mandated lead arrangers, bookrunners and equal underwriters of the loan, while *Bank of China*, *China Citic Bank International*, *China Merchants Bank*, *China Minsheng Banking Corp*, *DBS Bank*, *Industrial and Commercial Bank of China*, *MUFG* and *Sumitomo Mitsui Banking Corp* joined as MLABs.

The ten MLABs signed the deal on June 25 and general syndication is expected to be launched soon.

The borrowing will finance a HK$13.5bn dividend recapitalisation and is also an amendment and extension of HK$16.5bn outstanding of a HK$28bn leveraged buyout financing closed in June last year.

Top bookrunners of Hong Kong syndicated loans
1/1/18 – 30/6/18

	Name	Deals	Amount US$(m)	%
1	HSBC	17	3,080.2	10.5
2	Bank of China	10	2,235.0	7.6
3	MUFG	9	2,084.4	7.1
4	Standard Chartered	10	1,924.5	6.5
5	ICBC	8	1,490.5	5.1
6	BNP Paribas	5	1,405.8	4.8
7	CCB	10	1,109.1	3.8
8	ANZ	6	970.1	3.3
9	CMB	5	870.5	3.0
10	Bank of East Asia	5	782.5	2.7
	Total	54	29,411.2	

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

Top bookrunners of Hong Kong dollar bonds, inc certificates of deposit, commercial paper
1/1/18 – 30/6/18

	Name	Issues	Amount HK$(m)	%
1	HSBC	95	48,927.0	41.0
2	BoCom	11	22,325.0	18.7
3	Standard Chartered	39	19,580.5	16.4
4	Mizuho	9	4,801.4	4.0
5	Credit Agricole	13	4,761.0	4.0
6	Societe Generale	5	2,284.9	1.9
7	CBA	4	1,950.0	1.6
8	Citigroup	6	1,503.0	1.3
9	BNP Paribas	8	1,440.0	1.2
10	UBS	2	1,325.0	1.1
	Total	205	119,353.8	

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

Top bookrunners of Hong Kong dollar bonds, ex-certificates of deposit, commercial paper
1/1/18 – 30/6/18

	Name	Issues	Amount HK$(m)	%
1	HSBC	39	32,752.0	50.3
2	Standard Chartered	21	10,282.5	15.8
3	Credit Agricole	12	4,261.0	6.5
4	BoCom	2	2,125.0	3.3
5	Societe Generale	4	1,784.9	2.7
6	Mizuho	3	1,749.4	2.7
7	BNP Paribas	8	1,440.0	2.2
8	CBA	2	1,350.0	2.1
9	RBS	2	1,089.0	1.7
10	Goldman Sachs	1	900.0	1.4
	Total	96	65,170.8	

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

Hong Kong global equity and equity-related
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	Goldman Sachs	6	1,197.6	19.2
2	UBS	4	1,061.3	17.0
3	Guotai Junan Sec	3	474.0	7.6
4	China Merchants Sec	2	417.3	6.7
5*	BNP Paribas	1	333.3	5.4
5*	Citic Sec	1	333.3	5.4
7	Haitong Sec	2	218.2	3.5
8	China Oceanwide Intl Grp	1	215.2	3.5
9	Kingston Sec	13	157.6	2.5
10	Get Nice Sec	4	120.6	1.9
	Total	132	6,231.2	

Source: Thomson Reuters

The deal has an average life of 4.4 years and the interest margin is tied to a leverage grid with the opening margin at 275bp over Libor.

The interest margin is tied to a leverage grid with the opening margin at 275bp over Libor for a debt-to-Ebitda ratio of 2.75x–3.25x. If leverage is higher than 3.25x, the margin increases to 315bp over Libor and for leverage of 2.25x–2.75x and less than 2.25x, it steps down to 225bp and 175bp respectively.

Existing lenders are offered a consent fee of 35bp for the A&E exercise, which involves a restating of the tenor, loosening of covenants and relaxation of restrictions around the company's future plans and corporate actions.

Banks were invited to join the dividend recapitalisation portion in sub-underwriting as MLABs with tickets of HK$3bn or above for participation fees of 100bp and early bird fees of 10bp, translating to an all-in of 300bp.

UA FINANCE TRIPLES LOAN TO HK$4.7BN

UNITED ASIA FINANCE has nearly tripled a multi-tranche loan to HK$4.72bn-equivalent following commitments from 18 banks in general syndication.

Mizuho Bank, *Standard Chartered* and *Taipei Fubon Commercial Bank* were the mandated lead arrangers and bookrunners of the latest financing, which comprises a HK$2.25bn four-year tranche A, a HK$2.25bn three-year tranche B and a US$28m four-year tranche C. The US dollar portion is only available to Japanese banks.

The deal was launched into syndication at an initial size of HK$1.6bn-equivalent in mid-April, offering a top-level all-in pricing of 220bp based on an interest margin of 190bp over Hibor/Libor and an average life of three years.Proceeds are for refinancing and working capital.

Pricing on the new loan is marginally tighter than that on a HK$850m four-year financing UA Finance raised in February. Taipei Fubon Commercial Bank and Taishin International Bank were the MLABs on that dual-tranche facility, which offered a top-level all-in pricing of 222.9bp based on an interest margin of 200bp over Hibor and a blended average life of 3.5 years.

For full allocations, see www.ifrasia.com.

EQUITY CAPITAL MARKETS

AOBIOME THERAPEUTICS FILES HK IPO

AOBIOME THERAPEUTICS, a clinical-stage life sciences company, has applied for a Hong Kong IPO that could raise around US$150–$200m, a person with knowledge of the transaction said.

Citigroup and *Haitong* are joint sponsors on the proposed float.

Headquartered in the US, the company is following three other biotech companies, namely Ascletis Pharma, Hua Medicine and Innovent Biologics, to take advantage of Hong Kong Stock exchange's new rule to allow early-stage drug developers to list. Starting April 30, firms in the sector with no profits or revenue can list in Hong Kong.

The company posted a loss of US$11.7m in 2017, up 33% from a 2016 loss of US$8.8m, according to regulatory filings.

It has six ongoing clinical programmes for diseases like eczema, rosacea, allergic rhinitis, migraine and hypertension.

Wang Jun, chairman and non-executive director, is the controlling shareholder with 36.2% and 11.7% stakes owned through AI Enterprise II and Biome Holding, respectively.

ONLINE LENDER EYES US$500M FLOAT

WELAB HOLDINGS, owner of online lending startup WeLend in Hong Kong and WoLaiDai in China, has applied for a Hong Kong IPO of up to US$500m.

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

Founded in Hong Kong five years ago, the company has attracted investments from Credit Suisse, billionaire Li Ka-shing's TOM Group, International Finance Corp, Malaysia's Khazanah Nasional and Alibaba Entrepreneurs Fund.

Silver Breeze is the single largest shareholder with a 23% stake. WeLab co-founder and chief executive Simon Loong is the sole director of Silver Breeze.

Malaysia's Bukit Galla, owned by government investment fund Khazanah Nasional, controls 12.4% of the company, TOM Online Payment Investments and Innovative Mind own 6.8% each.

The company posted a 2017 net profit of US$21m, a turnaround from a 2016 loss of US$24m.

WeLend had originated loans for HK$2.3bn as of end-March this year. WoLaiDai had accumulated over 28m registered users and facilitated Rmb13.3bn (US$2bn) of loans by end-March.

INDIA

DEBT CAPITAL MARKETS

PNB HOUSING SEEKS BOND APPROVAL

PNB HOUSING FINANCE will seek shareholder approval on July 27 to raise up to Rs450bn (US$6.57bn) from non-convertible debentures in one or more tranches, according to a filing on exchanges.

The Indian housing finance company recently received board approval to raise up to Rs100bn from a maiden issue of retail bonds.

Many non-banking financial companies are trying 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 of fresh debt funding during the current financial year ending next March to support double-digit portfolio growth.

