IFR CHINA CAPITAL MARKETS BRIEFING

The IFR China Capital Markets Briefing is a daily report providing focused coverage of primary issuance and other key developments in this market. The Briefing is emailed at midnight, Hong Kong time, and is broadcast in text with a PDF attachment – allowing it to be printed, viewed on a PC or read on a mobile device.

A Chinese language version of the briefing is also available. For more details on this – or any aspect of the **IFR China Capital Markets Briefing** – please email **paul.holliday@thomsonreuters.com**

CHINESE YUAN BONDS
ARRANGERS: 1/1/2013 TO 14/3/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	HSBC Holdings	34	11,545.2	31.1
2	BNP Paribas	20	6,091.0	16.4
3	Standard Chartered	15	5,178.1	13.9
4	National Australia Bank	3	2,000.0	5.4
5	Bank of China	2	1,876.7	5.1
	Total	**83**	**37,172.7**	

Source: Thomson Reuters (SDC code: AS24a)

CHINA EQUITY CONVERTIBLE
ARRANGERS: 1/1/2013 TO 14/3/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	Goldman Sachs	2	3,499.20	22.3
2	UBS	5	2,296.30	14.6
3	Haitong Securities Co	2	1,794.60	11.4
4	Guotai Junan Securities	3	1,336.10	8.5
5	Citic	1	884.2	5.6
	Total	**46**	**15,680.50**	

Source: Thomson Reuters (SDC code: C1m)

CHINA SYNDICATED LOANS
ARRANGERS: 1/1/2013 TO 14/3/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	Bank of China	7	1,053.6	36.3
2	ANZ Banking Group	1	515.0	17.8
3	China Construction Bank	1	273.5	9.4
4	United Overseas Bank	1	84.0	2.9
=4	Standard Chartered	1	84.0	2.9
	Total	**18**	**2,901.6**	

Source: Thomson Reuters (SDC code: S8e)

Equities

Chinese company ASIA POTASH GROUP is looking to list its overseas assets in Hong Kong to raise funds for further expansion. The company, a Sichuan-based privately owned mining company, will be the first in years to list Laos assets in Hong Kong through a sizeable IPO.

The float of US$300m–$500m is expected to hit the market as early as the second quarter. However, the timetable has yet to be confirmed and depends on market conditions.

The assets APG holds include one of the largest potash mines in Laos, which has been operating for more than six months according to sources familiar with the situation.

The company could set its valuation against its A-share listed peers because it has no comparables in the Hong Kong market, according to one source. However, a potash mine in Laos may further test Hong Kong investors' interest in overseas assets.

The last such listing was the HK$3.08bn (US$397m) float in January of Chinalco Mining Corp International. The Peruvian copper mining unit of Aluminum Corporation of China, listed in Hong Kong IPO through its second attempt. The deal size was cut from US$1bn to US$397m, due to the lukewarm appetite, and the stock has fell 26% below the IPO price since listing as of today.

Bank of America Merrill Lynch, *Citigroup* and *Deutsche Bank* are arranging the APG transaction.

NYSE-listed Chinese online retailer VIPSHOP HOLDINGS has priced its follow-on offering of ADS totalling US$172.8m, after lifting its size from 6.0m to 7.2m. The price was set at US$24, or a discount of 1.8% to the last closing of US$24.44.

The deal had strong support from long-only and hedge funds, as well as some tech-focused funds. There was considerable demand from the US, amid sizeable orders from Asia. There is also a 15% greenshoe of all secondary shares with the deal.

Goldman Sachs, *Deutsche Bank* and *JP Morgan* arranged the transaction.

Bonds

GLORIOUS PROPERTY attracted an order book of US$480m with 76 accounts participating for the US$150m tap of its 2018 bonds.

The Caa1/B– rated issuer priced the bonds at par to yield 13.25%. Asian investors bought 79% of the issue and European ones took the rest. Funds bought 70% of the bonds, private banks 25% and banks the remaining 5%.

On February 25, Glorious had priced US$250m of five-year non-call three notes at 13.25%. With the new tap, the total outstanding on these bonds now stands at US$400m.

Chinese property developer GEMDALE ASIA revised guidance on its five-year offshore renminbi bond to the 5.75% area, from initial guidance of the 6.00% area this morning. Books were already heard passing Rmb8bn for a Rmb1.5bn (US$238m) deal. Pricing is expected later today.

Gemdale raised Rmb1.2bn from a three-year Reg S deal at 9.15% in the middle of last year. That deal attracted Rmb4.7bn of orders and performed very well in the secondary market as it was quoted at 4.939%/4.405% today.

That explains why the issuer is going for a longer tenor, but a much lower yield this time.

The new paper features a guarantee from offshore subsidiaries and a keepwell deed. Despite a recent Moody's report warning on bond deals structured with keepwell agreements, investors seemed unconcerned over the complicated structure of Gemdale's deals.

