

IFR ASIA DCM BRIEFING

AUGUST 12 2010

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ASIA PAC G3 (EX JAP) DCM (12/08/10)

Managing bank	No of issues	Total US\$(m)	Share (%)
1 HSBC	33	8,231.8	10.4
2 JP Morgan	26	7,449.2	9.4
3 Deutsche Bank	36	7,240.0	9.2
4 Goldman Sachs	19	6,711.4	8.5
5 Citi	37	6,248.3	7.9
6 Barclays Capital	23	4,882.0	6.2
7 Morgan Stanley	24	4,858.9	6.1
8 UBS	22	4,771.1	6.0
9 BoA Merrill Lynch	25	4,401.8	5.6
10 Credit Suisse	14	2,847.6	3.6
Total	166	79,083.3	

SDC code: AR1

ASIAN CURRENCIES DCM (12/08/10)

Managing bank	No of issues	Total US\$(m)	Share (%)
1 Standard Chartered	231	11,729.0	6.0
2 Ind CBC	28	9,378.2	4.8
3 HSBC	168	8,893.1	4.6
4 Agricultural Bank of China	22	6,698.2	3.4
5 Bank of Communications	16	6,666.2	3.4
6 Hana Financial Group	56	5,966.9	3.1
7 Tong Yang Securities	79	4,665.2	2.4
8 China Merchants Bank	25	4,457.8	2.3
9 CICC	9	4,328.3	2.2
10 Bank of China Ltd	14	4,298.7	2.2
Total	1,808	195,259.9	

SDC code: ASI

HONG KONG DCM (12/08/10)

Managing bank	No of issues	Total HK\$(m)	Share (%)
1 HSBC	96	31,079.8	47.1
2 Standard Chartered	58	16,020.0	24.3
3 BNP Paribas	15	4,230.5	6.4
4 RBS	13	4,145.0	6.3
5 Deutsche Bank	15	2,967.0	4.5
6 ANZ	14	2,856.5	4.3
7 Barclays Capital	11	2,805.0	4.3
8 JP Morgan	1	700.0	1.1
9 Credit Suisse	2	408.0	0.6
10 Citi	2	280.0	0.4
Total	228	65,960.8	

SDC code: AS5a

To find out how you can generate League Tables and analyse investment banking and deal trends take a look at [ThomsonONE.com Investment Banking](http://ThomsonONE.com) and [SDC Platinum](http://SDCPlatinum.com).

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The Essence of Growth is Partnership.
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Alliance Global Group has emerged as the latest Philippines issuer to test the G3 market, having mandated *UBS* on a US\$400m seven-year bond.

Alliance, a conglomerate controlled by local tycoon Andrew Tan, owns property developer Megaworld Corp. The company has already released guidance of 6.625%-6.75% on a guaranteed Reg S deal and is looking to price this week, pitting the bullet deal against another planned transaction from Philippines company **Coastal Road**, and against a worsening market backdrop.

The notes will be issued via Alliance Global Group Cayman Islands, and will be guaranteed by Alliance Global. Funds from the bond sale will be used for capex, refinance certain existing debt owed by subsidiaries and for general corporate purposes.

Two Chinese issuers priced debut US dollar bonds on Wednesday night despite tricky market conditions, although the bonds traded in different directions in the secondary market today.

China Oriental built a strong total book of US\$2.3bn from over 150 accounts for its US\$550m five-year issue. The Reg S/144A senior secured notes were priced at par to yield 8%, at the tight end of the 8%-8.25% guidance. The notes are due on August 18, 2015. *Deutsche Bank* and *ING* were joint bookrunners.

China Oriental had earlier planned to do the deal in May, but deferred due to poor market conditions. The company has a strategic alliance with Arcelor Mittal, the world's largest steel producer, which directly or indirectly controls a 47% stake.

