

HKEx – The Listing Venue of Choice for International Companies

November 2015

Hong Kong Exchanges and Clearing Limited

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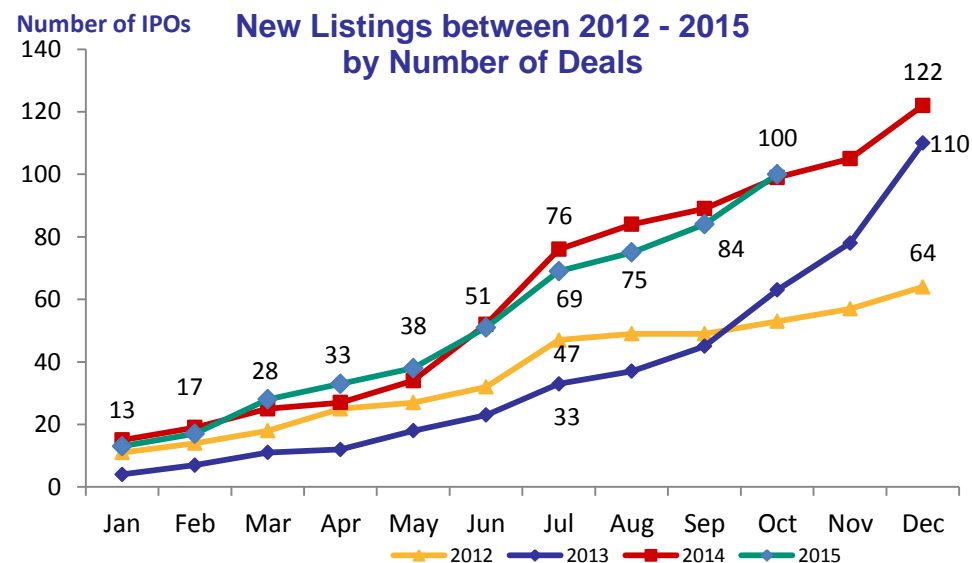
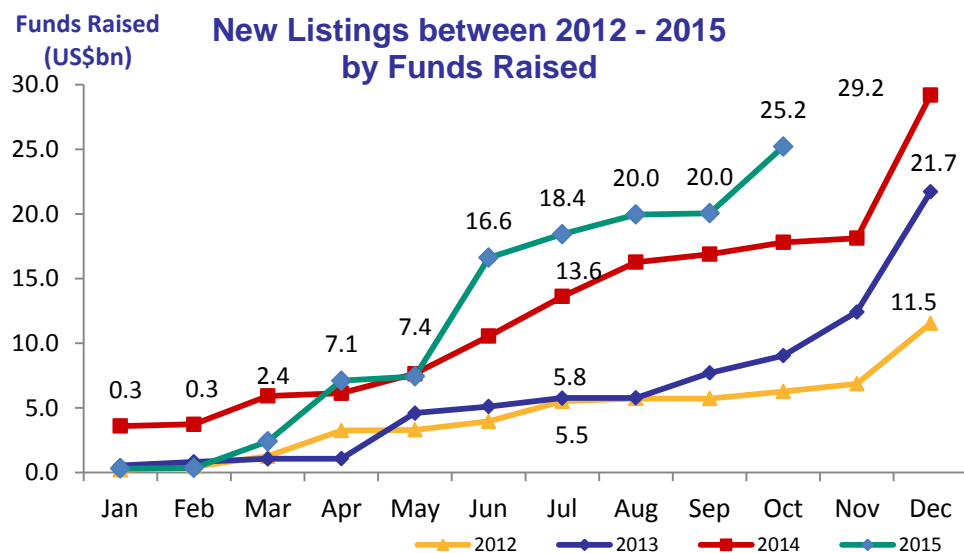
Listing in HKEx

2

Key Drivers of China Story from Hong Kong Perspective

Robust Listing Activities

USD 25.2 billion raised with 100 IPOs Jan - Oct 2015



Source: HKEx (as of 31 Oct 2015)

Robust Listing Activities

USD 25.2 billion raised with 100 IPOs Jan - Oct 2015



Global Ranking in IPO Fund-raising (1 Jan - 31 Oct 2015)

#	Exchanges	# of IPOs	YTD Funds Raised (US\$bn)
1	Hong Kong (HKEx)	100	25.20
2	New York (NYSE)	57	19.25
3	Shanghai (SSE)	79	16.78
4	NASDAQ	128	16.25
5	London (LSE)	67	15.51
6	Madrid (MADX)	7	9.42
7	Deutsche Borse	15	7.39
8	Shenzhen (SZSE)	113	7.19
9	Borsa Italiana (LSE Group)	22	5.94
10	Australia (ASE)	59	4.46

USD29.2bn HKEx IPO Funds Raised in 2014

No 1
In Asia

No 2
Worldwide

Continue High Ranking Globally from 2014 to 2015

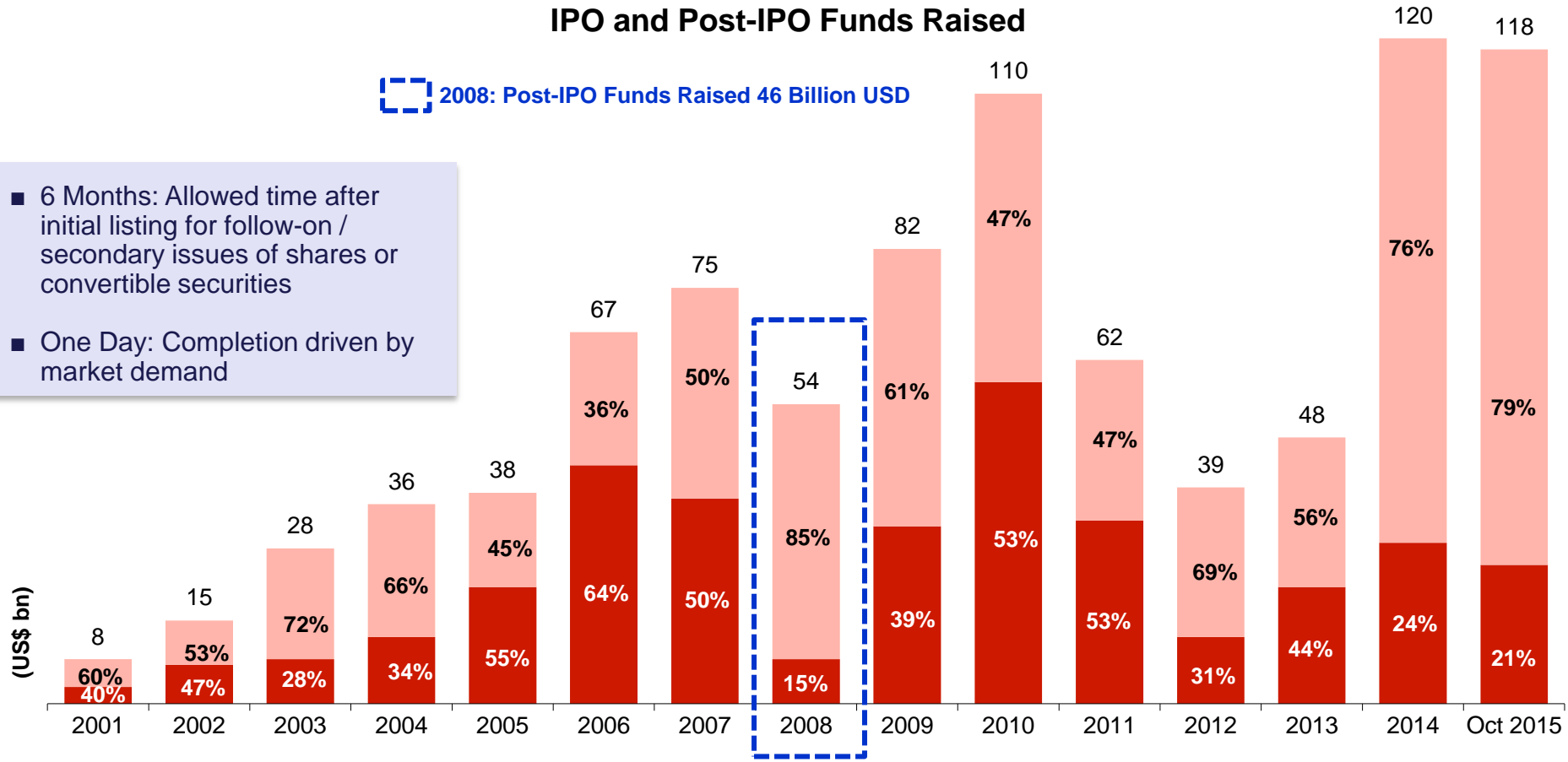
Strong IPO and Post-IPO Fund Raising Capability



