## Agenda

<table>
<thead>
<tr>
<th>Topic</th>
<th>Presenter</th>
</tr>
</thead>
</table>
| Hong Kong: An ideal listing and capital raising market – Trends, facts and figures | **Eric Landheer**  
  Senior Vice President and Head of Issuer Marketing, Hong Kong Exchanges and Clearing Limited |
| Identifying the right segment for Hong Kong listing                  | **Kelvin Ho**  
  Executive Director, Investment Banking, J.P. Morgan |
| Listing of overseas companies in Hong Kong – Latest developments     | **Bonnie Chan**  
  Partner, Davis Polk |
| Things you need to know – Hong Kong listing from an auditor’s perspective | **Edward Au**  
  Partner, Deloitte Touche Tohmatsu |
| Best practices in media: Listing of international companies on The Hong Kong Stock Exchange | **Richard Tsang**  
  Chairman and Managing Director, Strategic Public Relations Group |
| HDR – The proven way to list in Hong Kong                             | **Joseph Dooley**  
  Regional Head of Depositary Receipts Americas, J.P. Morgan |

J.P. Morgan awarded  
Best DR Bank – Japan, Taiwan, Best DR Bank Mandate
**Presenters**

**Eric Landheer**  
*Senior Vice President and Head of Issuer Marketing, Hong Kong Exchanges and Clearing Limited*

Eric manages the HKEx’s issuer marketing efforts, working closely with prospects and constituents. He is often quoted in the press and speaks at numerous conferences and events throughout the globe.

Prior to joining HKEx, he drove NASDAQ’s expansion in Asia. Under his leadership, NASDAQ more than doubled its number of listed Chinese enterprises and China became NASDAQ’s single largest source of non-US listings.

Eric has 17 years of experience in the financial markets, is an honors graduate of the University of California at Berkeley and speaks Mandarin Chinese.

**Kelvin Ho**  
*Executive Director, Investment Banking, J.P. Morgan*

Kelvin manages client coverage and transaction execution in the Greater China region. In 2010, Kelvin led and successfully completed the first ever Hong Kong Depositary Receipts transaction for Vale, the world’s largest iron ore producer.

Prior to joining J.P. Morgan, Kelvin worked at BNP Paribas’s business valuation division based in Paris later moving to Hong Kong to join the Greater China corporate finance team.

Kelvin has earned the CFA designation and holds an MBA from London Business School with distinction in corporate finance and a scholarship from the British government. His research on International comparison of corporate gearing has been published in the biannual publication of the Bank of England.
Presenters

Bonnie Chan
Partner,
Davis Polk

Bonnie is a partner and resident in Hong Kong and her practice includes advising issuers and underwriters on capital markets transactions, securities, corporate and governance matters.

Prior to joining Davis Polk, Bonnie served as senior vice president of the HKEx where she led the IPO transactions department of the listing division. Bonnie was key in pioneering the approval process for numerous applications of foreign companies listing in Hong Kong.

Bonnie is admitted to practice in the US and Hong Kong and is a graduate from the University of Hong Kong as well as an LL.M. holder from Harvard Law School.

Edward Au
Partner,
Deloitte Touche Tohmatsu

Edward has been an audit partner of Deloitte China since 2003 and is the co-leader of the National Public Offering Group. He is actively involved in various debt and equity offering activities in Hong Kong, US and Singapore.

Edward focuses on IFRS / US GAAP and HKEx / SEC reporting matters and is the concurring review partner for a number of HKEx / SEC-registered clients like China.com and Semiconductor Manufacturing International Corporation.

He is a member of the American Institute of Certified Public Accountants and a Certified Public Accountant in the State of Washington. He is also a fellow member of Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants.
Richard Tsang  
*Chairman and Managing Director, Strategic Public Relations Group*

Richard is an investor relations / PR veteran with 24 years of industry experience in Asia. Since 1995, he founded SPRG in Hong Kong, and has set up 9 offices in Beijing, Shanghai, Guangzhou, Taiwan, Singapore and Malaysia. SPRG is one of the largest public relations networks in Asia and the largest public relations consultancy in Hong Kong.

Richard has received numerous awards for his professional and personal achievements and is the vice president of Asia-Pacific’s public relations organisation international (PROI) since 2009.

He is a graduate from the Chinese University of Hong Kong. An avid supporter of education, Richard is also a part-time lecturer at the school of Journalism and Communications at the University.

Joseph Dooley  
*Regional Head of Depositary Receipts Americas, J.P. Morgan*

Joseph Dooley is the region head of J.P. Morgan’s DR Americas Group. Based in New York City, Joe has participated in the wide-ranging growth of the DR security since he joined the group in 1987.

In previous positions within the DR Group, Joe led the Product Management team, the Transaction Management Services Group and acted as a product specialist for the group’s European DR issuers.
Listing on the Hong Kong Stock Exchange

May 2012

Eric Landheer
Senior Vice President and Head of Issuer Marketing Department
Hong Kong Exchanges and Clearing Limited
HKEx is the Listing Venue of Choice

- No. 1 Global IPO Market for 3 Consecutive Years

- The World’s Top International Financial Centre

- Global Investor Base and Robust Liquidity

- Competitive Valuations

- Branding and Visibility

- Designated Offshore RMB Centre
Why List in Hong Kong?