Top lead managers of Indian rupee bonds
1/1/18 – 30/6/18

	Name	Issues	Amount Rs(m)	%
1	Axis	78	375,041.2	28.2
2	HDFC	49	219,225.1	16.5
3	Trust Group	65	175,890.1	13.2
4	ICICI	58	112,845.1	8.5
5	HSBC	8	69,100.0	5.2
6	Yes Bank	17	62,094.3	4.7
7	AK Capital	28	49,745.6	3.7
8	State Bank of India	16	40,834.6	3.1
9	Kotak Mahindra	16	40,406.3	3.0
10	Edelweiss Financial	13	38,650.5	2.9
	Total	181	1,329,567.0	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: AS23

Top bookrunners of India syndicated loans
1/1/18 – 30/6/18

	Name	Deals	Amount US$(m)	%
1	Axis	8	1,112.8	11.4
2	L&T Financial Services	18	1,108.8	11.3
3	Yes Bank	9	1,074.5	11.0
4	State Bank of India	8	1,011.1	10.3
5	Standard Chartered	9	681.5	7.0
6	Indusind-Bank	15	588.9	6.0
7	DBS	3	505.3	5.2
8	MUFG	5	496.8	5.1
9	ICICI	6	444.2	4.5
10	Mizuho	3	353.5	3.6
	Total	68	9,786.4	

* Based on market of syndication and market total
Proportional credit
Source: Thomson Reuters SDC Code: S10b

COASTAL GUJARAT EYES BONDS

COASTAL GUJARAT POWER is planning to raise Rs20bn–Rs25bn from domestic bonds, according to market sources.

The rupee-denominated notes will be guaranteed by parent Tata Power.

CGP is looking at five to 10-year maturities or a staggered redemption option.

The funds will be used for refinancing external commercial borrowing loans.

CGP is yet to make an announcement on the amount and the tenor of the bond issue.

ECL FILES FOR RETAIL BONDS

ECL FINANCE has filed a draft shelf prospectus with the market regulator to raise up to Rs20bn from a public issue of bonds in one or more tranches, according to a BSE filing.

The non-banking financial services arm of Edelweiss Financial Services is looking at three, five and 10-year maturities, according to a source close to the plans.

The funds will be used for lending, repayment of interest, principal on loans and general corporate purposes.

Axis Bank and *Edelweiss Financial* are the lead arrangers.

Crisil and Icra have assigned AA stable ratings to the retail bonds.

PANEL SUGGESTS AMC FOR BAD LOANS

An Indian government panel has suggested creating an asset management company to resolve bad loans above Rs5bn, among steps to clean up the banking sector, the interim finance minister said last Monday.

The panel of bankers was formed last month as lenders, already burdened by a near-record Rs9.5trn of soured loans as of last year, reported a further rise in bad loans in the quarter to March after the central bank withdrew half a dozen loan-restructuring schemes and tightened some rules.

"This is a completely bank-led resolution process and there is no immediate role for the government in this," minister Piyush Goyal told reporters in a late-night news conference, adding that banks can transfer bad assets to the AMC or an alternate investment fund depending on market conditions.

Goyal, who is standing in for regular Finance Minister Arun Jaitley, also said that for small and medium-sized industries with loans of up to Rs500m, a template will be made so that bank officials can decide within 90 days of a loan going sour how to resolve them.

India's 21 state banks account for two-thirds of banking assets in the country and hold close to 90% of soured loans.

India equity and equity-related
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	Axis	11	1,498.1	12.8
2	Citigroup	10	1,472.1	12.6
3	Kotak Mahindra	10	1,178.9	10.1
4	State Bank of India	10	1,046.5	9.0
5	Morgan Stanley	4	911.1	7.8
6	JM Financial	11	677.4	5.8
7	ICICI	8	662.7	5.7
8	HDFC	3	446.1	3.8
9	Edelweiss Financial	8	386.7	3.3
10	Pantomath Capital Advisors	24	368.0	3.2
	Total	155	11,690.6	

Source: Thomson Reuters SDC Code: C1L

VEDANTA PRINTS 3YR BONDS

VEDANTA has raised Rs10bn from three-year bonds at 9.18%, according to a filing on exchanges.

Yes Bank was the sole arranger for the notes.

The latest issue highlights the rising cost of borrowing for Indian issuers. In April, the subsidiary of London-listed Vedanta Resources raised Rs40bn from three-year bonds at 8.5%, split across two tranches.

Last month, Vedanta sealed a Rs34bn 10-year loan at an all-in pricing of 8.8%.

The miner has been on a fundraising since it paid Rs53.2bn to acquire a 90% stake in Electrosteel after the bankruptcy court named it the winning bidder in March. 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.

Crisil has assigned a AA rating to the notes of the issuer.

SYNDICATED LOANS

PFC EXTENDS RFP DEADLINE

State-owned POWER FINANCE CORP has extended the deadline for its request for proposals for a US$250m five-year loan to July 20.

PFC has been exploring options for dollar loans, alongside RURAL ELECTRIFICATION CORP, which is also seeking a US$250m five-year loan.

PFC last tapped the offshore loan market in April for a US$300m five-year borrowing. MUFG, Mizuho Bank and State Bank of India were the mandated lead arrangers and bookrunners of the facility, which attracted four others in general syndication. The loan paid a top-level all-in pricing of 100bp based on an interest margin of 70bp and has a 4.5-year remaining life.

EQUITY CAPITAL MARKETS

› CHALET HOTELS FILES FOR RS20BN IPO

Hospitality company **CHALET HOTELS** has filed the draft prospectus for an IPO of up to Rs20bn (US$290m).

Primary shares for Rs9.5bn and 24.7m secondary shares will be sold. The vendors of the secondary shares are Ravi Raheja, Neel Raheja, K Raheja Corp, Palm Shelter Estate and Ivory Properties.

The company reported a net profit of Rs1.18bn in the financial year to March 31 2017 as against a loss of Rs1.34bn in 2016.

Chalet Hotels is part of the K Raheja Group and owns four hotels which are operated by Marriot Hotels.

Axis, *JM Financial*, *Morgan Stanley* are the bookrunners.

› PURANIK FILES PROSPECTUS FOR IPO

PURANIK BUILDERS has filed the draft prospectus for an IPO of up to Rs10bn.

Primary shares for Rs8.1bn and 1.9m secondary shares will be sold. Shailesh Puranik, Shrikant Puranik, Yogesh Puranik and Nilesh Puranik are among the vendors of the secondary shares.

The company earned a profit before tax of Rs739.7m in the financial year to March 31 versus Rs323.3m a year earlier.

Puranik develops residential projects in the western Indian cities of Mumbai and Pune.

Edelweiss and *IIFL Holdings* are the bookrunners.

› FLEMINGO TRAVEL PUSHES IPO TO AUGUST

FLEMINGO TRAVEL RETAIL has pushed back the launch of a Rs25bn IPO to early August from June because of weak market conditions, people with knowledge of the transaction said.

The operator of duty-free shops will sell primary shares for Rs24bn and 1.1m secondary shares. Shareholder Flemingo Duty Free Shop Mumbai is the vendor of the secondary shares.

Flemingo has outlets at airports in India, Sri Lanka and Africa.

It reported a net loss of Rs1.14bn in the financial year to March 31, lower than a loss of Rs1.18bn in 2016.

Axis, *Credit Suisse*, *HSBC*, *ICICI Securities* and *Yes Securities* are bookrunners on the float.

› HDFC AMC DELAYS IPO OF UP TO RS35BN

HDFC ASSET MANAGEMENT has delayed the launch of its up to Rs35bn IPO after the market regulator last week asked it to scrap a pre-IPO share placement to financial advisers, people with knowledge of the transaction said.

The IPO was originally due to open for subscription from July 11 to July 13 and the price range was to be announced last week.

HDFC AMC issued shares worth Rs1.5bn to 140 distributors in April. This prompted other AMCs to complain to the Securities and Exchange Board of India that such an issue would affect the ability of the financial advisers to give neutral advice to their clients. As a result Sebi has asked HDFC AMC to cancel the placement and refund the money to the distributors.

Sebi could not be immediately contacted for comment.

"It will take one or two weeks for HDFC AMC to sort out this whole issue. We have been asked to stop all marketing of the IPO till a new timetable is finalised," a banker on the deal said.

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

DEBT CAPITAL MARKETS

› PLN PRICES PUBLIC BOND ISSUE

PERUSAHAAN LISTRIK NEGARA is planning to raise Rp2.03trn (US$142m) from public bonds, including Rp750bn from sukuk, according to a source close to the plans.

The power utility has priced both portions at 7.8% for five years, 8.35% for seven years, 8.4% for ten years, 8.9% for 15 years and 9% for 20 years.

PLN is yet to announce the breakdown for the tranches.

It has mandated *Bahana, BNI, CGS-CIMB, Danareksa, DBS Vickers, Indo Premier* and *Mandiri Sekuritas* for the issue.

The conventional bonds and sukuk are rated AAA by Pefindo.

