***Case 3: Bond issuance process ( for Group 5 & 6)***

Convertible bond issued by Jiangsu Jiangnan Water Co.,Ltd.

<http://www.sse.com.cn/disclosure/listedinfo/announcement/c/2016-03-31/601199_20160331_1.pdf>

Tasks:

1. What is the current convertible bond issuance procedure in China?
2. Using the prospectus of Jiangnan Water as an example, briefly explain the general structure of a convertible bond issuance prospectus. Which part do you think is most relevant to the investors?
3. Find and plot yield curve for Chinese treasury bonds as of 2014.4.15. What’s your interpretation?
4. Historically, does the yield curve effectively predict the economy booming/recession in China?
5. What’s the trading pricing for this convertible bond as of 2016/4/15 and how do you justify this price?

***CASE 4: rights offering (for group 7 & 8)***

***Rights offering by Wuhan Zhongbai Corporation***

[***http://www.whzb.com/WHZBNET/gonggao/dqgg0005.pdf***](http://www.whzb.com/WHZBNET/gonggao/dqgg0005.pdf)

Tasks:

1. What is the current rights offering procedure in China?
2. Using the prospectus of Wuhan Zhongbai as an example, briefly explain the general structure of a rights offering prospectus. Which part do you think is most relevant to the investors?
3. In this case, the controlling shareholder pointed out in the prospectus that they would not subscribe for the new shares AND would not trade the rights. Why? How do you interpret this information? And what was the market reaction?
4. What’s the theoretical ex-rights price? What was the market price on ex-rights day? How do you justify the difference?
5. Overall, how do you evaluate this offering?

P.S. Our research lab provides access to Wind, CSMAR, Bloomberg, Capital IQ, ThomsonOne and datastream from where you can get the industry/financial/underwriter information. The lab is located at #303-305, Guanghua Building No.1.

Remarks:

1. This is an open case study, therefore there is no absolute “correct” answer. The grade for the case will depend on how carefully you conduct the investigation and how convincing your result is.
2. If you have any technical problem, please feel free to contact TA. He would be more than happy to help.
3. The presentation of case will be conducted in the last hour of our class. Each case has strictly 25 min. Only 1 group will be selected to do the presentation for the case, and the other group will have 5 min to add their unique comments/points.
4. As spoken, each group only has a single mark. So distribute your work wisely among the members. Also, you can decide who/how you do the presentation.
5. Hope you enjoy doing the case. ☺