Asia took the bulk with 42% while Europe and USA accounted for 29% each. By investor type, fund managers accounted for 68% with retail far behind at 14%, banks at 10% and pension/insurance funds at 8%.

KWG Property also priced US\$250m of seven-year non-call four senior notes at par to yield 12.5%, in line with guidance, or a spread of 1,041bp over Treasuries. *Morgan Stanley* and *Standard Chartered* were joint bookrunners. Orders reached US\$400m from more than 50 accounts. Asia made up a hefty majority of 83% with Europe at 9% and USA at 8%. Private banks took up 47%, followed by funds at 28%, corporates at 16% and banks at 9%.

The new KWG Property 17s slipped on the break, falling below their par issue price to as low as 98.25. The bonds then recovered slightly and were bid at 99 this afternoon, a point below the issue price. In contrast, the new China Oriental 15s were trading well at 100.75 earlier this morning, above the par issue price, before moving up to more than 101.

Busan Bank, a regional Korean lender, is rumoured to have mandated *Daiwa Capital Markets*, *JP Morgan* and *UBS* on a potential debut Samurai bond after it sent out an RFP in July. The three houses are expected to arrange a non-deal roadshow in Japan towards the end of August. While Busan Bank, based in South Korea's second largest port city, has almost no name recognition in Japan – typically an important factor for Samurai investors – it has a strong reputation back in its home market. Bankers do not expect a deal to be imminent, however, due to the frail reception that Korean credits have received on recent deals in the Samurai market. The bank is rated A2/BBB+ by Moody's/Fitch.

CapitaMalls Asia launched its debut Singapore dollar bond this morning. The indicative size of the seven-year bond is S\$250m (US\$183m), with an option to increase. The indicative yield on the bond is 3.95%. *DBS* and *Standard Chartered* are joint bookrunners. CapitaMalls Asia, a unit of CapitaLand, was listed in November 2009.

In Australia, **Volkswagen Financial Services** became the latest foreign borrower to hit the Australian dollar market with an A\$125m (US\$112m) three-year MTN deal that priced today at 6.5%. The deal was re-offered at 99.605 for a yield of 6.6475% or 165bp over mid-swaps, in line with guidance, and was increased from A\$100m. This is the issuer's second transaction in the domestic market this year, following an A\$150m four-year deal in March. ANZ is sole lead in the latest MTN issue. The notes will be issued by Volkswagen Financial Services Australia and will be guaranteed by Volkswagen Financial Services.

Editorial

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Meanwhile, **Commonwealth Bank of Australia** hit the market yesterday with an A\$50m increase to the 5.75% 2013 notes launched in July, bringing the new total issue size to A\$175m. The new tap will be issued at 101.0475 on August 18, translating into a yield of 5.36%. Maturity is on September 23 2013. *TD Securities* is sole lead manager while fees total 1.375%.

Primary Health Care today said it was considering a retail bond issue of about A\$100m (US\$89m), subject to board approval. If the plan comes to fruition, PHC will be first to benefit from regulatory changes introduced by the Australian Securities and Investments Commission to ease compliance hurdles and make corporate bonds as appealing as equities for retail investors.

Hot on the heels of a HK\$1bn tap earlier this week, **Bank of China (Hong Kong)** has sold another US\$100m one-year floater at Libor plus 40bp and a HK\$240m one-year floater at Hibor plus 30bp, equivalent to around 47bp over the three-month Libor. Both deals were self-led, and will settle on August 17 (US\$) and August 23 (HK\$). BoC (HK) last placed a HK\$1bn one-year fixed-rate deal at 0.8% via HSBC.

China National Petroleum Corp, the country's largest oil company, is set to price its first long-term enterprise bonds in four years – a Rmb20bn (US\$2.94bn) deal comprising a Rmb10bn 10-year tranche indicated at 1.09%–1.89% over one-year Shibor and a Rmb10bn 15-year portion indicated at 1.19%–1.99% over Shibor. The one-year Shibor currently stands at around 2.61%.

