

Nasdaq's Facebook failure worries Alibaba

REUTERS

Alibaba Group Holding Ltd could have sold nearly \$2 billion worth of stock without lifting a finger. All it had to do was list its shares on Nasdaq.

That listing would have guaranteed Alibaba's inclusion in the Nasdaq 100 Index by the end of the year, and funds which track the index would have had to buy.

But two sources familiar with the situation said Alibaba executives worried about Nasdaq's ability to handle their \$21 billion initial public offering later this month, since the exchange botched Facebook's market debut two years ago.

Nasdaq tried to persuade Alibaba that it had fixed the problem, the sources said, but it is not clear whether they were swayed.

One of the sources said that Alibaba eventually was satisfied that Nasdaq had solved the issue and chose NYSE because its overall pitch was better. The other said Nasdaq executives believed that Alibaba decided that the possibility of a botched IPO, however small, outweighed the possible benefits of being in the index.

Alibaba and NYSE declined to comment, while a spokesman for Nasdaq, which has repeatedly said it has fixed the issues that went wrong in the Facebook IPO, said "It



REUTERS/FILE

An employee is seen behind a glass wall with the logo of Alibaba at the company's headquarters on the outskirts of Hangzhou, Zhejiang province.

was a close race, and we wish Alibaba well." Alibaba's misgivings about Nasdaq's technology, two years after Facebook's glitch-ridden, \$16 billion market debut, show the incident continues to threaten Nasdaq's reputation.

Listings contributed only 12 percent of Nasdaq's \$1.9 billion in revenues in 2013, and large listings such as Alibaba's are less profitable for exchanges, but within the financial community they are taken as a barometer of success.

Nasdaq systems buckled under the tremendous volume of orders on the first day of trading in Facebook's shares in 2012, leading to hours of delay. In its presentation to

Alibaba, Nasdaq detailed the steps it had taken to prevent another Facebook-style glitch, two sources familiar with the pitch said. The exchange has said it responded to Facebook by putting extra safeguards in place, creating new positions within the company to improve communications with the industry and regulators when errors occur, and establishing an engineering team to monitor and analyze daily performance.

The decision not to go with Nasdaq meant that Alibaba may not join any major global index this year.

"There is a pretty strong argument that index inclusion equals stability," Kevin Landis, chief investment

officer of Firsthand Capital Management, a Silicon Valley-based technology-investing specialist with \$400 million in assets under management.

ETFs and mutual funds that track such benchmarks have to buy and hold their stock.

The Nasdaq 100, which includes companies such as Apple and Google, has a market capitalization of \$4.75 trillion. Funds such as the \$46.8 billion QQQ PowerShares exchange-traded fund, the fifth-biggest ETF in the world, track the Nasdaq 100, according to data from Thomson Reuters' Lipper service.

If the IPO values the company at \$200 billion, Alibaba would have been

about 3.3 percent of the index. There are more than \$54 billion in ETF assets alone linked to the index, which means at least \$1.7 billion would have flown into Alibaba shares.

The chance to get on Nasdaq 100 was a selling point for Facebook itself. In the lead-up to the Facebook IPO, Nasdaq reduced the amount of time a qualifying firm needs to be listed on Nasdaq in order to be added in the index to three months from a year.

Alibaba doesn't qualify to be on many of the world's major indices, since it is registered in the Cayman Islands. The behemoth S&P 500 Index, which has a market capitalization of \$18.6 trillion, only lists U.S. companies.

The Chinese firm is not eligible to be part of the biggest MSCI or FTSE indices for other reasons, although MSCI is looking at changing its index rules in a way that could put Alibaba on a major index.

And finally, Alibaba gave up a chance for mainland Chinese to invest, since China-based money manager Guotai Asset Management's Guotai Nasdaq 100 Index trades on the Shanghai Stock Exchange.

"It falls into this no man's land of indexing," said Dennis Hudachek, a senior ETF specialist with ETF.com, an expert on exchange-traded funds.



CITY BANK

Rubel Aziz, chairman of City Bank, opens an open air ATM of the bank on Kamal Ataturk Avenue in the capital recently.

Alibaba to boost IPO size on overwhelming demand

REUTERS

Alibaba Group Holding Ltd plans to increase the size of its US initial public offering because of "overwhelming" investor demand, people familiar with the deal said on Monday.

