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.

CHINESE YUAN BONDS
ARRANGERS: 1/1/2013 TO 10/10/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	HSBC Holdings	135	45,870.1	33.5
2	BNP Paribas	75	23,167.3	16.9
3	Standard Chartered	70	21,542.9	15.7
4	DBS Group Holdings	15	6,520.2	4.8
5	Ind & Comm Bank China	11	3,826.7	2.8
	Total	316	136,859.9	

Source: Thomson Reuters (SDC code: AS24a)

CHINA EQUITY CONVERTIBLE
ARRANGERS: 1/1/2013 TO 10/10/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	Goldman Sachs	17	6,489.3	13.4
2	UBS	16	3,907.8	8.1
3	Haitong Securities	11	2,668.7	5.5
4	Guotai Junan Securities	14	2,603.0	5.4
5	China Securities	9	2,572.2	5.3
	Total	212	47,951.5	

Source: Thomson Reuters (SDC code: C1m)

CHINA SYNDICATED LOANS
ARRANGERS: 1/1/2013 TO 10/10/2013

	Managing bank or group	No. of issues	Total US$(m)	Share (%)
1	China Development Bank	18	17,589.0	24.0
2	Bank of China	68	12,446.4	17.0
3	Bank of Communications Co	9	4,893.7	6.7
4	China Construction Bank	6	4,650.3	6.4
5	Ind & Comm Bank China	6	3,668.1	5.0
	Total	193	73,195.0	

Source: Thomson Reuters (SDC code: S8e)

To find out how you can generate league tables and analyse investment banking and deal trends take a look at ThomsonONE.com Investment Banking and SDC Platinum.

Equities

CHINA HUIRONG FINANCIAL, a provider of short-term secured financing services in the PRC, has started bookbuilding for its proposed Hong Kong IPO of up to HK$856m (US$110m). The company is selling 375m shares, or 36.6% of its enlarged share capital, at an indicative price range of HK$1.88–$2.28 each. There is a greenshoe, representing 15% of the base offering size.

The IPO will price on October 21. *UBS* is the sole global co-ordinator and sole bookrunner.

BANK OF CHONGQING, which had initially planned to seek an A-share listing, started a week-long pre-marketing yesterday for its proposed Hong Kong IPO of about US$600m. Some city commercial banks, which planned to list in Hong Kong before the end of the year or early next year, are closely monitoring investor response to this IPO.

Hefei-based Huishang Bank, for instance, is planning to seek approval from Stock Exchange of Hong Kong on Thursday for its planned IPO of US$1bn–$1.5bn.

Goldman Sachs and *Morgan Stanley* are joint global co-ordinators for the Bank of Chongqing float. The two are also joint bookrunners with *BoCom International*, *CCB International* and *CICC*.

CENTRAL CHINA SECURITIES has decided to turn to Hong Kong for a listing ahead of its Shanghai IPO. *CCB International*, *China Galaxy International*, *Qilu International Securities,* and *Credit Suisse* are working on the transaction.

It is understood that the brokerage originally planned to raise about Rmb3bn (US$492m) in Shanghai through the sale of 600m shares via sponsor *Qilu Securities*. It is one of the eight brokerages which have filed A-share listing applications to the China Securities Regulatory Commission.

HUANENG RENEWABLES, a clean-energy unit of China's biggest electricity producer, has raised HK$1.58bn (US$204m) from a private share placement which was launched and completed during the weekend. The 582.3m shares were placed at a fixed price of HK$2.71 per share, or at a discount of 7.5% to the stock's October 11 closing of HK$2.93.

The shares were placed to not more than 10 investors, made up mostly of existing shareholders and energy specialists. There is a 90-day lock-up period on the company. Proceeds will be used for general corporate purposes. *Credit Suisse* was the sole bookrunner.

SHUNFENG PHOTOVOLTAIC INTERNATIONAL raised HK$1.12bn (US$145m) from a primary share placement of 400m shares, or 20.4% of its enlarged equity capital. The price was set at the top of the indicative price range of HK$2.50–$2.80, or a discount of 43.3% to the pre-deal spot.

The company plans to use 95% of the proceeds for capex on solar power stations and the rest for general working capital. *BoCom International* and *Partners Capital* were the bookrunners.

Gail (India) has raised HK$492m (US$63.5m) from the sale of its stake in CHINA GAS. The sale of 60m shares was priced at the bottom of the indicative price range of HK$8.20–$8.30, or a discount of 3.5% to the pre-deal spot. The deal was covered multiple times with a good mix of hedge funds and long-only investors. About 50% of the book was covered by anchor investors. There is a 45-day lock-up period on the vendor. *Nomura* was the sole bookrunner.