IPO and Post-IPO Funds Raised

2008: Post-IPO Funds Raised 46 Billion USD

- 6 Months: Allowed time after initial listing for follow-on / secondary issues of shares or convertible securities
- One Day: Completion driven by market demand



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Oct 2015
Follow-on	5	8	20	24	17	24	38	46	50	52	29	27	27	91	93
IPO	3	7	8	12	21	43	37	8	32	58	33	12	21	29	25

HKEx IPO and Post-IPO numbers consistently show its ability to raise funds even during 2008 Financial Crisis (Post-IPO funds raised up to \$46 billion USD)

Competitive Advantages for International Listings on HKEx

Key Drivers for International Listings



GLENCORE

IMAX®

L'OCCITANE
EN PROVENCE



COWELL

Samsnite®

UNI
QLO

AEON



COACH

PRUDENTIAL

VALE

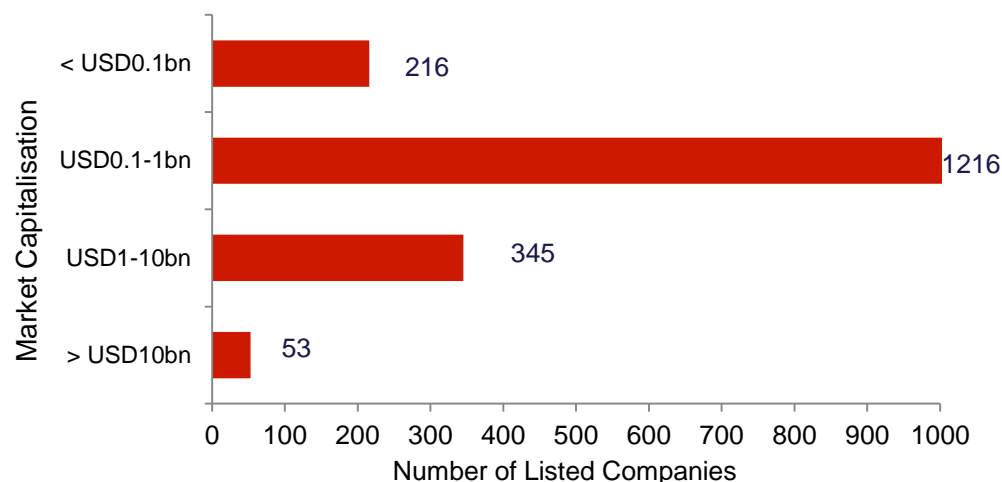
HKEx Attracts Listed Companies of All Sizes



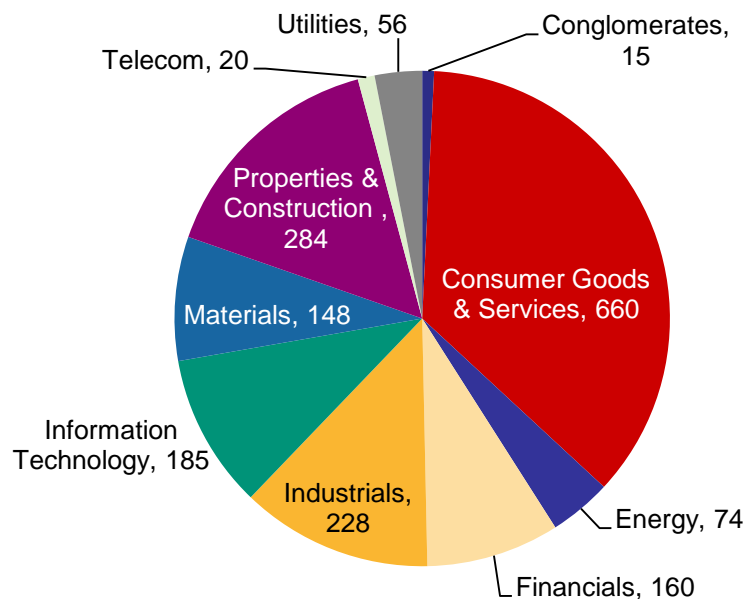
Distribution of Companies Listed

Market Cap.	Main Board	GEM
< USD0.1 billion	7.2%	46.5%
USD0.1 – 1 billion	68.6%	50.2%
USD1 – 10 billion	20.9%	3.3%
>= USD10 billion	3.3%	0.0%

All Listed Companies Distribution



Number of Companies by Sector



Sectors by Number of Companies

- Total listed companies of 1,830
- The number of Consumer Goods and Services companies are on the rise accounting for 36% of total listed companies
- Traditional sectors (Properties & Construction and Industrials) as well as new growth sectors (Information Technology) are well represented in the market

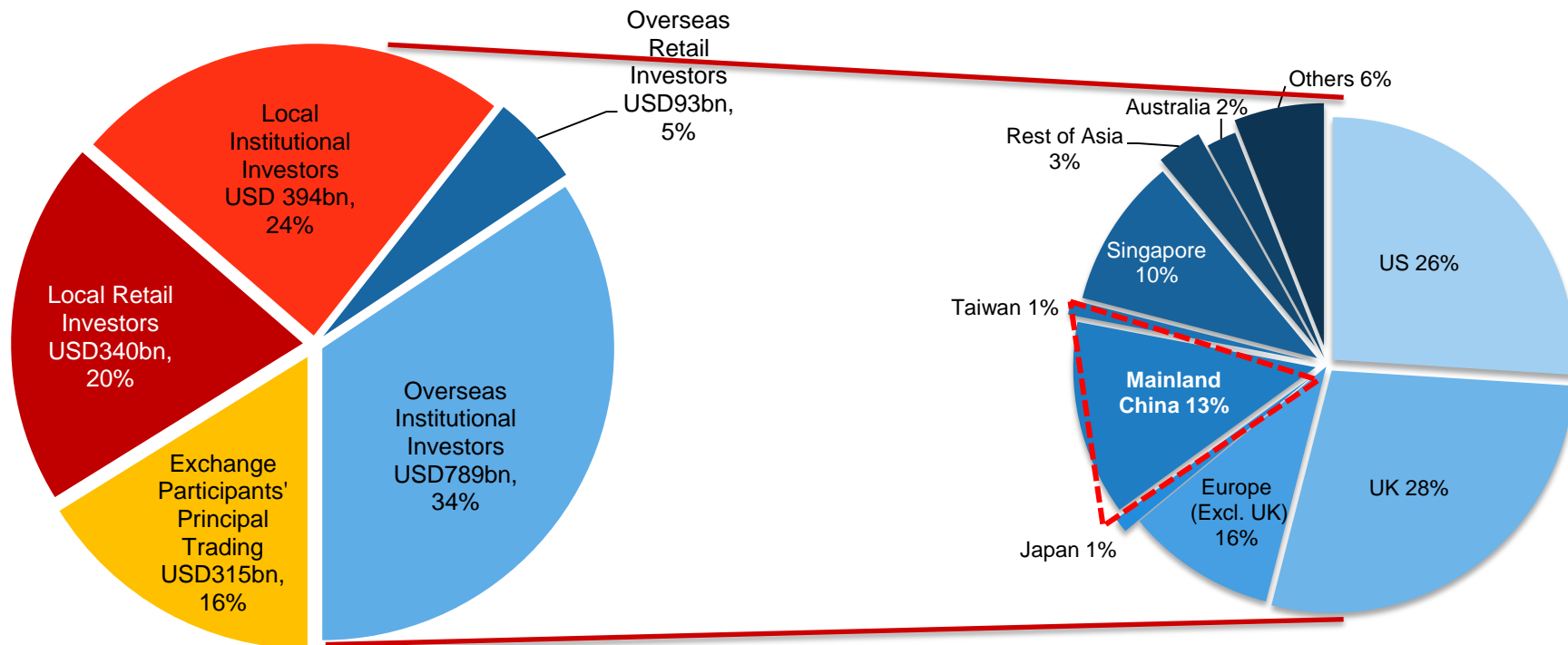
Diverse and Growing Global Investor Base