PLN's capital expenditure is on the rise. It plans to use the funds for the construction of power plants, transmission and distribution infrastructure to increase electricity capacity.

In May, PLN issued long-dated dual-tranche US dollar bonds. It raised US$1bn from a 10-year tranche at 5.45% and the same amount from a 30-year portion at 6.15%. It dropped plans for an offshore rupiah bond because of the slide in the domestic currency.

In February, PLN raised Rp3.23trn from a public issue in five tranches.

› SMI PRICES MAIDEN GREEN BOND

SARANA MULTI INFASTRUKTUR has set yields of 7.55% for three years and 7.8% for five years ahead of a debut offering of Green bonds, according to a source close to the plans.

The infrastructure financing company is planning to sell Rp1trn of Green conventional bonds and Rp355bn of Green sukuk across both tenors, with pricing the same for the two types of notes.

In April, SMI set up a green framework covering six eligible project categories, including renewable power, energy efficiency, transportation, water and waste management.

It has been approved as an accredited entity with direct access to the multilateral Green Climate Fund, set up by countries who are parties to the United Nations Framework Convention on Climate Change, which requires clear management and

Top bookrunners of Indonesian rupiah bonds
1/1/18 – 30/6/18

	Name	Issues	Amount Rp(m)	%
1*	BNP Paribas	1	1,350,000.0	7.6
1*	MUFG	1	1,350,000.0	7.6
1*	Mandiri SARL	1	1,350,000.0	7.6
1*	HSBC	1	1,350,000.0	7.6
5	Indo Premier Sec	7	1,128,266.7	6.4
6	CIMB Group	2	659,800.0	3.7
7	Trimegah Sec	4	560,121.7	3.2
8	Citigroup	1	500,000.0	2.8
9	Danareksa	4	462,666.7	2.6
10	Bahana Sec	2	418,166.7	2.4
	Total	**15**	**17,665,655.0**	

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

PLN launches debut dollar loan

Loans **State-owned utility borrows up to US$2bn for capital expenditure**

Indonesian state-owned electric utility company PERUSAHAAN LISTRIK NEGARA has launched a debut foreign currency corporate loan of up to US$2bn with seven banks in the arranger group.

ANZ, *Bank of China Hong Kong*, *Citigroup*, *Mizuho Bank*, *OCBC*, *Sumitomo Mitsui Banking Corp* and *United Overseas Bank* are the mandated lead arrangers and bookrunners.

The leads have fully underwritten and pre-funded the dual-tranche loan, which comprises a US$1.2bn five-year amortising term loan tranche A and a US$300m three-year revolving credit facility tranche B.

The borrowing also comes with a greenshoe option of up to US$500m.

Tranche A pays an interest margin of 92.32bp (offshore) or 102.32bp (onshore) over Libor and has an average life of 4.18 years, while tranche B pays 75bp (offshore) or 85bp (onshore) and has an average life of 2.83 years.

Lenders can join as lead arrangers for US$50m and above, as arrangers for tickets of US$30m–$49m, or as lead managers for US$10m–$29m.

For lenders solely participating in tranche A, lead arrangers receive 65bp in participation fees for a top-level all-in of 107.87bp (offshore) or 117.87bp (onshore), while arrangers are offered 50bp for an all-in of 104.28bp (offshore) or 114.28bp (onshore). Lead managers receive 45bp in fees for an all-in of 103.09bp (offshore) or 113.09bp (onshore).

Tranche B offers participation fees of 52.5bp, 47.5bp and 42.5bp respectively for the three ticket levels.

For participation in both tranches, lead arrangers receive a blended top-level all-in pricing 105.8bp (offshore) or 115.8bp (onshore), while arrangers earn a blended all-in of 102.47bp (offshore) or 112.47bp (onshore) and lead managers are offered a blended all-in of 101.19bp (offshore) or 111.19bp (onshore).

The deadline for commitments is August 10. Bank presentations will be held in Singapore on July 9, Taipei on July 11 and Tokyo on July 13.

Proceeds raised will be used for capital expenditure and general corporate purposes.

PLN is a frequent borrower in the bond markets and a sponsor/offtaker on project financings in Indonesia. In November PT Cirebon Energi Prasarana raised a US$1.74bn financing for the construction of the Cirebon 2 power plant in West Java province. PLN has entered into a 25-year power purchase agreement with the project company.

In May, the Indonesian power utility, rated Baa2/BB/BBB, raised US$2bn from a two-part bond – US$1bn from 5.45% 10-year notes at 99.619 to yield 5.5% and US$1bn from 6.15% 30-year notes at 99.323 to yield 6.2%.

PLN provides most of the public electricity and electricity infrastructure in Indonesia, including the construction of power plants, power generation, transmission, distribution and retail sales of electricity.

CHIEN MI WONG

reporting on all climate-related financings.

CGS-CIMB Sekuritas, *Danareksa Sekuritas*, *Indo Premier Sekuritas*, and *Maybank Kim Eng Sekuritas* are lead arrangers.

Indonesia, the world's fifth-largest emitter of greenhouse gases, has to cut emissions by 26% by 2020 and 29% by 2030, according to Bank of America Merill Lynch research.

In February, the sovereign raised US$1.25bn from five-year Green sukuk at 3.75%, along with a regular US$1.75bn 10-year sukuk, priced at 4.40% in the offshore market.

Top bookrunners of Indonesia syndicated loans
1/1/18 – 30/6/18

	Name	Deals	Amount US$(m)	%
1	Bank Mandiri	3	854.1	18.4
2	CIMB Group	6	454.8	9.8
3	MUFG	4	403.2	8.7
4	State Bank of India	1	400.0	8.6
5	Standard Chartered	7	331.3	7.1
6	DBS	5	262.0	5.6
7	Bank Central Asia	2	249.1	5.4
8	BNP Paribas	4	223.9	4.8
9	Citigroup	3	200.0	4.3
10	SMFG	4	197.7	4.3
	Total	**16**	**4,654.8**	

Based on market of syndication and market total

Proportional credit

Source: Thomson Reuters SDC Code: S11b

JAPAN

SYNDICATED LOANS

TNS TO REFINANCE PRAXAIR BRIDGE

TAIYO NIPPON SANSO CORP plans to refinance bridge loans backing its €5bn (US$5.9bn) acquisition of Praxair Inc's European businesses with loans, bonds and hybrid financings, the Tokyo Stock Exchange-listed industrial gas company said in a statement on Thursday.

The company does not plan to raise equity as it wants to avoid diluting shareholders, it added.

Taiyo Nippon Sanso has agreed to buy a part of Praxair's industrial gases businesses in Europe with cash on hand and bridge loans.

The European businesses to be sold include Belgium, Denmark, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and Britain, and include approximately 2,500 employees.

The deal helps bring Munich-based Linde and Danbury, Connecticut-based Praxair one step closer to securing the US$83bn all-share merger that will create a global leader in gas distribution, with revenues of almost US$29bn and 88,000 staff.

The acquisition is expected to complete in the second half of 2018, depending on the planned Praxair-Linde merger going through.

Mizuho Securities was the financial adviser to Taiyo Nippon Sanso, while Credit Suisse Securities advised Praxair.

Taiyo Nippon Sanso last visited the syndicated loan market in March when it raised a ¥4bn (US$36m) five-year term loan arranged by MUFG.

Indonesia global equity and equity-related
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	Credit Agricole	2	270.3	17.8
2*	BNP Paribas	1	246.0	16.2
2*	Nomura	1	246.0	16.2
4	Bank Mandiri	4	116.1	7.6
5	Ciptadana Sec	2	84.2	5.5
6	Morgan Stanley	1	74.3	4.9
7	Credit Suisse	2	64.9	4.3
8	Danareksa	2	62.7	4.1
9	Citic Sec	2	54.2	3.6
10	Danatama Makmur	1	43.2	2.8
	Total	**19**	**1,519.1**	

Source: Thomson Reuters

BPCE rides strong demand for SNP bonds

Bonds **French lender's five-part Samurai confirms regional appetite for TLAC-eligible paper**

BPCE raised ¥119.5bn (US$1.08bn) in the Samurai bond market last week with 98% of the deal in senior non-preferred format, offering further proof of strong Japanese investor demand for loss-absorbing capital instruments.

The French bank offered both senior and senior non-preferred bonds in the five-tranche deal. The SNP portion initially comprised five and 10-year Social bonds, but, as demand for the 10-year exceeded the ¥40bn cap, the French bank at the last minute decided to add a 10-year non-Social tranche with the same terms except for the use of the proceeds.