Bonds

ALUMINUM CORPORATION OF CHINA (Chalco) will start meeting investors from tomorrow for an offering of a Reg S senior perpetual bond. A series of fixed-income investor meetings will be held in Hong Kong, Singapore and London. *HSBC* will be the sole global co-ordinator and structuring adviser, *ANZ* will join as the joint bookrunner and the pair, along with *Natixis*, will be joint lead managers. The issuer has ratings of BBB+ from Fitch and BBB– from S&P.

TOYOTA MOTOR FINANCE (CHINA) is set finally to offer a Rmb1.3bn (US$213m) three-year fixed-rate bond on Friday, four years after first expressing an intention to issue so-called Panda bonds.

The bond from the wholly-owned auto-financing arm of Toyota Motors in China is the first in the onshore market from a related foreign company, and only the second bond in the sector. In 2010, GMAC SAIC, a joint venture auto-financing company based in Shanghai, issued a Rmb1.5bn three-year floater.

THOMSON REUTERS

Citic Securities and *ICBC* are leads on the deal, while *Bank of Communications* and *Zhong De Securities* are co-leads.

Chengxin has assigned AA+ ratings to both the company and the unsecured bond. Funds from the issue will be used to replenish capital and improve the company's finance structure.

CHINA CONSTRUCTION BANK, Sydney branch, begins the Asian leg of a non-deal investor roadshow tomorrow. The roadshow will take in Hong Kong and Singapore. *HSBC* is arranging the overseas meetings for the A1/A/A rated issuer, while *ANZ* and *CBA* are handling the domestic leg in Melbourne and Sydney next week. *Goldman Sachs* is organising London investor meetings scheduled for early December.

CHINA RAILWAY CORP priced its fifth batch of railway construction bonds on October 14. The offering, in two tranches totalling Rmb20bn (US$3.27bn), comprised a 10-year Rmb15bn piece priced to yield 5.32% and a 20-year Rmb5bn portion priced to yield 5.55%. Both came near the higher end of their respective indicative price ranges of 4.40%–5.40% and 4.60%–5.60%.

The 20-year tranche yielded 5bp more than the last tap a month ago. The two tranches were 1.336 and 1.384 times covered.

CDB Securities was the lead manager on the deal, while *Citic Securities*, *Shenyin Wanguo Securities*, *Guotai Junan Securities*, *China Merchants Securities* and *China Securities* were joint leads. China Life Asset Management was the financial adviser. Chengxin has rated both the deal and the issuer AAA.

Loans

The jumbo US$4bn loan for SHUANGHUI INTERNATIONAL has seen three banks join in general syndication, as arrangers prepare for a site visit early next week. The three banks have committed around US$100m combined. A site visit is slated for October 22 and comes at the request of some banks interested in joining the deal. Several banks are processing approvals.

General syndication is expected to close around the end of the month. Responses were originally due tomorrow.

The US$4bn debt financing comprises a US$2.5bn three-year tranche A with an average life of 2.7 years and a US$1.5bn five-year tranche B with an average life of 4.73 years. The three-year tranche offers a margin of 350bp over Libor, while the five-year offers 450bp.

Banks are invited to join the two tranches on a pro rata basis at four ticket levels. In general syndication, the borrowing offers top-level all-ins of 383bp for tranche A and 490bp for tranche B via upfront fees of 90bp and 190bp, respectively,

People & Markets

CHINA will give LONDON-based investors the right to buy up to Rmb80bn (US$13.1bn) worth of PRC stocks, bonds and money-market instruments, making it the next offshore renminbi trading centre after Hong Kong.

According to a Reuters report, the agreement, which Britain and China announced in a joint statement on Tuesday, falls under the renminbi qualified foreign institutional investor (RQFII) plan.

This is the first time the RQFII has expanded outside Hong Kong to give investors wider avenues to invest yuan and greater incentives to hold the currency, which is China's goal in its ambition for the renminbi to become a widely traded currency eventually.

In return for the RQFII, London had agreed to start talks to allow Chinese banks to set up wholesale units in the UK, the two governments said.

"The renminbi will now have a firmer footprint in the European market," ANZ analysts said in a note. "With the increasing presence of Chinese banks in London, the granting of the RQFII licence will strengthen and widen the platform for London to develop the offshore renminbi bond market."

Under the agreement, London and Beijing will also allow for the renminbi to be traded directly against sterling, as opposed to going through the dollar, thereby markedly reducing transaction costs.

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