

HKEx – the Listing Venue of Choice

November 2012

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Hong Kong Exchanges and Clearing Limited

Listing on HKEx



- ✓ **Global IPO Market Leader**

- ✓ **The World's Top International Financial Centre**

- ✓ **Global Investor Base and Robust Liquidity**

- ✓ **Unparalleled Branding and Visibility**

- ✓ **Leading venue for Consumer Goods Companies**

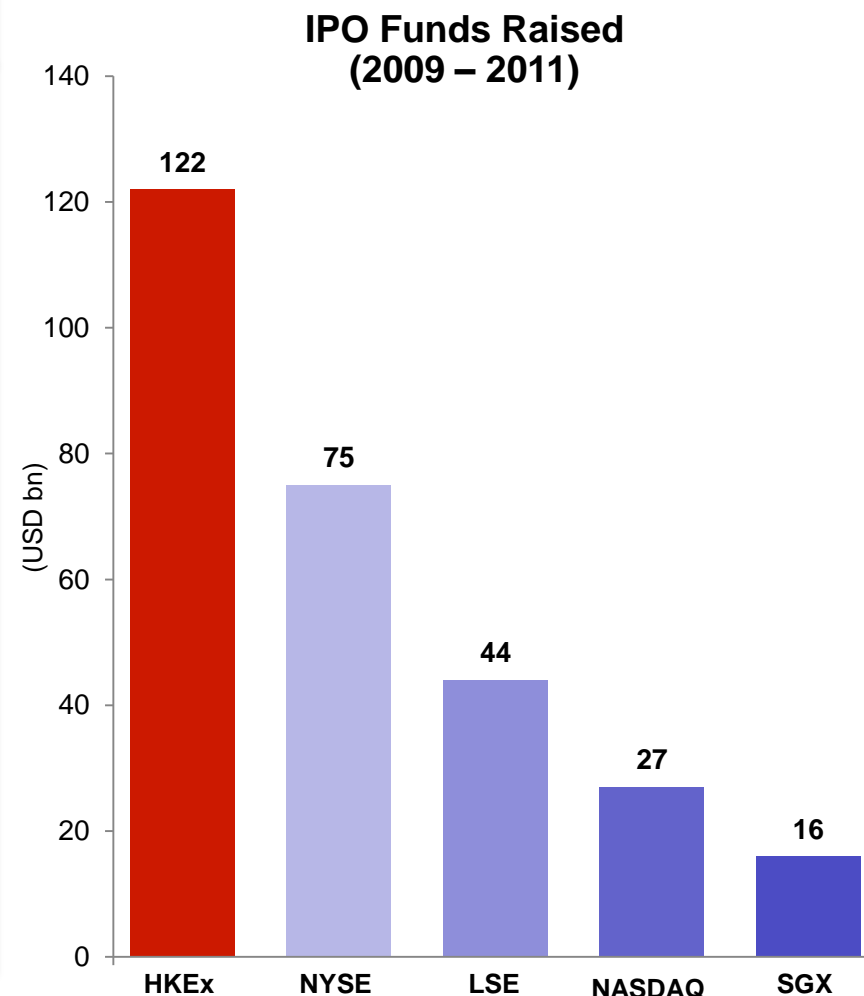
- ✓ **Primary Offshore RMB Centre**

Why List in Hong Kong?



Hong Kong is Asia's Global Market

- Top 5** Global IPO Market for 10 Years¹
- No. 1** IPO Fund Raising Centre in the world from 2009-2011¹
- No. 1** International Financial Centre²
- No. 1** Free Economy in the World for 18 Consecutive Years³
- No. 1** Globalised Economy for 2 Consecutive Years⁴
- No. 1** World Competitiveness⁵
- No. 1** Most Competitive City in China for 6 Consecutive Years⁶



Sources: Bloomberg, 1) World Federation of Exchanges, Dealogic, 2) World Economic Forum, 3) The Heritage Foundation and Wall Street Journal, Fraser Institute and Economic Freedom Network, 4) Economist Intelligence Unit and Ernst & Young, 5) International Institute for Management Development, 6) The Chinese Academy of Social Sciences (as at end of 2011)

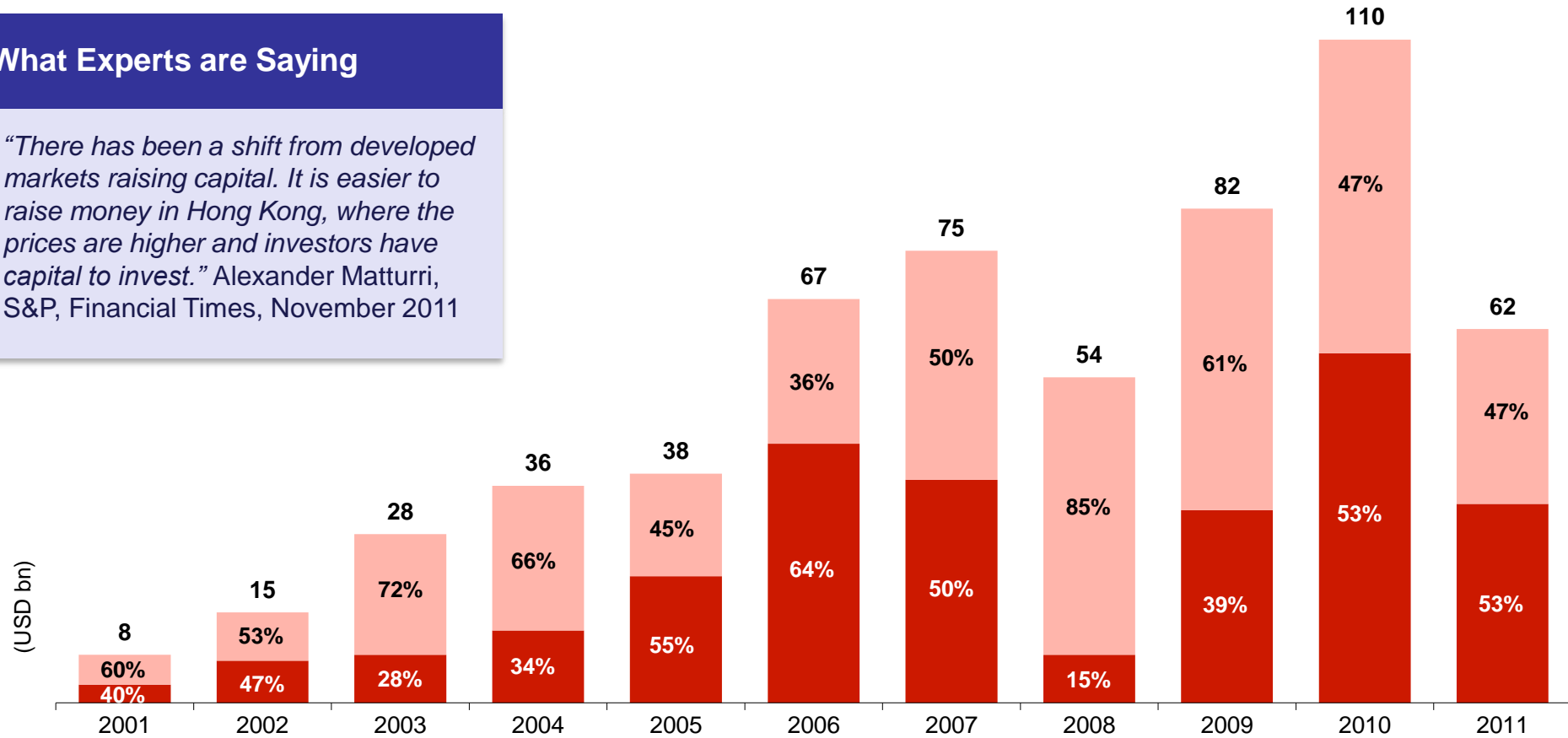
HKEx has Strong IPO and Post-IPO Fund Raising Capability



IPO and Post-IPO Funds Raised

What Experts are Saying

“There has been a shift from developed markets raising capital. It is easier to raise money in Hong Kong, where the prices are higher and investors have capital to invest.” Alexander Maturri, S&P, Financial Times, November 2011