Hong Kong is Asia’s Global Market

**No. 1 Global IPO Market for 3 Consecutive Years**
- *World Federation of Exchanges, 2009-2011*
- *Dealogic*

**No. 1 International Financial Centre**
- *World Economic Forum*

**No. 1 Free Economy in the World for 18 Consecutive Years**
- *The Heritage Foundation and Wall Street Journal, 1995-2012*
- *Fraser Institute and Economic Freedom Network, 1995-2012*

**No. 1 Globalised Economy for 2 Consecutive Years**
- *Economist Intelligence Unit and Ernst & Young, 2010-2011*

**No. 1 World Competitiveness**
- *International Institute for Management Development*

**No. 1 Most Competitive City in China for 6 Consecutive Years**
- *The Chinese Academy of Social Sciences, 2005-2011*

### IPO Funds Raised (2009 – 2011)

<table>
<thead>
<tr>
<th>Exchange</th>
<th>USD bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>HKEx</td>
<td>122</td>
</tr>
<tr>
<td>NYSE</td>
<td>75</td>
</tr>
<tr>
<td>LSE</td>
<td>44</td>
</tr>
<tr>
<td>Nasdaq</td>
<td>27</td>
</tr>
<tr>
<td>SGX</td>
<td>16</td>
</tr>
</tbody>
</table>

HKEx is the Global Leader in IPO Funds Raised

HKEx Ranks No. 1 in IPOs FundsRaised for 3 Years Running

- 2011: USD33 billion IPO funds raised
- Despite a challenging global economic environment, Hong Kong has dominated the IPO market since 2009
- HKEx has been among the top 5 global listing markets since 2002. This strong track record reflects the market’s liquidity, breadth and depth – a critical factor for potential issuers to choose the listing destination

HKEx Average Daily Turnover (ADT) Remains Robust

- 2011: ADT was about USD 9.0 billion
- 2011: ADT grew more than 12% since financial crisis restructuring in 2009
- 2011: ADT increased by 9 times since a decade ago

Sources: WFE, SGX (as at end of 2011)
HKEx’s Rising Dominance

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

<table>
<thead>
<tr>
<th>Location</th>
<th>% of Country GDP</th>
<th>Market Cap of All Listed Companies (USD bn)</th>
<th>Exchange’s Own Public Market Cap (USD bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toronto</td>
<td>121%</td>
<td>1,912</td>
<td>3</td>
</tr>
<tr>
<td>New York Nasdaq</td>
<td>107%</td>
<td>19,641</td>
<td>11</td>
</tr>
<tr>
<td>London</td>
<td>145%</td>
<td>3,266</td>
<td>3</td>
</tr>
<tr>
<td>Tokyo</td>
<td>60%</td>
<td>3,325</td>
<td>N/A</td>
</tr>
<tr>
<td>Shanghai</td>
<td>58%</td>
<td>3,412</td>
<td>N/A</td>
</tr>
<tr>
<td>Shenzhen</td>
<td>58%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Sources: Bloomberg, WFE (as at end of 2011)
International Companies Increasingly Choose to List in Hong Kong

By Numbers

- Increasing number of international companies continue to list in Hong Kong
- 2008-2011: the listing of international companies almost doubled

By Funds Raised

- 2011: newly listed international companies account for 52%
- 2010: newly listed international companies account for 45%

Source: HKEx (as at end of 2011)
Hong Kong is Asia’s Global Market

Hong Kong has the Most World Top 10 IPOs (2006 – 2011)

Funds raised (USD bn)

- ABC (1)
  - A shares listing in Mainland China (pink portion)
  - H shares listing in Hong Kong (red portion)
- ICBC (1)
- AIA
- Visa
- General Motors
- Bank of China
- Dai-ichi Life
- VTB Bank
- Rosneft Oil
- Glencore

(1) A shares listing in Mainland China (pink portion), H shares listing in Hong Kong (red portion)

Sources: Bloomberg, WFE, WEF, WSJ (as at end of 2011)
## Benefits and Characteristics of Secondary Listings on HKEx

- Secondary listed issuers are primarily listed on another stock exchange and the majority of their securities are not usually traded on HKEx.
- Overseas incorporated issuers are subject to appropriate standards of shareholder protection in the home jurisdiction.
- Standards are at least equivalent to those required under Hong Kong law.
- Ch. 19 of Main Board (Ch. 14 of GEM)
- Issuers can apply for waivers from strict compliance of listing rules.
- Accounting standards other than Hong Kong FRS or IFRS may be accepted.

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Country of Incorporation</th>
<th>Listing Date</th>
<th>Primary Exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manulife Financial</td>
<td>Canada</td>
<td>27 Sep 1999</td>
<td>Toronto</td>
</tr>
<tr>
<td>SouthGobi Resources</td>
<td>Canada</td>
<td>29 Jan 2010</td>
<td>Toronto</td>
</tr>
<tr>
<td>Midas Holding</td>
<td>Singapore</td>
<td>6 Oct 2010</td>
<td>Singapore</td>
</tr>
<tr>
<td>Vale S.A.</td>
<td>Brazil</td>
<td>8 Dec 2010</td>
<td>Brazil</td>
</tr>
<tr>
<td>SBI Holdings</td>
<td>Japan</td>
<td>14 Apr 2011</td>
<td>Tokyo &amp; Osaka</td>
</tr>
<tr>
<td>Glencore International</td>
<td>Jersey</td>
<td>25 May 2011</td>
<td>London</td>
</tr>
<tr>
<td>Kazakhmys</td>
<td>England &amp; Wales</td>
<td>29 Jun 2011</td>
<td>London</td>
</tr>
<tr>
<td>CapitaMalls Asia</td>
<td>Singapore</td>
<td>18 Oct 2011</td>
<td>Singapore</td>
</tr>
</tbody>
</table>
Hong Kong has the Ideal Platform for Building a High Profile Investor Base

