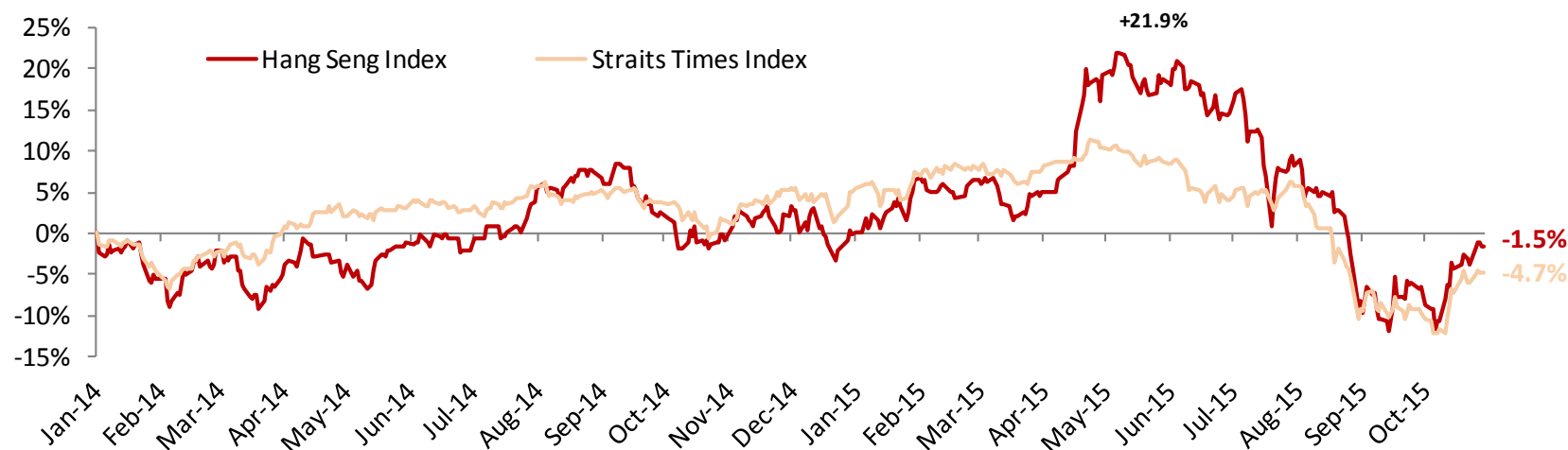


# **Listing in Hong Kong Forum 2015**

**November 2015**

# Market Performance

■ 3Q was a quarter of volatility world wide, fueled by slowing Chinese economic, RMB depreciation, slumping commodity prices, potential rate hike and concerns over excessive valuation, causing both the Hang Seng Index and Straits Times Index to hit their lowest point since Jan 2014



Exchange	Hong Kong <sup>(1)</sup>	Singapore
Number of listed companies	1808	697
Total Market Capitalisation	USD 5,099 bn <sup>(4)</sup> (HKD 39,521 bn)	USD 489 bn <sup>(4)</sup> (SGD 685 bn)
Daily turnover <sup>(2)</sup>	USD 8,652 mn <sup>(4)</sup> (HKD 67,055 mn)	USD 677 mn <sup>(4)</sup> (SGD 948 mn)
PE Ratio <sup>(3)</sup>	19.1x	15.1x

<sup>(1)</sup>Mainboard and GEM board; <sup>(2)</sup>Average daily total turnover since 01 Jan 2014; <sup>(3)</sup>Market Capitalisation Weighted Average; <sup>(4)</sup>based on: USD/HKD=7.75, USD/SGD=1.40  
Source: Bloomberg (31 Oct 2015); YTD: Year to 31 Oct; includes all transactions captured by Bloomberg; by Ex-Date for Placement and Rights, by Listing Date for IPOs

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## 2014-YTD2015 Equity Fundraising Activities Analysis

- The HK equity market has seen more activities in 2014-YTD2015 in terms of number of deals and fund raised
- While the post IPO performance has been more superior, Secondary Offering in HK has seen poorer returns in comparison with the SG market

Type	Hong Kong		Singapore	
	IPO	Secondary Offering	IPO	Secondary Offering
Count	192	838	36	121
Fund Raised (USD'm)	55,350	84,900	2,690	9,300
Average Size (USD'm)	288	101.3	75	77
Average First Day Return <sup>(1)</sup>	8.9%	25.25%	3.0%	157.4%
Average List to Date Return <sup>(1)</sup>	3.6%	8.58%	-20.0%	26.7%

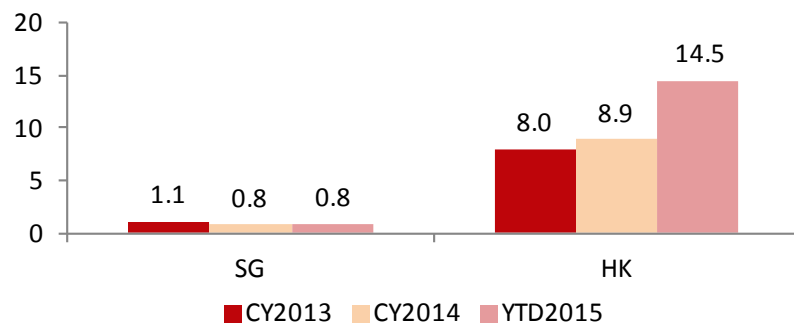
<sup>(1)</sup> Deal size weighted average

