

# New milestone for Cagamas

**KUALA LUMPUR:** Cagamas Bhd, through its wholly-owned subsidiary, Cagamas Global Plc, yesterday made its debut in the international bond market by successfully printing the first and largest Chinese yuan bond by a Malaysian issuer with a three-year 1.5 billion yuan offering at a fixed coupon rate of 3.7% per annum.

Proceeds from the issuance would be used to purchase mortgage loans from the financial system, it said in a statement here yesterday.

This is Cagamas' first ever non-ringgit denominated bond issuance, the largest yuan issue by a Malaysian issuer to date, the largest yuan bond in South-East Asia to date and the world's first yuan bond to be issued by a mortgage corporation.

It also marks a significant milestone as the first yuan and non-ring-

git denominated bond to be settled via Malaysia's Real-time Electronic Transfer of Funds and Securities System, operated and managed by Malaysian Electronic Clearing Corp Sdn Bhd.

Cagamas' inaugural yuan medium term notes issuance, which will also be listed on the Labuan International Financial Exchange, will carry the market name "Tiger Emas Bond" to represent offshore yuan issuances by Malaysian corporates.

"The strength and diversity of demand for the Cagamas Tiger Emas Bond issuance affirms the potential of Malaysia's bond market.

"This also reaffirms the Malaysia's infrastructure readiness and effectiveness to serve as a platform for the issuance and depository of foreign currency bonds in the international markets," said Bank Negara governor

Tan Sri Dr Zeti Akhtar Aziz.

The yuan bond was issued under Cagamas' US\$2.5bil conventional multicurrency medium term note programme, which gives Cagamas the ability to issue bonds under a host of international currencies.

Cagamas said after a series of roadshow meetings in Hong Kong and Singapore and against a backdrop of a potential heavy supply of competing issuances, the book was opened on Sept 12 with an initial price guidance of 3.85%.

Cagamas attracted a very strong order book of more than 4.6 billion yuan, or an over-subscription rate of 3.1 times the final issuance size of 1.5 billion yuan via 87 orders from high quality global investors.

"It is a milestone for Cagamas," Cagamas president and CEO Chung Chee Leong said. - Bernama