Xiaomi to raise $6.1 bn via HK IPO

Chinese smartphone maker's public issue to be one of the biggest tech floats globally in recent years

Xiaomi plans to sell about 2.18 billion shares including 65% primary shares at a price range of $2.17-$2.80

Reuters|Hong Kong

Chinese smartphone maker Xiaomi Corp is planning to raise up to $6.1 billion from a Hong Kong IPO launching this week, people with knowledge of the matter said, in what will be one of the biggest tech floats globally of recent years.

Xiaomi, which also makes internet-connected devices, plans to sell about 2.18 billion shares including about 65 percent primary shares in its initial public offering (IPO) at a price range of HK$17 to HK$22 ($2.17 to $2.80) each, said two of the people.

The Beijing-based, Cayman-domiciled company plans to bring in eight cornerstone investors including U.S. chipmaker Qualcomm Inc, Chinese express delivery company S.F. Holding Co Ltd, domestic telecom service provider China Mobile Ltd and state-run conglomerate China Merchants Group Ltd, according to the people.

The cornerstone investors are expected to buy about 13 percent to 15 percent of the shares being offered in the IPO, the people said. The line-up of cornerstone investors could be changed before the company takes orders from retail investors on Monday, they said.

The company will open the book to intuitional investors on Thursday, they added.

Xiaomi, China Mobile and China Merchants Group declined to comment. Qualcomm and S.F. Holding did not immediately respond to requests for comment. All the people declined to be identified as the information was not public.

Xiaomi lowered its likely valuation to a range of $55 billion to $70 billion following its decision to delay its mainland share offering until after its Hong Kong IPO, Reuters reported on Tuesday.

A company logo of Xiaomi is displayed on its smartphone at an event in Hong Kong. - REUTERS/Bobby Yip/File Photo

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The delay was triggered by a dispute between the company and regulators over the valuation of its China depositary receipts (CDRs), sources said, casting doubt on Beijing's efforts to lure foreign-listed Chinese tech giants back home. Xiaomi had been expected to raise up to $10 billion, split between its Hong Kong and mainland offerings. The delay to its CDRs is a blow for Chinese officials, who designed them as a means for China to compete globally for major tech listings and give mainland investors access to the country's tech champions.

Xiaomi's blockbuster Hong Kong offering on the other hand is set to be the first listing under new exchange rules designed to attract tech floats, as competition heats up between Hong Kong, New York and the Chinese mainland. China's largest provider of on-demand online services, Meituan-Dianping, also plans to file for a Hong Kong IPO later this week, which would be the city's second multibillion-dollar tech float this year.

Air India stake sale plan shelved

Air India reviewing funding needs to remain competitive

The national carrier has six subsidiaries – three of which are loss-making – with assets worth about $4.6 billion

Reuters| New Delhi

India has shelved a plan to sell a 76 per cent stake in state-owned carrier Air India due to lack of interest from bidders, a government official said yesterday, marking the latest setback in its ambitious efforts to rescue the ailing airline.

Air India is now reviewing its funding needs and weighing ways to remain competitive, Junior Civil Aviation Minister Jayant Sinha told reporters at a briefing, adding the government is still committed to privatising the airline.

The decision to pull the plug on the plan came after India last month failed to attract buyers for the government's stake in the debt-laden carrier, in a blow to Prime Minister Narendra Modi's credentials as a reformer willing to step away from running money-losing businesses.

$7.16bn is the total debts of Air India as of March 31, 2017. It employs some 27,000 staff. The carrier is seeking a short-term loan of 10 billion rupees ($148 million) to continue day-to-day operations

"We ran a disinvestment process where we made it very clear what type of bid we were interested in receiving. Nobody expressed any interest ... that process right now is over so we have to move forward and consider other alternatives," he said.

The government will continue to support the loss-making airline's financial requirements while it works on alternatives, Sinha said, without giving a specific timeline for a new plan.

The sale was also key to Modi's plans to help keep the fiscal deficit at 3.3 percent of GDP, a goal already under pressure from giveaways to farmers and other welfare benefits ahead of the 2019 national elections.