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

Trading Value Distribution by Investor Type

Trading Value Distribution of Overseas Investors



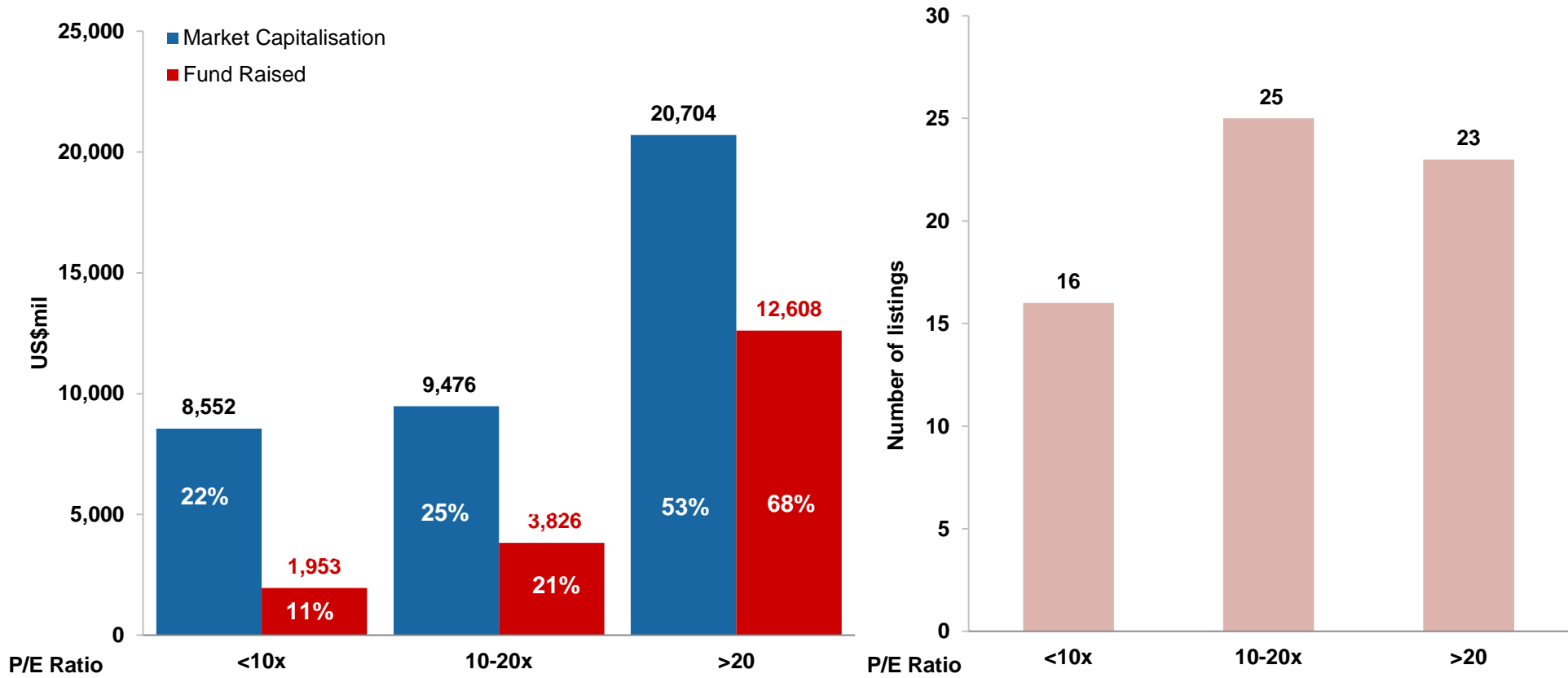
Note: Numbers may not add up to 100% due to rounding / Source: HKEx Cash Market Transaction Survey 2013/2014

Mainland Chinese investor exposure drives growth and synergy with international investor base participating in HKEx markets

HKEx Listed Companies Attract Valuation at All Levels



Historical P/E Ratio Distribution of All New Listings on Listing Date (Jan – Jul* 2015)



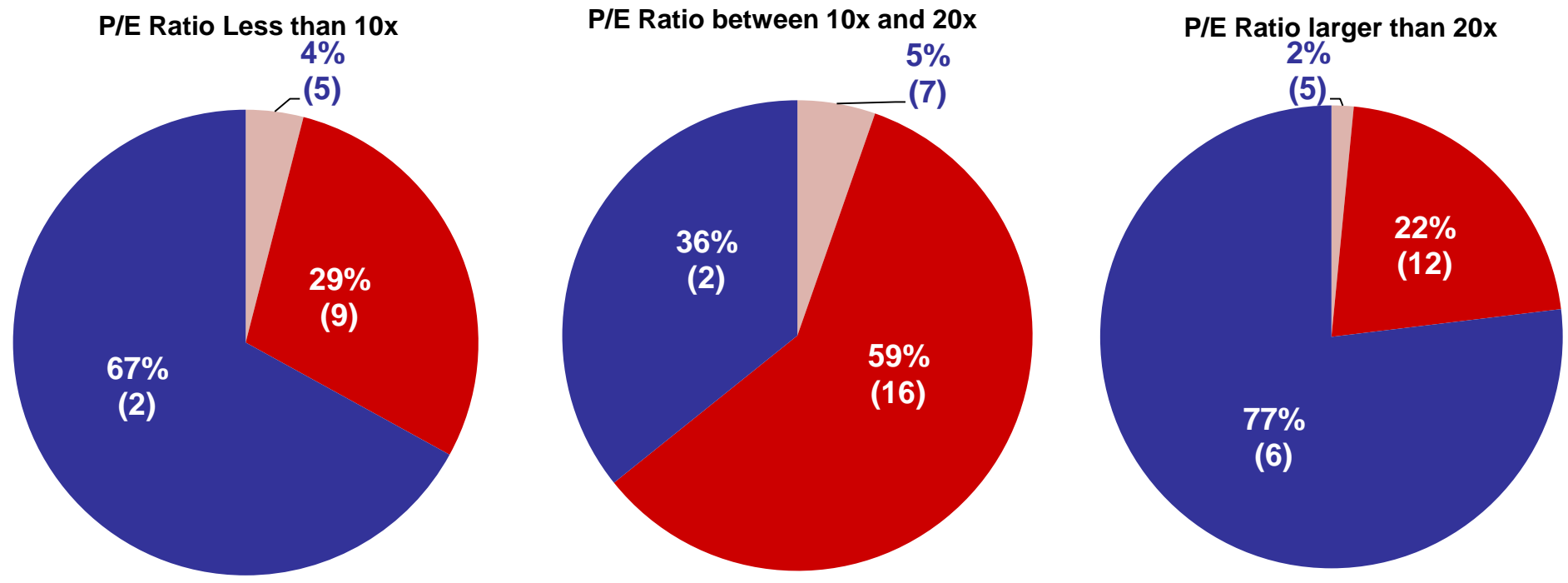
HKEx listing shows consistent listing capabilities and investor appetite across different P/E ratio