Source: Bloomberg (31 Oct 2015); YTD: Year to 31 Oct; includes all transactions captured by Bloomberg; by Ex-Date for Placement and Rights, by Listing Date for IPOs

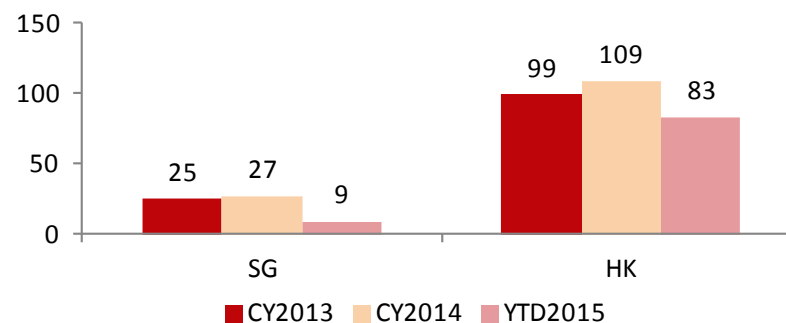
# Equity Fundraising Activities Analysis

- Average liquidity in HK has significantly increased in YTD2015, driving substantially more ECM deal activities
- In HK, transactions were primarily driven by private placements, in comparison to the SG market which was dominated by rights issues

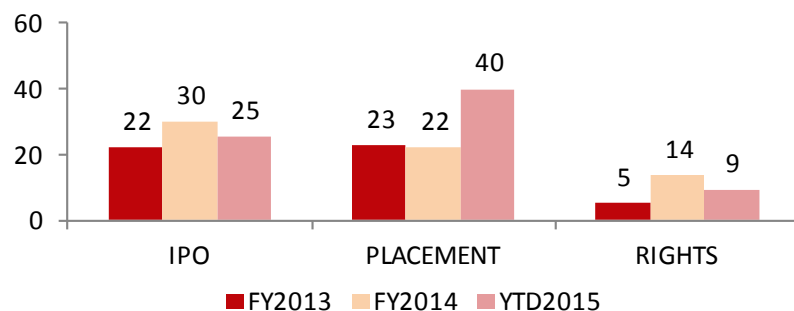
Average Daily Traded Liquidity (USD bn)



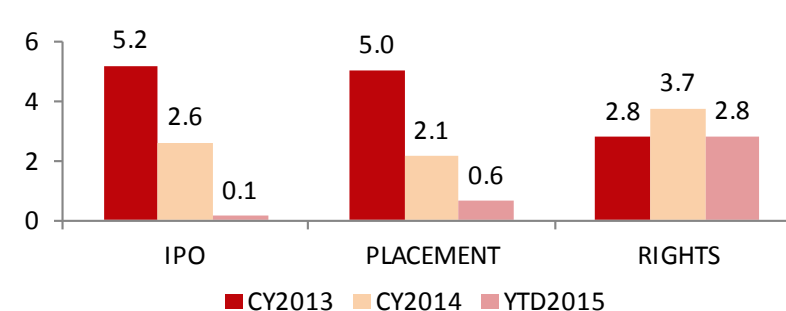
Number of IPOs



Hong Kong ECM Volume (USD bn)



Singapore ECM Volume (USD bn)

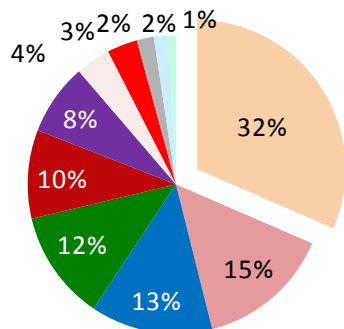


Source: Bloomberg (31 Oct 2015); YTD: Year to 31 Oct; includes all transactions captured by Bloomberg; by Ex-Date for Placement and Rights, by Listing Date for IPOs

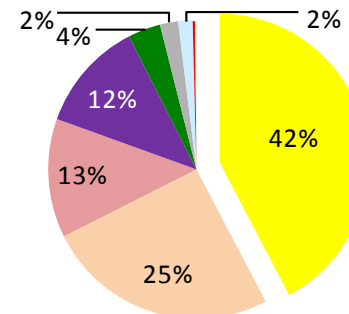
# Equity Fundraising Size by Sector

■ The HK market was primarily driven by financial companies while the SG IPO market was dominated by REITS

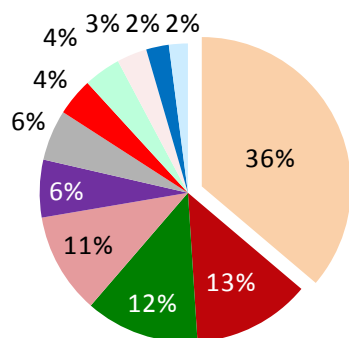
2014-YTD2015 Hong Kong IPO Size by Sector