Through listing in HK, a company can attract Strategic Investors at different stages:

- **Pre-IPO Investors**
  - **Major Benefits**
    - New funds to support the growth of the company before listing
    - Strategic investors improve internal control and operational efficiency to better prepare for listing

- **Cornerstone Investors**
  - **Major Benefits**
    - Well known funds / investors may help to build up investor confidence during roadshows

- **Post-IPO Investors**
  - **Major Benefits**
    - To build up the reputation and corporate prestige
    - To facilitate global expansion strategy

Interim guidance on pre-IPO investment (market consultation will soon be conducted):
- Pre-IPO investment must be completed either:
  - (a) at least 28 clear days before the date of the first submission of the first listing application form, or
  - (b) 180 clear days before the first day of trading
- Pre-IPO investments are considered completed when the funds are irrevocably settled and received by the applicant
HKEx has Strong IPO and Post-IPO Fund Raising Capability

Continuous Access to Capital

■ HKEx enables listed companies continuous access to IPO and Post-IPO capital

■ Post-IPO fund raising capability was consistently strong for the past decade indicating sustainable liquidity

■ Despite the IPO market downturn in 2008, post-IPO market remained robust, raising USD46 billion

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 Matturri, S&P, Financial Times, November 2011

Source: HKEx (as at end of 2011)
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. Altagamma, an Italian association of luxury goods company, expects sales to Asia, excluding Japan, to rise 20 per cent this year.
RMB Capability – Laying the Foundation

- **Oct 2010**: Listing of the first RMB bond – Asian Development Bank
- **Mar 2011**: RMB Readiness Testing with participants – 365 EPs and 35 CPs are ready
- **Apr 2011**: Listing of the first RMB REIT – Hui Xian REIT (RMB10.5 bil)
- **Oct 2010 to Now**: Listing of 20 RMB bonds by 11 companies – Agricultural Development Bank of China (3), Asian Development Bank, Baosteel Group (6), Galaxy Entertainment, HKCG, Rainbow Days (2), Genting Hong Kong, Intime Department Store, Tesco, Asia Cement, CNPC Golden Autumn (2)
- **Sep 2011**: Introduced Dual Tranche Dual Counter (DTDC) – RMB equity listing model to the market
- **Jan 2012**: Launch of RMB Trading Support Facility (TSF)
- **Feb 2012**: Listing of first RMB Exchange Traded Funds (ETF) – Hang Seng RMB Gold ETF

**Timeline**
- 2010: Oct
- 2011: Jan, Apr, Jul, Oct
- 2012: Jan

**RMB Products**
- **RMB Bond**
- **RMB REIT**
- **RMB Equity**
- **Other RMB Products**
HKEx is the Listing Venue of Choice

- Global IPO Leader
- Top International Financial Centre
- Mainland China Gateway
- Competitive Valuations and Robust Liquidity
- Branding and Visibility
- Diversified Investor Base
Appendix A – Listing Process

An issuer decides to list on HKEx

Appointment of sponsors, lawyers, accountants & other professional advisors

Restructuring, preparation of accountants’ report, drafting of prospectus

Sponsor submits listing application & related documents to the Listing Division of HKEx

Roadshow to promote to investors before trading commences

GEM

Main Board

Review and approval of listing application by the Listing Division

Hearing by Listing Committee

Review of listing application by the Listing Division

Average Time: 10-12 weeks
## Appendix A – Key Main Board Listing Requirements

<table>
<thead>
<tr>
<th>Financial Requirements</th>
<th>Control and Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>To fulfill any one of the following tests:</strong></td>
<td><strong>Ownership continuity and control for at least the most recent financial year</strong></td>
</tr>
<tr>
<td>1. <strong>Profits Test</strong></td>
<td><strong>Management continuity for at least 3 years</strong></td>
</tr>
<tr>
<td>■ Net profit of latest year ≥ USD2.6 m</td>
<td></td>
</tr>
<tr>
<td>■ Net profit of two preceding years ≥ USD3.8 m (in aggregate)</td>
<td></td>
</tr>
<tr>
<td>■ Market cap ≥ USD25.6 m</td>
<td></td>
</tr>
<tr>
<td>2. <strong>Market Cap / Revenue Test</strong></td>
<td><strong>Public Float</strong></td>
</tr>
<tr>
<td>■ Market Cap ≥ USD513 m</td>
<td><strong>Minimum of 25%</strong></td>
</tr>
<tr>
<td>■ Revenue of the most recent audited year ≥ USD64 m</td>
<td><strong>If market cap ≥ USD1,282 m, public float can be lowered to 15%</strong></td>
</tr>
<tr>
<td>3. <strong>Market Cap / Revenue / Cashflow Test</strong></td>
<td><strong>Minimum of 300 shareholders</strong></td>
</tr>
<tr>
<td>■ Market Cap ≥ USD256 m</td>
<td><strong>Professional Advisers</strong></td>
</tr>
<tr>
<td>■ Revenue of most recent audited financial year ≥ USD64 m</td>
<td><strong>Must appoint a sponsor for listing</strong></td>
</tr>
<tr>
<td>■ Aggregate positive cash flow for 3 preceding financial years ≥ USD13 m</td>
<td><strong>Public offer tranche must be fully underwritten by underwriters</strong></td>
</tr>
</tbody>
</table>

### Financial Requirements

1. **Profits Test**
   - Net profit of latest year ≥ USD2.6 m
   - Net profit of two preceding years ≥ USD3.8 m (in aggregate)
   - Market cap ≥ USD25.6 m

2. **Market Cap / Revenue Test**
   - Market Cap ≥ USD513 m
   - Revenue of the most recent audited year ≥ USD64 m