* Source: HKEx (as of 31 Jul 2015); Excluded 5 companies with no P/E ratio at listing

HKEx Listed Companies Attract Valuation at All Levels



Market Capitalisation Distribution of Different P/E Ratio Categories on Listing Date (Jan – Jul* 2015)



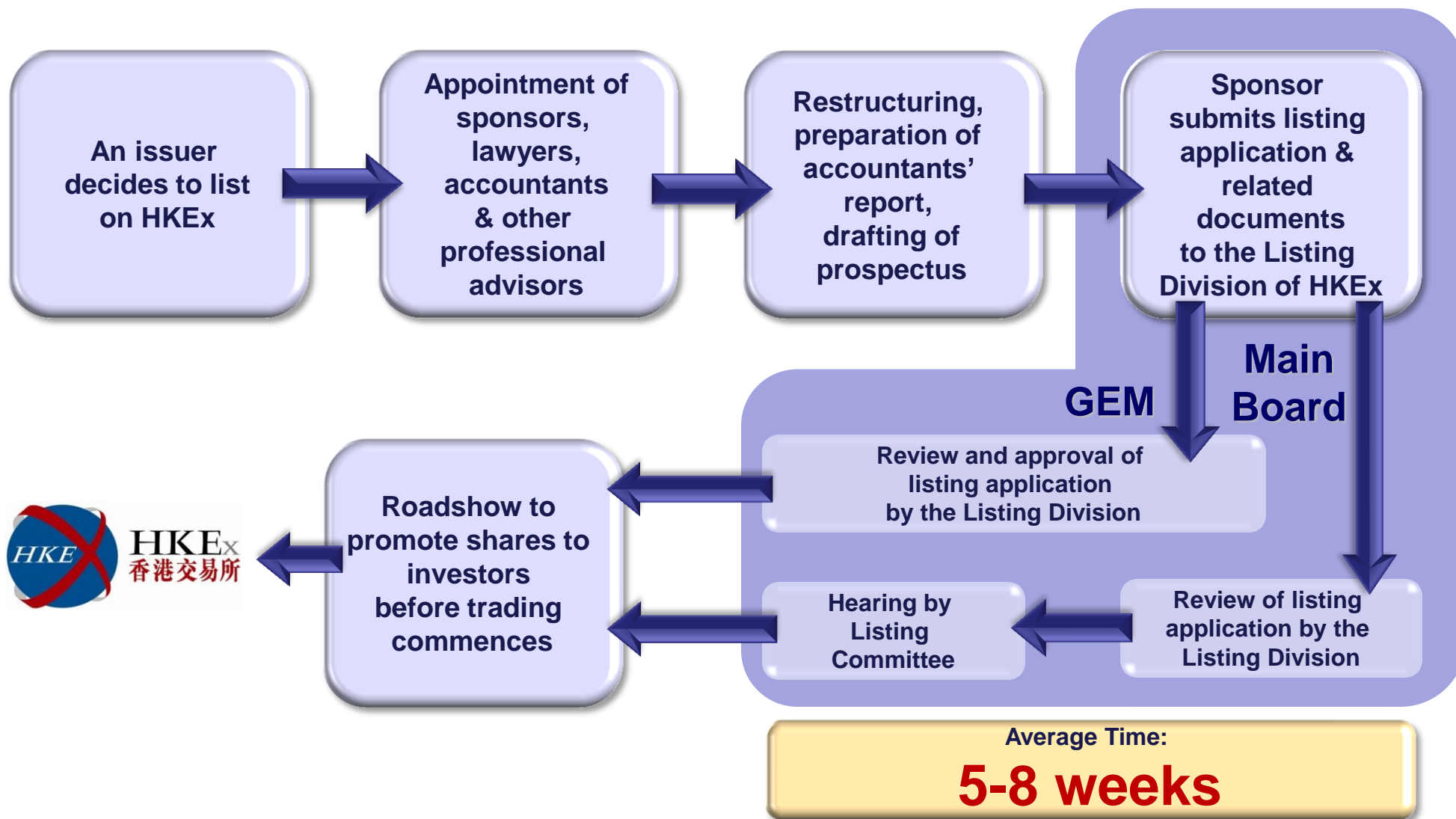
Market Capitalisation: ■ >US\$1 bn ■ US\$0.1-1 bn ■ <US\$0.1 bn

(): Number of listings

HKEx listed companies consistently attract investors across different market capitalisation size and P/E ratio**

*Source: HKEx (as of 31 Jul 2015); Excluded 5 companies with no P/E ratio at listing
 ** Historical P/E Ratio on Listing Date

Listing Process



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

Key GEM Listing Requirements



Financial Requirements

To fulfill the following criteria:

Market Cap / Operating Cash Flow Test

- Market cap \geq USD13m (HKD100m)
- Operating cash \geq USD2.6m (HKD20m) in aggregate for latest 2 full financial years

Operating History and Management

- A trading record period of at least 2 full financial years
- Management continuity for at least the 2 preceding financial years
- A continuity of ownership and control throughout the full financial year immediately preceding the issue of the listing document

Public Float

- Minimum of 25%
- If market cap \geq USD1,282 m, public float can be lowered to 15%
- Minimum of 100 shareholders

Professional Advisors

- Must appoint a sponsor for listing
- 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

- **Enhance time and cost efficiency** – the power to approve admission of new issuers will be delegated from the GEM Listing Committee to the Listing Division
- **A streamlined transfer process to Main Board Listing** – no need to appoint sponsor or financial advisor, no need to produce a prospectus or listing document only an announcement and application form would suffice

1

Listing in HKEx

2

Key Drivers of China Story from Hong Kong Perspective

HKEx Building Investor Base – China Long-term Strategy



IPO and Post-IPO Fund Raising Capabilities



China's emerging market growth potential and prospect drives HKEx listing to attract strategic investors at different stages in fund raising

Key Drivers of Hong Kong Exchange Strategy



RMB Internationalisation

Mutual Market Access

**China's Capital Account
Opening**

Global Offshore RMB Center

**Integration Between Offshore
and Onshore Markets**

**Asset Classes:
Equity, Fixed Income, Currency,
Commodities**

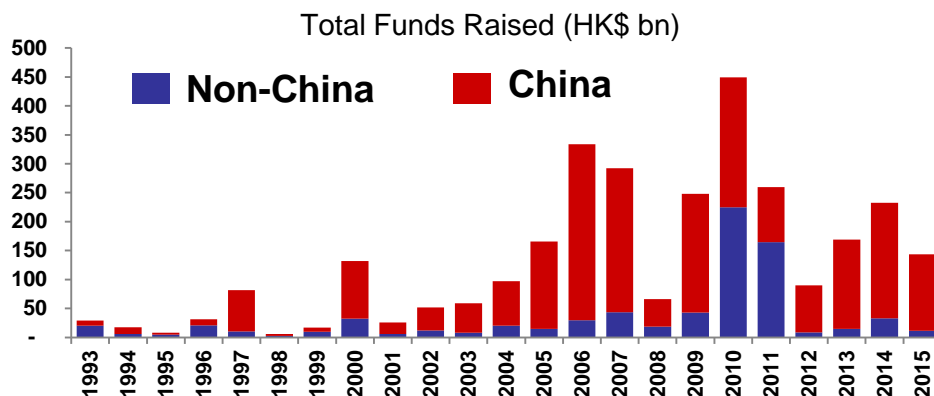
China development and Hong Kong's evolution as an International Finance Center are the key

How important is China Capital Account Opening to Hong Kong?

