

# Fin or tech? China’s Ant, biggest-ever IPO, says it’s a tech firm not a bank

REUTERS, Beijing

China’s Ant Group, about to make the biggest public sale of shares ever, poses a basic conundrum: what kind of company is it - a financial colossus or a tech giant? That is important for investors before and after the initial public offering of \$34.4 billion, surpassing Saudi Aramco’s record \$29.4 billion float last year. Shares are expected to start trading on Thursday in Shanghai and Hong Kong.

A spinoff from billionaire Jack Ma’s Alibaba Group, Ant presents itself as a technology company, while financial regulators suggest the firm remains under their purview.

The Hangzhou-based giant benefits from the far richer valuations the market affords to tech firms than to financial institutions. It hopes to escape the closer scrutiny of financial regulators, analysts say.

China’s central bank and financial regulators met on Monday with Ma and top Ant executives as Beijing published draft rules for online micro-lending.

One rule would require firms like Ant to shoulder default risks together with banks, while limiting leverage and lending amounts - all approaches used to regulate banks. An Ant spokeswoman said the company would “implement the meeting opinions in depth”.

Ant launched in 2004 as Alibaba’s payments processor. Its core Alipay app has more than 730 million monthly users in China.

It has also built an empire connecting China’s borrowers and lenders, securing short-term loans within minutes. It has branched out, using artificial intelligence and other sophisticated techniques to facilitate not just payments and loans but products from insurance to wealth management.

This means, Ant says, it is chiefly a technology vendor for financial

institutions. Ma has called it a “techfin” rather than a “fintech” outfit.

Sceptics find this argument unconvincing. They say financial regulators are unlikely to turn down the heat on a company that only this year changed its name from Ant Financial.

Ant Group declined to comment for this article.

Tech teams, not finance bankers, at most of Ant’s underwriter banks



REUTERS/FILE

**A logo of Ant Group is pictured at the headquarters of the company, an affiliate of Alibaba, in Hangzhou, Zhejiang province, China.**

are leading the IPO, people with knowledge of the matter told Reuters. They have secured tech-style pricing.

The dual listing values Ant at \$312 billion, or 31.4 times its forecast 2021 net profit, in the same ballpark as Alibaba, trading at 27.6 times forward earnings and New York-listed peer PayPal at a 45 multiple.

Some investors think Ant should be valued at up to \$400 billion or more in the IPO, two sources said.

Compare that with, say, Industrial and Commercial Bank of China, the worlds biggest bank by assets, at a multiple around 6.

Two or three years ago, Ant

began its fin-to-tech shift as Chinese regulators heightened scrutiny to control financial risks in the system. Last year the company for the first time made most of its revenue from fees generated by its digital finance technology platform.

Ant executives regularly stress that technology is in the firm’s DNA. “Since our inception over 16 years ago, digital technology has been part and parcel of everything we do,” CEO Simon Hu said

are only growing warier about financial technology. They consider Ant’s business model of matching borrowers and lenders mainly a financial service.

Ma’s remarks on regulators point to a deep conflict between fintech development and financial regulation, said Ji Shaofeng, a former official at the China Banking and Insurance Regulatory Commission.

“Although Ant is trying to phase out of its financial identity and emphasise itself as a digital technology firm, the dominant part of its revenue, which comes from its credit business, and its high leverage ratio have always attracted the wide notice of both regulators and the capital markets,” Ji wrote in a column for the financial news outlet Caixin.

Ant’s most lucrative business, consumer credit, is based on interest income. The firm takes an average 30%-40% cut of the interest on loans it facilitates, analysts estimate.

“That’s why the profit written in Ant’s prospectus is so lucrative, even more lucrative than banks,” one source said. “Business-wise, you can see Ant as the interbank counterpart of all the lenders.” Vice Finance Minister Zou Jiayi told a recent conference, which Ma attended, that fintech must not be allowed to dodge regulation, conduct illegal arbitrage and bolster a winner-take-all style of monopoly.

“Fintech has not changed the nature of finance that relies on credit and uses leverage,” she said.

China’s cabinet-level Financial Stability and Development Committee, in a Sunday statement widely seen as responding to the debate over Ant’s nature, said, “Innovation and entrepreneurship should be encouraged, but at the same time we need to strengthen supervision and include all financial activities into the regulatory framework by law.