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> JAYANT SINHA
> JUNIOR CIVIL AVIATION MINISTER

While the government says it has been forced to review the plan also because of high oil prices, a weaker rupee and rising interest rates, potential bidders found some of the stake sale terms too onerous, making it a non-starter.

Delays could exacerbate the carrier's financial woes and hurt the government's efforts to cut debt, analysts said, adding the focus should now be on improving Air India's operations so it does not lose more money or market share.

"The government would look to improve the operational efficiency of the airline so that it becomes attractive for private investors to come in," said Teresa John, economist at Nirmal Bang Institutional Equities.

An Air India aircraft seen parked on the tarmac at Terminal 3 of Indira Gandhi International Airport in New Delhi. (AP Photo/Kevin Frayer)

Walt Disney raises bid for Fox assets to $71.3 billion

The Twenty-First Century Fox Studios flag flies over the company building in Los Angeles. - REUTERS/Lucy Nicholson/File Photo

The new cash-or-stock offer is also an incentive for Fox's largest shareholder, Rupert Murdoch, who owns 17 percent

Reuters| New York

Walt Disney Co raised its bid for Twenty-First Century Fox Inc assets to $71.3 billion yesterday, sweetening its offer with cash as it looks to scuttle Comcast Corp's $65 billion offer last week.

The new cash-or-stock offer is also an incentive for Fox's largest shareholder, Rupert Murdoch, who owns 17 percent voting shares along with his family and would have been hit with a large capital gains tax bill under Comcast's all-cash offer. Disney's previous offer was all stock.

Disney's latest move raises the hurdle for Comcast, which now has to decide whether it is feasible to come back with a higher bid.

$13.8bn is the net debt of Fox which will be taken over by Disney, implying a total transaction value of about $85.1 billion

Disney and Comcast are battling to win Fox's movie and television studios at a time when legacy media and distribution companies are looking to expand to better compete with newer media firms like Netflix Inc that sell their content directly to viewers.

Fox's international assets such as Star India appeal to both Disney and Comcast, which want to expand their global presence.

Disney's revised offer of $38 a share, which would be split 50-50 in cash and stock, is $10 higher than Disney's first bid in December 2017. Comcast's last bid was for $35 a share in cash. Disney will also take on about $13.8 billion of Fox's net debt, implying a total transaction value of about $85.1 billion.

Disney's latest offer is "superior" to the proposal made by Comcast, Fox said in a statement. Comcast declined to comment.

Fox shares jumped 6.3 percent to $47.52 in early trading, while Comcast was up 1 percent at $33.24. Shares of Disney rose 1.2 percent to $107.36.

Fox said it will postpone its special shareholders meeting in order to provide stockholders with an opportunity to evaluate Disney's amended offer.

Bosch to invest $250m in India in next 3 years

Company will ramp up investments in electric vehicles, self-driving technologies, diesel engines and artificial intelligence

Reuters|Mumbai

German auto parts maker Bosch Group plans to invest 17 billion rupees ($250 million) in India over the next three years to meet growing demand in the domestic automotive market, Chief Executive Officer Volkmar Denner said yesterday.

The company will also ramp up investments in electric vehicles, self-driving technologies, diesel engines and artificial intelligence, Denner said at a press conference in Bengaluru, India.

To keep pace with rapid changes in the automotive industry, Bosch said it plans to spend an additional 6 billion rupees to revamp one of its manufacturing facilities in Bangalore to focus more on advanced technologies such as Internet of Things.

Bosch anticipates electric vehicle technologies will be a future growth area in India as Prime Minister Narendra Modi aims to allow only electric cars in the country by 2030.

"We believe electrification is the future but an adequate transition period is required and 2030 is too short a timeline," Denner said.

For now, the company believes hybrid engines, which combine traditional combustion engines with electric technology, will be an interim solution on the path to an all-electric future.

Electric car sales in India, one of the world's fastest-growing auto markets, made up less than 0.1 percent of annual sales of more than 3 million passenger cars in 2017-2018.

The lack of demand is mainly because electric vehicles are expensive, have a limited range and require a vast charging network.