

Alibaba seeks to raise more than \$21b in record US tech IPO

REUTERS

Alibaba Group Holding Ltd seeks to raise more than \$21 billion in an IPO that will value the Chinese e-commerce giant at up to \$163 billion and rank as the largest-ever technology debut in the United States.

Alibaba expects to price its initial public offering between \$60 and \$66 per American Depositary Share, valuing the company at about \$162.69 billion at the top end of the range and raising a maximum of \$21.1 billion.

The company founded by former English schoolteacher Jack Ma will decide on its final price after a globe-spanning roadshow that will kick off in New York on Monday, and is expected to stop in cities from Hong Kong to San Francisco.

If all goes well, Alibaba may ring the opening bell on the New York Stock Exchange in as little as two weeks.

Industry analysts had expected Alibaba to try for a valuation in excess of \$200 billion, ranking the Chinese company among the 20 largest publicly traded companies in the United States. It may eventually price above the initial range, should it deem investor demand sufficient.

Many investors are eager to buy a piece of a Chinese company that handles more e-commerce than Amazon.com Inc and eBay combined.

"This number may seem enormous, but when you look at the value compared with the company's fundamentals, it's not as rich as we might expect," said Brian Hamilton, chairman of private company analysis firm Sageworks.

But some investors remain cautious about the potential conflicts of interest between Ma's role as a steward of the company, and his investment interests elsewhere.

The company has also attracted its share of controversy in the past, as when it hived off lucrative payments unit Alipay, triggering objections from major shareholders Yahoo and Softbank.

The company said in its latest prospectus that it has racked up almost \$16 million in IPO-related legal fees, unusually high for an IPO and an indication of the effort that Alibaba and its advisers have undertaken to prepare a complicated prospectus.

"When an Internet company of our scale that originated from China enters the global scene, you should expect that it will encounter scepticism from different directions due to differences in cultural perspectives, values and even geopolitical positioning," Ma said in a letter to investors reminiscent of the "founder's letters" that accompanied the debuts of Facebook and Google.

"While it may be difficult for a public Alibaba to sidestep controversy, we hope that controversies generate constructive debate and add fresh perspectives to the dialogue on globalization."



REUTERS

People play in a hall inside Alibaba's headquarters in Hangzhou, Zhejiang province, in China

Some investors say the company's fundamentals outweigh the risk of investing in a company with an unfamiliar governance structure.

Alibaba accounts for about 80 percent of all online retail sales in China, where rising Internet usage and an expanding middle-class helped the company generate gross merchandise volume of \$296 billion in the 12 months ended June 30.

The Chinese e-commerce giant's revenue accelerated in the April-to-June quarter on strong gains in its mobile business, providing investors with what may be the final glimpse of the company's financials before its expected landmark market debut.

Revenue in the June quarter increased 46 percent year-on-year to \$2.54 billion, a faster pace than the 38.7 percent growth in the previous quarter.

Alibaba is selling 123.1 million of the 320.1 million ADSs slated for the IPO. Shareholders including Yahoo, Ma and executive vice chairman Joe Tsai are offering the

remainder.

Citigroup has been appointed to the depositary receipt role for Alibaba, which means it will hold the underlying shares and issue ADRs to shareholders, according to a source familiar with the matter.

In other key banking roles, Morgan Stanley MS.N and Credit Suisse CS.N will manage the so-called "lockup" agreement that dictates when pre-IPO shareholders will be able to sell once the stock starts trading, a person familiar with the matter told Reuters. Goldman Sachs will act as the "stabilisation agent," overseeing the stock's early trading.

Credit Suisse will also oversee the "friends and family program," formally known as a directed share programme, the person familiar with the matter said.

"Listen, it's a very successful company. The market needs a company like this," said Akram Yosri at 3i Capital Group. "As an institutional, I would have liked to see around \$135 billion. It's up to the syndicate now, I hope they exercise prudence."

Apex Group emerges as shoemaker to the world

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Seated in his Dhaka office in the tony Gulshan area, Elahi points proudly to the gold certification received by Apex Footwear from Worldwide Responsible Accredited Production, an US-headquartered social compliance monitoring organisation.

A former tobacco executive, Elahi, 71, along with his son Nasim Manzur, 45, who runs operations as managing director, is spearheading Bangladesh's charge into the global footwear trade. While China still has the biggest footprint, with a 60 percent share of global shoe production, its rising labour costs have made big retailers look elsewhere, to countries like Vietnam and Indonesia.