# Managing virus crisis, Malaysia’s PM needs rivals to back budget

REUTERS, Kuala Lumpur

Uncertain whether Prime Minister Muhyiddin Yassin’s political rivals will resist the temptation to bring him down, Malaysia’s government is set to unveil a 2021 budget on Friday aimed at cushioning the economic impact of the coronavirus pandemic.

Muhyiddin has appealed for cross-party support when parliament votes on the budget proposals on Nov.23. Defeat would amount to a no confidence vote, analysts say, and would plunge Malaysia into more political instability.

Malaysia’s king has told squabbling politicians to prioritise passing the measures needed to help the Southeast Asian nation weather the crisis.

But having survived with a 2-seat majority since coming to power in March, Muhyiddin’s position remains precarious as cracks became evident in his own coalition as the opposition made strong moves to replace him in recent weeks.

“Without the bipartisan support, it would appear that he risks sabotage from his supposedly friendly coalition partner, UMNO,” said Oh Ei Sun, a senior fellow with Singapore’s Institute of International Affairs.

The United Malays National Organisation (UMNO) is more used to running the country, and its leaders have become increasingly unhappy playing second fiddle to the premier’s smaller Bersatu party.

Meantime, the opposition Democratic Action Party, a predominantly ethnic Chinese party that emerged as the largest party in parliament due to the split among ethnic Malay parties, has said its support for the budget would depend on whether the government acceded to

six demands. Those demands include an expansion of social security, an extension of bank loan moratoriums and wage subsidies, and guaranteed job creation.

The government has narrowed the budget’s focus to three key themes - public welfare, business continuity and economic resilience.

Finance Minister Tengku Zafrul Abdul Aziz said in an interview with Malay daily Sinar Harian on Sunday it would be a more expansionary budget than this year’s 297 billion ringgit (\$71.48 billion) budget.

But having already rolled out stimulus packages worth 305 billion ringgit as the coronavirus ruined the economy, economists question how much more the government can afford to spend.

Parliament in August approved a

5per cent hike in the government’s self-imposed debt ceiling to 60per cent of gross domestic product, but economists see little, if any, leeway left for more borrowing.

Taking account of a 3.5per cent-5.5per cent economic contraction forecast for this year, the government expects the 2020 fiscal deficit to hit 5.8per cent-6.0per cent of GDP.

“With a potential nominal growth contraction of 5per cent in 2020 and a fiscal deficit of 6per cent, the debt-to-GDP ratio may have already reached 59.6per cent,” Standard Chartered said in a research note.

If economic growth rebounds to around 8per cent in 2021 the government may have to reduce its fiscal deficit to 5per cent of GDP, or come up with alternative financing, like borrowing abroad, the bank added.



REUTERS/FILE

**A woman passes by a mural depicting Malaysia’s Prime Minister Muhyiddin Yassin in Kuala Lumpur, Malaysia.**

# Germany top for Brexit bank relocations: Bundesbank

AFP, Frankfurt Main

Germany is the most popular EU destination for banks leaving London following Brexit, with financial institutions expected to move 675 billion euros in assets and create 2,500 jobs, the Bundesbank said Monday.

The German central bank expects lenders to transfer 397 billion euros (\$462 billion) more than the 278 billion euros it has already moved from Britain post-Brexit, it said in a study, as negotiations intensify surrounding the conditions for the UK’s new relationship with the European Union.

The European Central Bank estimated in August 2019 that 1.3 trillion euros in assets would be transferred to the eurozone from Britain ahead of Brexit.

Britain left the 27-nation bloc at the end of January, but is currently negotiating its future relationship with the EU amid a transition period that ends on December 31.

The spectre of a “cliff-edge” no-deal Brexit, which would add more obstacles to cross-border business, has risen in recent weeks as negotiations stalled over fair-trade rules and fishing rights, with EU Commission chief Ursula von der Leyen saying last week that talks were in a “critical phase”.

The Bundesbank study confirms banks’ preference for Germany as a base for operations away from London, estimating a total of 675 billion euros in relocated assets.

By comparison, around 150 billion euros of assets will be moved to France by the end of the year, France’s

central bank governor said. Sixty-four financial institutions have applied for banking licences in Germany, with 40 so far having been approved, and the remainder pending.

Financial institutions moving operations out of the City of London should boost bank workforces in Germany by as many as 2,500 positions.

US bank JP Morgan said in September it would shift some 200 billion euros (\$233 billion) from the square mile to Frankfurt, which would make it one of Germany’s biggest lenders by assets.