Hong Kong Market (HKEx) has a Strong China Story



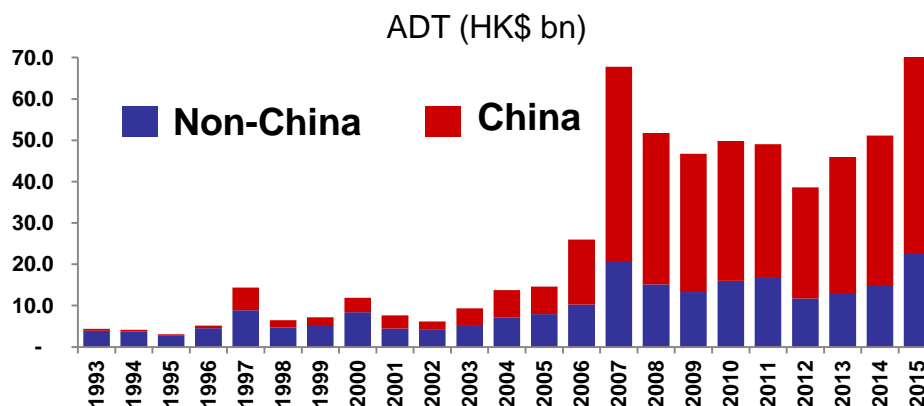
IPO Fund Raising Story



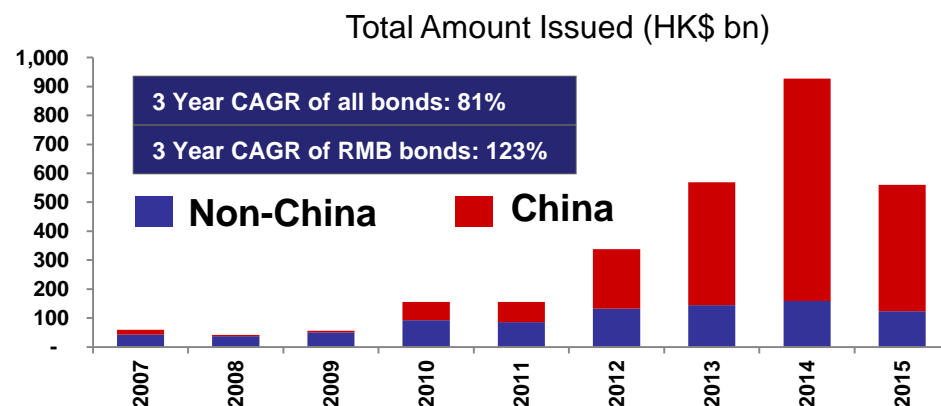
Tremendous Growth of Market Cap



ADT Driven Growth for HKEx

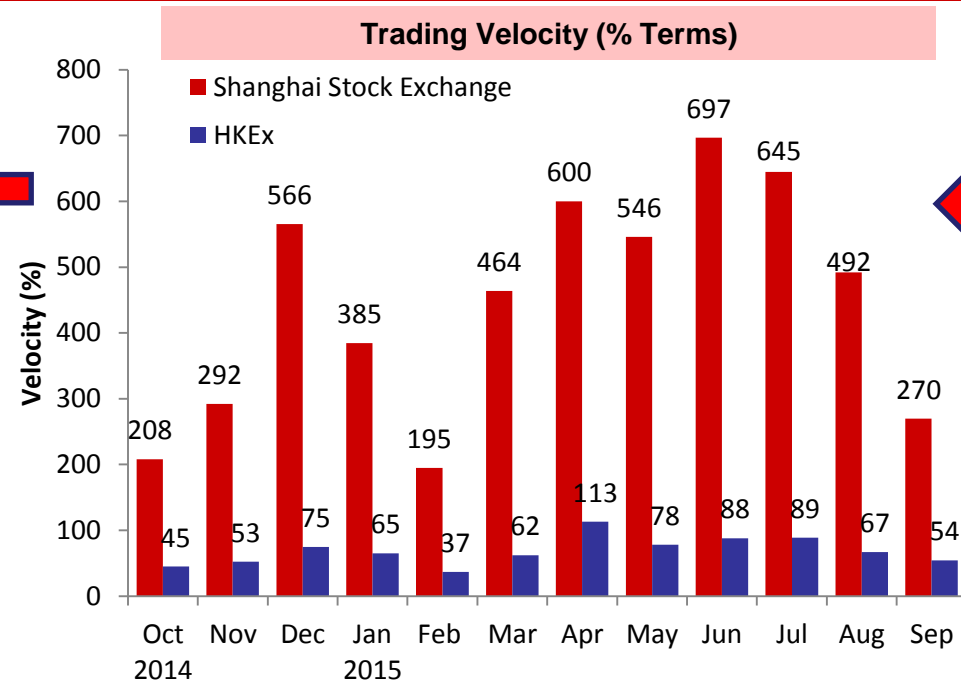
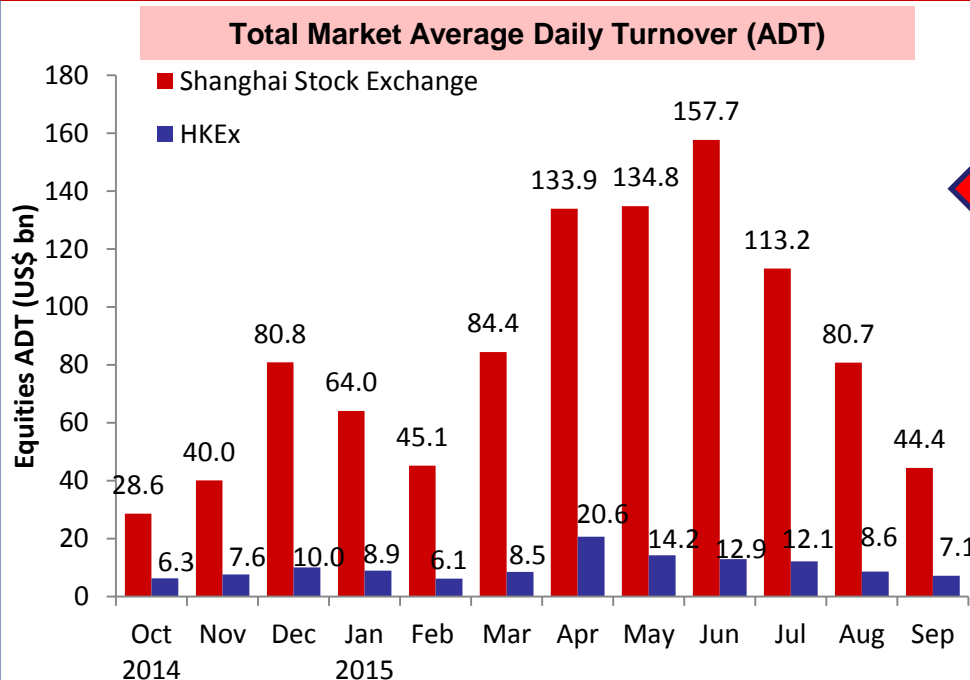


Fixed Income Driven Growth for HKEx



HKEx market continues to perform with a Strong China Story

“China Story” for Domestic Mainland market



Source: WFE & HKEx as of 30 Sep 2015, ADT and Velocity figures of HKEx include ETF products but excludes warrants

SHSE

- Market Cap US\$ 4.0 trillion
- 80% Retail Investor Composition
- No Day Trading Allowed
- T+0 Trade Settlement