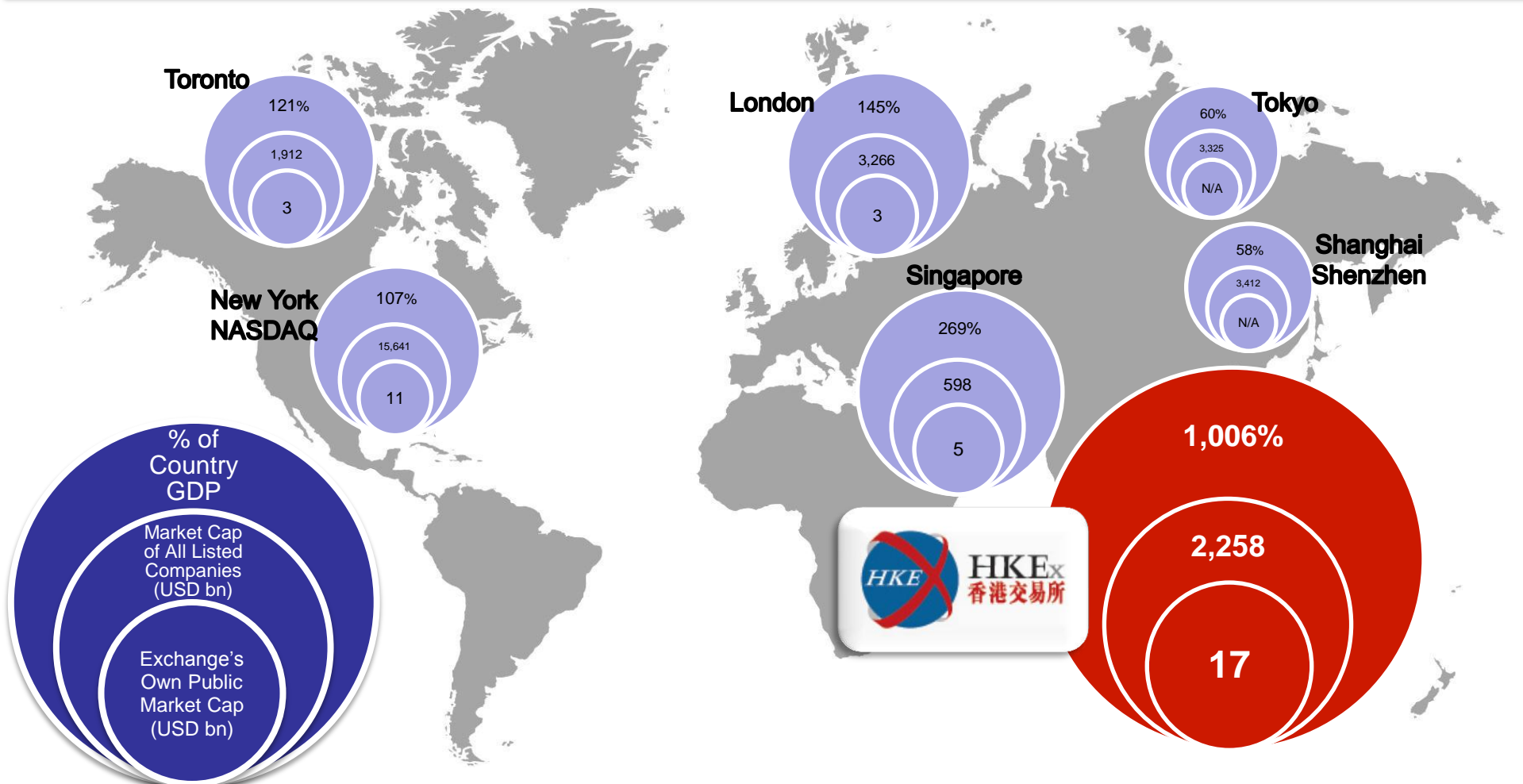


	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Follow-on	5	8	20	24	17	24	38	46	50	52	29
IPO	3	7	8	12	21	43	37	8	32	58	33

Source: HKEx (as at end of 2011)

HKEx's Rising Dominance

HKEx Ranks No.1 in Terms of Market Capitalisation Relative to GDP, Confirming Continuous Recognition by the International Investment Community



Sources: Bloomberg, WFE (as at end of 2011)

HKEx has the Competitive Advantages for International Listings



Key Drivers for International Listings

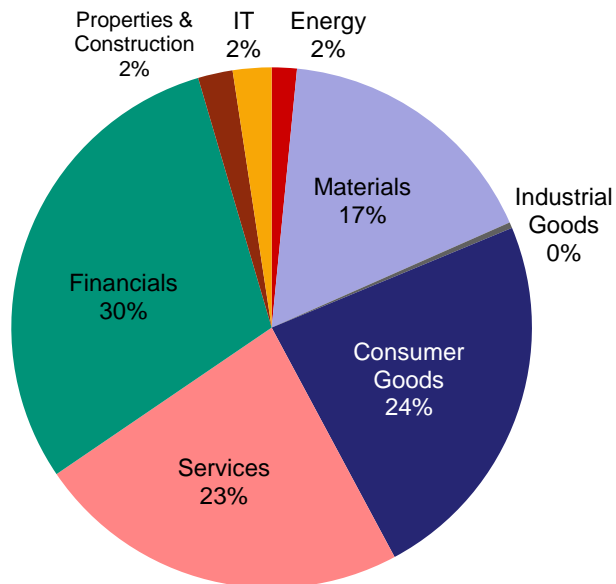


International Companies Increasingly Choose to List in Hong Kong

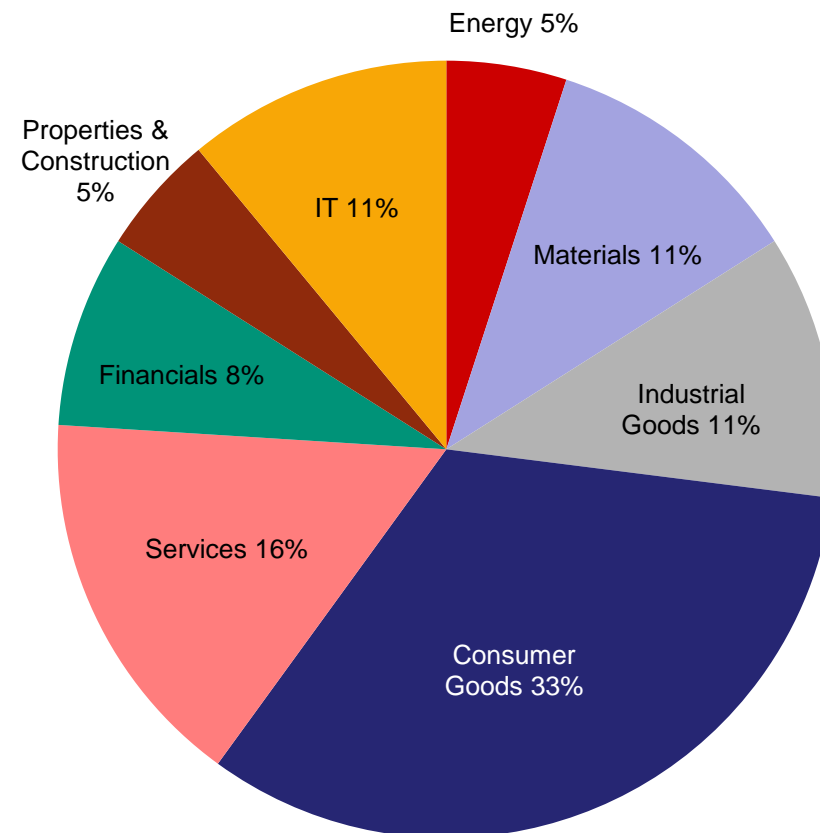
International Companies Increasingly Choose to List in Hong Kong

- 2008-2011: Number of international listings almost doubled
- 2011: Newly listed international companies account for 52% of total IPO funds raised

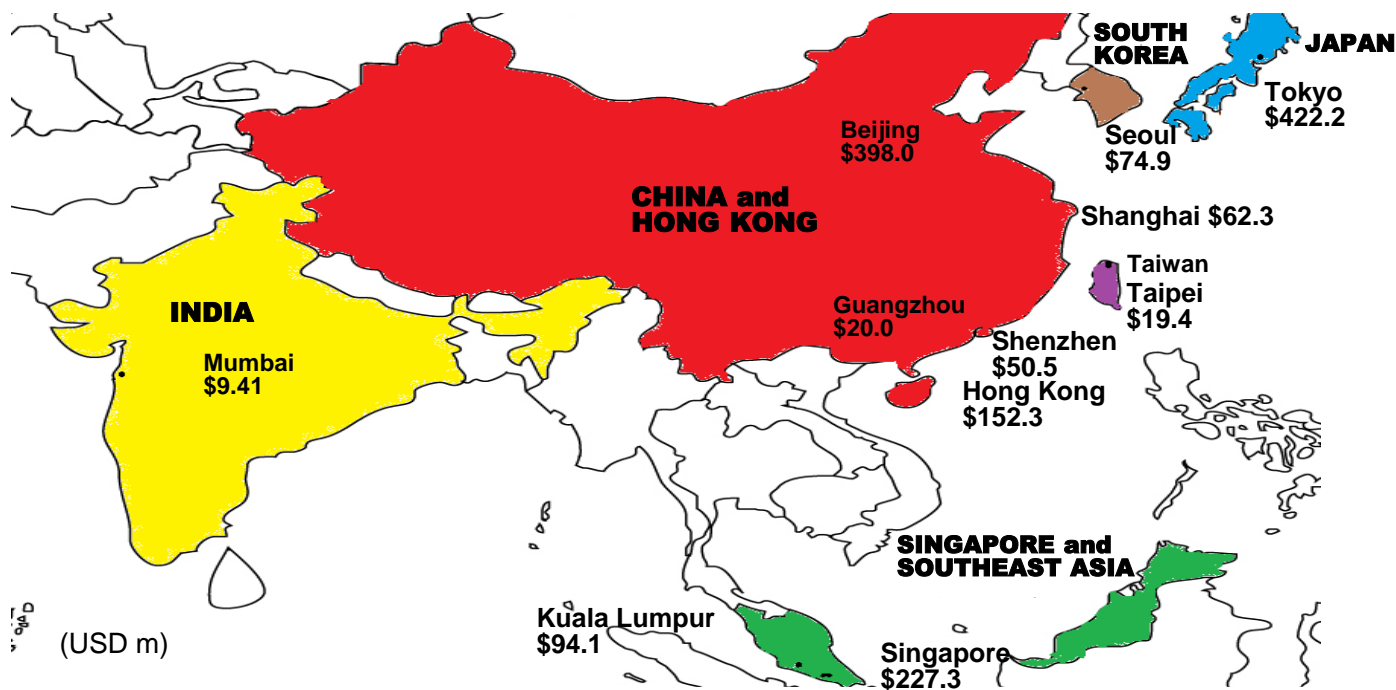
Market Capitalisation of International Companies by Sector