The Bundesbank also said the financial sector was generally well prepared for Brexit, echoing ECB supervisory board chair Andrea Enria, who said that banks are “now ready to take the hit, to some extent.”

# UK businesses face ‘devastating’ new lockdown: CBI

AFP, London

A second coronavirus lockdown in England will deliver a “devastating” blow to British businesses, the country’s biggest employers organisation said on Monday.

The Confederation of British Industry (CBI) warning came before the start of four weeks of stay-at-home restrictions on Thursday to try to halt spiralling infection rates.

CBI director-general Carolyn Fairbairn told the lobby group’s annual conference the measures will be “truly devastating for businesses”.

“The good news is we are better prepared” than before the pandemic struck, she said in an online address to delegates.

But she warned: “We need to keep as much of the economy open as possible.” Prime Minister Boris Johnson had previously resisted increasing calls for a short “circuit-breaker” lockdown, as cases mounted following similar rises elsewhere in Europe.

Britain has been among the worst-affected countries by the outbreak, with some 47,000 deaths from more than one million positive cases. He eventually announced the second lockdown on Saturday, after warnings that hospitals could be overwhelmed within weeks if nothing was done.

Johnson also announced a one-month

extension of a furlough jobs support scheme, under which the government has paid up to 80 percent of monthly wages for about ten million workers during the emergency health crisis.

The government had been due to water down the furlough scheme on November 1. Fairbairn added that the business community wanted “clarity” over what would happen at the end of the extension.

She also warned it would be “unconscionable” to end the post-Brexit transition period on December 31 without a trade deal, given the chronic uncertainty caused by the pandemic. “I urge everyone to get a deal ... We need it desperately,” Fairbairn added on Monday.

Britain left the European Union in January but a post-Brexit trade deal remains elusive, European sources told AFP over the weekend.

Talks continue this week but time is fast running out to strike an agreement for it to be in place for January 1. Johnson had been due to address this week’s CBI gathering but cancelled his appearance.

Britain’s first Covid-19 lockdown, which was implemented on March 23 and lasted until June, sparked a historic recession.

Bank of England governor Andrew Bailey stated earlier this month that UK economic output in the third quarter was between nine and 10 percent below its level at the end of last year.





Government of the People’s Republic of Bangladesh  
Office of the Project Director  
"Establishment of Premix Kernel Machine with Laboratory and Construction of Infrastructure to ensure nutrition in Food Grains" Project  
Directorate General of Food  
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[www.dgfood.gov.bd](http://www.dgfood.gov.bd)



মুহাম্মদ হুমায়ুন কবির  
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Memo No.13.01.0000.362.49.010.20-25

Date: 03-11-2020

**REQUEST FOR EXPRESSION OF INTEREST (REOI) FOR SELECTION OF CONSULTING FIRM TO CONDUCT**

Initial Environmental Examination (IEE), Environmental Impact Assessment (EIA) and Detail Architectural, Structural, Electro-Mechanical, Plumbing & Sewerage Design & Drawing & Supervision Services for Establishment of Premix Kernel Machine with Laboratory and Construction of related Infrastructure to Ensure Nutrition in Food Grains Project' as a complete Plant.