The ¥66.1bn five-year Social SNP priced at 50bp over swaps with a 0.645% coupon, while both ¥40bn Social and ¥10.9bn non-Social 10-year SNPs priced at 69bp over swaps with a 0.989% coupon. The spread for the five-year landed at the tight end of the initial 50bp–55bp range, while the spread for the 10-year was near the tight end of the 68bp–72bp range.

The far smaller senior preferred portion was split between ¥1.3bn of 0.245% five-year and ¥1.2bn of 0.549% 10-year. The spreads over yen offer side swaps were 10bp and 25bp, respectively.

These two tranches had been marketed on a reverse enquiry basis and priced at the wide end of the initial guidance ranges of 5bp–10bp and 20bp–25bp. Nevertheless, the issuer wanted to show its commitment to Japanese investors by issuing them, in spite of their small size, to accommodate the entire spectrum of demand.

The successful reception of the SNP portion underlines the strong demand for TLAC/MREL bonds among Japanese investors.

"More than 120 accounts participated just for the SNP portion," said a banker on the deal. "This shows how strong demand is for SNP from Japanese investors."

Like the recent MREL/SNP deals of Lloyds Banking Group and Credit Agricole, regional investors were actively involved, continuing a trend that began after Japan's Financial Services Agency in mid-April clarified the capital treatment of banks' holdings of TLAC bonds. Regional investors took 40% of BPCE's five-year SNP Social bonds and 20% of the 10-year SNP Social bonds.

The lower regional participation in the 10-year SNP was due to demand from life insurers and other central investors attracted by the near 1% coupon and the ESG feature. Another banker on the deal said one insurer started participating by buying the 10-year SNP.

Daiwa, *Mitsubishi UFJ Morgan Stanley*, *Natixis*, *Nomura* and *SMBC Nikko* are the lead managers on the deal. Expected ratings are A1/A/A/A (Moody's/S&P/Fitch/R&I) for SP and BBB+/A/A– (S&P/Fitch/R&I) for both SNP Social and non-Social.

TAKAHIRO OKAMOTO

JOGMEC MAKES QUICK RETURN

JAPAN OIL GAS & METALS NATIONAL CORP is seeking a one-year bullet term loan of ¥30.992bn, three months after signing a similar borrowing.

The interest rate on the government-guaranteed loan will be determined through a conventional auction with pricing bids due on July 20, the state-backed company said in a statement on Monday. *Mizuho Bank* is the agent.

Drawdown is slated for August 10. Proceeds will be for operating funds.

JOGMEC is a frequent visitor to the syndicated loan market and last raised a ¥393.536bn one-year term loan in April at a zero interest rate. That loan met with heavy oversubscription of up to ¥2.527trn from lenders, such as regional banks.

EQUITY CAPITAL MARKETS

SOFTBANK TO HOLD IPO BEAUTY CONTEST

SoftBank Group will hold a beauty contest this month to select bookrunners for the IPO of its Japanese mobile phone unit, DealWatch reported last Friday.

The timing puts the listing of SOFTBANK CORP on track for the second half of the year in a deal that bankers said earlier could raise as much as ¥2trn (US$18bn).

Nomura, Mitsubishi UFJ Morgan Stanley and Mizuho are already advising on the listing, but SoftBank will make a final decision on lead managers after the beauty contest, according to DealWatch, a Thomson Reuters publication.

SoftBank Group announced preparations for the spin-off in February and has since refinanced or amended its outstanding debt to remove guarantees from the mobile phone subsidiary. It is expected to file for the listing on the Tokyo Stock Exchange in July, and may also consider a dual listing on an overseas exchange.

MALAYSIA

DEBT CAPITAL MARKETS

AFFIN BANK PLANS DEBUT AT1

AFFIN BANK is planning to sell its first Additional Tier 1 bonds under the Basel III regime from a newly established M$3bn (US$751.8m) programme.

RAM rates the programme A3, three notches below the Malaysian bank's corporate rating of AA3, to reflect its subordinated ranking. The programme was lodged with the Securities Commission last Monday.

The first issuance of around M$500m is expected to be launched by the end of the month. Under the AT1 terms, a loss-absorption feature will require holders of the bonds to write off their investments if the bank's Common Equity Tier 1 capital ratios, at the consolidated or entity level, fall below 5.125%. Affin Bank's CET1 ratio stood at 11.99% at end-March while its Tier 1 capital ratio was at 12.02%.

RAM said Affin Bank's AA3 rating

Top bookrunners of all Malaysian ringgit bonds
1/1/18 – 30/6/18

	Name	Issues	Amount M$(m)	%
1	CIMB Group	22	9,720.4	23.2
2	RHB	16	8,552.7	20.5
3	Maybank	20	6,193.0	14.8
4	AMMB	19	6,075.8	14.5
5	K&N Kenanga	7	1,556.7	3.7
6	Affin	4	1,400.9	3.4
7	HSBC	2	1,100.0	2.6
8	Bank Islam Malaysia	2	845.2	2.0
9	OCBC	2	561.9	1.3
10	UOB	2	372.5	0.9
	Total	**65**	**41,829.7**	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: AS8

Top bookrunners of Malaysia syndicated loans
1/1/18 – 30/6/18

	Name	Deals	Amount US$(m)	%
1	Mizuho	2	2,051.7	23.8
2*	UOB	1	2,000.0	23.2
2*	Standard Chartered	1	2,000.0	23.2
2*	HSBC	1	2,000.0	23.2
5*	ING	1	127.5	1.5
5*	Natixis	1	127.5	1.5
7	OCBC	2	55.0	0.6
8*	BNP Paribas	1	51.7	0.6
8*	Citigroup	1	51.7	0.6
8*	MUFG	1	51.7	0.6
8*	Hong Leong Financial	1	51.7	0.6
8*	SMFG	1	51.7	0.6
	Total	**5**	**8,620.0**	

* Based on market of syndication and market total

Proportional credit

Source: Thomson Reuters SDC Code: S14b

reflected expected extraordinary support from majority shareholder Lembaga Tabung Angkatan Tentara, commonly known as the Armed Forces Fund, as well as the bank's strong capitalisation.

GENTING'S BET PAYS OFF

GENTING MALAYSIA has increased a triple-tranche bond issue to M$2.6bn to absorb additional demand from deal-starved investors.

The gaming and resorts company sold a M$1.4bn five-year tranche at par to yield 4.98%. The M$750m 10-year tranche priced at 5.30% while the M$450m 15-year priced at 5.58%.

Malaysia global equity and equity-related
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	CIMB Group	2	176.5	15.3
2	JP Morgan	1	160.4	13.9
3	Maybank	3	147.0	12.8
4	RHB	7	134.0	11.7
5	BNP Paribas	1	128.6	11.2
6	K&N Kenanga	4	58.1	5.1
7	Affin	2	55.9	4.9
8	Mercury Sec	11	52.3	4.6
9	M and A Sec	8	44.9	3.9
10	AMMB	3	37.4	3.3
	Total	**68**	**1,150.4**	

Source: Thomson Reuters

Genting had originally targeted an issue size of M$1.8bn when it launched the deal with initial price guidance of 4.9%–5.0%, 5.2%–5.3% and 5.5%–5.6% for the respective tranches. This was tightened with 2bp shaved off the wide ends of the ranges for the five and 15-year tranches.

No distribution statistics were available.

Since the new government came to power after the May 9 general election, the ringgit bond market has seen at least six transactions, but the bulk of those were private placements. Genting provided investors with a high-quality credit, rated AAA by RAM, and a recognisable brand name.

The bonds will settle on July 11, off a newly established M$3bn MTN programme. GENM Capital is the issuer of the notes, which will be guaranteed by parent Genting Malaysia. Proceeds will be used to meet operating expenses, capital expenditure, debt refinancing, working capital and investment needs.

AmInvestment Bank, *CIMB*, *Hong Leong Investment Bank*, *Maybank*, *OCBC Bank Malaysia* and *RHB Investment Bank* were joint lead bookrunners.

RESTRUCTURING

PERDANA GETS CDRC SHELTER

PERDANA PETROLEUM has entered into a formal debt restructuring process, the Malaysian offshore marine services provider said in a statement to Bursa Malaysia on Wednesday.

Perdana said it had obtained approval on July 2 to conduct the exercise under the corporate debt restructuring committee process. The CDRC, housed under Bank Negara Malaysia, mediates between debtors and creditors. Companies approved to undergo the process are assessed to be viable as a going concern after restructuring is completed.