3. **Market Cap / Revenue / Cashflow Test**
   - Market Cap ≥ USD256 m
   - Revenue of most recent audited financial year ≥ USD64 m
   - Aggregate positive cash flow for 3 preceding financial years ≥ 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 ≥ 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
Contact Us

Issuer Marketing Department
Hong Kong Exchanges and Clearing Limited

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Eric Landheer
Senior Vice President and Head of Issuer Marketing
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Email : ericlandheer@hkex.com.hk

HKEx Corporate Website: www.hkex.com.hk
Designated Issuer Website: www.hkexnews.hk
IDENTIFYING THE RIGHT SEGMENT FOR HONG KONG LISTING

May 2012

Kelvin Ho
Executive Director
J.P. Morgan Investment Bank - Asia
Tel: +852 2800 6507
Email: kelvin.cy.ho@jpmorgan.com
Companies from different sectors and countries are already listed on HKEx via HDRs.

<table>
<thead>
<tr>
<th>Existing HDRs</th>
<th>Country</th>
<th>Sector</th>
<th>Fundraising at listing</th>
<th>Reasons for HDRs</th>
</tr>
</thead>
<tbody>
<tr>
<td>VALE</td>
<td>Brazil</td>
<td>Resources</td>
<td>No</td>
<td>Regulatory</td>
</tr>
<tr>
<td>COACH</td>
<td>USA</td>
<td>Consumer</td>
<td>No</td>
<td>Commercial</td>
</tr>
<tr>
<td>SBI Holdings</td>
<td>Japan</td>
<td>Financial</td>
<td>Yes</td>
<td>Regulatory</td>
</tr>
</tbody>
</table>
What types of companies would like to pursue HDRs?

Considerations

- Where regulations in the home jurisdictions which prohibit / discourage
  - the overseas issuance of shares, or
  - the maintenance of an overseas share register
- Prefer to delegate onerous administrative role / execution of corporate actions
- Need to ‘resize’ the shares to suit HK market conditions
- Perceive the benefit of faster and less costly conversion between exchanges

Additional thoughts on HK listing

- A diversified investor base
- Competitive valuation
- Meet Main Board listing requirements
From which jurisdictions companies will find HDR a more practicable alternative?

<table>
<thead>
<tr>
<th>Possible jurisdictions / countries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dematerialization</strong></td>
</tr>
<tr>
<td>Japan¹</td>
</tr>
<tr>
<td>France¹</td>
</tr>
<tr>
<td>Italy¹</td>
</tr>
<tr>
<td>Taiwan</td>
</tr>
<tr>
<td>South Korea</td>
</tr>
<tr>
<td>Mongolia</td>
</tr>
<tr>
<td><strong>Restricted Register</strong></td>
</tr>
<tr>
<td>Brazil¹</td>
</tr>
<tr>
<td>Japan¹</td>
</tr>
<tr>
<td>France¹</td>
</tr>
<tr>
<td>Russia</td>
</tr>
<tr>
<td>India</td>
</tr>
<tr>
<td><strong>‘Resizing’</strong></td>
</tr>
<tr>
<td>US¹</td>
</tr>
<tr>
<td>UK¹</td>
</tr>
</tbody>
</table>

¹ Acceptable overseas jurisdiction
From which jurisdictions companies will find HDR a more practicable alternative? (con’t)

<table>
<thead>
<tr>
<th>Typical IPO process</th>
<th>A1 filing</th>
<th>Listing hearing / Approval</th>
<th>Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Documentation and logistics</strong></td>
<td>1–2 months</td>
<td>2 months+</td>
<td>1 month</td>
</tr>
<tr>
<td>Discussion with HKEx pre-IPO submissions, waiver application</td>
<td></td>
<td>Stock Exchange review process</td>
<td>HKPO</td>
</tr>
<tr>
<td>Due diligence, prospectus drafting</td>
<td></td>
<td></td>
<td>Settlement</td>
</tr>
<tr>
<td>Audit, accountants’ report, property valuation report</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Positioning and marketing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop equity story</td>
<td></td>
<td>Profit &amp; cashflow forecast</td>
<td>Roadshow / Bookbuilding</td>
</tr>
<tr>
<td>Profit &amp; cashflow forecast</td>
<td></td>
<td>Syndicate research</td>
<td></td>
</tr>
<tr>
<td>Pre-marketing</td>
<td></td>
<td>Anchor / cornerstone investor process</td>
<td></td>
</tr>
<tr>
<td>Roadshow / Bookbuilding</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Settlement</td>
<td></td>
<td></td>
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<tr>
<td>Trading commences</td>
<td></td>
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</tr>
</tbody>
</table>

Preparation stage of IPO application | HKSE review stage | Final marketing stage |
Any sectors we expect to see more HDRs?

### Non-sector specific DR framework
- Pursuit of HDRs is more driven by jurisdiction and company specific considerations rather than sector specific

### Additional thoughts on HK listing
- New Ch.18 / Mining related listing rules
- Public investors / HK investors whose mandates prohibits overseas investments
- Significant presence in China / Asia with strong growth story
What would be conducive to HDR development?