The Chinese e-commerce company launched the IPO last week and had enough investor demand to cover the entire deal within two days, people familiar with the process said last week.

Alibaba could set a new record for the world's biggest IPO if underwriters exercise an option to sell additional shares to meet demand, pushing it as high as \$24.3 billion and overtaking Agricultural Bank of China Ltd's \$22.1 billion listing in 2010.

The company and some shareholders offered 320.1 million American depositary shares at a \$60-\$66 per share indicative range. Alibaba will likely file an amendment to its IPO later on Monday with a higher price range after discussing the new price with large US mutual funds and institutional investors, one of the people said.

"Demand has been overwhelming since the launch," said the person, who couldn't be named because details of the IPO aren't yet public. "Increasing the price range was already on the cards from the beginning."

Bloomberg earlier reported that Alibaba plans to increase the top end of the price

range to above \$70. Alibaba spokeswoman Florence Shih declined to comment on the size of the IPO being raised.

Reuters reported on Friday that Alibaba plans to close its IPO order book early after it received enough orders to sell all the shares in the record-breaking offering.

Alibaba plans to expand its business in the United States and Europe after the much anticipated IPO, billionaire founder Jack Ma said on Monday as the Chinese e-commerce titan pitched its record deal to investors in Asia.

"After being listed in the US, we will develop our business in Europe and in the US," Ma told a packed group of journalists ahead of his presentation to investors. "We will not give up the Asia market because, as I would say, we are not a company from China, we are an Internet company that happened to be in China."

The investor luncheon took place in a huge events room at the luxury Ritz Carlton hotel. The hotel is on the same building as three of the main bookrunners of the IPO, just an elevator ride away from Credit Suisse, Deutsche Bank and Morgan Stanley offices, across the harbor from the city's financial center.

Fund managers and analysts were given orange bracelets to give them access to the banquet of smoked salmon, chicken breast and mango pudding.



TOMA GROUP

Md Abul Khair, managing director of Padma Oil Company, and Ataaur Rahman Bhuiyan, chairman of Toma Group, attend the signing of an agreement at a programme recently. Padma Oil will supply Total brand lubricant to Toma's new taxi venture.

South Africa launches support package for troubled power supplier

AFP, Johannesburg

The South African government on Sunday announced a wide-ranging support package for troubled state-owned power supplier Eskom, that will see it receive an equity injection and raise additional debt.

Eskom, which supplies 95 percent of South Africa's electricity, has been struggling to meet growing demand, hobbled by years of underinvestment and ageing infrastructure.

"Eskom is facing significant challenges that threaten its sustainability," the finance ministry said in a statement.

"Cabinet approved a package to support a strong and sustainable Eskom to ensure that the energy security of the country is maintained, as well as supporting GDP growth."

The treasury said it would allocate funding to Eskom "to help relieve the impact on electricity consumers, as well as add additional support to Eskom's balance sheet".

The size of the equity injection will be made public during budget announcements in October.

The energy supplier will also raise additional debt in the region of 50 billion rand (\$4.5 billion, 3.5 billion euros), "over and above its original plan of R200 billion", the statement added.

"While it is difficult to see any alternative for the South African government other than to support Eskom, the latest announcement -- although still vague on the amounts involved -- may crystallise some of the rating outlook fears for the sovereign," said Razia Khan, an analyst at Standard Chartered Bank.

India inflation slows to five-year low in August

AFP, Mumbai

India's wholesale price inflation slowed to its lowest level in almost five years in August, data showed Monday, after the right-wing government came to power pledging to wrestle down crippling prices.

The Wholesale Price Index increased 3.74 percent year on year -- far below market forecasts of around 4.40 percent -- and sharply lower from 5.19 percent last month.

I was also the lowest since October 2009 thanks largely to a drop in fuel and metals prices, the data showed.

The figures will come as welcome news for Prime Minister Narendra Modi's government, which swept to power to May promising to tackle high inflation that has long angered voters.

They also reduce pressure on the hawkish central bank to hike already-steep interest rates that businesses say have hindered growth-stimulating investment.

Reserve Bank of India Governor Raghuram Rajan has made taming inflation one of its top priorities, despite business leaders clamouring for rate cuts.

China's Xi touts 'maritime silk road' on South Asia tour

AFP, Male, Maldives

China's President Xi Jinping enlisted the Maldives' backing for a "21st century maritime silk road" on Monday as he began a tour of South Asia in the strategically located Indian Ocean island chain.