Number of International Companies by Sector



Asia's Investment Landscape



- **USD940 billion** in funds is managed by institutions from Hong Kong, China and Singapore. (25% CAGR over the past 5 years).
- **40%** of worldwide Sovereign Wealth Funds are in Asia¹
- By 2020, China's financial assets could reach **USD65 trillion**², nearly 59% of all emerging market assets (and 18% of the global total).
- Mainland China continues to open up it's capital account

- **USD544 billion** in funds allocated to Hong Kong-listed Equities³.
- Portfolio turnover rates are low highlighting a long-term investment philosophy.
- Out of the Asian investors surveyed **47%** said they plan to increase their focus on investments outside of Asia.

Asia's Leading Investors



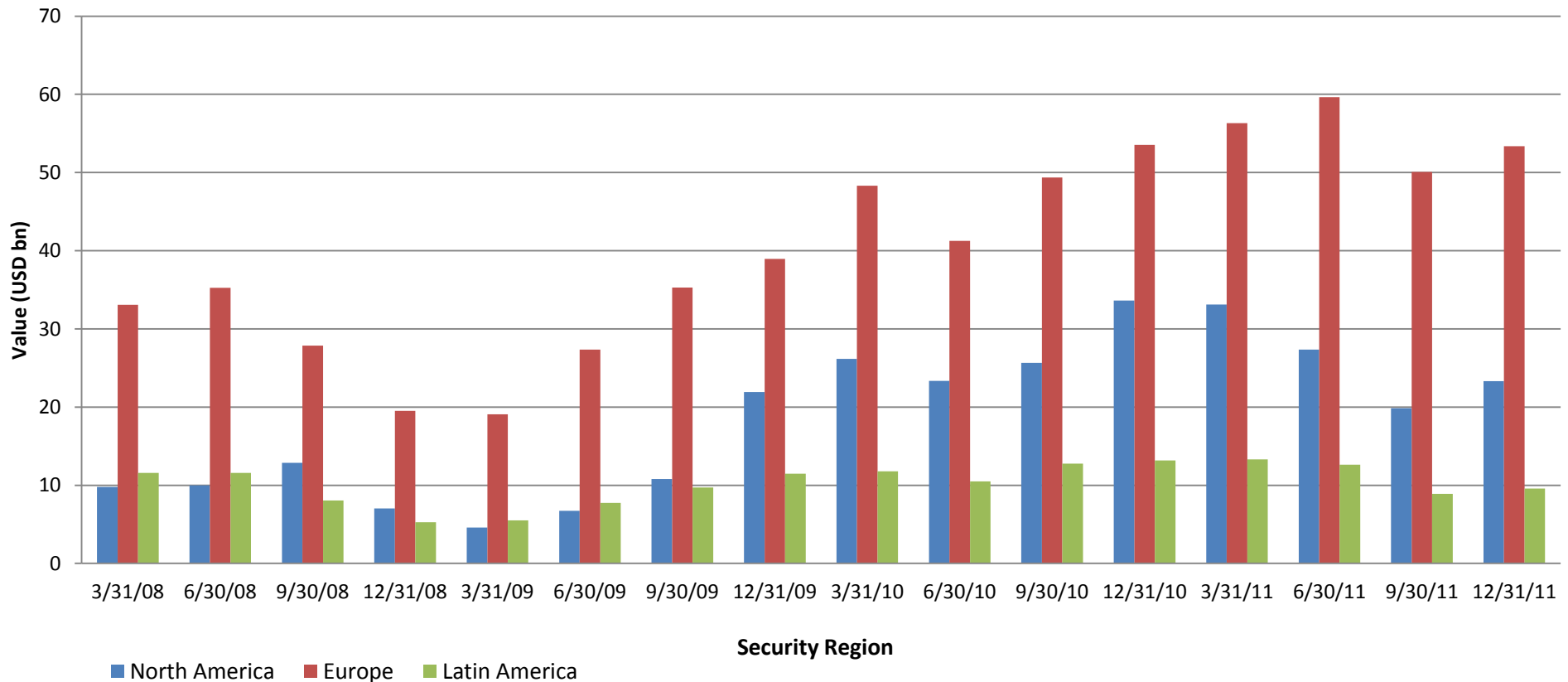
USD 544 billion in funds allocated to Hong Kong-listed Equities¹.

Investor Name	Country	Equity Assets (USD m)	% Portfolio Turnover	Value Asia Securities (USD m)	Value Ex. Asia Securities (USD m)
1 China Investment Corp (CIC)	China	287,230.9	3%	277,046	9,036
2 Temasek Holdings	Singapore	86,398.0	5%	71,450	13,553
3 Aberdeen Asset Management	Singapore	31,175.4	15%	24,873	3,449
4 Templeton Asset Management (Singapore)	Singapore	22,989.7	29%	17,310	5,207
5 Templeton Asset Management	Hong Kong	16,335.2	16%	10,162	5,863
6 GIC Asset Management	Singapore	29,266.1	13%	7,660	20,781
7 State Street Global Advisors Asia	Hong Kong	6,561.0	5%	5,373	1,169
8 Fidelity Management & Research (Hong Kong)	Hong Kong	6,049.0	99%	2,273	3,717
9 State Administration of Foreign Exchanges (SAFE)	China	12,509.3	31%	N/A	12,509
10 Northern Trust Global Investment (Hong Kong)	Hong Kong	1,109.0	11%	N/A	1,109

Asian Investors Favour European Equities

As Asian investors move toward the diversification patterns of their peers in Europe and North America, holdings outside of the region will potentially increase by **USD7.3 billion** for each percentage-point increase in global asset allocations.

Total Global Investment Excluding Asia



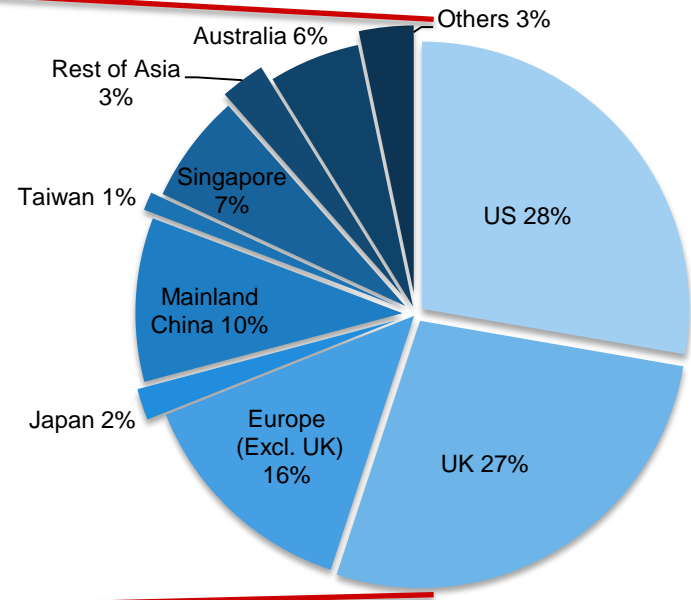
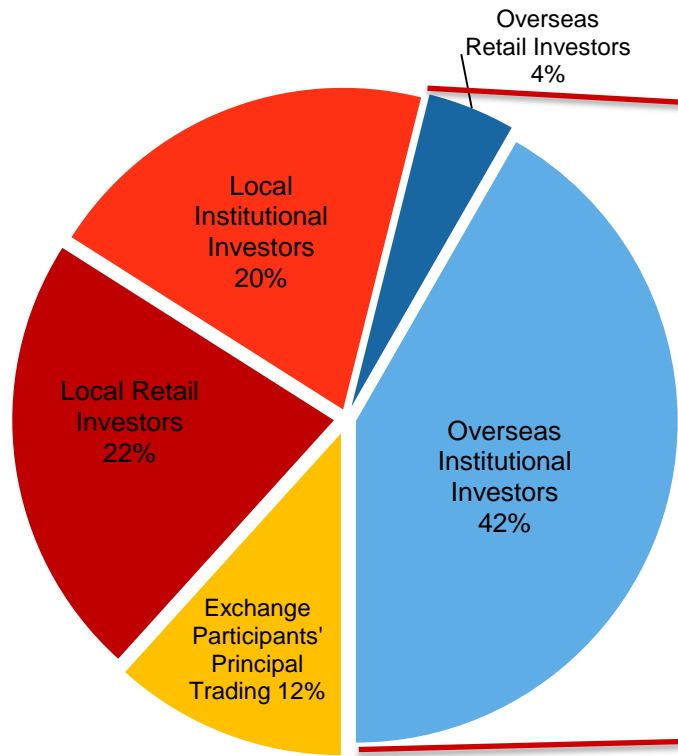
HKEx has a Diverse and Growing Global Investor Base