<table>
<thead>
<tr>
<th>Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality issuers</td>
</tr>
<tr>
<td>Liquidity</td>
</tr>
<tr>
<td>HDRs with large fundraising exercises</td>
</tr>
<tr>
<td>Streamlined listing process</td>
</tr>
<tr>
<td>More acceptable jurisdictions</td>
</tr>
<tr>
<td>Faster dual / secondary listing process</td>
</tr>
<tr>
<td>Waivers</td>
</tr>
</tbody>
</table>
Listing of Overseas Companies in Hong Kong

Latest Developments

Presented by
Bonnie Chan

May 2012

Attorney Advertising. Prior results do not guarantee a similar outcome.
A. Jurisdictional requirements for a Hong Kong listing applicant
The “traditional” jurisdictions of incorporation for companies listed in Hong Kong

- Hong Kong
- Bermuda
- Cayman Islands
- People’s Republic of China
“JPS” on listing of companies from other jurisdictions

- Chapter 19 Main Board Listing Rules + Chapter 24 GEM Listing Rules provide the framework for listing overseas companies
- 2007 SFC / HKEx Joint Policy Statement: to facilitate listing of overseas companies
  - Provides a “roadmap” – a schedule of matters on shareholders’ protection under 5 headings:
    - a corporate structure that clearly protects principal shareholders’ rights
    - fair proceedings for general meetings to enable shareholders to utilise their rights in full
    - corporate governance measure that ensure the powers of directors are reasonably contained and subject to reasonable scrutiny
    - the notion of capital maintenance must be enshrined in the corporate structure and with respect to all corporate actions
    - the relevant jurisdiction should have in place arrangements to ensure reasonable regulatory cooperation with the regulators in Hong Kong
- Continued reforms to streamline the process and ensure consistency
Listing of overseas issuers in Hong Kong

To date, the following jurisdictions have been approved:

- Australia
- Brazil
- BVI
- Canada (Alberta, British Columbia, Ontario)
- Cyprus
- France
- Germany
- Guernsey
- Isle of Man
- Italy
- Japan
- Jersey
- Luxembourg
- Singapore
- United Kingdom
- US (California, Delaware, Maryland*)

* a company from Maryland has previously been accepted for a Hong Kong listing specifically on its own facts and circumstances; HKEx will consider other issuers from the same jurisdiction on a full examination of their individual cases
B. Primary and secondary listings in Hong Kong
## Secondary listed issuers as of Mar, 2012
(8 out of 9 listed between Jan 2010 – Dec 2011)

<table>
<thead>
<tr>
<th>Secondary Listed Issuers</th>
<th>Jurisdiction of Incorporation</th>
<th>Listed on</th>
<th>Dates of Secondary Listing in HK</th>
</tr>
</thead>
<tbody>
<tr>
<td>SouthGobi Resources Ltd. (Stock Code: 01878)</td>
<td>Canada - British Columbia</td>
<td>Toronto Stock Exchange</td>
<td>Jan 2010</td>
</tr>
<tr>
<td>Manulife Financial Corporation (Stock Code: 00945)</td>
<td>Canada - Ontario</td>
<td>Toronto Stock Exchange</td>
<td>Sept 1999</td>
</tr>
<tr>
<td>Midas Holdings Ltd. (Stock Code: 01021)</td>
<td>Singapore</td>
<td>Singapore Exchange</td>
<td>Oct 2010</td>
</tr>
<tr>
<td>Vale S.A. (Stock Code: 06210/06230)</td>
<td>Brazil</td>
<td>BM&amp;FBOVESPA and New York Stock Exchange</td>
<td>Dec 2010</td>
</tr>
<tr>
<td>Glencore International plc (Stock Code: 00805)</td>
<td>Jersey</td>
<td>London Stock Exchange</td>
<td>May 2011</td>
</tr>
<tr>
<td>CapitaMalls Asia Limited (Stock Code: 06813)</td>
<td>Singapore</td>
<td>Singapore Exchange</td>
<td>Oct 2011</td>
</tr>
</tbody>
</table>
Primary vs. Secondary

- The *same* listing eligibility requirements apply regardless of primary or secondary listings
  - i.e. secondary listing does not mean lower qualifications
- Concessions may be granted for continuing obligations, if primary listing venue / home corporate law has equal protections for public shareholders
- Listing preparation takes approximately the same amount of time
- Cost estimate
  - HKEx fees for secondary listing significantly cheaper (25% of primary, subject to HKEx discretion to increase the fee if most of the trading takes place in HK)
  - typically no significant saving of professionals costs as detailed advice, structuring and negotiations are required for obtaining waivers of HKEx continuing obligations
  - where company has dual listings, level of ongoing HK compliance cost depends on regulatory waivers obtained and divergence of requirements between the listing venues
- Broadly the same procedures for voluntary withdrawal of listing
Secondary listings in Hong Kong

- For introductions: no offer of securities in HK at the time of listing → no liquidity in such securities in the HK market → no existing mechanism for reasonable pricing for trading in the HK market

- Special liquidity arrangements are required
  - Company must engage one or more “designated dealer(s)”
  - The designated dealer(s) will be allowed to carry out a number of actions to provide liquidity and facilitate market price discovery – e.g. short sales on the HK market, borrowing shares from existing holders, purchases on the overseas market
  - Designated dealer(s) will be engaged for the duration of the designated period (typically two months), as agreed with HKEx
  - To provide more transparency: daily disclosure on HKEx for a period (e.g. 3 days) before HK listing of closing prices on the overseas markets where the securities are already listed

Listing with an Offering
- listing accompanied by fund-raising in HK (e.g. SBI Holdings)

Listing by Introduction
- existing broad shareholder base, no need for additional capital raising at time of HK listing (e.g. Vale)
C. New developments
Proposed consultation to streamline regime

