

IFR ASIA DCM BRIEFING

IFR Asia DCM Briefing - July 31 2015

The Republic of Indonesia revised guidance on multi-tranche offering of Samurais, partially comprising bonds without guarantees from the Japan Bank for International Cooperation.

Price guidance on the fixed-rate tranches of three and five years, which will be standalone notes, have been updated to 87bp and 108bp, respectively, over yen offer-side swaps.

The bonds, marketed yesterday at 85bp–90bp and 108bp–115bp over swaps, are expected to score ratings of Baa3 from Moody's and BBB– from Fitch, both on par with the sovereign.

The 10-year fixed bonds carry a guarantee for the JBIC, which is rated higher at A1 (Moody's) and AA– (S&P). Those bonds are being marketed at 27bp over swaps, the wider end of yesterday's 26bp–27bp guidance.

The bonds are expected to price next Tuesday.

Mizuho, Nomura and SMBC Nikko are joint lead managers.

Greentown China Holdings said it had received consents from a majority of holders of its US dollar and Dim Sum bonds to amend certain terms of its indentures.

The developer held a consent solicitation for its US\$700m 8.5% notes due 2018, its US\$500m 8.0% notes due 2019, and its Rmb2.5bn (US\$403m) 5.625% Dim Sum due 2016, along with an exchange offer for its 2018 and 2019 dollar bonds.

Greentown had sought to amend certain indentures related to change of control, indebtedness and asset sales, among others.

The offer was prompted after China Communications Construction Group built up its interest in Greentown, acquiring a 4.627% stake in May to take its ownership to 28.912%, making it the largest shareholder. State-owned CCCC will provide the keepwell deed for the new notes.

Consenting bondholders received a fee of US\$2.5 per US\$1,000 in principal amount of the 2018s and 2019s, and Rmb25 per Rmb10,000 of the 2016s.

Those tendering their notes in the exchange offer were deemed to have granted consent.

Greentown plans to issue US dollar bonds with a yield of at least 5.875%, with pricing to be announced no later than August 4.

Bondholders opting to exchange will receive US\$1,063.75 in face value of new notes for every US\$1,000 in principal of 2018s tendered, and US\$1,070 in face value of new notes for every US\$1,000 of 2019s, plus accrued interest.

The new senior notes will have a maturity date of August 11 2020, with an interest rate yet to be decided. They will carry guarantees from subsidiaries of Greentown, with a keepwell deed and deed of undertaking.

Credit Suisse, HSBC, UBS and BOCI Asia are dealer managers for the exchange offer, having also managed the consent solicitation.

ANZ Bank of New Zealand, London branch, Aa3/AA–/AA–, priced a US\$750m 144A/Reg S five-year senior unsecured note offering at T+125bp, from initial guidance of T+130bp–135bp. The active bookrunners were ANZ, Citigroup and JP Morgan.

BNZ International (Aa3/AA–/AA–) priced a €250m tap of its December 2019 FRNs at 58bp over three-month Euribor, from initial guidance of 60bp over. This would take the total outstanding to €550m. Deutsche Bank, DZ Bank and NAB managed the deal.

HNA Group (International) Company, a subsidiary of HNA Group, has mandated seven banks as joint bookrunners for a proposed offering of US dollar bonds.

The seven are *Bank of China, Bank of Communications Hong Kong branch, CITIC CLSA Securities, Guotai Junan Securities (Hong Kong), Guoyuan Securities Brokerage (Hong Kong), Hong Kong International Securities and Oversea-Chinese Banking Corporation*.

Meetings for the Reg S issue will start next Monday in London, Singapore and Hong Kong.

The unrated notes are expected to be issued under the company's US\$1bn medium-term notes programme. HNA Group will guarantee the notes.

Local currency

Agricultural Development Bank of China, one of China's main policy lenders, and other development banks will issue over Rmb1trn (US\$161bn) of new bonds in coming years to fund lending for infrastructure projects, three people with direct knowledge of the plans told Reuters.

The bonds will be issued in multiple tranches, the first as soon as about a month from now, and will receive policy support from the central bank and other policymakers to ensure adequate demand, the sources said.

The bonds' tenors will likely be of 10 years or longer, they said.

"The funds will be primarily used to pursue large city infrastructure projects and also poverty-alleviation projects," one of the sources added. An Agricultural Development Bank official, when reached for comment, said he had no information on the programme at the moment.

The central bank did not respond to a request for comment. The finance ministry could not immediately be reached for comment.