HKEx Enables Access to Critical Mass of International Institutional Investor Base and Also Asian and Mainland Chinese Investor Base

Distribution of Overall Investors

Distribution of Overseas Investors



Note: Numbers may not add up to 100% due to rounding

Source: HKEx Cash Market Transaction Survey 2010/2011

Branding and Visibility



17 Jan 2012, Energy Delta

Canada's **Sunshine Oilsands** Ltd. received Hong Kong regulatory approval last week for a **US \$500 million to US \$700 million** Hong Kong initial public offering.

If successful, Sunshine Oilsands will be the **world's biggest IPO to date this year.**

Ahead of the planned listing, Sunshine Oilsands raised **C\$230 million** through investments from **China Life Insurance (Overseas) Company Ltd., Bank of China Group Investment Ltd., Cross-Strait Common Development Fund Co.,** and several other investors, the company said in March.

29 Mar 2010, Reuters

Beauty may be in the eye of the beholder. In which case, European companies, and their advisers considering an initial public offering, should behold French cosmetics maker **L'Occitane's** trading performance next month when it debuts in Hong Kong.

Pitching a Hong Kong IPO to more European firms will be easier if the company pulls off a solid debut. An early signal: **Dow Jones Investment Banker** hears interest was so high that **Monday's presentation at Hong Kong's Four Seasons hotel was standing-room-only**



6 Jun 2011, Financial Times

Prada has filed for a stock market listing in Hong Kong where it hopes to raise as much as **€2.1bn (\$3.1bn)** in an offering that could value the company at up to **€10.5bn (\$15.3bn)**, making it one of the **world's most valuable luxury goods groups.**

Prada opted for the **Hong Kong stock exchange** instead of the **Milan or London markets** in recognition of the importance of **Asian consumers** who are propelling growth in luxury goods. **Altgamma**, an Italian association of luxury goods company, expects sales to Asia, excluding Japan, to rise 20 per cent this year.

Issuers Receive Substantial Visibility Before and After their IPOs

Higher Valuation Potential – Consumer Goods

Consumer Goods – Tingyi

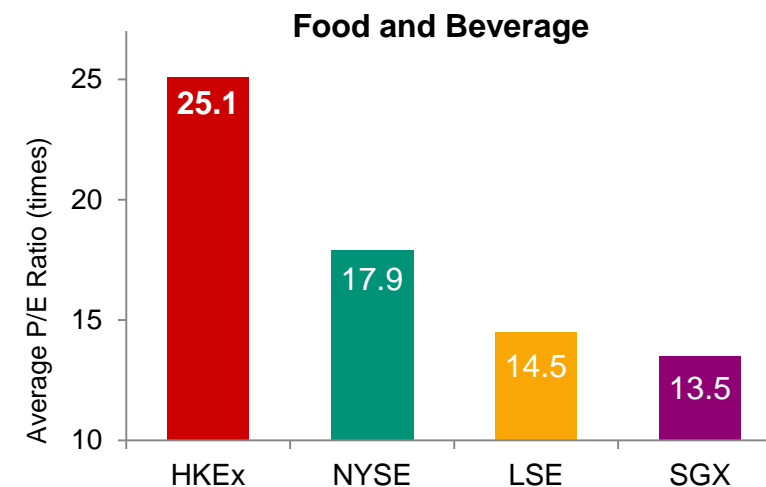
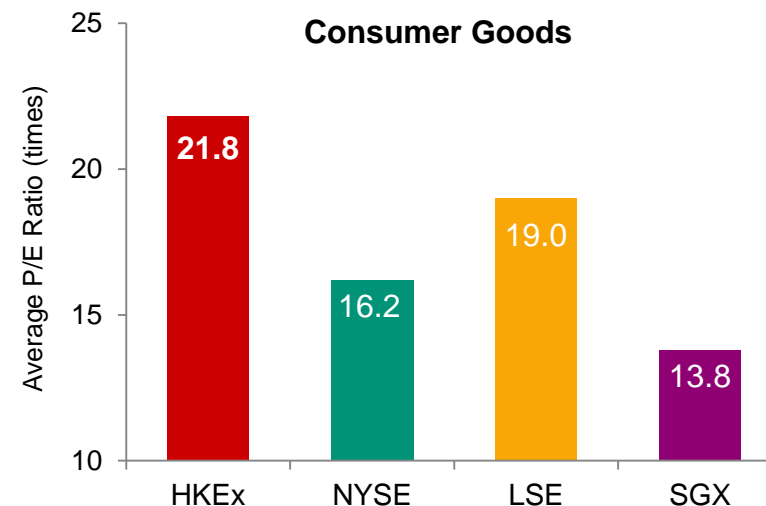
- Market Capitalisation : USD16 billion
- IPO Funds Raised Amount : USD201 million
- Average P/E YTD 2012 : 36.2x

Food and Beverage – Want Want

- Market Capitalisation : USD17 billion
- IPO Funds Raised Amount : USD1,045 million
- Average P/E YTD 2012 : 34.1x

Food and Beverage – Uni-President

- Market Capitalisation : USD3,471 million
- IPO Funds Raised Amount : USD516 million
- Average P/E YTD 2012 : 48.9x



Higher Valuation Potential – Consumer Goods

Prada

- Market Capitalisation : USD19 billion
- Funds Raised Amount : USD 2,465 million
- Average P/E YTD 2012 : 29.1x

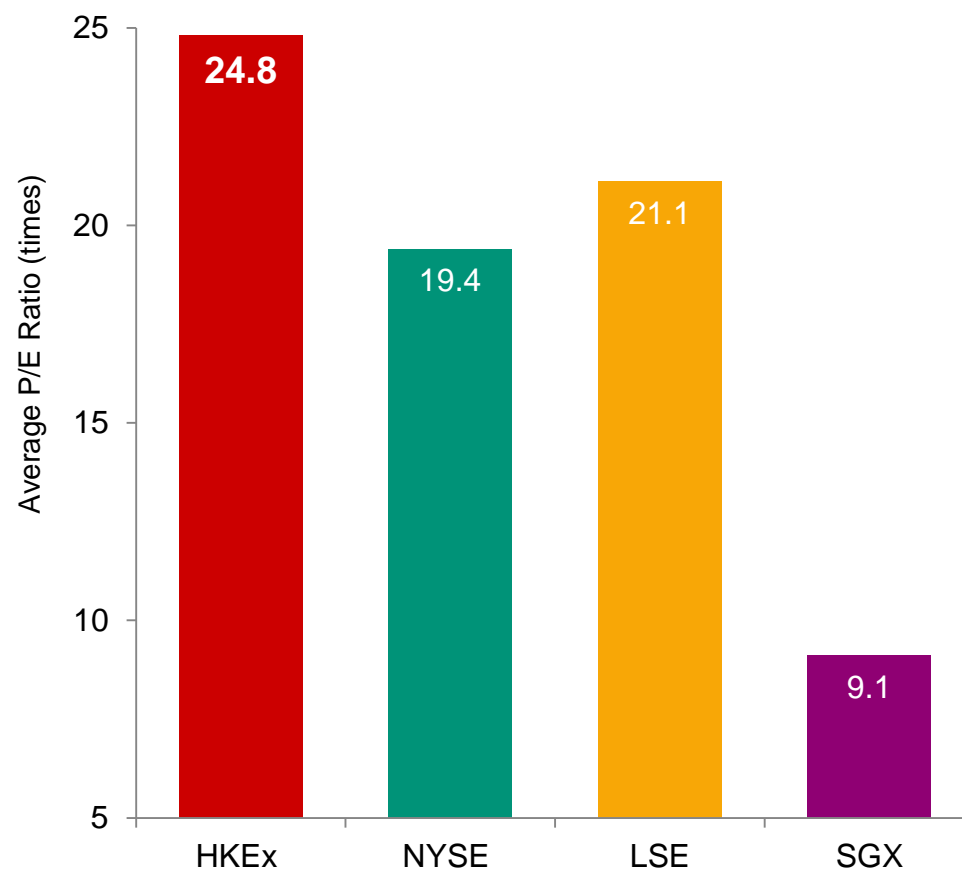
Samsonite

- Market Capitalisation : USD2,605 million
- Funds Raised Amount : USD 1,294 million
- Average P/E in 2011 : 24.0x