The Maldives is best known for its tourist industry but also straddles major international shipping lanes, and Chinese investment there has grown significantly as Beijing seeks to secure vital trade routes.

"(The) Maldives was an important stop of the ancient maritime silk road," Xi wrote in an article published on the local Sun Online news portal late Sunday.

"China welcomes (the) Maldives to get actively involved in building the 21st century maritime silk road by leveraging its own strength."

Xi is in the Maldives at the start of a tour set to focus on China's growing economic influence in South Asia, which has raised alarm bells in regional power India.

From the Maldives he will travel to Sri Lanka where China has invested heavily, building a deep-sea harbour and an international airport in an area that straddles the east-west shipping lane, the world's busiest trade route.

The "maritime silk road" -- touted by Xi during a visit to Indonesia last year -- is intended to revive a trade route running from China through Southeast Asia and the Indian Ocean to Europe.

Chinese state news agency Xinhua

said the Maldives' President Abdulla Yameen "expressed total agreement" with Xi's proposal, without giving further details.

The two leaders held talks in the capital Male focused on trade and aid after a formal welcome including a 21-gun salute.

Yameen's office said he had reached nine agreements with China, including one on a project to build a bridge connecting the capital with the airport island of Hululle, a distance of about one kilometre (0.6 miles).

It is the first visit by a leader from Beijing since the former British protectorate gained independence in 1965, but will be the second meeting between the two leaders in a matter of weeks, following their talks last month in the Chinese city of Nanjing.

A source close to Yameen's government told AFP ahead of the talks they would steer clear of sensitive security issues as New Delhi considers the islands to be within its sphere of influence.

India has regarded China's growing influence among its neighbours with concern, leading new Prime Minister Narendra Modi to prioritise regional relationships that critics say the previous government neglected.

Chinese have become the largest single group of holidaymakers to visit the Maldives, a nation of 1,192 tiny coral islands scattered some 850 kilometres (530 miles) across the equator.

The Maldives received just over one million tourists last year and more

than 30 per cent of them were Chinese. Tourism accounts for more than a quarter of the \$2.3 billion economy.

"Known as 'a string of pearls that God left in the human world' and with its simple and warm-hearted people and picturesque scenery, Maldives is a magnet attracting tourists from around the world," said Xi, adding he was eager to experience the islands for himself.

But as well as being renowned for sandy beaches and turquoise waters, there is also some alarm that the Maldives has become a recruiting ground for jihadists.

The one-square mile capital island has seen a pro-jihadist demonstration earlier this month pressing for sharia law.

At least four nationals are said to have been killed while fighting in Syria this year.

Former president Mohamed Nasheed told Britain's Independent on Sunday paper at the weekend that up to 200 Maldivians were fighting for Islamic State (IS) in Iraq and Syria. The entire population of the Maldives is only around 330,000 Sunni Muslims.

"Radical Islam is getting very, very strong in the Maldives," said Nasheed, who lost last November's run-off election to Yameen. "Their strength in the military and in the police is very significant."

Eight Chinese were among a group of foreign tourists injured in a bombing in Male in 2007 carried out by suspected Islamist militants.



DBBL

Masudul Quader, chief executive of Dushtha Shasthya Kendra, and Md Abul Kashem Khan, head of mobile banking at Dutch-Bangla Bank, attend the signing of a mobile banking agreement at the bank's head office in Dhaka on Sunday.

Hero MotoCorp plans to invest 16b rupees in new plant

REUTERS, New Delhi

Hero MotoCorp Ltd, India's top maker of motorcycles and scooters, plans to invest 16 billion rupees (\$262 million) to set up a new manufacturing plant in southern India, a source directly involved in the matter said.

Hero has signed a preliminary agreement with the Andhra Pradesh state government to set up the plant, to be spread across 600 acres, which can produce upto 1.8 million vehicles annually, the source said.

Hero, which has three operational plants and one under construction across India, did not have an immediate comment. The company also plans to set up a plant in the western state of Gujarat, where construction is expected to begin soon, the company's annual report showed.



PDBL

Anis A Khan, chairman of Primary Dealers Bangladesh, launches the website of the organisation--www.pdbl.org.bd--at a programme on Saturday. Shahid Hossain, vice chairman, was also present.