SABMiller, a London-based multinational brewing and beverage company, has raised an impressive A\$700m (US\$511m) from today's debut offering of Australian dollar five-year medium-term notes via joint lead managers ANZ and *Westpac*.

Demand was such that the leads were able to price the 3.75% August 5 2020s 7bp inside 135bp area guidance at 128bp over asset swaps for a yield of 3.7625%. Even at 128bp over the final order book was A\$1.1bn, which suggests an even larger deal was possible.

Domestic institutional investors who have been starved of corporate issuance this year bought the majority of today's bond. Only BHP Biliton has sold a larger corporate bond in 2015, March 19's all time record-equalling A\$1bn five-year print.

Although today's issue, through FBG Treasury (Australia), is technically a domestic corporate offering, investors will treat it like a rare corporate Kangaroo because its global parent company is the guarantor.

SABMiller, the world's second-largest brewer in revenue terms, is rated A3/A- (Moody's/S&P).

Asian Development Bank has increased its 2.6% January 16 2020 Kangaroo line by A\$500m (US\$365m) to raise the issue size to A\$1.2bn.

Citigroup, *CBA* and *RBC Capital Markets* were joint lead managers for today's reopening, priced at 99.967 for a yield of 2.6075%, 54bp wide of the April 2020 Australian Commonwealth Government bond.

Triple A rated ADB raised A\$700m from the bond's initial print on January 9 2015, priced at 99.419 to yield 2.725%, equivalent to 44bp over ACGBs.

Inter-American Development Bank has tapped its 3.25% February 7 2020 Kangaroo bond for A\$100m (US\$73m) to increase the issue size to A\$1.55bn.

JP Morgan was sole lead manager for the Triple A rated World Bank arm's latest reopening, which was priced at 102.733 for a yield of 2.6025%, 54.75bp over the April 2020 Australian Commonwealth Government bond.

Tingyi Holdings Corporation has priced a debut three-year Dim Sum bond of Rmb1bn (US\$161m) at 4.5%.

The deal comes amid huge volatility in China's equity markets, something that bankers said discouraged issuers from tapping the bond market. Despite the week's turmoil, Korea's Shinhan bank also priced a successful three-year Dim Sum at 4.2% that was twice oversubscribed. However, Shinhan is an A rated, well-known Korean name that did not issue frequently.

As a Chinese company, Tingyi's prospects were more difficult, but bankers familiar with the deal said that the issuer had several things going for it. The Baa1/BBB+ rated company is not far off from Shinhan and, as a maker of instant noodles, has fairly stable and reliable revenues.

"If you were an unrated and not well-known Chinese issuer, then yes, this wasn't the week to issue," said a syndicate banker with knowledge of the deal. "But Tingyi is a good name that hasn't issued for a while and investors were interested."

Comparables mentioned were Lenovo's five-year Dim Sum which is currently yielding 4.4% as well as Fonterra's which is now yielding 4.1%.

Bankers accepted that Tingyi had to pay about a 30-40bp premium, but given the context of the shaky Chinese market, they called it a fair price. Orders hit Rmb1.9bn from 65 accounts. Fund and asset managers bought 66% of the offering while banks took 20%. Private banks bought 12% and insurance and others bought 2%.

The geographic make-up of the investor base was not made public.

A reoffer price of 99.656 equalled a yield of 4.375%. The bonds were initially marketed in the 4.70% area.

The Reg S senior unsecured bonds will be listed in Singapore. *Deutsche Bank* was sole global coordinator and joint bookrunner with Nomura. Proceeds will be used to refinance existing debt and for general corporate purposes.

CapitaLand Commercial Trust is offering a Singapore dollar six-year issue with initial talk at the 3% area. The deal was prompted by strong reverse enquiries from investors keen to buy investment-grade paper. CCT is rated A3/A- by Moody's/S&P and the notes are expected to score an A3 from Moody's.

At the initial guidance, the issuer is leaving very little on the table. Its outstanding 2.98% bond due 2021 is quoted at a cash price of 100.00 or a yield of 2.98%.

CCT MTN will be the issuer of the bonds, which will be guaranteed by HSBC Institutional Trust Services Singapore in its capacity as trustee of CCT. The bonds will be issued off a S\$2bn (US\$1.5bn) multicurrency MTN programme.

DBS is sole lead manager and bookrunner.

Secondary market

Asian credits maturing in 2025 dipped slightly after the US Fed emphasised a moderate improvement in the economy at the end of yesterday's policy meeting.