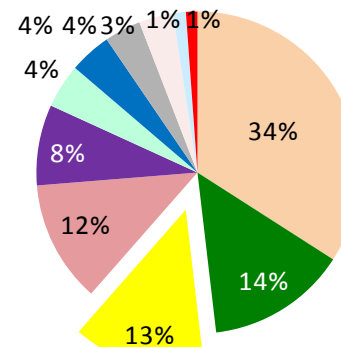
2014-YTD2015 Singapore IPO Size by Sector



2014-YTD2015 Hong Kong Secondary Offering Deal Size by Sector



2014-YTD2015 Singapore Secondary Offering Deal Size by Sector



■ Real Estate     
 ■ Financial     
 ■ Consumer Staples     
 ■ Utilities     
 ■ Consumer Cyclical     
 ■ Industrial  
■ Diversified     
 ■ Communications     
 ■ Basic Materials     
 ■ Technology     
 ■ Energy     
 ■ REITS

Source: Bloomberg (31 Oct 2015); YTD: Year to 31 Oct; includes all transactions captured by Bloomberg; by Ex-Date for Placement and Rights, by Listing Date for IPOs; based on Bloomberg's sector classification

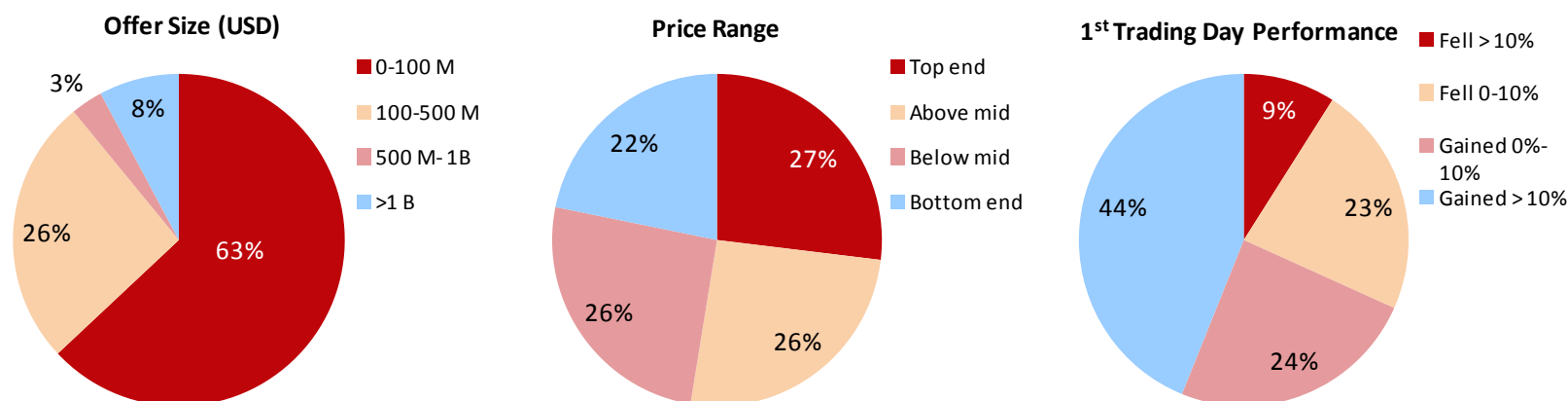
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# 2014-YTD2015 Hong Kong IPO Analysis

- The Top 10 largest IPO in 2014-2015 mainly comprised of financial institutions
- Of the 192 IPOs in the period, 121 (63%) were below USD100M, while most of the deals were priced above mid range and recorded significant gains on the 1<sup>st</sup> trading day

Top 10 Largest IPO in 2014-YTD2015				
Listing Date	Ticker	Name	Sector	Offer Size (USD'M)
05/18/2015	6886	Huatai Securities Co Ltd	Financial	5,000
03/24/2015	1776	GF Securities Co Ltd	Financial	4,136
12/09/2014	3699	Dalian Wanda Commercial Property	Real Estate	4,040
11/24/2014	1816	CGN Power Co Ltd	Utilities	3,638
01/06/2014	2638	HK Electric Investments	Utilities	3,111
07/24/2014	288	WH Group Ltd	Consumer Staples	2,362
07/06/2015	2799	China Huarong Asset Management	Financial	2,300
08/03/2015	1508	China Reinsurance Group Co	Financial	2,009
06/16/2015	3396	Legend Holdings Co	Diversified	1,975
12/09/2014	1958	BAIC Motor Corp Ltd	Consumer Cyclical	1,532



Source: Bloomberg (31 Oct 2015); YTD: Year to 31 Oct; includes all transactions captured by Bloomberg; by Ex-Date for Placement and Rights, by Listing Date for IPOs; based on Bloomberg's sector classification

