

IFR CHINA CAPITAL MARKETS BRIEFING

■ JULY 28 2011

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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: 1/1/2011 TO 21/7/2011

Managing bank or group	No. of issues	Total US\$(m)	Share (%)
1 Bank of China Ltd	36	79,109.2	11.0
2 CITIC	21	77,325.0	10.8
3 China International Capital Co	13	46,766.7	6.5
4 UBS	19	43,017.2	6.0
5 Industrial & Comm Bank China	25	41,933.3	5.8
Total	351	718,410.1	

Source: Thomson Reuters (SDC code: AS24a)

CHINA EQUITY CONVERTIBLE

ARRANGERS: 1/1/2011 TO 21/7/2011

Managing bank or group	No. of issues	Total US\$(m)	Share (%)
1 Morgan Stanley	18	5,479.80	9.0
2 Goldman Sachs & Co	8	4,142.10	6.8
3 Essence Securities Co	14	3,494.90	5.8
4 Guosen Securities Co	23	3,337.80	5.5
5 China Merchants Securities Co	14	3,101.00	5.1
Total	330	60,813.60	

Source: Thomson Reuters (SDC code: C1m)

CHINA SYNDICATED LOANS

ARRANGERS: 1/1/2011 TO 21/7/2011

Managing bank or group	No. of issues	Total US\$(m)	Share (%)
1 Bank of China	12	5,902.0	61.5
2 Standard Chartered	4	954.4	9.9
3 HSBC Holdings	4	489.3	5.1
4 Sumitomo Mitsui Finl Grp	5	388.7	4.1
5 BNP Paribas SA	5	348.4	3.6
Total	37	9,601.3	

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

Carlyle last night raised HK\$7.7bn (US\$988m) from its block sale of 250m shares or about one-third of its stake in **CHINA PACIFIC INSURANCE**. The stock was priced at the bottom end of the HK\$30.90–\$31.40 range for a discount of 3.3% to the July 26 close. There is a 90-day lock-up for the rest of the Carlyle shareholding in China Pacific Insurance. *Deutsche Bank, Goldman Sachs and Morgan Stanley* are the joint bookrunners.

Chinese telecom marketing company **LOYALTY ALLIANCE ENTERPRISE** plans to launch a roadshow tomorrow for its Nasdaq IPO of up to US\$80m. Pricing is slated for August 8. If the deal gets done, Loyalty Alliance will be the first Chinese company to list in the US after the auditing scandals related to mainland issuers.

The company is making available 500,000 ADS at an indicative price range at US\$14.0–\$16.0, or a 2011 P/E of 15–18 times. *Macquarie* is arranging the transaction.

Last week, **XUNLEI** decided to postpone its Nasdaq IPO of up to US\$72m due to difficult market conditions. It attempted to sell 6m ADS at US\$10.0–\$12.0 each via *Deutsche Bank* and *JP Morgan*.

Shares of **SUN ART RETAIL** skyrocketed on their trading debut today (July 27) to close up 40.56% at HK\$10.12. The closing price represents a 2011 44.3 P/E of times, or a 2012 P/E of 33.9 times.

The company, China's largest hypermarket operator, raised HK\$8.24bn (US\$1.06bn) from its Hong Kong IPO of 1.14bn primary shares at HK\$7.20 each. *Citigroup, HSBC* and *UBS* were joint global co-ordinators on the float, and joint bookrunners with *BNP Paribas, CICC, Goldman Sachs* and *Morgan Stanley*.

The Hang Seng Index edged down 0.13% today.

HUDIAN POWER INTERNATIONAL has obtained shareholder approval for a proposed private placement of up to Rmb2.1bn (US\$323m). The Hong Kong- and Shanghai-listed entity plans to offer not more than 600m new A shares, representing 8.14% of its enlarged capital, at a floor price of Rmb3.69.

Parent China Huadian has agreed to subscribe to up to 90m of the Rmb332.1m placement shares. There are 36-month and 12-month lock-up periods on China Huadian and the other subscribers, respectively. Proceeds will be used to finance three projects of subsidiaries, and replenish working capital. *CICC* is close to the deal.

HUBEI ENERGY GROUP has secured board approval for a proposed private share placement of up to Rmb3.25bn (US\$505m). The company hopes to place not more than 444m shares at a floor price of Rmb7.33. Proceeds will be used for wind-farm projects, natural gas pipeline projects, and replenishment of working capital. The deal is still awaiting approvals from shareholders and CSRC.

BONDS

CHINA RESOURCES LAND launched an increase to its US\$750m due May 19 2016 bonds with guidance set at the 4.95% area. The size of the tap of the 4.625% fixed-rate senior unsecured Reg S registered only 2016s will be finalised after pricing, which is expected later on Wednesday.

HSBC is joint lead manager and bookrunner with *BOC International* and *DBS Bank*. China Resources is rated Baa2/BBB (Moody's/S&P).

HANGZHOU ZHONGCE RUBBER, a major tyre maker in China, has raised Rmb900m (US\$138m) via three-year bonds at 2% in its second attempt. The issuer's debut renminbi-denominated Reg S senior bonds come with a guarantee from Export-Import Bank of China. The pricing was in line with guidance at the re-launch Tuesday morning.

Orders tallied to around Rmb1.2bn from about 30 accounts. Investors from Hong Kong took 80% of the deal, those from Singapore 19% and those from elsewhere 1%. In terms of investor types, banks booked 51%, funds 33%, private banks 5% and others 11%.

ICBC Asia and *Standard Chartered Bank* are joint bookrunners. The issuing entity will be Hai Chao Trading, a wholly-owned subsidiary of Hangzhou ZhongCe Rubber.