Sinopec's 3.25% 2025s dropped a quarter of a point to 95.60, while LS Finance's 4.5% 2025s weakened a third to 98.464, according to Tradeweb. Export-Import Bank of Korea's 2.875% 2025s fell two-tenths of a point to 97.26.

Yet Chinese tech giant Baidu's 4.125% 2025s regained a 0.3 point drop this morning to settle in the 98.75 area, after weakening mid-week due to weaker-than-expected results.

Asian investment-grade CDS was unchanged at 109bp/111bp, but Malaysia five-year CDS widened 6bp to 146bp/152bp.

China's Shanghai Composite Index dropped 1.1% at the time of writing after the securities watchdog said it was investigating the impact of automated trading amid an escalating crackdown on speculative selling. The Shenzhen index was unchanged.

Despite a volatile month, spreads are currently just about 15bp off year-to-date tightens and about 30bp from September 2014's tightest levels, according to a Deutsche Bank report.

Investors should selectively get longer if investment-grade spreads widen 20bp–25bp, and 70bp–80bp in high-yield bonds, says Harsh Agarwal, head of Asian credit research at the German bank.

G3 Pipeline

Apexindo Pratama US\$ – JPM, SCB, ANZ

Xiwang Special Steel US\$ – UBS, ANZ, CLSA

Sun Pharmaceutical Industries US\$ – Citi, HSBC, JPM

China Vast Industrial Urban Development US\$ – MS, ICBCI, JPM, Citic

Haitong International Securities € – BESI, DB, Haitong, BOCI, ICBCI

Soechi Lines US\$ – DB

Kookmin Bank covered US\$ – BNP, Citi, SG

Power Finance Corp US\$ – Barclays, SBI, StanChart

Korea National Oil Corp US\$ – Barclays, Citi, HSBC, GS, KDB, UBS

Pertamina US\$ – BNP, DB, JPM

Weichai Power €500m – N/A

China Oceanwide US\$ – UBS, Citic

Shanghai Electric Power US\$ – HSBC, BOC, DB, MS

Greentown China Holdings (exchange) US\$ – CS, HSBC, UBS, BOC

Sri Rejeki Isman (Sritex) US\$ – Barclays

eHi Car Services US\$ – JPM, DB

Republic of Indonesia ¥ – Mizuho, Nomura, SMBC Nikko

ASIA PAC G3 (EX JAP) DCM BOOKRUNNERS: 1/1/2015 TO 7/29/2015				ASIAN CURRENCIES DCM BOOKRUNNERS: 1/1/2015 TO 7/29/2015			
Managing bank or group	No. of issues	Total US\$(m)	Share (%)	Managing bank or group	No. of issues	Total US\$(m)	Share (%)
1 Citi	76	17,068.1	10.2	1 I&CBC	74	15,791.4	5.8
2 HSBC	93	16,941.0	10.2	2 HSBC	289	12,498.8	4.6
3 JP Morgan	61	15,524.7	9.3	3 CCB	88	11,729.1	4.3
4 Deutsche	59	9,496.2	5.7	4 Shanghai Pudong	68	10,425.4	3.8
5 BofA Merrill Lynch	42	8,298.2	5.0	5 Standard Chartered	180	10,055.2	3.7
Total	233	166,930.4		Total	2,388	274,496.5	
Source: Thomson Reuters (SDC code: ARI)				Source: Thomson Reuters (SDC code: ASI)			

HONG KONG DCM BOOKRUNNERS: 1/1/2015 TO 7/29/2015				AUSSIE DCM (EX SELF-FUNDED; INC ABS, MBS) BOOKRUNNERS: 1/1/2015 TO 7/29/2015			
Managing bank or group	No. of issues	Total HK\$(m)	Share (%)	Managing bank or group	No. of issues	Total A\$(m)	Share (%)
1 HSBC	105	26,893.2	42.4	1 NAB	47	10,467.3	15.9
2 Standard Chartered	42	11,117.0	17.5	2 ANZ	44	8,398.4	12.8
3 OCBC	12	6,970.0	11.0	3 CBA	40	7,734.7	11.8
4 DBS	7	4,470.0	7.0	4 Westpac	42	7,525.0	11.4
5 Barclays	8	3,821.0	6.0	5 Deutsche	43	4,551.4	6.9
Total	209	63,479.4		Total	181	65,812.1	
Source: Thomson Reuters (SDC code: AS5a)				Source: Thomson Reuters (SDC code: AJ3a)			

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