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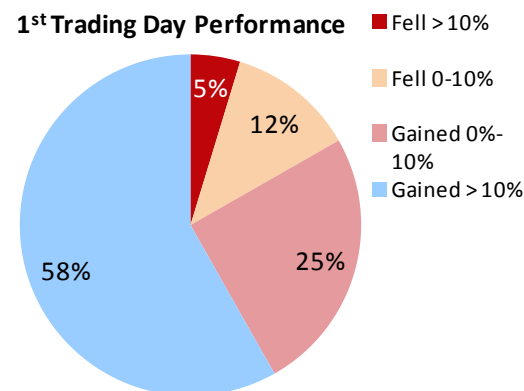
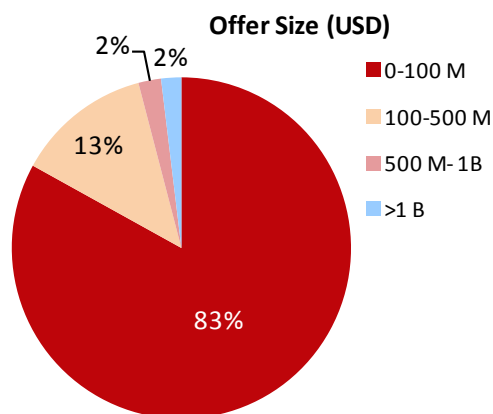


## 2014-YTD2015 Hong Kong Secondary Offering Analysis

- Financial institutions dominated the largest Secondary Offering
- Of the 838 offering, 696 (83%) were below USD100M while many of the offerings recorded gains larger than 10% on the 1<sup>st</sup> day of trading

Top 10 Largest Secondary Offering in 2014-YTD2015

Listing Date	Ticker	Name	Sector	Offer Type	Offer Size (USD'M)
11/30/2014	2318	Ping An Insurance Group Co	Financial	Placement	4,749
12/21/2014	6837	Haitong Securities Co Ltd	Financial	Placement	4,247
06/15/2015	6030	CITIC Securities Co Ltd	Financial	Placement	3,490
04/27/2015	6881	China Galaxy Securities Co Ltd	Financial	Placement	3,094
03/31/2014	144	China Merchants Holdings	Diversified	Rights	1,989
05/06/2015	966	China Taiping Insurance	Financial	Placement	1,739
03/14/2014	17	New World Development Co Ltd	Financial	Rights	1,715
06/04/2015	1060	Alibaba Pictures Group Ltd	Consumer Cyclical	Placement	1,571
07/17/2015	267	CITIC Ltd	Financial	Placement	1,546
09/10/2015	656	Fosun International Ltd	Basic Materials	Rights	1,509



Source: Bloomberg (31 Oct 2015); YTD: Year to 31 Oct; includes all transactions captured by Bloomberg; by Ex-Date for Placement and Rights, by Listing Date for IPOs; based on Bloomberg's sector classification

## Dual Listing Stocks

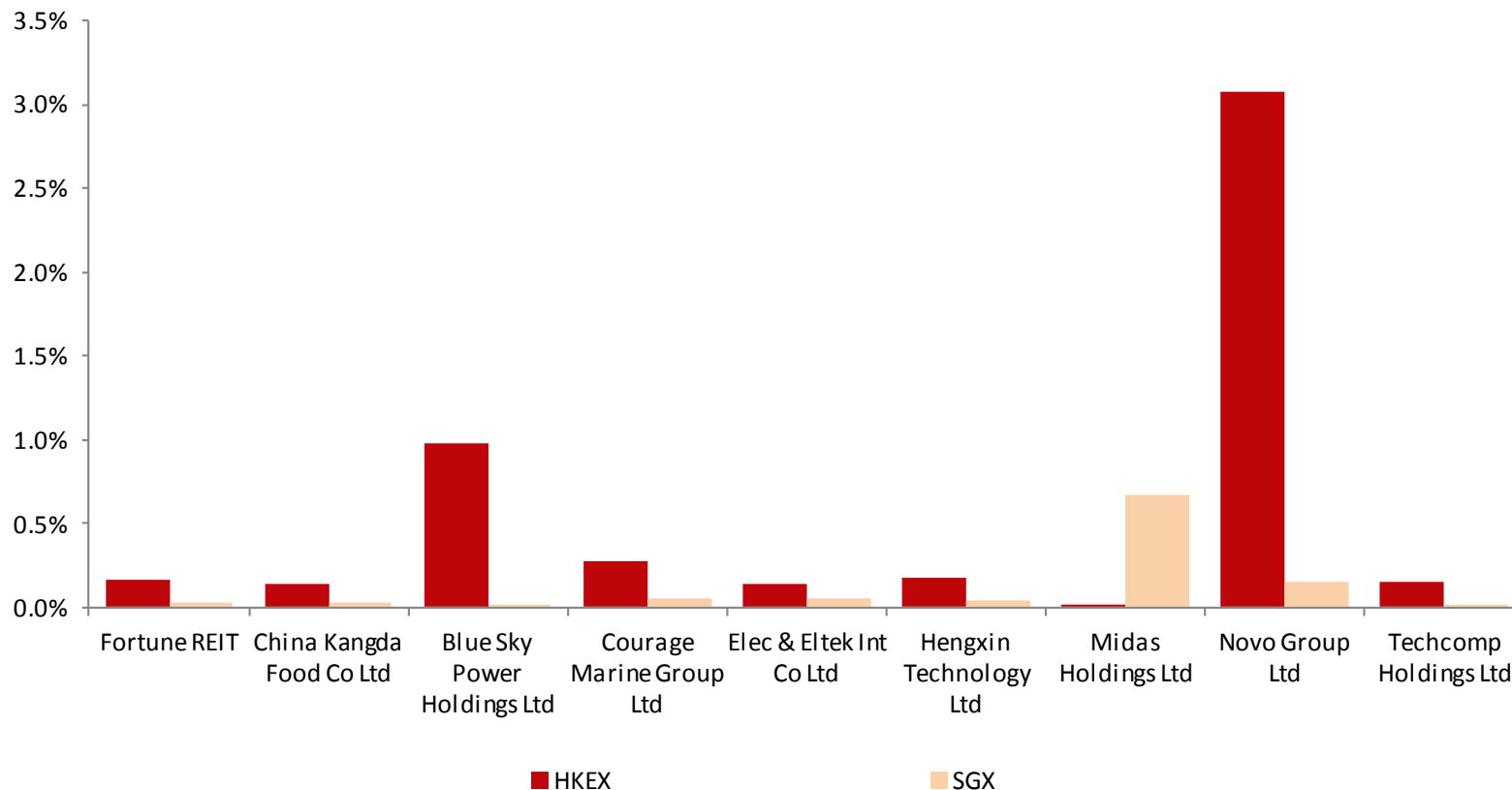
Stock Code	Name	Listing date (on SEHK)
00834	China Kangda Food Co. Ltd.	2008/12/22
06828	China Print Power Group Ltd. (now known as Blue Sky Power Holdings Ltd.)	2011/07/12
01145	Courage Marine Group Ltd.	2011/06/24
01151	Elec & Eltek International Co. Ltd.	2011/07/08
01085	Hengxin Technology Ltd.	2010/12/23
01021	Midas Holdings Ltd.	2010/10/06
01048	Novo Group Ltd.	2010/12/06
01298	Techcomp (Holdings) Ltd.	2011/12/21
778	Fortune REIT	2010/04/20