- Replace JPS by rewriting Chapter 19
  - focus on jurisdiction where books and records are kept
  - removal of nexus requirements
- Proposed “passport” system for secondary listings
  - Calls for close cooperation among market regulators and coordinated release of price-sensitive information in all relevant jurisdictions
  - Prospective “passport” countries – IOSCO members and equivalent markets
- Codification of waivers in secondary listings (currently a long list negotiated case by case and disclosed in prospectus)
- Create new market segment for companies from countries where there is no international cooperation
Things you need to know –
Hong Kong Listing from an Auditor’s Perspective

May 2012

Edward Au
Partner & National Co-leader
National Public Offering Group
Deloitte China
## Agenda

### Topics

- Listing in Hong Kong - Listing Options
- Financial Track Record Requirements
- Roles of Reporting Accountants
- Financial Information in a Prospectus
- Additional Information under the HK Regime
- General Observations
- Practical Issues – Apart from the Typical Accounting Issues…
## Listing in Hong Kong – Listing Options

<table>
<thead>
<tr>
<th>Primary Listing</th>
<th>Secondary Listing</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ New listing or dual primary listing of a company</td>
<td>▪ Companies already listed on and primarily regulated by another stock exchange and financial regulator</td>
</tr>
<tr>
<td>▪ Full IPO procedures</td>
<td>▪ Majority of the securities not usually traded on the Exchange</td>
</tr>
<tr>
<td></td>
<td>▪ Need for sufficient connection with a foreign market</td>
</tr>
</tbody>
</table>

### Other listing options

- Fund-raising or listing by **Introduction**
- **Hong Kong Depository Receipt (HDR)**
- **Renminbi-denominated Equity** – raise off-shore Renminbi funds in Hong Kong
**Financial Track Record Requirements – Main Board**

Applicants are only required to fulfill any one of the requirement below:

<table>
<thead>
<tr>
<th>Profit Test</th>
<th>Market Capitalization / Revenue Test / Cash Flow test</th>
<th>Market Capitalization / Revenue Test</th>
</tr>
</thead>
</table>
| • Market Capitalization > HK$200 million (approx. US$25 million) at listing  
• Most recent year’s net profit > HK$20 million (approx. US$2.5 million)  
• Preceding 2 years combined net profit > HK$30 million (approx. US$3.8 million) | • Market capitalization > HK$2 billion (approx. US$256 million) at listing  
• Most recent year revenue > HK$500 million (approx. US$64 million)  
• Aggregate positive cash flow from operating activities for past 3 years > HK$100 million (approx. US$13 million) | • Market capitalization > HK$4 billion (approx. US$512 million) at listing  
• Most recent year’s revenue > HK$500 million (approx. US$64 million) |

Notes: Stock exchange will accept a shorter trading record period under substantially the same management if the new applicant is able to demonstrate that

• The directors and management have sufficient and satisfactory experience of at least 3 years in the line of business  
• Management continuity for the most recent audited financial year  

(US$ translations are approximate)
Roles of Reporting Accountants

Reporting Accountants are required to report on financial information which included:

- Accountants’ Report and underlying audited financial statements
- Pro Forma Financial Information
- Profit Forecast
- Indebtedness Statement*
- Working Capital Sufficiency*
- Due Diligence Review of Internal Controls (upon sponsor’s request)*
- Comfort letter* on the following information:
  - Management Discussion and Analysis on the results of operations
  - Statement of Financial Position Items
  - Liquidity, Financial Resources and Capital Structure
  - Trading Record
  - Other selected financial information in the “Summary”, “Risk Factors”, “Financial Information,” “Business” and “Directors, Management and Staff”

* In form of a private report
Financial Information Section in a Prospectus

The financial section of a prospectus generally include:

- Basis of Presentation of Financial Information
- Critical Accounting Policies and Estimates
- Results of the Operations and selected Statement of Financial Position Items
- Working Capital Analysis and Indebtedness
- Capital Expenditure and Commitments
- Off-balance Sheet Arrangements
- Contingent Liabilities
- Quantitative and Qualitative disclosures about market risks
- Related Party Transactions
- Dividend Policy
- No Material Adverse Change
- Profit Forecast
- Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets
Additional Information Under HK Regime

Additional financial information required to be submitted at application:

- Top five customers and suppliers details;
- Aging analysis of top five customers; and
- Inventory details and analysis etc.

Key additional disclosure required by HK Listing Rules and Hong Kong Companies Ordinance

- Details of directors’ remuneration
- Top five employee’ emoluments
- Leases period for properties on leasehold land
- Analysis of major components of other payables and accruals
- Aging analysis of trade receivables and payables
- Maturity profile of borrowings
- Details of retirement benefits plans
- Details of each of the subsidiaries and associates
- Maximum outstanding balance for advance to related parties
**General Observations**

- Dual vetting process by HKEx / SFC, 3 to 4 rounds of comments

<table>
<thead>
<tr>
<th>Indicative transaction timetable</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audit of Financial Information for Track Record Period</strong></td>
<td>At least 3 months before Form A1 submission</td>
</tr>
<tr>
<td><strong>Due Diligence, Structuring, Drafting Prospectus and Form A1 Submission</strong></td>
<td>Around 2 months’ preparation</td>
</tr>
<tr>
<td><strong>Responding to HKEx comments</strong></td>
<td>At least 2 months’ preparation</td>
</tr>
<tr>
<td><strong>Listing Committee hearing</strong></td>
<td>4 weeks before listing date (LD)</td>
</tr>
<tr>
<td><strong>Pre-marketing and Roadshow</strong></td>
<td>3 weeks before LD</td>
</tr>
<tr>
<td><strong>Prospectus (4 versions – Red Herring, WPIP, HK Prospectus and International Offering Circular), Public Offering and Placing</strong></td>
<td>2 weeks before LD</td>
</tr>
<tr>
<td><strong>Listing</strong></td>
<td>LD</td>
</tr>
</tbody>
</table>
Practical Issues – Apart from Typical Accounting Issues…

- Pre-acquisition financial information of acquiree(s)
- Timing of strategic investors/Pre-IPO placing(s)
- Independence from parent company
  - Financially and operationally
  - Loans and guarantees by parent
- Competing business
- Waiver application from HKEx
- 135 days rule for Rule 144 placing
- Bilingual reporting
Edward Au has been an audit partner of Deloitte China since 2003 and has extensive experience in auditing of companies in Hong Kong, Singapore, U.S., and the Mainland China.