Under the CDRC, Perdana has to propose a debt restructuring scheme within 60

AirAsia loan glides in syndication

Loans **Fly Leasing attracts eight banks on US$1.287bn portfolio purchase facility**

A dozen lenders have joined New York-listed **FLY LEASING**'s US$1.2867bn secured loan backing its planned purchase of aircraft from Malaysia's budget airline AirAsia.

This brings the number of banks in the deal to 20. General syndication has closed and allocations are being finalised.

BNP Paribas, *Citigroup*, *Commonwealth Bank of Australia* and *Deutsche Bank* are the original mandated lead arrangers and bookrunners of the facility. *First Abu Dhabi Bank* and *MUFG* joined as MLABs, while *Fifth Third Bank* and *Korea Development Bank* came in as MLAs before the launch into general syndication.

The eight banks and one other lender signed the senior secured credit agreement on June 15.

The deal comprises a US$582.2m term loan tranche A for Fly Leasing and a US$704.5m term loan tranche B for **INCLINE B AVIATION**. Tranche A is further split into a US$145.55m two-year tranche and a US$436.65m five-year portion, while tranche B comprises a US$176.125m two-year tranche and a US$528.375m five-year portion.

The two and five-year tranches paid top-level all-in pricing of 166.13bp and 196.21bp, respectively, based on interest margins of 150bp and 180bp over Libor and estimated average lives of 1.86 and 4.01 years.

Fly Leasing, together with BBAM's other capital partners, Nomura Babcock & Brown and Incline Aviation, will buy 132 aircraft from AirAsia and its subsidiary Asia Aviation Capital, as well as 14 engines and options to acquire 50 A320neo family aircraft. The deal is secured against 65 delivered, on-lease aircraft, according to a term-sheet for the loan.

Five different airlines within the AirAsia Group have leased 33 of the 34 initial aircraft Fly Leasing is acquiring. These planes have an average age of 6.6 years and a remaining lease term of 6.2 years, according to an announcement from the company on February 28.

Additionally, Fly Leasing will buy 21 A320neo aircraft that will be subject to 12-year leases to AirAsia Group airlines. These aircraft are slated for delivery between 2019 and 2021. Furthermore, it will acquire the option to buy an additional 20 A320neo planes that are not subject to lease. These aircraft are slated for delivery in 2019.

The entire sale is part of AirAsia's efforts to sell non-core assets and will allow it to cut debt. It raises about US$902m of cash proceeds and gives AAC an enterprise value of US$2.85bn.

EVELYNN LIN

Top bookrunners of New Zealand syndicated loans
1/1/18 – 30/6/18

	Name	Deals	Amount US$(m)	%
1	ANZ	6	2,110.7	97.3
2	CBA	1	58.3	2.7
	Total	**7**	**2,169.0**	

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

Top bookrunners of all Philippine peso bonds
1/1/18 – 30/6/18

	Name	Issues	Amount Ps(m)	%
1	BDO Unibank	6	20,690.5	20.0
2	China Bk Capital Corp	7	19,765.5	19.1
3	BPI	5	17,357.1	16.8
4	Standard Chartered	3	8,747.6	8.5
5	ING	2	6,957.1	6.7
6	Philippine National	2	6,666.7	6.5
7	Metropolitan B&T	2	6,190.5	6.0
8	Deutsche	1	4,100.0	4.0
9	Union Bank of the Philippines	1	3,333.3	3.2
10	JP Morgan	1	2,900.0	2.8
	Total	**13**	**103,415.7**	

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

Philippines global equity and equity-related
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	UBS	2	729.3	22.9
2	Metropolitan B&T	2	604.7	19.0
3	BPI	3	560.2	17.6
4*	Deutsche	1	390.4	12.3
4*	JP Morgan	1	390.4	12.3
4*	Goldman Sachs	1	390.4	12.3
7	Maybank	1	76.6	2.4
8	BDO Unibank	1	27.9	0.9
9	RCBC	1	14.9	0.5
	Total	**8**	**3,184.6**	

Source: Thomson Reuters

Top bookrunners of all Singapore dollar bonds
1/1/18 – 30/6/18

	Name	Issues	Amount S$(m)	%
1	DBS	22	2,956.8	38.6
2	OCBC	17	2,425.5	31.6
3	UOB	5	948.8	12.4
4	HSBC	5	470.0	6.1
5	Standard Chartered	6	386.1	5.0
6	Credit Suisse	4	233.2	3.0
7	CIMB Group	1	128.8	1.7
8	Hong Leong Financial	1	70.0	0.9
9	ANZ	1	33.3	0.4
10	Haitong Sec	1	16.7	0.2
	Total	**35**	**7,669.0**	

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

Top bookrunners of all Singapore dollar bonds (non-domestic)
1/1/18 – 30/6/18

	Name	Issues	Amount S$(m)	%
1	DBS	2	440.0	58.7
2	OCBC	2	190.0	25.3
3*	UOB	1	40.0	5.3
3*	Standard Chartered	1	40.0	5.3
3*	Credit Suisse	1	40.0	5.3
	Total	**3**	**750.0**	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: AS14

Top bookrunners of all Singapore dollar bonds (domestic)
1/1/18 – 30/6/18

	Name	Issues	Amount S$(m)	%
1	DBS	20	2,516.8	36.4
2	OCBC	15	2,235.5	32.3
3	UOB	4	908.8	13.1
4	HSBC	5	470.0	6.8
5	Standard Chartered	5	346.1	5.0
6	Credit Suisse	3	193.2	2.8
7	CIMB Group	1	128.8	1.9
8	Hong Leong Financial	1	70.0	1.0
9	ANZ	1	33.3	0.5
10	Haitong Sec	1	16.7	0.2
	Total	**32**	**6,919.0**	

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

days. It will also remain under a standstill arrangement agreed with bank lenders on July 2.

Perdana has M$455m (US$114m) of outstanding Islamic bonds, all of which are guaranteed by state-owned insurance agency Danajamin Nasional. The bonds – comprising M$90m of 4.6% 2019s, M$90m of 4.75% 2020s and M$275m of 4.9% 2021s – were part of an overall M$635m of bonds sold in 2016 with a Danajamin wrap. A rating of AAA on the outstanding bonds was affirmed by RAM Ratings at end-May based mainly on the Danajamin guarantee.

In its note, RAM said Perdana had been hit by an oversupply in the offshore support vessels segment, resulting in a 23% drop in revenues in 2017. The company's net loss widened to M$66.66m in the first quarter of this year, from M$45.9m a year earlier.

Under the CDRC process, Perdana will negotiate with both bank lenders and bondholders.

PHILIPPINES

EQUITY CAPITAL MARKETS

DOUBLEDRAGON PRICES FOLLOW-ON

Developer DOUBLEDRAGON PROPERTIES is set to raise Ps4.1bn (US$76m) from a follow-on stock offering after pricing the offer at the bottom of the Ps30–Ps40 range.

The institutional offer closed the week before last while the retail offer was scheduled to close last Friday.

Around 135m shares are being sold, of which an international long-only institution bought a sizable chunk.

BPI Capital and *Maybank ATR Kim Eng* are the lead underwriters. Maybank is also international bookrunner with *Credit Suisse* and *UBS*.

SINGAPORE

DEBT CAPITAL MARKETS

MCT UPSIZES PROGRAMME

MAPLETREE COMMERCIAL TRUST has upsized its multi-currency MTN programme to S$3bn (US$2.2bn) from S$1bn.

The programme was established in 2012 with DBS Trustee, in its capacity as MCT trustee, and Mapletree Commercial Trust Treasury as issuers. It allows senior and perpetual bonds to be issued.

DBS Bank is lead arranger as well as joint arranger with *Citigroup Global Markets Singapore*, *OCBC* and *UOB*.

The property trust's last foray into the Singapore dollar bond market was in March when it sold S$120m of 6.5-year senior notes at 3.28%. DBS Bank was sole lead manager for the transaction, rated Baa1 by Moody's.

PUB RESTORES INTERRUPTED SUPPLY

Banks were bidding last week for a rare mandate from PUBLIC UTILITIES BOARD to arrange a S$300m 15-year bond offering.

The Singaporean statutory board is returning to the bond market after seven years as it needs to refinance a S$400m 3.9% note due to mature on August 31. Its last visit was in July 2010 when it sold S$400m of 3.012% 12-year bonds.