# Dual Listing Stocks

- All but one dual listing stocks have seen higher average daily volume in the last twelve months
- High liquidity is one of the major reason to attract SGX listed stocks to consider a secondary listing in HKEX

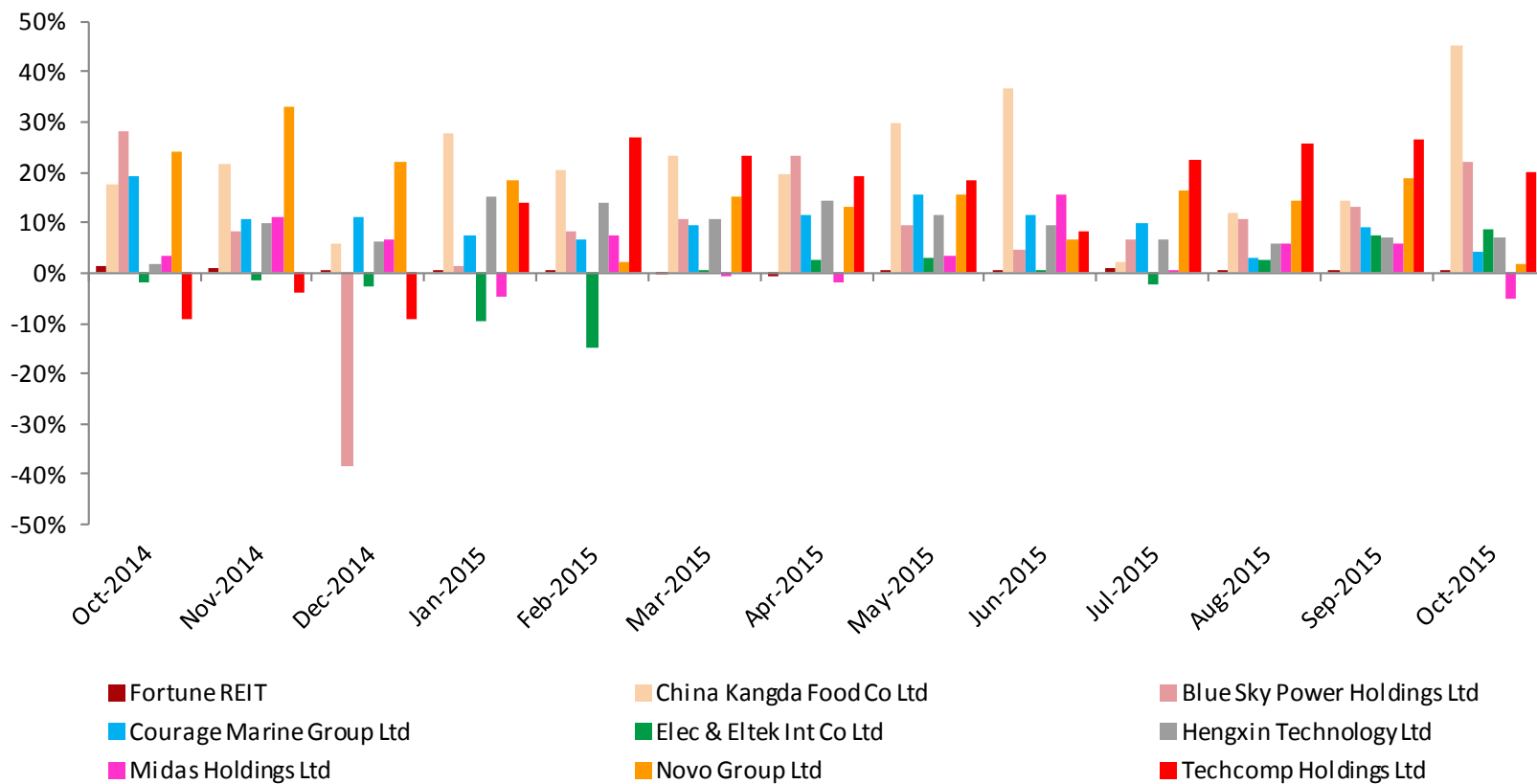
Average daily volume as % of float in the last 12 months