Li Ning

- Market Capitalisation : USD534 million
- Funds Raised Amount : USD 78 million
- Average P/E YTD 2012 : 19.3x

Textile, Apparel and Luxury Goods



HKEx Dominates the Global Luxury IPO Landscape



Hong Kong Raised Majority of the Funds in the World's Largest High-End Retail Issuers

Listing Date	Name	Company Nation	PE ratio	YTD ADT (USD m)*	MKT CAP (USD m)*	IPO Proceeds (USD m)	Exchange
6/24/2011	Prada	Italy	37.0	17.6	20,866.0	2,468	Hong Kong
10/5/2010	Pandora	Denmark	8.7	2.9	2,924.0	2,109	OMX Copenhagen
12/15/2011	Chow Tai Fook	Hong Kong	14.0	12.8	12,335.0	2,019	Hong Kong
6/16/2011	Samsonite	US	18.5	9.4	2,923.1	1,296	Hong Kong
5/7/2010	L'Occitane	Luxembourg	29.1	2.9	4,602.2	783	Hong Kong
6/29/2011	Ferragamo	Italy	32.4	13.7	3,422.8	547	Borsa Italiana
7/18/2002	Burberry	UK	21.9	39.7	8,313	400	London
11/1/2000	Tods	Italy	19.2	16.9	3,583.0	284	Borsa Italiana

Note: * As at 31 Oct 2012

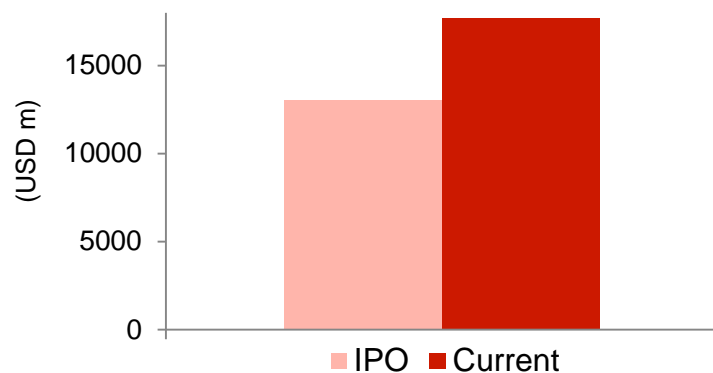
Note: High-End Retailer IPOs (2000 -2011)

Source: Thomson Reuters

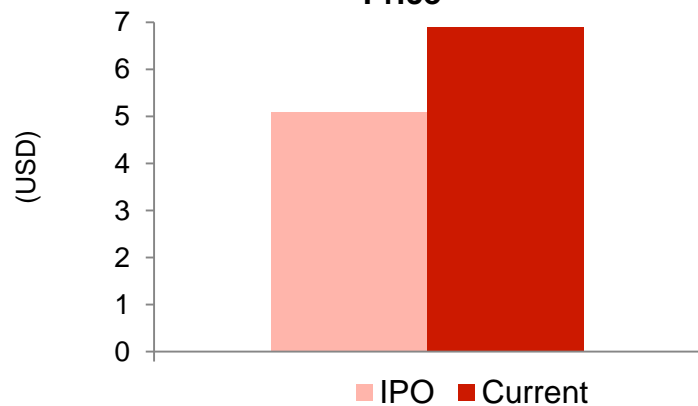
PRADA

Increase Liquidity and Access to Diversified Global Investor Base

Market Capitalisation



Price



IPO

Listing Date	: 24 June 2011
Funds Raised	: USD2,465 million
Market Capitalisation	: USD13,011 million
Price	: USD5.1

Post-IPO / Current

Date	: 28 September 2012
Market Capitalisation	: USD19,106 million
Price	: USD7.5
P/E Ratio	: 34.1x
Turnover YTD 2012	: USD3,318 million
Average Daily Turnover	: USD18 million

RMB Product Development – A Core Focus of HKEx's Strategic Planning

RMB Strategies

Develop RMB Products

Lobby for Policy Change

Set Up RMB Infrastructure

Expand Mainland Market Data

Facilitate Mainland Connectivity

Implement OTC Clearing

HKEx Positioning



Offshore RMB Development Policies Unfolded Rapidly



Individual RMB Business

- RMB deposit-taking, cheque, credit / debit card and remittance services
- Non-HK residents allowed to undertake RMB banking services
- Non-HK residents not subject to RMB20K limit

RMB Bond Market

- 1st RMB bonds by Mainland financial institution (CDB)
- 1st RMB sovereign bond (MOF)
- 1st RMB bond by overseas corporate (McDonald)
- 1st RMB bond by Mainland non-financial institution (Baosteel)

RMB Trade Settlement

- Pilot scheme kicks off in five pilot mainland cities
- Expanded to 20 provinces and cities in the Mainland
- Further expanded to nationwide in China

RMB Investment

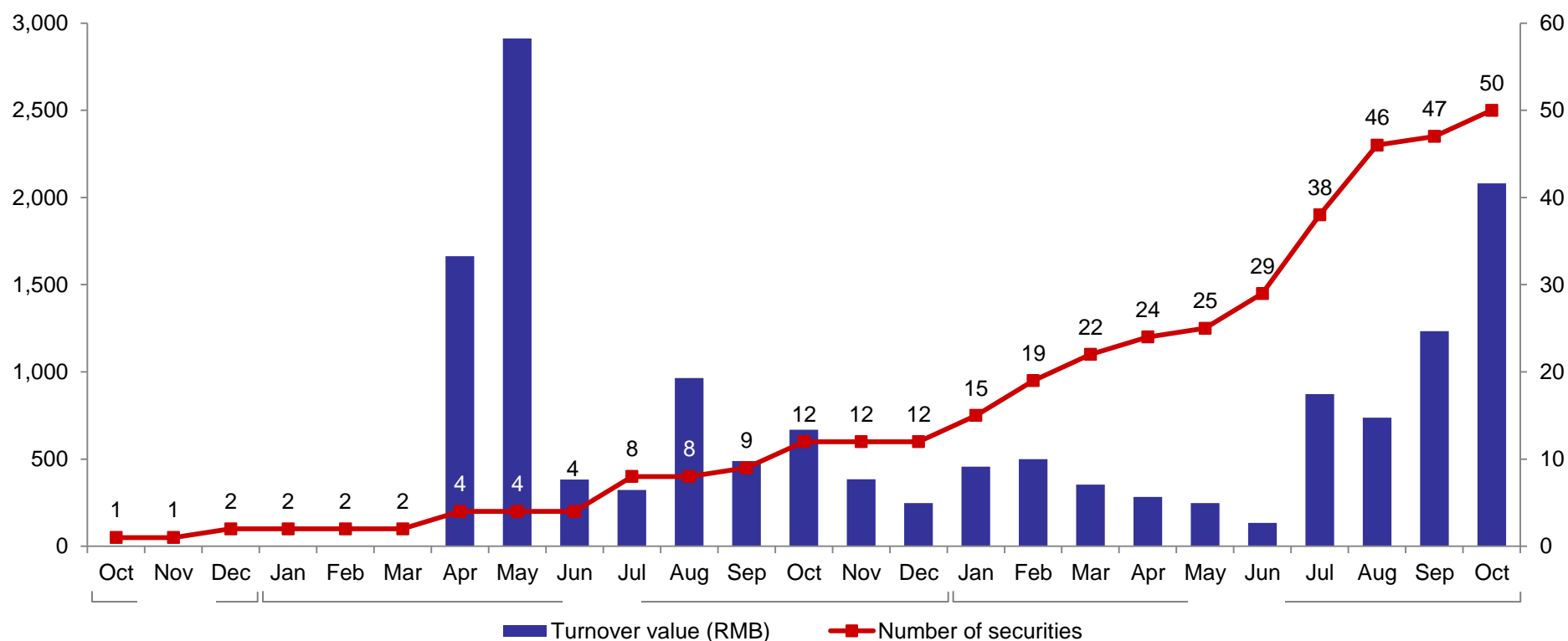
- RQFII scheme with RMB20bn initial quota
- RMB ODI and RMB FDI
- RQFII quota expanded by RMB50bn (RQFII A-share ETF scheme)

Existing RMB Products Listed on HKEx

A Wide Product Range



	RMB Bonds	RMB REIT	RMB ETF	RMB Currency Futures	RMB Equity
Date of 1 st Listing	October 2010	April 2011	February 2012	September 2012	October 2012
Total No. of Listings	43	1	5	1	1



HKEx RMB Product Development



RMB Bonds

- The largest on-exchange RMB bonds market (~70% of total)
- 1st listed MOF bond in July 2012

RMB REIT

- TSF extended to support secondary market trading

RMB ETF

- 4 ETFs under RQFII A-share scheme launched since July 2012
- 2 RQFII ETFs launched dual-counters trading
- TSF extended to support secondary market trading¹

RMB Equities

- 1st RMB equity follow-on on 29 October
- DTSC and DTDC for RMB IPOs and RMB follow-on offerings
- About 90% of market is ready to trade RMB equity

RMB Currencies

- Launch date: 17 September 2012
- More than 1,000 market participants and investment professionals attended product briefings

RMB Debt Securities Statistics



Year	Number of RMB Bond Listings	Nominal Value (in RMB billion)
Since rule amendment	33	54.9
Before rule amendment	11	13.3
Increment	200%	313%

RMB Debt Securities – Eligibility Requirements & Processing Time

Net assets of
HK\$100 million⁽¹⁾

2 years audited
accounts⁽²⁾

Minimum
denomination of
HK\$500,000

**HKEx listed
company:**

within 24
hours

**Other
issuers:**

within 48
hours

Listing Rule:

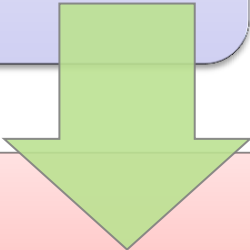
within 5
business days

RMB Debt Securities – Listing Fee

HKD7,000 to HKD90,000
(depending on issue size and time-to-maturity)

No annual fee

Amongst the lowest in Asia Pacific



Example : Listing fee is capped at
HKD39,000 for a 5-year
bond

Why is there a need for RMB Currency Futures?