He is the co-leader of the National Public Offering Group of the China firm and has been actively involved in various debt and equity offering activities in Hong Kong, the U.S. and Singapore.

He focuses on IFRS/U.S. GAAP and HKEx/SEC reporting matters and has sound experience leading our teams in the region serving local and multinational clients in a variety of industries. He is also the concurring review partner for a number of our HKEx/SEC-registered clients.

He is a member of the American Institute of Certified Public Accountants and a Certified Public Accountant in the State of Washington. He is also a fellow member of Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants.
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As early as 1917, we opened an office in Shanghai. Backed by our global network, we deliver a full range of audit, tax, consulting and financial advisory services to national, multinational and growth enterprise clients in China.

We have considerable experience in China and have been a significant contributor to the development of China's accounting standards, taxation system and local professional accountants. We also provide services to around one-third of all companies listed on the Stock Exchange of Hong Kong.

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Promoting International Company Listings in Hong Kong

Richard Tsang
Chairman and Managing Director
Strategic Public Relations Group
30 May 2012
Promoting an International Company in Hong Kong

- Hong Kong/Asian investors expect an international company to
  - Introduce its country
    - Economy
    - Financial system
    - Political policies
    - Cultures
  - Introduce its industry (for industries new to Hong Kong investors)
  - Introduce its company
  - Physically appears here
  - Get involved in community events
Companies Need to Be Aware of...

- Different investor practices
  - High involvement of retail investors
    - Attributed approximately 27% of daily trading volume
    - Success of IPOs depends on oversubscription level and margin financing
  - All major international institutional investors invest here

- Different media practices
  - Highest newspaper per capita in the world
  - Opinion leaders (stock commentators, stock columnists) influence market via media platform

- Increasing involvement of PRC investors
  - QDIIIs
  - Roadshow opportunities and restrictions

CITIC 1616 first day margin financing closes to HK$18 billion

Tianjin Port Development breaks the record which is over-subscribed 1700-folds
Successful Cases

- Intensive brand building & CSR programme
- Best PR Campaign – Media Relations of MARKies awards 2011
- Campaign Asia Pacific Award – Financial Communications Campaign of the Year 2010
- Public Awareness – Grand & Gold Award of Qestar Awards

- 1st HDR in Hong Kong and lots of media coverage about HDR
- 1st Japanese incorporated company successfully listed in Hong Kong after the Tsunami
- Winner of Financial Communications in 2011 SABRE Awards

- 1st Canadian company listed in Hong Kong
A Few Tips to Success

- Prepare a simple but unique story about your company, your industry and your country
- Get involved in the local community
  - Set up office
  - Sell products or services
  - Implement CSR programmes
- Appear regularly in the media and keep close contacts with investors
- Come early and come frequently
A Pioneer in Hong Kong Depositary Receipts (HDRs)

- J.P. Morgan is the 1st and only Depositary Bank that developed the infrastructure to support the HDR product offering.
- J.P. Morgan is the only Depositary Bank with experience on HDR listing. Currently there are three HDRs listed on HKEx and all of them are serviced by J.P. Morgan.
- J.P. Morgan launched the 1st HDR listing for Brazil’s Vale SA in December 2010, followed by the 1st HDR IPO for Japan’s SBI Holdings in April 2011 and the HDR listing for U.S.’s Coach Inc. in Dec 2011.

J.P. Morgan
Sole Sponsor, HDR Depositary Bank and Designated Dealer

Listed on December 8th, 2010, on the Hong Kong Stock Exchange

Listed on April 14th, 2011, on the Hong Kong Stock Exchange

Listed on December 1st, 2011, on the Hong Kong Stock Exchange

Rosneft IPO Largest ever GDR capital raising
1st HDR: Vale S.A. listing on the HKEx

Petrobras Largest ever DR capital raising event in history

1st HDR Offering: SBI Holdings

Sony
adr.com
Rosneft Oil Company
Uttam Galva
Vale
Petroleo Brasileiro
SBI Holdings
Coach

1927
1961
1998
2006
2007
2010
2011

J.P. Morgan created the 1st ADR
J.P. Morgan created http://www.adr.com
J.P. Morgan

HDR – THE BEST ROUTE TO LIST IN HONG KONG
Why HDR?

- The current HKEx Listing Rules require ordinary share issuers to maintain a share register in Hong Kong and to issue physical share certificates. These requirements effectively bar the listing of companies from jurisdictions which are dematerialized or prohibit the maintenance of an overseas share register. The HDR framework is designed to resolve these fundamental regulatory and operational issues.