# Dual Listing Stocks

■ All dual listing stocks have mostly been trading at a premium in the HKEX  
■ The significant premium/ discounts are partly due to the lack of liquidity in the SGX listed stocks

Monthly % premium of HKEX listed stocks



## Case Study

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# Dual Primary Listing of Fortune REIT on SEHK & SGX (April 2010)

## Snapshot of Fortune REIT

<b>Issuer</b>	<ul style="list-style-type: none"> <li>■ Fortune Real Estate Investment Trust</li> </ul>
<b>Manager</b>	<ul style="list-style-type: none"> <li>■ ARA Asset Management (Fortune) Limited (wholly-owned subsidiary of ARA Asset Management Limited)</li> </ul>
<b>Sponsor</b>	<ul style="list-style-type: none"> <li>■ Cheung Kong (Holdings) Ltd (owns 31.6% in Fortune REIT)</li> </ul>
<b>Listing Status</b>	<ul style="list-style-type: none"> <li>■ Dual-primary listing on SGX-ST and SEHK</li> <li>■ Trading commenced on SEHK on 20 April 2010</li> </ul>
<b>Trading Currency</b>	<ul style="list-style-type: none"> <li>■ Hong Kong Dollar on both SGX-ST and SEHK</li> </ul>
<b>Market Capitalisation</b>	<ul style="list-style-type: none"> <li>■ HK\$5,998 million as at 9 April 2010 on SGX-ST</li> </ul>
<b>Gearing</b>	<ul style="list-style-type: none"> <li>■ 23.7% as at 31 December 2009</li> </ul>

## Highlights of Fortune REIT's dual primary listing

- Fortune REIT is the **first ever dual-listed REIT** in Hong Kong
- Fortune REIT, along with DBS and legal advisers, worked with Singapore and Hong Kong regulators to **ensure compliance with the REIT codes and listing rules in both jurisdictions**
- Specifically, to address Hong Kong regulators' concerns over listings by introduction, the transaction has incorporated various **first-time measures to ensure sufficient supply of information for investors and liquidity for trading** in Hong Kong:

### Bridging Dealer

- DBS (along with JPM) assumes a pioneering role as bridging dealer to undertake arbitrage activities. As bridging dealer, DBS will (over a period of 30 days after listing) conduct arbitrage trades to sell units in Hong Kong and buy units in Singapore, so to supply liquidity into the Hong Kong market and ensure sufficient liquidity upon listing

### Batch Transfer of Units

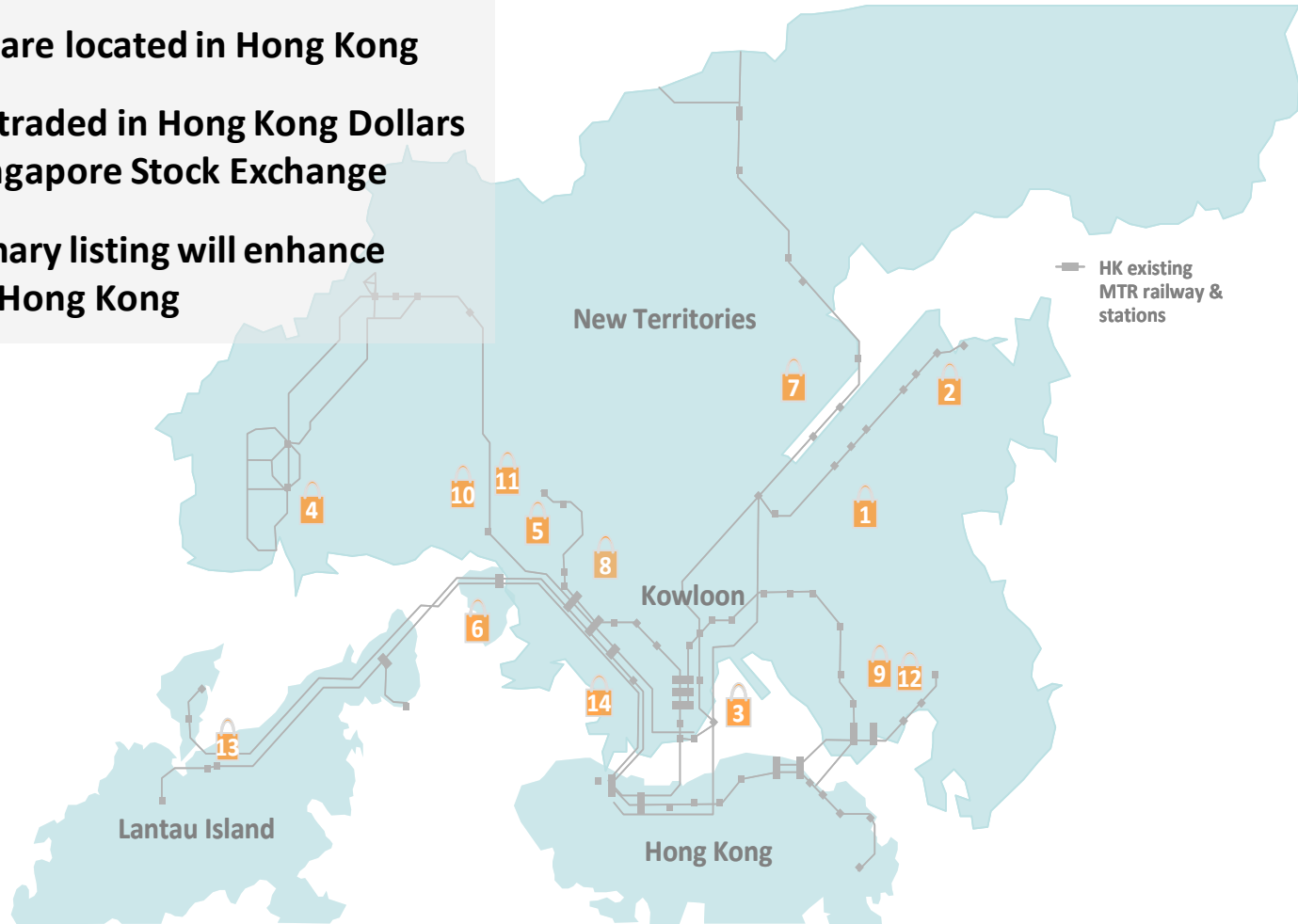
- DBS worked with depositories and registrars in Singapore and Hong Kong to devise a speedier and cheaper transfer process (in 3 special batches) for existing Singapore unitholders to transfer their holdings to Hong Kong