A deal from a high-quality issuer is a welcome break in the current drought in the Singapore dollar bond market. Only two deals, a S$200m three-year bond from Mapletree Investments and a S$130m four-

Top bookrunners of Singapore syndicated loans
1/1/18 – 30/6/18

	Name	Deals	Amount US$(m)	%
1	DBS	10	2,430.6	15.0
2*	CCB	1	1,690.0	10.4
2*	ICBC	1	1,690.0	10.4
4	Maybank	5	1,414.5	8.7
5	OCBC	6	1,292.9	8.0
6	Standard Chartered	2	832.7	5.1
7	UOB	3	811.0	5.0
8	CTBC Financial	2	711.7	4.4
9	ING	4	647.3	4.0
10	SMFG	1	645.5	4.0
	Total	24	16,205.0	

* Based on market of syndication and market total

Proportional credit

Source: Thomson Reuters SDC Code: S16b

year bond from CapitaLand Retail China Trust, were sold in June.

While the unrated credit is rare and represents Singapore sovereign risk, bankers say a tight pricing from PUB would turn away a broad investor base.

The return comes as benchmark rates are increasing. The 15-year Singapore dollar SOR is currently hovering at 2.743%, up nearly 40bp from the start of the year.

Bids were due last Friday.

SYNDICATED LOANS

IOI REFINANCES MARINA BAY BRIDGE

Malaysian developer IOI PROPERTIES has begun development on land in the Marina Bay area and closed a S$1.8bn (US$1.32bn) five-year facility that refinanced a bridge loan that funded the purchase of the plot.

MUFG was the coordinating bank on the term loan, which refinanced a S$2.83bn bridge facility that came due in March. The new loan, signed in March, attracted *DBS Bank*, *OCBC Bank*, *Sumitomo Mitsui Banking Corp* and *United Overseas Bank*.

The new loan could have been increased to up to S$2.1bn, but was closed at S$1.8bn.

The S$2.3bn one-year bridge originally came due in September, but was extended by six months as IOI Properties was looking to partner with Hongkong Land Holdings for the development of the land. MUFG and UOB were the lenders on the bridge financing.

However, in March, IOI Properties announced that it had terminated the proposed joint venture with Hongkong Land because certain conditions precedent were not fulfilled.

Both companies had announced in June 2017 that they were to jointly develop and manage the land of approximately 1.1 hectares located adjacent to One Raffles Quay, and close to Marina Bay Financial Centre in Singapore. The construction comprises two office towers of approximately 1.26 million square feet of leasable space and a small retail podium of around 30,000 square feet.

Wealthy Link, a wholly owned subsidiary of IOI Properties, won the tender for a parcel of leasehold land at Central Boulevard in Singapore for S$2.57bn at the end of 2016, and obtained approval in February this year to commence development of the land.

IOI Group is an integrated palm oil producer, which also engages in property development. The group's flagship, IOI Corp Bhd, is listed on the Kuala Lumpur Stock Exchange.

Singapore global equity and equity-related
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	DBS	11	712.9	21.9
2	Goldman Sachs	2	611.5	18.8
3	Citigroup	6	473.8	14.5
4	HSBC	4	375.4	11.5
5	BAML	2	156.9	4.8
6	UOB	5	147.4	4.5
7	RHB	1	107.7	3.3
8	Citic Sec	1	98.6	3.0
9*	Credit Suisse	2	65.3	2.0
9*	Maybank	2	65.3	2.0
	Total	39	3,258.5	

Source: Thomson Reuters

RESTRUCTURING

CW FACES CREDITOR WOES

Creditors of cash-strapped CW GROUP HOLDINGS have filed separate petitions to the Grand Court of the Cayman Islands to liquidate the company on the grounds that it is unable to pay its debts.

In its winding-up petition filed on June 29, Brownstone Ventures also asked that Eleanor Fisher and Gordon MacRae of Kalo Cayman and Osman Arab of RSM Hong Kong be appointed as joint official liquidators of the company.

Brownstone's petition came after similar moves by other creditors. Fubon Bank Hong Kong filed a petition in the Cayman Islands Grand Court court on June 22 for the company to be wound up, while BOC Hong Kong filed petition on June 28 to appoint joint provisional liquidators for the company. The BOC petition will be heard on July 11 in Cayman Islands.

CW Group said that it had filed a summons in the Cayman court in the wake of the Brownstone petition to appoint the same recommended liquidators on the grounds that it planned debt restructuring proposals to present to its creditors. The appointment of liquidators will shelter the company from any legal proceedings against it without the approval of the Cayman court.

In addition, the Hong Kong-listed precision engineering solutions company faces a statutory demand filed by Chong Hing Bank in Hong Kong. The demand is for the immediate repayment of a US$6.388m bank loan guaranteed by CW Group and granted to subsidiary CW Advanced Technologies.

CWAT is seeking a moratorium from the Singapore High Court to stay legal proceedings against it. It is also seeking to be liquidated by Hong Kong's High Court.

CWAT triggered an event of default two weeks ago after it failed to redeem an outstanding S$55.25m (US$35m) 7% bond.

SOUTH KOREA

DEBT CAPITAL MARKETS

KEXIM FINDS BRIGHT SPOT IN EUROS

The EXPORT-IMPORT BANK OF KOREA on Tuesday turned to the euro market and achieved both size and a better cost of funding than in dollars.

The South Korean export credit agency priced a €750m (US$873m) five-year benchmark senior unsecured bond at mid-swaps plus 43bp, drawing orders of over €1.08bn from 68 accounts. This was tightened from guidance of plus 45bp area and initial price talk of mid-swaps plus 55bp area.

A source close to the deal estimated that

Top bookrunners of all South Korea Won bonds
1/1/18 – 30/6/18

	Name	Issues	Amount Won(m)	%
1	KB Financial	289	14,946,324.0	17.1
2	NH Inv & Sec	166	11,595,130.0	13.3
3	Mirae Asset Daewoo	185	9,921,310.0	11.3
4	Korea Investment	254	9,723,091.0	11.1
5	Kyobo Life	97	5,613,280.0	6.4
6	SK Sec	67	4,085,000.0	4.7
7	DB Financial Investment	76	3,934,400.0	4.5
8	Hana Financial	59	3,762,717.0	4.3
9	Shinhan Financial	37	2,602,000.0	3.0
10	Samsung Sec	29	2,491,017.0	2.9
	Total	2,010	87,476,749.7	

*Market volume

Proportional credit

Source: Thomson Reuters SDC Code: AS22

South Korea global equity and equity-related
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	Goldman Sachs	4	1,638.4	16.8
2	Citigroup	5	1,309.5	13.5
3	Credit Suisse	3	998.8	10.3
4	Daishin Sec	8	977.1	10.0
5	NH Inv & Sec	8	875.9	9.0
6	Korea Investment	10	617.2	6.3
7	JP Morgan	1	609.2	6.3
8	Shinhan Financial	14	502.6	5.2
9	Hana Financial	7	332.7	3.4
10	Mirae Asset Daewoo	5	303.1	3.1
	Total	70	9,728.1	

Source: Thomson Reuters SDC Code: C1Q

the issue had priced around 10bp inside Kexim's dollar curve, and had paid at most a 4bp–5bp new issue concession against its euro bonds.

The issuer also managed to achieve the top end of the €500m–€750m target it had been considering. That might have been a challenge in the dollar market, which has seen deal flow from emerging markets slow to a trickle and secondary prices slump.

The bonds are expected to be rated Aa2/AA/AA–, in line with the issuer.

By country, Germany and the Nordics each bought 13%, the UK 12%, Benelux 11%, Switzerland 9%, France 8%, and the rest of Europe 6%. Asia, the Middle East, and others booked 28%.

Central banks and official institutions took 48% of the bonds, asset managers and fund managers 29%, insurers and pension funds 12%, and banks and others 11%.

Credit Agricole, *Credit Suisse*, *Commerzbank*, *HSBC* and *ING* were joint bookrunners.

The bonds were seen around reoffer in secondary trading on Wednesday.

KOGAS JOINS SWISSIE TREND

KOREA GAS opened books last Monday for a maximum SFr200m (US$201m) five-year bond at 33bp area over mid-swaps with an expected 0.2% coupon.

This was in line with guidance at mid-swaps plus 33bp, equivalent to 67bp over Swiss government Eidgenossen bonds, with a final coupon and yield of 0.2075% priced at par.

At that level, it came around 37bp through KoGas's US dollar secondary curve and in line with the Swiss franc curve.

The deal was not terribly granular, with only 12 accounts taking part. The vast majority of paper went to asset managers, with almost all the rest going to private banks.