- HKEx's RMB Currency Futures are offshore risk management tool for RMB currency risk

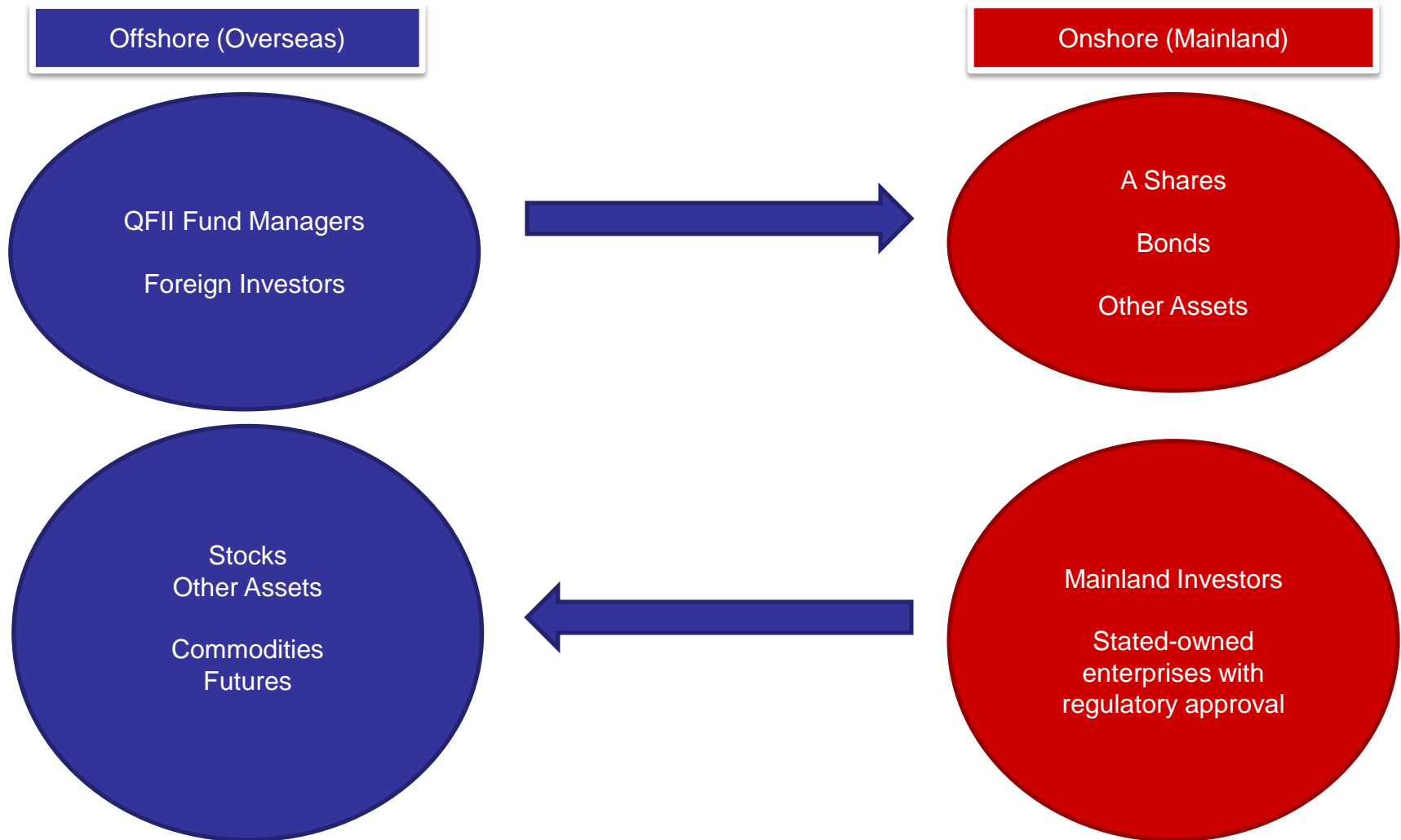
- Investors and companies may be subject to RMB currency risk for the following situations:
 - Buy USD denominated assets while base currency is RMB (e.g. Mainland institutions, foreign commodities, foreign bonds, overseas property, etc)

 - Invest in A-shares market by converting foreign currencies to RMB

 - Handle import and export business between Mainland and foreign companies – payable and receivable amount in USD versus RMB