HKEx

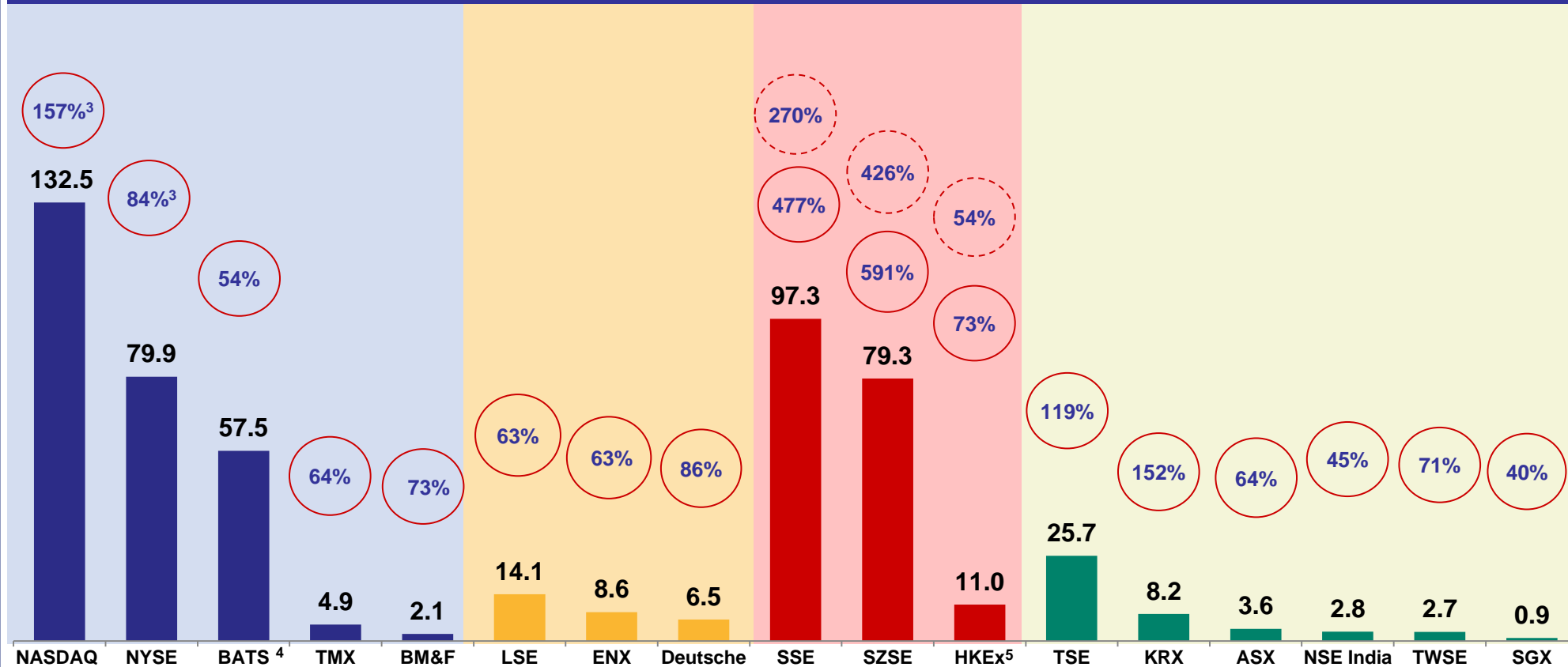
- Market Cap US\$ 3.0 trillion (62% Chinese Companies)
- 78% Institutional Investor Composition
- Day Trading Allowed
- T+2 Trade Settlement

Shanghai Stock Exchange market demonstrates strong domestic trading power that can flow into HKEx market through southbound over time

Comparison of Trading Activity Across Global Exchanges



YTD ADT¹ & Velocity² of Major Global Exchanges (US\$ billion)



Source: WFE, as of 30 September 2015

1. All figures are based on single counter data from WFE
2. All figures are based on single counter data from WFE. Nasdaq and NYSE data are calculated internally based on WFE's definition
3. The data of Nasdaq and NYSE include trades executed on their trading platforms for stocks listed on other exchanges
4. Figures of BATS are based on data from its official website and WFE
5. YTD ADT and Velocity figures include ETF products but excludes warrants

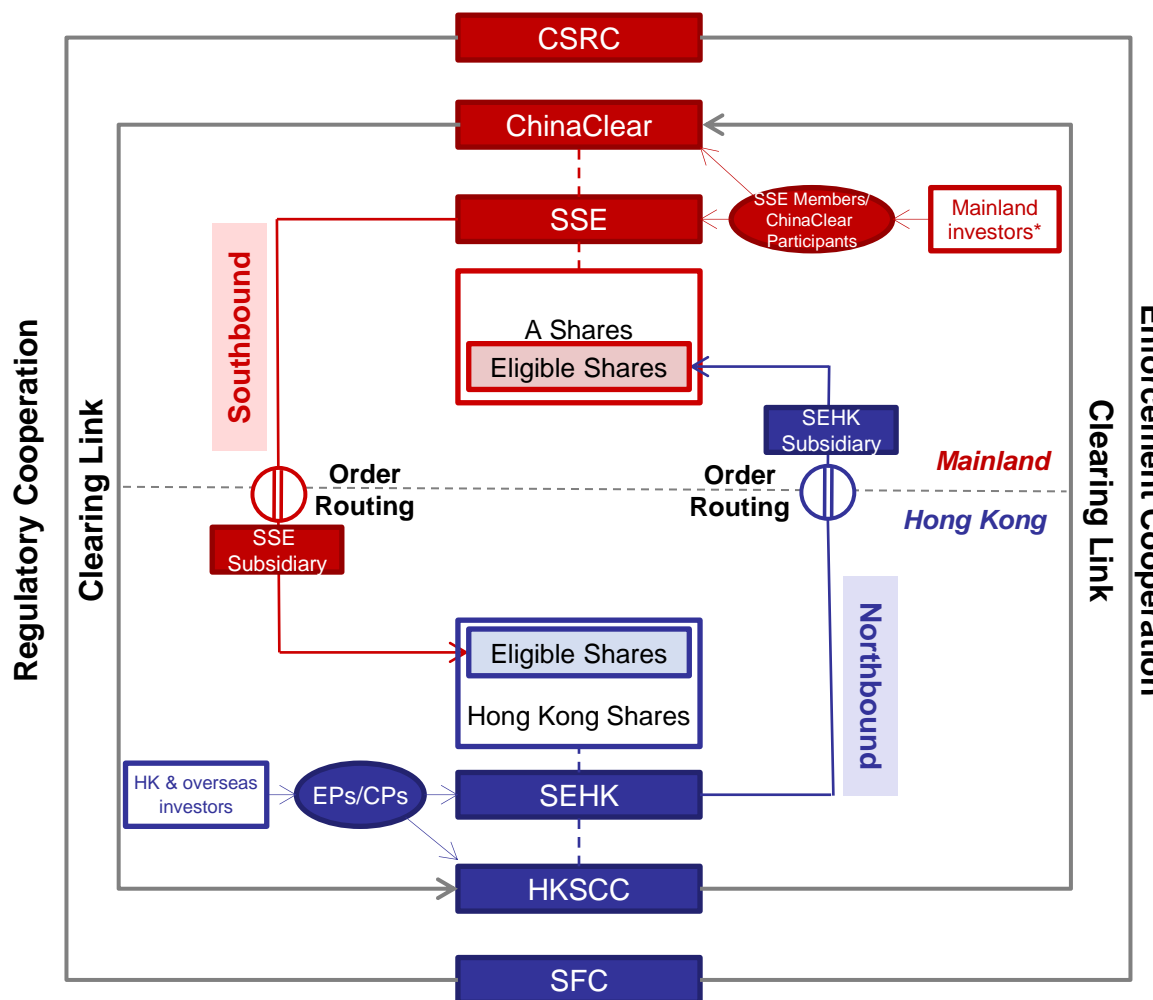
○ = YTD average velocity
 ○ (dashed) = L1M velocity