The time is ripe, say the father-son pair, for Bangladesh—where the cost of labour in shoe-making, at less than one-fourth that of China, is the lowest in Asia—to gain a significant berth as a profitable manufacturing hub.

The country's annual leather exports, including footwear, have been climbing lately, doubling since 2010 to just over \$1.1 billion, though its global share remains less than 1 percent. The Apex Group accounts for 15 percent of those.

"Apex has led the way in the shoe sector and been a source of inspiration to others. It remains well ahead of the curve on several counts," says Farooq Sobhan, a former diplomat who is president of the Bangladesh Enterprise Institute, an independent research outfit.

Elahi, who hails from a family of legal luminaries, stumbled into the shoe trade. One of seven siblings, he grew up in Calcutta, India where his Muslim father was the chief justice of the high court and was awarded a knighthood. In 1962 Elahi immigrated to Dhaka (then part of East Pakistan) to enrol in Dhaka University. After graduating two years later, he joined the local arm of

British American Tobacco in Karachi.

But Elahi, who says he admired Jamsetji Tata, the legendary founder of India's Tata empire, was nursing a dream to start his own business. A chance meeting with a French trader, who was sourcing Bengal Black Kid semfinished leather from Dhaka that was much sought after by France's shoemakers, sealed his fate.

In 1972, a year after Bangladesh won its independence, Elahi quit what he calls his "golden cage" on his 30th birthday to become an agent of the French firm. He recalls that his siblings, who were vehemently opposed to his plans, stopped speaking to him for two years. "They were hopping mad as they saw businessmen as crooks and said I would bring disgrace to the family," he says with a smile.

In 1975 Elahi jumped into manufacturing when the government decided to privatize tanneries that had been nationalised post-independence, only to run up losses thereafter. He snatched the near-defunct Orient Tannery situated in Dhaka's Hazaribagh area in an auction for 1.22 million takas, the equivalent of \$100,000. "My lucky numbers are one and two," says Elahi.

Changing its name to Apex Tannery to reflect his ambition to reach the pinnacle of success, Elahi sought to start afresh. When he refused to give in to the union's demand that none of the tannery's 82 workers would be sacked, he was locked inside the factory for a night. A senior union member who turned out to be a school buddy eventually rescued him.

In 1982 he took the tannery public with the aim of graduating from producing "wet blue" semfinished leather to making crust leather, a more finished form that required new machinery and know-how from Italy. Apex's main market at the time. Thereafter the company expanded into finished leather and new markets such as Japan, China and Brazil.

Foreign films a tough sell in America, but remakes thrive

AFP, Toronto

Subtle cultural differences and subtitles often make the business of selling foreign-language films in the North American marketplace a challenge, but demand for remakes in English is strong.

Several filmmakers and buyers told AFP on the sidelines of the Toronto International Film Festival that a North American distribution deal requires patience and determination. "Distributors have become timid, and so-so films just won't do anymore," a French seller said.

"Your film and your pitch have to be excellent," added Stine Oppegard of the Norwegian film institute.

A niche American audience will always go see a film with subtitles at art house cinemas, but "beyond that, to reach the general public is a problem," commented Adeline Monzier, Unifrance's New York-based rep.

French filmmakers have managed to secure a foothold, with a more than 0.5 percent share of box office receipts that peaked at 2.5 percent with the success of "The Artist" and "Intouchables" in 2011, she recalled.

"It seems small but we are the country that has done the best by far," she said.

"There is a certain American audience for art house films. Just look at the success of the Indian film 'The Lunchbox,' which earned \$5 million at the box office, or Poland's 'Ida' -- close to \$4 mil-



AFP

Filmmakers and buyers at the Toronto International Film Festival say getting a North American distribution deal for a foreign film needs patience and determination.

lion," explains Louis Balsan of the French firm Funny Balloons.

He's in Toronto trying to secure distribution for "Near Death Experience," an offbeat film by Benoit Delepine and Gustave Kerven, starring actor-writer Michel Houellebecq.

He says it should be an easy sell, because the two directors "have their fans" and Houellebecq "is the most published French writer abroad, no?"

Also in his bag is the French

production "Pasolini," which premiered in Venice before being screened in Toronto. Making it a bit more saleable in Canada and the United States, it is directed by and stars Americans Abel Ferrara and Willem Dafoe, respectively.

Toronto is not only a great place to find distribution deals for finished works, attracting a massive media and industry grouping, but is also "a perfect place to launch international projects," said Gilles Sousa, Bac sales director.