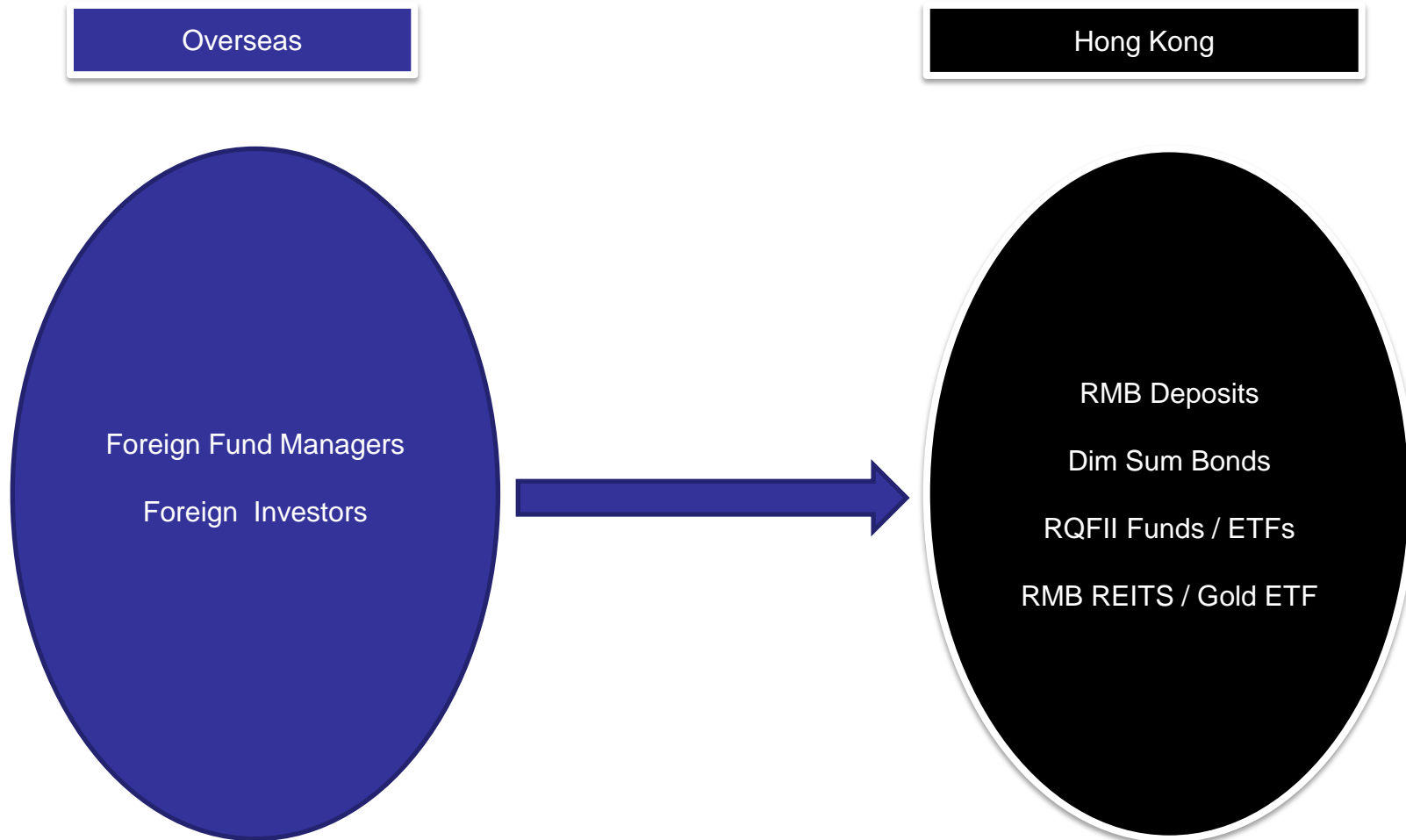
 - Direct investment in Mainland China

Demand to Hedge RMB Currency Risk



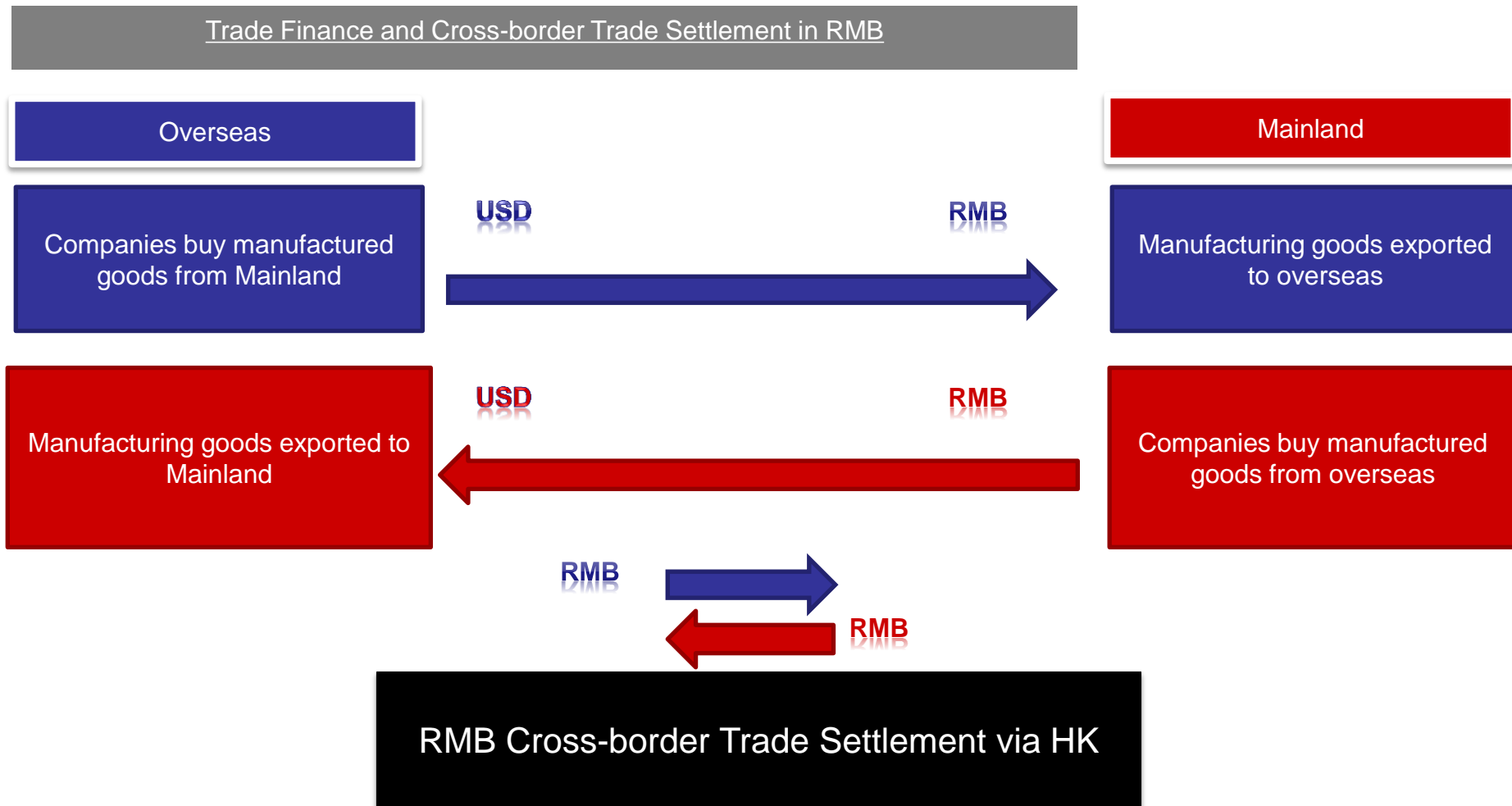
RMB Currency Futures tap the demand to hedge RMB currency risk

Demand to Hedge RMB Currency Risk



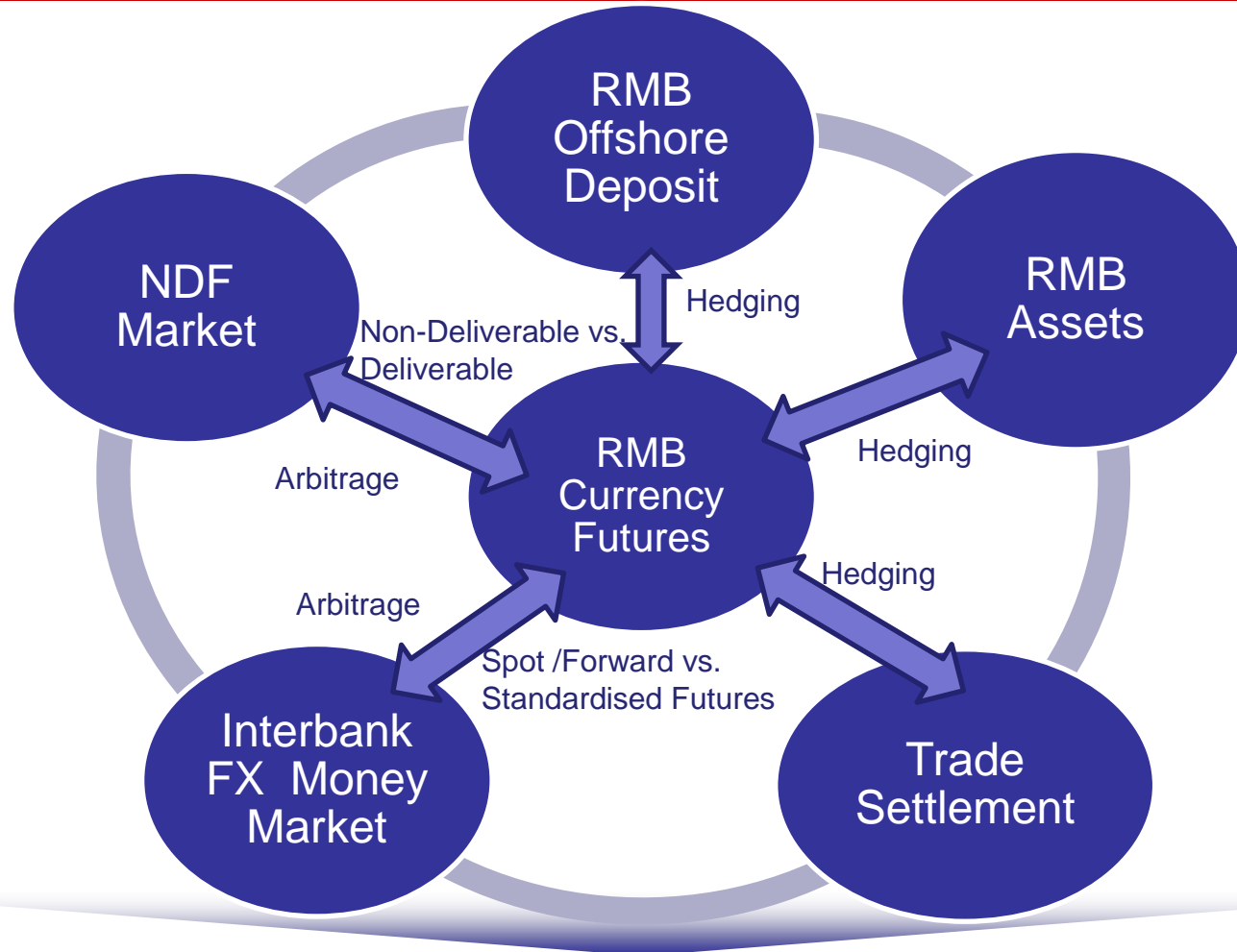
RMB Currency Futures tap the demand to Hedge RMB currency risk

Demand to Hedge RMB Currency Risk



RMB Currency Futures tap the demand to Hedge RMB currency risk

RMB Currency Futures Useful as a Risk Management Tool



RMB Currency Futures will encourage a virtuous cycle of development to advance the chain of CNH product development in HK

Benefits in Trading RMB Currency Futures



Hedge or gain RMB exchange rate risk flexibly

- Investors can hedge or take on RMB exposure with USD/CNH futures. There is no restriction on the use of CNH, so the CNH market is a good reflection of supply and demand.

Principal exchange at expiry facilitating currency payment arrangement

- USD/CNH futures will be settled at expiration by exchanging principal.

Transparent pricing

- USD/CNH futures are traded on HKEx's electronic derivatives trading platform, so market participants can enjoy transparent pricing in a fully transparent and centralised trading environment.