HKEx has the potential to substantially increase velocity as China opens its capital account

Key Features of Shanghai-Hong Kong Stock Connect



To achieve maximum market efficiency with minimum systemic risks



Order Routing in Gross for Maximum Price Discovery

Clearing and Settlement in Net for Minimum Cross-boundary Fund Flow

All RMB Conversion in HK, Facilitating Offset of Currency Conversion

Closed Loop Cross-Boundary Fund Flow to Achieve Stringent Risk Management

“Home Market” Rules and Laws Apply to the Extent Possible

Reciprocal Structure for Alignment of Interest

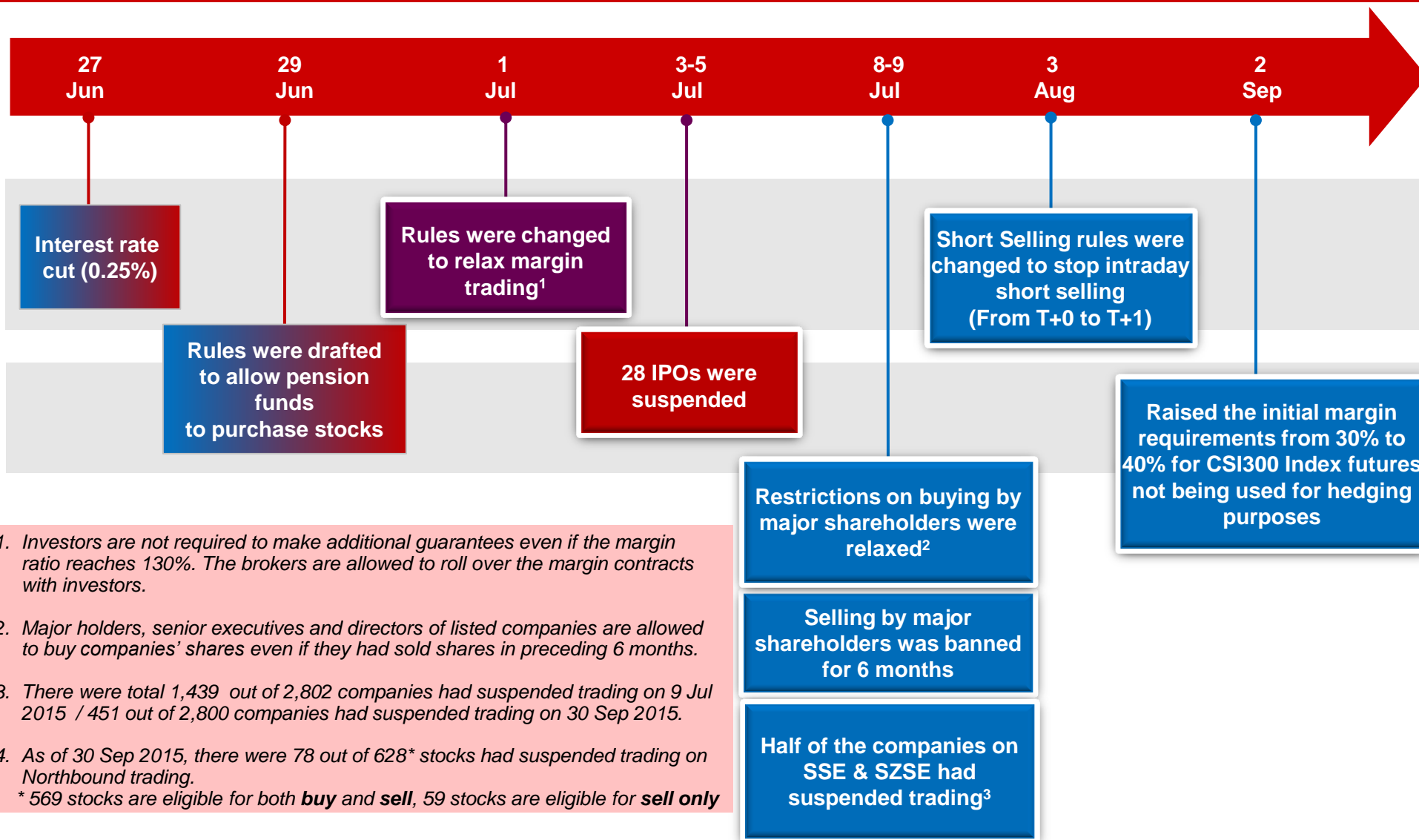
Equal Revenue Sharing to Achieve Win-win Solution

Quota Applied for Smooth and Stable Launch

Scalable in Size, Scope and Market in the Future

*Note: Only eligible Mainland investors can participate in Southbound trading

Updates on A Share market development



1. Investors are not required to make additional guarantees even if the margin ratio reaches 130%. The brokers are allowed to roll over the margin contracts with investors.
2. Major holders, senior executives and directors of listed companies are allowed to buy companies' shares even if they had sold shares in preceding 6 months.
3. There were total 1,439 out of 2,802 companies had suspended trading on 9 Jul 2015 / 451 out of 2,800 companies had suspended trading on 30 Sep 2015.
4. As of 30 Sep 2015, there were 78 out of 628* stocks had suspended trading on Northbound trading.
* 569 stocks are eligible for both **buy** and **sell**, 59 stocks are eligible for **sell only**

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Appendix – Companies with P/E Ratio less than 10x



Stock Code	Stock Name	Listing Date	Mkt Cap (US\$ m)	PE Ratio	Industry	IPO Funds Raised (US\$ m)	IPO Sub Rate	First Day Performance
8268	Deson Construction International Holdings Ltd.	08/01/2015	58	9.7	Construction	2	-	32.5%
1362	SiS Mobile Holdings Ltd.	15/01/2015	81	6.9	IT	5	171.5	12.2%
8067	Oriental University City Holdings (H.K.) Ltd.	16/01/2015	63	9.3	Consumer Services	15	-	5.7%
1327	Time2U International Holding Ltd.	30/01/2015	70	8.4	Consumer Goods	37	2.0	-39.0%
2193	Man King Holdings Ltd.	03/07/2015	51	9.1	Construction	12	1836.9	37.5%
442	KTL International Holdings Group Ltd.	11/03/2015	124	6.4	Consumer Goods	11	40.8	60.7%
1415	Cowell e Holdings Inc.	31/03/2015	762	9.1	Industrials	130	5.2	-9.9%
1245	Niraku GC Holdings, Inc.	08/04/2015	189	5.9	Consumer Services	45	3.1	0.8%
1500	In Construction Holdings Ltd.	16/04/2015	106	8.7	Construction	19	447.9	80.3%
8097	Pinestone Captial Ltd.	12/06/2015	369	7.3	Financials	8	-	1556.0%
1986	Tsaker Chemical Group Ltd.	03/07/2015	259	9.4	Materials	65	1.8	63.7%
2699	Xinming China Holdings Ltd.	06/07/2015	325	6.9	Properties	86	0.5	-5.6%
1456	Guolian Securities Co., Ltd. - H Shares	06/07/2015	258	3.9	Financials	454	1.9	-31.1%
1461	LUZHENG FUTURES Co. Ltd. - H shares	07/07/2015	105	9.1	Financials	117	4.0	-24.7%
1027	Jicheng Umbrella Holdings Ltd.	13/02/2015	4,000	8.9	Consumer Goods	21	1.7	56.4%
1528	Red Star Macalline Group Corporation Ltd.	26/06/2015	1,730	9.6	Properties	925	5.6	-4.0%