### Investor Education

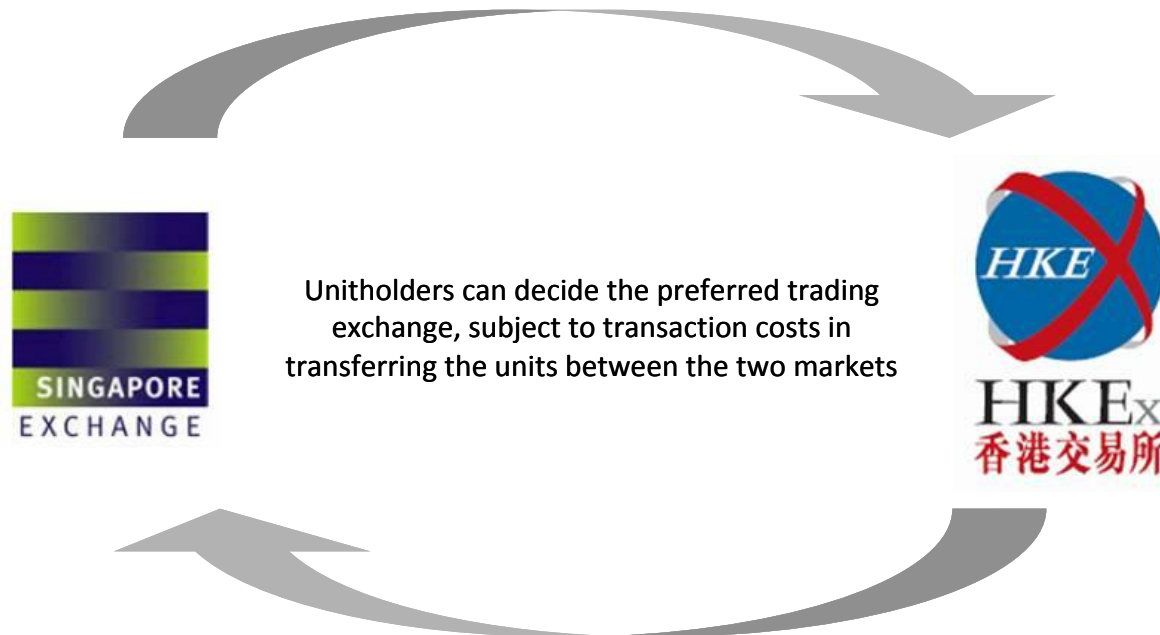
- We also launched a comprehensive investor education campaign to inform investors in Hong Kong about the profile of Fortune REIT and the dual primary listing exercise

# Hong Kong – the natural market for Fortune REIT

- All assets are located in Hong Kong
- Units are traded in Hong Kong Dollars on the Singapore Stock Exchange
- Dual-primary listing will enhance profile in Hong Kong



# Greater investment choice/ flexibility with minimal financial impact



- The proposed listing by introduction will have no significant effect on the financials of Fortune REIT
- No issuing of new units in connection with the proposed introduction
- Estimated cost approximately HK\$30.0 million will be financed by rights issue proceeds
- Minimal increase in expenses arising from compliance cost and trustee fees