HSBC and *Standard Chartered Asia* are joint bookrunners for the new deal.

Gemdale corporate ratings are Ba1/BB+ but the expected issue ratings are Ba3/BB–.

RUSSIAN STANDARD BANK returned to the Dim Sum market on Wednesday night to more than double the total issue size of its 8% February 2015 bond to Rmb1.25bn (US$200m).

The well-received Rmb750m tap followed substantial reverse enquiries for the paper since the Ba3/B+/B+ rated lender priced the original deal last month. The tap priced at 101.25 to yield 7.274%, beating initial price guidance of the 101.00 area.

The outstanding Rmb500m two-year was quoted at 101.85/102.03 (6.961%/6.861%) before the deal, much tighter than the tap level.

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RSB attracted orders of Rmb2bn from 73 accounts. Asian investors took 84% of the deal with Europeans taking the rest. Private banks booked 48% of the deal, then fund/asset managers at 40%, banks at 9% and others with 2%.

BNP Paribas and *HSBC* were joint bookrunners on the deal. Settlement will be on March 25.

FAR EAST HORIZON is heard struggling in marketing a Rmb500m three-year 4.5% offshore renminbi bond at a price guidance of 99.446 to yield around 4.7%.

Rival bankers found the indication too tight because Far East's 5.5% due October 2015 was quoted at 5.712%/5.292% in the secondary market. The books have been open since yesterday, but there have been no indications that the deal has priced.

Standard Chartered is sole bookrunner on the deal, but declined to comment on the pricing.

PETROCHINA, China's largest oil company, has priced its Rmb20bn (US$3.2bn) of corporate bonds. The five year tranche was priced to yield 4.47% and the 10-year tranche was offered at 4.88%, with respective issuing sizes of Rmb16bn and Rmb4bn.

Citic Securities, *CICC* and *China Galaxy Securities* were joint leads. CNPC, PetroChina's parent company, provides guarantee for the deal, which has a Triple A ratings from Lianhe.

CHINA EASTERN AIRLINES is set to issue up to Rmb4.8bn (US$772m) of corporate bonds on March 15. The 10-year deal has been indicated at 4.90%–5.20%. The offering period is from March 18–March 21, which also is the settlement date.

The deal will be wrapped with a guarantee from its parent company China Eastern Airlines Group. Dagong has assigned both the deal and the issuer Triple A ratings. Proceeds will all be used to purchase airplanes.

Everbright Securities will lead the up-coming deal with *Pingan Securities* and *Industrial Securities* as joint leads.

CHINA THREE GORGES is back in the market with a Rmb5bn (US$804m) 10-year fixed rate MTN deal that has been priced at 5%. *Agricultural Bank of China* and *Citic Securities* were the joint leads on the deal, which settles today. Chengxin has rated the unsecured deal and the issuer Triple A.

Loans

MSG maker FUFENG GROUP is asking to waive the capital expenditure covenant on the US$150m three-year offshore loan it received in November. The waiver will loosen restrictions on the borrower's Rmb3bn (US$483m) of capital expenditure, according to sources familiar with the situation.

Existing lenders to the loan have been asked to respond by late March. Those who consent get a 20bp–30bp fee. Consent from a two-thirds majority of lenders is needed to pass the waiver. Sources said a few of the dozen lenders have already consented.

The 12 lenders include mandated lead arrangers and bookrunners Deutsche Bank (agent) and Standard Chartered Bank. The deal paid a top-level all-in of 460bp via a margin of 400bp over Libor. The loan has an average life of 2.5 years. The deal refinances a Rmb1.025bn five-year convertible bond with a put option coming up in April 2013.

SHUI ON GROUP is in the market for a Rmb2.3bn-equivalent (US$370m) three-year dual-tranche term loan for a property project in Shanghai.

The facility comprises a Rmb1.5bn onshore tranche borrowed via a local special purpose vehicle and a HK$1bn offshore tranche borrowed via British Virgin Islands-incorporated Infoshore International. *Standard Chartered Bank* and *UOB* are leading the deal. The renminbi tranche offers a margin of 115% of the PBOC rate with a 75bp commitment fee. Upfront fees are being finalised.

CDB LEASING's three-year onshore term loan has been increased to US$395m from the original US$200m.

Mandated lead arranger and bookrunner *Standard Chartered Bank* holds US$50m. *DBS Bank* joined as MLA with the same amount. Chinatrust Commercial Bank, Mega International Commercial Bank and RBS also joined as MLAs, holding US$40m each.

The other lenders are ANZ, Bank of Taiwan, Chang Hwa Commercial Bank and First Commercial Bank, with US$30m each, E Sun Commercial Bank and Taiwan Cooperative Bank with US$20m each, and Land Bank of Taiwan which holds US$15m.

Signing will take place this month.