CICC will run the books with *BOC International (China)*, *China Development Bank*, *Galaxy Securities* and *Hong Yuan Securities* as joint leads. Pricing will be tomorrow (August 13) and the offer period will be August 16-17.

The closest-rated issues were State Grid Corp's Rmb5bn 4.35% 10-year and Rmb5bn 4.45% 15-year deals, launched in April 2010. Those were quoted at around 4.256% and 4.32%, respectively, in the secondary market.

Lianhe has rated both the issue and the company AAA. Proceeds will be used to replenish capital. The last deal from the group was a Rmb11bn seven-year MTN from listed unit PetroChina, which came at 4.6% in February.

State policy bank **Agricultural Development Bank of China** priced a Rmb15bn (US\$2.2bn) 10-year issue at a tight 3.5% this morning (August 12). That was below the outstanding 10-year policy bank paper quoted at 3.557% in the secondary market. The deal, which was upsized later by Rmb4.52bn under a Rmb5bn greenshoe, marked ADBC's ninth issue this year. Fees are 15bp. Settlement will be on August 23.

Across the strait, Taiwan's top power supplier and leading bond issuer, Tw-AAA rated **Taiwan Power**, has priced its fifth bond tap this year. The NT\$11.85bn (US\$359m) deal includes a NT\$4.5bn seven-year piece at 1.47%, equivalent to 3bp over the seven-year IRS rate, and a NT\$7.35bn 10-year piece at 1.64%, equivalent to 7.5bp over the 10-year IRS rate. It was upsized from an initial target of NT\$8bn, mainly due to strong demand in the 10-year tranche.

Yuanta Securities took the lead manager mandate with a NT\$2.7bn commitment, followed by *Masterlink Securities* at NT\$1.7bn, *Fubon Securities* at NT\$1.6bn, *Grand Cathay Securities* at NT\$1.48bn, *KGI Securities* at NT\$1bn, *HSBC Taipei* at NT\$700m, *Capital Securities* at NT\$520m, *Shanghai Commercial & Savings Bank* at NT\$400m, *Cathay Securities* at NT\$350m, *Jih Sun Securities* at NT\$300m, *Standard Chartered Bank* at NT\$300m, *Mega Securities* at NT\$300m, *Polaris Securities* at NT\$300m and *Sinopac Securities* at NT\$200m. Settlement will be in late September.

Mega International Bank will provide a guarantee for the issue.

PIPELINE

Q3 – Pertamina (Indonesia)

- US\$3bn, Citi, Credit Suisse, HSBC

Q3 – PetroChina (China)

- Rmb60bn quota, BOCI/CICC/Citic

Q3 – China Railways Group (China)

- Rmb6bn remaining, BOCI/UBS

Q3 – Kexim

- A\$300m-500m Kangaroo Bonds

Q3 – Mega Commercial Bank (Taiwan)

- Long-term bonds up to NT\$25bn

Q3 – Westpac (Japan)

- Samurai, Citi, Daiwa, Nomura

Q3 – Hana Bank (Japan)

- Rumoured looking at Samurai

Q3 – Hyundai Capital Services (Japan)

- Rumoured looking at Samurai

Q3 – Swedish Export Credit (Thailand)

- Bt3bn (US\$92m) 3yr notes, Citi

Q3 – Woori Bank (Korea)

- THB9bn bonds

Q3 – Amlslamic MTNs, AmlInvestment Bank

Q3 – Cagamas M\$1bn sukuk, RHB/AI Rajhi Bank

Q4 – Republic of Indonesia (Japan)

- Expected up to US\$1.1bn-equivalent 10y, JBIC-guaranteed

Q4 – Bank Danamon (Indonesia)

- 2y, 4y, Danareksa, Indopremier, StanChart

Q4 – Bank Aceh (Indonesia)

- Rp 1trn, Trimegah