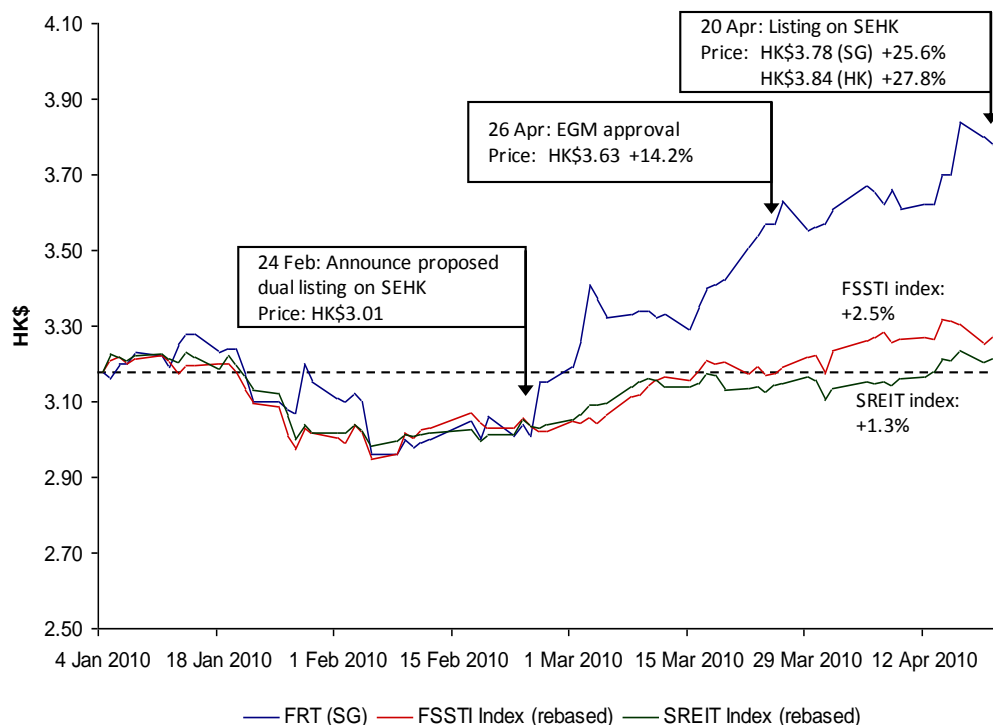
## Tracking Fortune REIT's Performance

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# Fortune REIT's price has gained over 25% since announcement

## Fortune REIT's performance relative to FSSTI index and SREIT Index



- Since Fortune REIT's announcement of the proposed dual primary listing, the unit price has increased by over 25%
- During the same period, Fortune REIT has also outperformed both FSSTI Index and SREIT Index
- The average daily traded units have also increased by 82%

	Average Daily Volume (units)
Post-announcement	3.4m
Pre-announcement	1.8m

- The traded volume of Fortune REITs on SEHK on listing date was 14.4 million Units

Source: Bloomberg as at 21 April

# Appendix

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## Key Regulatory Difference

## Key differences between SG and HK regulatory regimes

	Singapore regulatory requirements	Hong Kong regulatory requirements
Investment Restrictions	<ul style="list-style-type: none"> <li>Can also invest in government securities, securities issued by supra-national agency or Singapore statutory board, listed or unlisted debt securities and listed shares by non-property companies</li> </ul>	<ul style="list-style-type: none"> <li>Can only invest in real estate</li> </ul>
Minimum Holding Period for Investments	<ul style="list-style-type: none"> <li>No requirement</li> </ul>	<ul style="list-style-type: none"> <li>2 years</li> </ul>
Borrowing Limit	<ul style="list-style-type: none"> <li>Aggregate leverage up to 35% of deposited property (as Fortune REIT currently does not have a rating)</li> </ul>	<ul style="list-style-type: none"> <li>Up to 45% of total gross asset value of the REIT</li> </ul>
Valuation for Acquisition / Disposition	<ul style="list-style-type: none"> <li>Require 2 independent valuation reports</li> </ul>	<ul style="list-style-type: none"> <li>Require only 1 independent valuation report</li> </ul>
Interim / Quarterly Results	<ul style="list-style-type: none"> <li>To issue quarterly, interim and audited final results</li> </ul>	<ul style="list-style-type: none"> <li>To issue only interim and audited final results</li> </ul>

*Note: The above list is by no means exhaustive or comprehensive. Please refer to Appendix A of Fortune REIT's circular dated for more details of the regulatory requirements in Singapore and Hong Kong*

## Impact on Fortune REIT's operations

- Upon commencement of the dual primary listing, Fortune REIT will ensure compliance with both Singapore and Hong Kong regulations
- There will be no change in the rights and entitlements of unitholders with units listed on SGX
- Unitholders with units listed on the HKEx will enjoy the same rights and entitlements

### Disclosure Obligations

- All material information will be released on both Singapore and Hong Kong exchanges concurrently to ensure timely and transparent disclosure

### Unitholder Meetings

- AGMs will either be held in Singapore or Hong Kong
- AGMs/EGMs held in either venue will be open to unitholders in both markets
- Unitholders in both markets can meaningfully participate and vote at the meetings

### Other Amendments

- Accounting and audit standards of Fortune REIT will be based on International Financial Reporting Standards ("IFRS")

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