Bac Films announced in Toronto Nicolas Saada's new film "Taj Mahal," which will feature "Nymphomaniac" star Stacy Martin. The thriller will be set against the backdrop of the 2008 Mumbai attacks.

Bac is also keen on a remake of Thomas Cailley's film "Les combattants", a story of young people that would resonate well with audiences in other countries, according to Sousa.

Steven Spielberg and Dreamworks are adapting the Japanese film "Like Father, Like Son" by Hirokazu Koreeda, which won the top prize at Cannes in 2013, he noted.

A hindrance for Japan generally however, according to Kenta Fudesaka, international relations director for Unijapan, which promotes Japanese films abroad, is that "people often think of action films or anime when you mention Japanese films."

Coincidentally Japanese animation film studio Ghibli has managed to get a US distribution deal for its "Tale of Princess Kaguya" but it will be redubbed by known actors Chloe Grace Moretz, Beau Bridges and James Caan, he said.

He recalled also Yojiro Takita not having North American box office success with his "Departures," despite winning a best foreign language film Oscar in 2009.

"Normally that type of Oscar leads to commercial success but this one didn't," he noted.



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Md Shafiqur Rahman, managing director of Social Islami Bank, and Abu Sadek Md Sohel, managing director of Bangladesh Commerce Bank, attend the signing of an agreement at a programme recently for foreign remittance payment disbursements.

Mobile wallet rebrands as Softcard

AFP, Washington

US mobile payments firm Isis has officially changed its name to Softcard, completing the process of distancing itself from a militant Islamic group sometime known by the same acronym.

The company, which is backed by US wireless giants AT&T, Verizon and T-Mobile, announced in July it was dropping the name Isis, which may also be a reference to the militant group Islamic State of Iraq and Syria, also known as the Islamic State of Iraq and the Levant (ISIL).

"However coincidental, we have no desire to share a name with this group and our hearts go out to those affected by

this violence," chief executive Michael Abbott said in a statement.

"Our search for a new name has been rooted in our founding vision: to use the power of the mobile phone to help consumers find a safer and better way to shop, pay and save. But we also wanted a name and visual identity that had the power, flexibility and simplicity to define our category."

The rebranding will be completed "in a few weeks," according to the company website.

The service allows its customers to load card payment information to a smartphone, which can then be swiped at a merchant terminal.

Emirates airline says Ex-Im Bank not critical for its plane financing

REUTERS

Emirates, Dubai's flagship airline, would not have trouble buying planes from Boeing Co even if the US Congress fails to renew the US Export-Import Bank's charter later this month, a senior company executive said on Friday.

The Ex-Im Bank, which provides financing to help US businesses sell products overseas, is only one of many financial sources that Emirates draws on when buying planes, Hubert Frach, the airline's senior vice president for commercial operations in the West, said in an interview with Reuters.

"Ex-Im is not an exclusive tool for Emirates to finance the aircraft," Frach said. "Our aircraft are financed by various concepts."

Emirates is one of the biggest buyers of Boeing airplanes and in November placed a record order for Boeing Co's next-generation 777X, a fuel-efficient version of the company's best-selling widebody plane.

Emirates' growing US service competes with US carriers for international travelers. Delta Air Lines has opposed renewal of the Export-Import Bank's authority to operate, which expires Sept. 30, saying it creates an uneven playing field by cutting the cost of aircraft for foreign rivals.

Reauthorization of the bank has been the subject of an intense debate in Congress Frach underscored that Emirates's service and its large Boeing orders support substantial job growth in the United States.

Emirates now flies to nine US cities and plans to fly larger-capacity jets to several of these destinations because of high US demand.

Frach said Emirates fills nearly 90 percent of the seats on many of its US flights - a number competitive with domestic carriers' load factors. Delta Air Lines said its load factor for international flights during the month of August was 88.2 percent.

"You look at demand. You see that your load factor from day one is in the high 80s if not in the 90s, and you are confident that especially in peak summer months, you can easily also fill a bigger aircraft," Frach said.

Less than five months after starting service to Boston in March, Emirates upgraded its Boston jet to a Boeing 777-300 from a Boeing 777-200, which has 88 more seats, because of demand, Frach said.

Emirates also plans to roll out the Airbus A380 - a double-decker with showers for first-class passengers - on its service to Dallas starting Oct. 1. It will do the same for San Francisco starting Dec. 1 and for Houston two days later.

Emirates faces competition from Etihad Airways, which plans to offer a three-person suite with butler service on its London-Abu Dhabi route this December.