The first attempt at a launch was made two weeks ago, but was aborted due to market volatility. The guidance then was around a high 1%.

The credit enhancement on the deal is a first for the Dim Sum bond market.

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HUANENG INTERNATIONAL POWER DEVELOPMENT has mandated *ICBC* to handle its up to Rmb5bn (US\$770m) of private placement MTNs deal. A Rmb2bn five-year tap has been planned for the near future.

Earlier this month, its parent company China Huaneng Group has also hired *ICBC* and China Everbright Bank to arrange Rmb10bn of five-year private MTN deals.

GUANGDONG NUCLEAR POWER plans to bring Rmb5bn (US\$770m) of MTNs to the market in the near future. *China Development Bank* and *Bank of China*, which were on GNP's previous deal, will lead the new tap.

Chengxin has rated both the issuer and the MTN AAA, while the CP is A1. The company last issued five-year MTNs of Rmb5.7bn at 3.9% and one CP of Rmb5.7bn at 2.88% in July 2010.

CHINA THREE GORGES priced on July 27 its Rmb5bn (US\$770m) of three-year fixed-rate MTNs at 5.36%, the low end of the 5.36%–5.46% guidance. The company will still have a remaining Rmb15bn issuance quota with the NAFMII after the new deal.

Citic Securities was the sole bookrunner and joint lead with *China Merchants Bank* on the deal, which will settle on August 1. Chengxin has assigned both the unsecured deal and the issuer AAA ratings. All proceeds will be invested in existing hydropower station projects.

LOANS

SINOCHEM INTERNATIONAL (OVERSEAS) is likely to go for a three-year tenor on its refinancing facility. The refinancing will be of a size of US\$100m-plus, based on best-effort syndication to relationship banks.

The facility has yet to be launched. *ANZ*, *Sumitomo Mitsui Banking* and *UOB* are mandated lead arrangers.

Funds will refinance an existing US\$190m three-year facility completed in October 2008 as a club via *ANZ*, *Bank of Communications*, *BNP Paribas*, *Credit Agricole* and *Standard Chartered*. The 2008 loan was for acquisition purposes.

Parent Sinochem Group was in early-stage talks with banks earlier this year for around US\$1bn in new money, but those discussions have since gone quiet. Sinochem has businesses ranging from agriculture and chemicals to energy and real estate.

ECM PIPELINE

- July – *Citic Bank* Up to US\$3.9bn rights issue. *CICC*, *Citic Securities*
- August – *China Shipping Nauticgreen* Up to US\$250m SEHK IPO. *DB*, *CMS*
- August – *Cathay Industrial Biotech* Up to US\$200m SEHK IPO. *DB*, *MS*, *Jefferies*
- August – *China Everbright Bank* Up to US\$6bn SEHK IPO. *BNPP*, *BOCI*, *CEC*, *CICC*, *HSBC*, *JPM*, *MS*, *SYWG*, *UBS*
- August – *Sangfor Technologies* Up to US\$100m US IPO. *JPM*, *MS*
- August – *PPStream* Up to US\$300m US IPO. *BofAML*, *UBS*
- August / September – *Ten Fu Tea* Up to US\$300m SEHK IPO. *CICC*, *CS*, *Polaris Securities*
- September – *GreenTree Inns Hotel Management Group* Up to US\$150m US IPO. *BofAML*, *MS*
- September – *Cloudary Corp* Up to US\$200m US IPO. *GS*
- September – *Jianhua Concrete Pile Group* Up to US\$600m SEHK IPO. *Citic Securities International*, *DB*, *MS*
- September – *Citic Securities* Up to US\$2bn SEHK IPO. *BOCI*, *CCBI*, *ABCI*, *Citic Securities International*, *ICBCI*
- September – *Sany Heavy Industry* Up to US\$3bn SEHK IPO. *BofAML*, *Citi*, *Citic Securities*
- September – *New China Life* Up to US\$4bn-plus A/H IPO. *BofAML*, *BNPP*, *CICC*, *DB*, *GS*, *HSBC*, *JPM*, *UBS*; *CICC*, *UBS Securities*

DCM PIPELINE

- August – *Hongqiao Group* US\$, *Dim Sum*, *JPM*, *Barclays*, *DB*
- August – *GCL-Poly Energy Holdings* US\$, *RBS*
- August – *E-Land Fashion China* US\$, *Rmb Dim Sum* *CS*
- August – *Ministry of Finance* *Rmb10bn Dim Sum*
- August – *McDonalds* *Rmb Dim Sum*
- August – *Towngas* *Rmb Dim Sum*
- August – *IL&FS* *Rmb Dim Sum*, *MS*, *DB*
- August – *Eastern Airlines* *Rmb8bn Dim Sum*, *CICC*, *DB*, *HSBC*
- August – *ZhongCe/Hai Chao* *Rmb1bn Dim Sum*, *ICBC Asia*, *StanChart*
- August – *United Laboratories* *Rmb Dim Sum*, *GS*, *UBS*
- August – *China Zhongwang Group* *Rmb Dim Sum*, *Barclays*, *Nomura*
- August – *Brightoil Petroleum* *Rmb Dim Sum*, *BOCI*, *DBS*
- August – *Southern Airlines Group* *Rmb5bn MTN* quota, *CEB*.
- August – *North Industries Group* *Rm12bn MTN* *CCB*, *CMB*
- August – *Huaneng Group* *Rm2bn MTN* *CDB*, *ABC*; *Rmb10bn private* *ICBC*, *CEB*
- August – *Maanshan Iron & Steel* *Rmb5.5bn corp bond*, *Citic Sec.*

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