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## 22-11-2005: RCE Advance to issue RM420m MTNs

By Isabelle Francis

RCE Capital Bhd has inked another private debt securities (PDS) deal with financial adviser Mulpha Capital Markets Sdn Bhd, involving an issuance of up to RM420 million medium-term notes (MTNs) facility.

The issuer, RCE Advance Sdn Bhd (RCEA), is a single purpose vehicle that will purchase consumer receivables from its shareholder RCE Marketing Sdn Bhd (RCEM).

RCEA and RCEM are both subsidiaries of RCE Capital. RCEM gives out consumer loans to government employees and trades in electrical home appliances and other consumer durable products mainly on hire purchase.

RCE Capital's consumer finance division's gross receivables grew from RM100 million in 2003 to RM130 million last year and RM460 million for the seven months to Oct 31, 2005.

The latest PDS facility will be issued in six tranches of RM70 million each. They comprise class A (RM240 million), B (RM120 million) and C (RM60 million) MTNs.

It is arranged by Amanah Short Deposits Bhd, a wholly owned subsidiary of Malaysian Industrial Development Finance Bhd, and advised by Mulpha.

This is the second time Mulpha Capital has advised RCE Capital on a securitisation exercise after last year's RM95 million PDS that was issued by another subsidiary RCE Premier Sdn Bhd.

Under RCEA's MTN facility, the receivables comprise scheduled repayments of personal loan financing disbursed to government servants who are members of the Koperasi Wawasan Pekerja-pekerja Bhd (Kowaja).

Mulpha capital executive director Derrick Tan said the facility allowed government servants to purchase goods in monthly instalments through salary deductions, which will be done via Angkatan Koperasi Kebangsaan Malaysia Bhd (Angkasa).

"This time around we have to come up with an enhanced structure which provides more flexibility to the RCEM group while at the same time ensuring MTNs investors' interest are protected," he said after a signing ceremony for the deal on Nov 22.

RCE Capital director Soo Kim Wai said the RCE Capital group had seen a return on equity of well above 20%.

He said its latest PDS was four times bigger in size than the first issue and was substantially better rated.

Malaysian Rating Corporation Bhd (MARC) has assigned the ratings of A+ to the RCEA class A notes, A to class B notes and BBB+ to the Class C notes.

"If really the demand is there, we would try to raise more capital and more PDS. But not that soon



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because this RM420 million is enough to keep us busy for the next one to two years," he added.

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