Level playing field in an open trading platform

- Individual traders, banks, hedge funds and corporations have equal access to the same trading platform and the same prices.

Counterparty risk minimised

- Trades are cleared and settled by HKFE Clearing Corporation Limited, an HKEx subsidiary, acting as central counter-party in every transaction of Exchange Participants.

Continuous two way liquidity provided by market makers

- Market makers provide continuous two sided markets throughout the trading day to enhance liquidity.

Leverage

- USD/CNH Futures contracts are traded on a margin basis, so only a small fraction of the total exposure is required upfront. Capital cost in trading and hedging is reduced.

Why Issue an RMB IPO?



Raise Company Profile	<ul style="list-style-type: none">■ Be among the first few companies to issue RMB IPOs outside of Mainland China■ RMB IPOs will attract strong local and international investor interest■ Expect to receive high level of media attention internationally■ Publicity in Mainland China to help brand-building
Untapped Demand for RMB Products	<ul style="list-style-type: none">■ Untapped demand for RMB products among investors - Hong Kong RMB deposits of RMB563 billion by end of July 2012■ In contrast to relatively low-yielding savings accounts, investors now look for higher-yielding investment products with their existing RMB capital
Reduce FX Risk	<ul style="list-style-type: none">■ Ideal way for companies with substantial RMB operating expense requirements to hedge against RMB and to deploy capital for Mainland expansion■ Streamlined process announced
Potential Exposure to Mainland Investors	<ul style="list-style-type: none">■ Potential interest from Mainland investors in the future as the capital account opens■ Likely market re-rating with increased turnover■ Facilitate future follow-on fund raisings

Robust Listing Activities

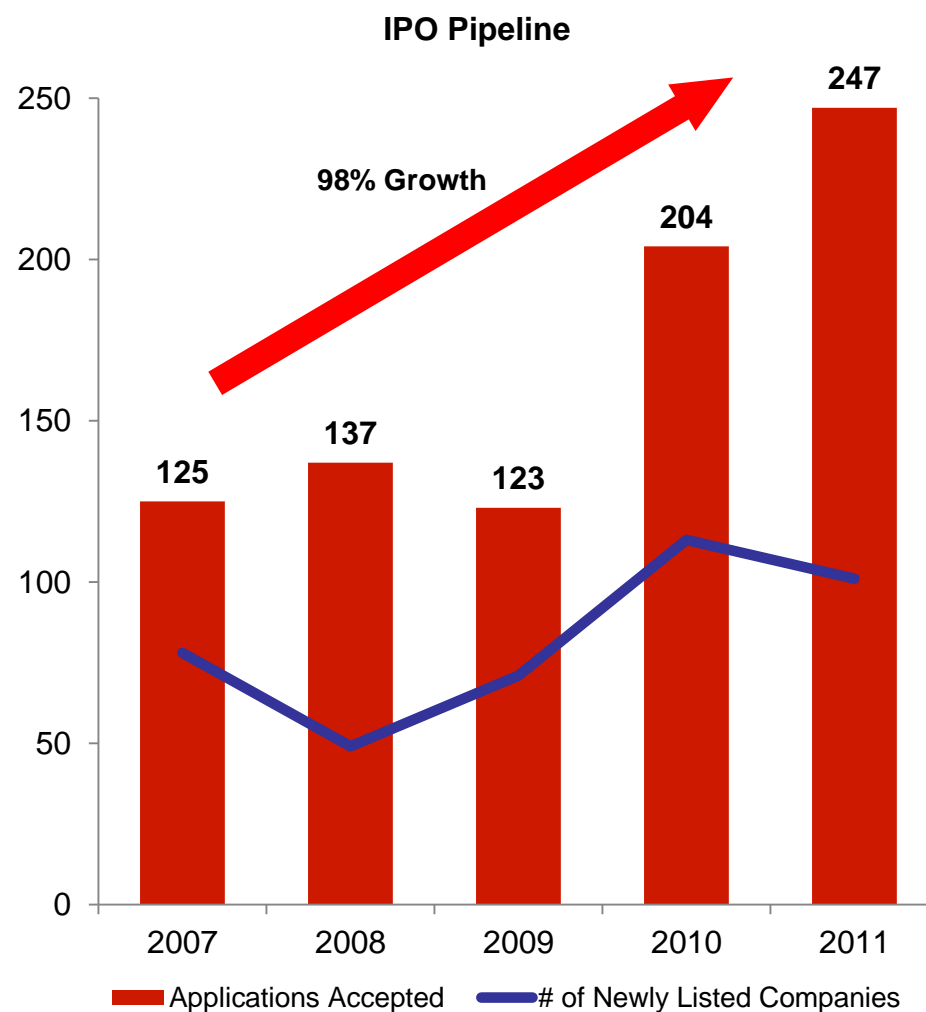
Listing Activities in Hong Kong Remain Robust

- 2007-2011: Applications grew 98% despite negative global economic environment
- 2011: Approved applications reached 167
- 2011: 89 companies newly listed in Hong Kong
- 2011: 64 listing applications were under processing; another 51 applications have been approved in principle but not yet listed

Current IPO Pipeline in 2012

YTD October 2012

- Applications Accepted : 126
- Applications Approved : 68
- Applications Under Processing : 82
- Newly Listed Companies : 53
- IPO Funds Raised : USD6.3 billion



HKEx is the Listing Venue of Choice



HKEx
香港交易所

Global IPO Leader



HKEx
香港交易所

**Top International
Financial Centre**



HKEx
香港交易所

**Offshore RMB
Centre**



HKEx
香港交易所

**Branding
and Visibility**



HKEx
香港交易所

**Mainland China
Gateway**



HKEx
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**Diversified
Investor Base**

Appendix A – Key Main Board Listing Requirements



Financial Requirements

To fulfill any one of the following tests:

1. Profits Test

- Net profit of latest year \geq USD2.6 m
- Net profit of two preceding years \geq USD3.8 m (in aggregate)
- Market cap \geq USD25.6 m

2. Market Cap / Revenue Test

- Market cap \geq USD513 m
- Revenue of the most recent audited year \geq USD64 m

3. Market Cap / Revenue / Cashflow Test

- Market cap \geq USD256 m
- Revenue of most recent audited financial year \geq USD64 m
- Aggregate positive cash flow for 3 preceding financial years \geq USD13 m

Control and Management

- Ownership continuity and control for at least the most recent financial year
- Management continuity for at least 3 years

Public Float

- Minimum of 25%
- If market cap \geq USD1,282 m, public float can be lowered to 15%
- Minimum of 300 shareholders

Professional Advisers

- Must appoint a sponsor for listing
- Public offer tranche must be fully underwritten by underwriters
- Must appoint a compliance adviser for the period from listing date to end of publication of financial results for 1st full financial year after listing

Appendix A – Overseas Jurisdictions

Accepted 19 New Jurisdictions plus HK, PRC, Bermuda and Cayman Islands



Australia



Germany



Luxembourg



Brazil



Guernsey



Singapore



British Virgin Islands



Isle of Man



South Korea



Canada
Alberta, BC, Ontario



Italy



UK



Cyprus



Japan



US
California, Delaware



France



Jersey

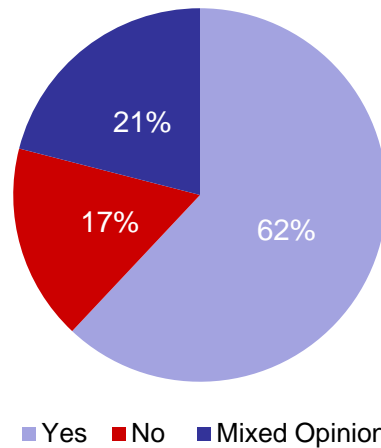
More Jurisdictions are under Review

Appendix B – HKEx Secondary Listing Attracts Asian Capital

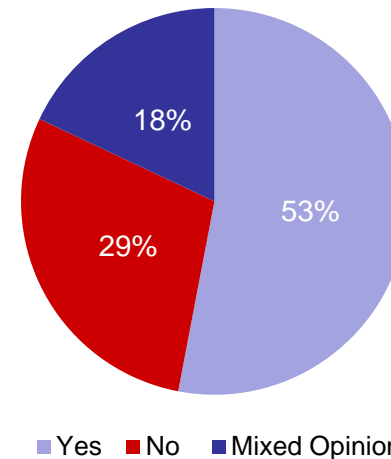


Research by BNY Mellon highlights that a listing in Hong Kong puts your Company on the map – enabling Mainland QDIIs, Hong Kong and Singapore–headquartered investment firms and Hong Kong and Singapore based subsidiaries of major global funds, to invest.

Secondary Listing in Asia will Increase Your Awareness of a Company?



Secondary Listing in Asia will Increase the Likelihood of Investment?



- **31%** (One in three) **mega-cap companies** from developed markets **indicate an interest** in an additional listing in Greater China, up from 28% in 2010.
- **Investors** that take into account listing venue among regional exchanges, **overwhelmingly prefer Hong Kong**, because it is considered to be **liquid, transparent and the gateway to China**.

Contact Us



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