With SFr2.1bn printed this year, South Korean supply is the highest by region of non-Swiss issuers.

KoGas is rated Aa2/AA–/AA–. *UBS* was sole lead.

The bonds are expected to be SNB repo eligible.

TAIWAN

SYNDICATED LOANS

SANYANG MOTOR DRIVES IN NT$6BN REFI

Taiwanese car and motorcycle parts manufacturer SANYANG MOTOR is returning to the loan market for a NT$6bn (US$197m) five-year term loan after a three-year absence.

Land Bank of Taiwan is the mandated lead arranger and bookrunner of the deal, which comprises a NT$3.6bn term loan tranche A and a NT$2.4bn revolving credit tranche B.

The deal offers an interest margin of 100bp over Taibor, with a pre-tax interest rate floor set at 1.7%.

Banks are being invited for a 12bp upfront fee and the bookrunner title for commitments of NT$2.5bn or more, a 7bp fee and the manager title for NT$600m–$2.4bn, or a 5bp fee and the participant title for NT$400m–$599m. The deadline for responses is July 13.

The bulk of the proceeds will refinance a NT$6bn three-year facility the borrower obtained in December 2015, while the remainder will go towards working capital. LBoT also led that deal, which offered a margin of 122.2bp over Taibor.

INNOLUX UPSIZES TO NT$43.75BN

Taiwanese LCD maker INNOLUX has increased a five-year loan to NT$43.75bn after attracting 17 banks in general syndication.

Top bookrunners of all Taiwan dollar bonds
1/1/18 – 30/6/18

	Name	Issues	Amount NT$(m)	%
1	Yuanta Financial	5	24,200.0	50.1
2	HSBC	1	6,000.0	12.4
3	KGI Financial	5	5,750.0	11.9
4	Masterlink Sec	2	3,500.0	7.2
5	Capital Sec	1	1,000.0	2.1
6*	E Sun Financial	1	700.0	1.5
6*	Taishin Financial	1	700.0	1.5
8	Taiwan Cooperative	1	300.0	0.6
9	Fubon Financial	1	200.0	0.4
	Total	17	48,350.0	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: AS11

CTBC Bank and *Taipei Fubon Commercial Bank* were the mandated lead arrangers and bookrunners, while seven other banks came in with the same title.

The loan was launched in early May at an initial size of NT$35bn, offering top-level upfront fees of 36bp.

The interest margin is tied to the borrower's after-tax net profit margin: 105bp over Taibor for an after-tax net profit margin below 0%, 98bp for 0%–2.9%, 88bp for 3%–5.9% and 83bp for 6% or more. The pre-tax interest rate floor is set at 1.7%.

Signing is slated for July 11.

Innolux last tapped the market in September 2016 for a NT$35bn five-year term loan. Bank of Taiwan, Chang Hwa Commercial Bank, CTBC, DBS Bank, Land Bank of Taiwan, Mega International Commercial Bank, Taipei Fubon and Taiwan Business Bank were the MLABs on that deal, which offered a margin ranging from 90bp to 120bp based on the borrower's after-tax net profit margin.

For full allocations, see www.ifrasia.com.

HONGWELL SIGNS NT$3.3BN LOAN

Top bookrunners of Taiwan syndicated loans
1/1/18 – 30/6/18

	Name	Deals	Amount US$(m)	%
1	Mega Financial	21	3,525.5	20.0
2	Taiwan Financial	23	3,429.5	19.4
3	Taiwan Cooperative	17	1,447.4	8.2
4	Land Bank of Taiwan	11	988.7	5.6
5	Fubon Financial	12	981.1	5.6
6	Taishin International	10	941.0	5.3
7	SMFG	3	613.4	3.5
8	DBS	5	550.9	3.1
9	Chang Hwa Commercial	9	501.5	2.8
10	Hua Nan Financial	7	501.3	2.8
	Total	73	17,669.1	

* Based on market of syndication and market total
Proportional credit
Source: Thomson Reuters SDC Code: S19b

Taiwan global equity and equity-related
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	Morgan Stanley	2	261.5	22.2
2	Yuanta Financial	6	241.5	20.5
3	Taishin Financial	7	239.7	20.3
4	Grand Fortune Sec	4	100.8	8.5
5	Mega Financial	4	59.7	5.1
6	Sinopac Holdings	6	49.8	4.2
7	Cathay Financial	4	38.9	3.3
8	KGI Financial	4	30.4	2.6
9	Fubon Financial	6	30.3	2.6
10	Concord Sec	1	28.0	2.4
	Total	57	1,180.2	

Source: Thomson Reuters

Top bookrunners of all Thai baht bonds
1/1/18 – 30/6/18

	Name	Issues	Amount Bt(m)	%
1	Kasikornbank	20	66,827.9	21.0
2	Siam Commercial	12	39,236.3	12.3
3	Bangkok Bank	14	32,064.5	10.1
4	Krung Thai	11	27,309.5	8.6
5	MUFG	6	20,642.9	6.5
6	Thanachart Capital	5	20,250.0	6.4
7	Phatra Sec	5	15,742.9	4.9
8	CIMB Group	7	15,033.3	4.7
9	UOB	8	10,528.3	3.3
10	Standard Chartered	3	10,509.5	3.3
	Total	**53**	**318,949.1**	

*Market volume
Proportional credit
Source: Thomson Reuters SDC Code: AS7

Property developer Hongwell Group has signed a NT$3.3bn five-year loan backing a property project in New Taipei City.

First Commercial Bank was the mandated lead arranger and bookrunner of the borrowing, while *Agricultural Bank of Taiwan* and *Land Bank of Taiwan* came in with the same title.

The deal comprises a NT$3bn term loan tranche A and a NT$300m guarantee tranche B.

The interest margin on tranche A is 88bp over the one-year post office savings rate, with a pre-tax interest rate floor of 1.7%, while tranche B pays an annual guarantee fee of 80bp.

Banks joining as MLABs with were offered a top-level upfront fee of 25bp. Signing was on June 25.

HONGWELL NEW TAIPEI, a subsidiary of Hongwell, is the borrower.

Hongwell last tapped the loan market in May 2016 when its subsidiary Hongwell Siyuan raised a NT$3.62bn multi-tranche project financing. Bank of Taiwan, Land Bank of Taiwan, Taiwan Business Bank and Taiwan Cooperative Bank were the MLABs on that deal.

For full allocations, see www.ifrasia.com.

Top bookrunners of Thailand syndicated loans
1/1/18 – 30/6/18

	Name	Deals	Amount US$(m)	%
1*	Maybank	1	240.0	48.2
1*	CIMB Group	1	240.0	48.2
3	CTBC Financial	1	18.0	3.6
	Total	**2**	**498.0**	

* Based on market of syndication and market total
Proportional credit
Source: Thomson Reuters SDC Code: S18b

Thailand global equity and equity-related
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	Credit Suisse	3	1,882.5	58.3
2	Morgan Stanley	3	428.9	13.3
3*	Phatra Sec	1	169.3	5.2
3*	BAML	1	169.3	5.2
5	Bangkok Bank	1	117.0	3.6
6	TISCO	2	115.1	3.6
7	Siam Commercial	1	113.4	3.5
8	Bualuang Sec	1	88.3	2.7
9	Kasikornbank	1	80.7	2.5
10	Oaklins (FKA M&A Intl Inc)	1	31.9	1.0
	Total	**13**	**3,230.3**	

Source: Thomson Reuters

THAILAND

DEBT CAPITAL MARKETS

TRUE RINGS A REFINANCING NOTE

TRUE MOVE H UNIVERSAL COMMUNICATION is pre-marketing a dual-tranche bond to retail investors ahead of a formal public offering to raise up to Bt20bn (US$606m).

The Thai mobile phone operator, rated BBB+ by Tris, is showing three and five-year bonds at initial price guidance of 3.7%–3.8% and 4.05%–4.15%, respectively.

Joint lead managers *Bangkok Bank*, *CIMB Thailand*, *Kasikornbank*, *Krungthai Bank* and *Siam Commercial Bank* are taking preliminary indications of interest from high-net-worth and retail investors to gauge public demand at the tight end of the range. This demand will influence where the bonds will price and how much will be set aside for institutional investors.

This is an unusual procedure compared to a typical public offering where bonds are priced before being marketed to retail investors. But weak demand in recent bond deals prompted the issuer and its banks to test demand early to ensure that the deal can be fully subscribed.

Appetite from retail investors will be a major factor in the deal's success since not all institutional investors can subscribe to Triple B credits and the deal is not hard underwritten by the leads.