1.	Ministry/Division	Ministry of Food
2.	Implementing Agency	Directorate General of Food
3.	Procuring Entry Name	Project Director Establishment of Premix Kernel Machine with Laboratory and Construction of related Infrastructure to Ensure Nutrition in Food Grains Project
4.	Project Code	224306600
5.	Expression of Interest For Selection of	Consulting Firm (National)
6.	Budget and Source of Funds	Government Development Budget GoB
7.	REOI Ref. No. & Date	13.01.0000.362.49.010.20-25, Date: 03-11-2020
8.	Procurement Method/ Procurement Sub-Method	Selection under Fixed Budget (FB)
9.	Project Name	Establishment of Premix Kernel Machine with Laboratory and Construction of related Infrastructure to Ensure Nutrition in Food Grains
10.	Request for Expression of Interest (REOI) for Selection of Services From	Reputed/Established Consulting Firms for Providing Consultancy Services to Initial Environmental Examination (IEE), Obtain Site Clearance Certificate (SCC), Environmental Impact Assessment (EIA) to Obtain Environmental Clearance Certificate (ECC) and Detail Architectural, Structural, Electro-Mechanical, Plumbing & Sewerage Drawing, Bill of Quantities (BoQs), Preparation of Tender Documents etc. & Supervision Consultancy Services for the Project of 'Establishment of Premix Kernel Machine with Laboratory and Construction of related Infrastructure to Ensure Nutrition in Food Grains.' As a complete Plant.
11.	Location of the project	Silo campus at Narayanganj.
12.	REOI Closing Date and Time	18-11-2020 on 3.30 PM (BST)
13.	Brief Description of Service	Directorate General of Food under the Ministry of Food has been implementing IEE, EIA and Architectural, Structural, Electro-Mechanical, Plumbing & Sewerage Drawing, BoQs etc. & Supervision Services for 'Establishment of a new Plant like Premix Kernel Machine with Laboratory and Construction of Infrastructure to Ensure Nutrition in Food Grains' funded from Government Development Budget. The project area at Narayanganj Silo Campus, Siddhirganj, Narayanganj. The Duration of the Assignment will be 12 months. The major scope of services are as follows:- <ul style="list-style-type: none"><li>Prepare a Master Plan with Detailed Lay Out and Architectural Plan for New Premix Kernel Machine with its related Infrastructure to Ensure Nutrition in Food Grains attached with existing Narayanganj Silo Campus;</li><li>Establishment Premix Kernel Machine with the capacity of 400KG per hour;</li><li>Establishment of a laboratory with modern equipment for testing food;</li><li>Establishment of a new office building cum-laboratory with 05 storied foundations with 1200 (400*3) square meter area;</li><li>Establishment of a new factory building with 600 square meter area;</li><li>Establishment of a Store/Silo/warehouse with a capacity of 400 metric ton for the preservation of raw materials like Rice/wheat/corn etc.;</li><li>Supervision Consultancy Services includes Civil, Electro-Mechanical, Erection, Commissioning and Performance standards of production, inspection &amp; QA services of the turn key Project as a whole.</li><li>IEE to Obtain SCC and EIA to obtain ECC from Department of Environment (DoE);</li></ul> The detailed Terms of Reference (TOR) for the assignment can be found in the following address and website: <a href="http://dgfood.gov.bd">www.http://dgfood.gov.bd</a> or Hard copy of the ToR Documents can be collected with a written permission from PD as a qualified Consulting Firm as specified in Eligibility of Consulting Firm.
14.	Eligibility of Consulting Firm-Experience, Resources and Delivery Capacity Required	The Directorate General of Food now invites eligible Consulting Firms ('Consultants') to indicate their interest in providing the services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the services. Minimum eligibility criteria of the consulting firm- <ol style="list-style-type: none"><li>Experience related to IEE,EIA, Environmental Management Plan (EMP) and Architectural, Structural, Electro-Mechanical, Plumbing &amp; Sewerage Drawing, BOQs, Estimates and Preparing all Tender documents as per PPR etc. &amp; Supervision Services of a complete project like food industry/Cement industry/poultry feed attached with Packaging plant and jetty.</li><li>Experience in other similar works/assignments of typical complete Industry; (include nature, name of project, total cost, total input in terms of staff-month, employer, location &amp; services provided).</li><li>General and overall experiences of the firm.</li><li>Availability of key professional staffs, logistics.</li><li>Legal Documents like Registration of the consulting firm (Legal trade License, Registrar of Joint Stock Companies and Firms (RJSC), Firm's brochure.</li><li>Updated TAX, VAT and BIN (with up-to date monthly VAT return Printed copy) certificate</li><li>Voter ID of authorized Person</li><li>Bank solvency showing managerial and financial capacity in/c. turn-over.</li><li>Audited financial reports for last three years.</li><li>Age of the firm (At least 12 years).</li></ol>
15.	Name, Designation, Address and Contact Details of Official Inviting EO	Md. Humayun Kabir, Project Director (Joint Secretary), "Establishment of Premix Kernel Machine with Laboratory and Construction of Infrastructure to ensure nutrition in Food Grains" Project, Directorate General of Food, Room No-329, 16 Abdul Goni Road, Dhaka-1000.

No association/joint venture/and or sub consultancy is required to conduct the services. The consulting firms will be selected as per PPA-2006 & PPR-2008. Further information can be obtained at the address below during office hours. Short listed firms will be qualify for participate in RFP of the said consulting services.

**The Procuring Entity reserves the right to accept or reject all EOIs.**



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