*Source: HKEX (as of 31 Jul 2015); Excluded 5 companies with no P/E ratio at listing

** Historical P/E Ratio on Listing Date

Appendix – Companies with P/E Ratio between 10x and 20x



Stock Code	Stock Name	Listing Date	Mkt Cap (US\$ m)	PE Ratio	Industry	IPO Funds Raised (US\$ m)	IPO Sub Rate	First Day Performance
6822	King's Flair International (Holdings) Ltd.	16/01/2015	90	12.3	Consumer Goods	31	6.1	-24.6%
8093	Odella Leather Holdings Ltd.	12/02/2015	37	14.0	Consumer Goods	7	-	496.0%
1468	UKF (Holdings) Ltd.	20/03/2015	78	17.1	Consumer Goods	-	-	-6.2%
8305	Kwan On Holdings Ltd.	27/03/2015	94	12.2	Construction	9	-	833.0%
1470	Tic Tac International Holdings Co. Ltd.	12/05/2015	99	14.4	Consumer Goods	17	839.1	42.6%
8038	Golden Power Group Holdings Ltd.	05/06/2015	45	18.5	Industrials	10	-	447.0%
8027	KPM Holding Ltd.	10/07/2015	65	13.6	Consumer Services	6	-	170.0%
3708	Yat Sing Holdings Ltd.	14/01/2015	277	14.5	Construction	22	27.6	11.7%
1993	Asiaray Media Group Ltd.	15/01/2015	389	15.8	Consumer Services	85	1.3	-3.5%
6161	Target Insurance (Holdings) Ltd.	15/01/2015	283	16.6	Financials	30	11.8	33.5%
8238	Winto Group (Holdings) Ltd.	16/02/2015	508	18.3	Consumer Services	9	-	973.0%
1430	Suchuang Gas Corporation Ltd.	11/03/2015	271	12.6	Utilities	60	5.7	0.5%
1566	China Animation Characters Co. Ltd.	12/03/2015	625	12.0	Consumer Services	50	4.3	1.9%
8105	Synergy Group Holdings International Ltd.	24/03/2015	164	10.6	Consumer Goods	8	-	208.0%
1301	D&G Technology Holding Co. Ltd.	27/05/2015	168	13.2	Industrials	49	162.0	14.9%
8355	i-Control Holdings Ltd.	27/05/2015	641	10.0	IT	12	-	1397.0%
6183	China Greenfresh Group Co., Ltd.	18/06/2015	224	10.8	Consumer Goods	91	13.5	-9.8%
6133	Vital Mobile Holdings Ltd.	26/06/2015	267	10.9	IT	68	18.2	2.0%
3882	Sky Light Holdings Ltd.	02/07/2015	339	13.4	Consumer Goods	87	86.0	-2.7%
2286	Chen Xing Development Holdings Ltd.	03/07/2015	181	11.3	Properties	38	4.3	0.0%
799	IGG Inc	07/07/2015	692	12.6	IT	-	-	-22.3%
6836	Tianyun International Holdings Ltd.	07/07/2015	277	11.5	Consumer Goods	41	3.6	0.0%
3737	Zhongzhi Pharmaceutical Holdings Ltd.	13/07/2015	275	18.2	Consumer Goods	63	3.4	-2.8%

*Source: HKEx (as of 31 Jul 2015); Excluded 5 companies with no P/E ratio at listing

** Historical P/E Ratio on Listing Date

Market Capitalisation: ■ >US\$1 bn ■ US\$0.1-1 bn ■ <US\$0.1 bn

Appendix – Companies with P/E Ratio between 10x and 20x



Stock Code	Stock Name	Listing Date	Mkt Cap (US\$ m)	PE Ratio	Industry	IPO Funds Raised (US\$ m)	IPO Sub Rate	First Day Performance
3606	Fuyao Glass Industry Group Co., Ltd.	31/03/2015	1,230	14.8	Consumer Goods	1,089	45.1	13.1%
3396	Legend Holdings Corporation - H Shares	29/06/2015	2,158	10.6	Conglomerates	1,945	45.2	-0.1%

*Source: HKEx (as of 31 Jul 2015); Excluded 5 companies with no P/E ratio at listing

** Historical P/E Ratio on Listing Date

Appendix – Companies with P/E Ratio greater than 20x



Stock Code	Stock Name	Listing Date	Mkt Cap (US\$ m)	PE Ratio	Industry	IPO Funds Raised (US\$ m)	IPO Sub Rate	First Day Performance
6866	Zuoli Kechuang Micro-finance Co. Ltd.	13/01/2015	90	23.8	Financials	50	1.3	42.3%
8139	Zhejiang Chang'an Renheng Technology	16/01/2015	11	21.1	Materials	10	-	8.2%
1858	BJ Chunlizhengda Medical Instruments	11/03/2015	36	22.9	Consumer Goods	34	373.6	3.0%
1520	Runway Global Holdings Co. Ltd.	01/06/2015	92	39.0	Consumer Goods	-	-	-6.0%
6108	New Ray Medicine International Holding	16/06/2015	90	21.7	Consumer Goods	-	-	4.0%
1673	Huazhang Technology Holding Ltd.	05/01/2015	163	42.8	Industrials	-	-	-0.9%
1326	Pegasus Entertainment Holdings Ltd.	09/01/2015	256	29.2	Consumer Services	-	-	-1.2%
8140	ICO Group Ltd.	18/03/2015	696	603.0	IT	12	-	637.0%
6826	Shanghai Haohai Biological Technology	30/04/2015	254	41.2	Consumer Goods	303	179.4	-1.0%
6839	Yunnan Water Investment Co., Ltd.	27/05/2015	309	28.4	Utilities	246	354.0	25.0%
8121	Guru Online (Holdings) Ltd.	29/05/2015	162	88.0	Consumer Services	17	-	300.0%
574	Pa Shun Pharmaceutical International	19/06/2015	262	21.2	Consumer Goods	39	239.7	16.4%
6878	Differ Group Holding Co. Ltd.	06/07/2015	744	104.5	Financials	-	-	-13.0%
1509	Harmonicare Medical Holdings Ltd.	07/07/2015	771	44.9	Consumer Goods	204	8.7	-9.8%
1498	PuraPharm Corporation Ltd.	08/07/2015	131	39.0	Consumer Goods	55	38.8	-36.0%
8361	China Parenting Network Holdings Ltd.	08/07/2015	282	56.8	IT	45	-	-15.1%
6896	Golden Throat Holdings Group Co. Ltd.	15/07/2015	430	22.0	Consumer Goods	107	1.4	5.9%
1310	HKBN Ltd.	12/03/2015	1,039	169.0	Telecommunications	856	0.7	0.0%
1776	GF Securities Co., Ltd. - H Shares	10/04/2015	4,350	21.6	Financials	4,113	181.3	34.7%
6886	Huatai Securities Co., Ltd. - H Shares	01/06/2015	4,827	30.6	Financials	4,969	279.0	4.8%
1530	3SBio Inc.	11/06/2015	3,144	49.1	Consumer Goods	813	201.6	2.7%
2686	AAG Energy Holdings Ltd.	23/06/2015	1,121	29.0	Energy - Oil & Gas	293	5.3	-7.3%
2666	Universal Medical Fin & Technical Advisory	08/07/2015	1,443	24.4	Financials	444	52.1	-38.9%

*Source: HKEX (as of 31 Jul 2015); Excluded 5 companies with no P/E ratio at listing

** Historical P/E Ratio on Listing Date

Market Capitalisation: ■ >US\$1 bn ■ US\$0.1-1 bn ■ <US\$0.1 bn