According to documents filed with the Securities Exchange Commission of Thailand, True Move will hold the public offering from July 26 to August 1. Proceeds will refinance Bt20bn of bonds due to mature on July 29.

True Move is a subsidiary of of Thai telecoms company True Corporation.

BANGCHAK GEARS UP FOR REFILL

BANGCHAK plans to raise up to Bt5bn from domestic bonds next month, breaking a three-year absence from the local debt market.

Bank of Ayudhya and *Kasikornbank* will be joint lead managers and underwriters. Proceeds will be used for working capital and expansion plans.

The Thai oil refiner and distributor has not raised funds in the bond market since March 2015 when it sold Bt3bn of 12 and 15-year notes. As a result, the leads are expected to spend time to reintroduce the credit to institutional and high-net-worth investors over the next few weeks before a deal is launched.

Bangchak, listed on the Stock Exchange of Thailand, is owned by state-backed Vayupak Fund 1, Social Security Office and the Ministry of Finance. It is rated A by Tris to reflect its established refining business and strong market position in the fuel retailing business.

MITR PHOL FINDS NO SWEET SPOT

MITR PHOL SUGAR raised Bt7.49bn from a triple-tranche bond on June 29, falling short of a maximum target of Bt10bn.

Vietnam global equity and equity-related
1/1/18 – 30/6/18

	Name	Issues	Amount US$(m)	%
1	Deutsche	3	599.3	24.2
2	Morgan Stanley	2	533.1	21.6
3	VCSC	1	307.9	12.5
4*	Citigroup	2	291.4	11.8
4*	Credit Suisse	2	291.4	11.8
6*	HSBC	1	225.3	9.1
6*	Maybank	1	225.3	9.1
	Total	**3**	**2,473.7**	

Source: Thomson Reuters

Rival bankers said the Thai agricultural and commodity distributor had sounded out tight spreads in pre-marketing price indications, but gave in to investor requests for a slight increase in spreads during bookbuilding.

A Bt2.21bn seven-year tranche was priced at par to yield 3.22%, a Bt1.63bn 10-year tranche at 3.68% and a Bt3.65bn at 3.99%. Initial guidance on the respective tranches was 3.13%–3.22%, 3.59%–3.68% and 3.91%–4.00%. A five-year tranche was dropped.

CIMB Thailand, *Siam Commercial Bank* and *Standard Chartered* were joint lead managers and underwriters for the deal, rated A+ by Tris.

EDL-Generation pays up for size

Bonds **Laotian utility aims to widen HNW base with Bt17.5bn six-tranche deal**

EDL-GENERATION last Wednesday fixed coupons on a six-tranche bond that will raise up to Bt17.5bn (US$528.5m), making it its largest bond offering to date.

A three-year tranche priced at par to yield 3.9%, a five-year piece at 4.5%, a seven-year piece at 4.85%, a ten-year piece at 5.5%, a 12-year tranche at 6% and a 15-year at 6.25%. This was equivalent to around 206bp, 238bp, 245bp, 272bp, 305bp and 313bp over Thai government bonds.

The Laotian hydropower producer, rated BBB+ by Tris, left generous premiums for investors. The spreads were above the secondary market levels for similarly rated issuers. For instance, the average spread for a Triple B credit last week was around 175bp for bonds due to mature over the next three years and 206bp for bonds due to mature in five and more years.

Recent bonds are also less generous. True Move H Universal Communication, also rated BBB+ by Tris, is pre-marketing three-year notes at 3.7%–3.8% and five-year notes at 4.05%–4.15% for an even larger size of Bt20bn. A factor in True Move's favour is that is owned by Thai telecoms giant True Corporation, a credit well known to Thai investors, while EDL-Generation is a foreign government-backed utility, which represents higher credit risk.

In addition, EDL-Generation was targeting high-net-worth investors to widen its investor base and priced the bonds to bring these wealthy retail investors on board. Its two previous deals were taken up mostly by institutional investors.

The funds will be used to support EDL-Generation's expansion spree. The utility is acquiring stakes in the Xayaburi and Don Sahong hydropower plants at a combined cost of US$450m. The bulk (US$380m) of the cost will pay for a 20% stake in the 1,285MW Xayaburi project from its parent state-run Electricite du Laos. The project, estimated to cost a total of US$4bn, is due to begin commercial operations next year. EDL-Generation is also buying a 20% stake for US$70m in the US$420m Don Sahong project, which has a capacity of 260MW.

This will add to its current stable of 16 hydropower plants and a solar farm with a combined production capacity of 1,137MW.

The bonds were priced without a bookbuilding process. Subscription will run from July 10-12, with settlement set for July 13.

Bangkok Bank, *Krungthai Bank*, *Siam Commercial Bank*, *Standard Chartered Bank Thai* and *Thanachart Bank* are joint lead managers for the deal. Twin Pine Group is sole financial adviser.

EDL-Generation last visited the Thai bond market with a US$312m triple-tranche issue in September 2016, the largest onshore US dollar-denominated bond issue in Thailand at the time.

KIT YIN BOEY

ASIA DATA

ASIAN SYNDICATED LOAN PIPELINE UPDATES WEEK OF 3 JULY

Company	Currency	Size (m)	Margin (All-in)	Tenor (mths)	Facility	Arrangers
Australia						
National Storage REIT	US$	715			Revolver/Term Loan	
oOh!Media	A$	450			Revolver/Term Loan	
Scentre Management	A$	250	105	66	Revolver/Term Loan	BTMU, NAB, ANZ
	A$	250	130	84	Revolver/Term Loan	NAB, BTMU, ANZ
China						
Bluestar Finance Holdings	US$	500	175 (205)	36	Term Loan	CA-CIB, China Development Bank
ECS (Shanghai) Management	Rmb	650	570 (589)	36	Term Loan	Hang Seng Bank
Tianjin Great Wall Binyin Automotive Finance	Rmb	800	500.25 (587)	12	Term Loan	HSBC, DBS
ZTE Corp	US$	10,700			Term Loan	BoC, China Development Bank
Hong Kong						
China Aviation Capital Group Holdings	US$	300	170 (240)	36	Term Loan	Ping An, DB
Hangzhou Cogeneration (Hong Kong)	US$	20	200	36	Revolver/Line >= 1 Yr.	O-Bank
	US$	80	220	36	Term Loan	O-Bank
India						
L&T Global Holdings	US$	137	65 (84)		Revolver/Term Loan	First Abu Dhabi Bank, SCB
Reliance Industries	US$	2,700			Revolver/Term Loan	
Vedanta	Rs	34,000	(880)	120	Revolver/Term Loan	SCB
Indonesia						
Pertamina (Persero)	US$	1,800		180	Term Loan	BTMU
Japan						
Nippon REIT Investment Corp	¥	20,000			Term Loan	BTMU
Tokai Carbon	¥	34,100			Term Loan	
Korea (South)						
Shinhan Bank	US$	100	35 (45)	12	Term Loan	BTMU
	US$	100	60 (71)	36	Term Loan	BTMU
	US$	100	73 (81)	60	Term Loan	BTMU
Malaysia						
Employees Provident Fund of Malaysia	£	300		60	Revolver/Term Loan	
Singapore						
Vitol Asia Pte	US$	1,000	55 (70)	12	364-Day Facility	OCBC
Vietnam						
Joint Stock Commercial Bank for Investment & Development of Vietnam	US$	150	117 (137)	36	Term Loan	Cathay Financial Holdings

Source: Thomson Reuters LPC

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	382.651	−0.072	0.005	−0.456	155
ADHY	Asian-dollar high-yield index	580.960	−0.852	−1.969	−4.549	619
AGIG	Asian-dollar government high-grade index	353.748	0.077	0.033	−1.106	146
AGHY	Asian-dollar government high-yield index	691.833	0.490	−1.917	−3.413	443
ACIG	Asian-dollar corporate high-grade index	408.618	−0.124	−0.006	−0.229	158
ACHY	Asian-dollar corporate high-yield index	476.569	−1.113	−1.979	−4.772	653

Source: Merrill Lynch

LAST WEEK'S ECM DEALS

Stock	Country	Date	Amount	Price	Deal type	Bookrunner(s)
Tianli Education	China	04/07/18	HK$1.3bn	HK$2.66	IPO (primary)	CICC
Inke	China	04/07/18	HK$1.16bn	HK$3.85	IPO (primary)	CICC, Citigroup, Deutsche

Source: IFR Asia