- Additional benefits of HDR:
  - DR ratio gives greater flexibility in setting the price of the HDR to suit HK investors and peers
  - HDR is more efficient when investors want to move their position between different listing venues. HDR conversion only takes 3 days
  - Single-listing HDR allows issuers to reserve the option to list ordinary shares in home market at a later stage
  - Depositary Bank will responsible for HDR holder services and corporate action processing, which will reduce the costs and burden of HDR issuers and allow them to focus on their core businesses
  - Financial support provided by Depositary Bank
  - Value-added services provided by Depositary Bank
### HDRs listing on HKEx

| Who can issue | HKEx will accept applications from issuers from **any jurisdiction which can meet the requirements of the Listing Rules. Currently cleared** for listing are companies **incorporated** in:
|              | - Australia, Brazil, Canada (Ontario & British Columbia), France, Germany, Italy, Japan, Singapore, UK, USA (California & Delaware), and **offshore locations** such as BVIs, Cyprus, Isle of Man, Jersey, Luxemburg |
|              | - There is no requirement for the issuer to be already listed on its home exchange, i.e. Single-listed HDR is allowed |
|              | - Unsponsored or unlisted HDRs are not allowed |
| Who can invest | Similar to HK listed ordinary shares, HDR are available to **all retail and institutional investors in HK** |
| Types of HDR listing | Similar to ordinary shares, HDR issuers may list **by way of introduction** (listing without capital raising) or as an **offering** (IPO) |
|              | - Only allow to list on HKEx Main Board, GEM listing is not allowed |
| Currency | HDRs can be traded and settled in **HK$ or US$**, at the choice of the HDR issuer. HDR can soon be traded and settled in RMB as well |
| Trading and settlement | - The trading, clearing and settlement arrangements for HDRs will be the same as for ordinary shares |
|              | - Stamp duty of 0.1% per trade (both sides) will be applicable on HDR trades. Stamp duty does not applicable to issuance or cancellation of HDRs |
|              | - A special ‘DR’ suffix will be added to the stock short name |
|              | - All HDR stock code will be 5 digits and start with ‘6’ |

Thank You

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Head of DR Emerging Markets  
Tel: +852 2800 1797  
Email: vikas.x.taimni@jpmorgan.com
### HDR vs. Ordinary Share Listing on HKEx

<table>
<thead>
<tr>
<th>Tests</th>
<th>HDRs</th>
<th>Ordinary Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incorporation</td>
<td>No need to maintain ordinary share registrar in HK, only need to maintain a DR registrar</td>
<td>Yes, need to maintain a ordinary share registrar authorized by HKEx</td>
</tr>
<tr>
<td>Offshore Incorporation</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>DR/Share Registrar in HK</td>
<td>Depositary responsible</td>
<td>Issuer responsible</td>
</tr>
<tr>
<td>Corporate actions processing*</td>
<td>Depositary responsible</td>
<td>Issuer responsible</td>
</tr>
<tr>
<td>Dividend processing*</td>
<td>Depositary responsible</td>
<td>Issuer responsible</td>
</tr>
<tr>
<td>Shareholder services</td>
<td>Depositary responsible</td>
<td>Issuer responsible</td>
</tr>
<tr>
<td>Financial support</td>
<td>To support the development of the HDR program, depositary bank will provide financial support to cover the expenses on HDR related activities</td>
<td>N/A</td>
</tr>
<tr>
<td>Cost to the Issuer</td>
<td>Cost to the company will be lower for HDR as Depositary Bank will be responsible for most of the operational processing</td>
<td>Company responsible for all costs</td>
</tr>
<tr>
<td>Ratio</td>
<td>DR ratio gives greater flexibility in setting the price of the HDR to suit HK investors and peers</td>
<td>Ordinary shares fixed at 1 to 1 ratio</td>
</tr>
</tbody>
</table>

* According to HDR listing rules, it's the issuer's responsibility to make corporate action announcements on HKEx, depositary bank will responsible for the corporate action processing.
### HDR vs. ordinary share listing on HKEx (Cont’d)

<table>
<thead>
<tr>
<th>Tests</th>
<th>HDRs</th>
<th>Ordinary Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cross-border</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time</td>
<td>HDR is much faster when investors want to move their position between different listing venues. Issuance &amp; Cancellation can be facilitated with a T+3 timeline</td>
<td>Cross-border movement of shares will require de-registration and re-registration on 2 ordinary share registers which could take at least 7 to 10 days</td>
</tr>
<tr>
<td>Arbitrage</td>
<td>Yes</td>
<td>Limited due to time taken for cross-border movement of shares</td>
</tr>
<tr>
<td>Pre-release</td>
<td>Yes. Pre-release further facilitates cross border arbitrage *</td>
<td>NA</td>
</tr>
<tr>
<td>Fungibility</td>
<td>Full fungibility between multiple ADR-GDR-HDR-ORD listing</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Value-added services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IR Advisory service</td>
<td>DR investor targeting, institutional ownership analysis, investor fact sheets, media relations guidance, IR website review, IR vendor analysis, etc</td>
<td>N/A</td>
</tr>
<tr>
<td>Other value-added services</td>
<td>Such as transaction advisory, training, analytics, market intelligence, seminars, round-tables, whitepapers, adr.com etc.</td>
<td>N/A</td>
</tr>
<tr>
<td>Listing requirements</td>
<td></td>
<td>HDRs and ordinary share issuers are treated identically</td>
</tr>
<tr>
<td>On-going obligations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trading and settlement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Listing fees and annual fees</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* HDR Pre-release will be available in at a later stage
J.P. Morgan acts as Depositary Bank for the first HDR of Vale SA

**Transaction highlights**
- First ever Hong Kong Depositary Receipt
- First Brazilian company listed on HKEx
- J.P. Morgan acted as the, Depositary Bank, Sole Sponsor and Designated Dealer for the transaction
- The listing also highlights J.P. Morgan’s unparalleled execution capabilities and the firm’s continued leadership in the depositary receipts industry
- Objectives and Benefits of the listing:
  - Diversification of investor base
  - Raise profile of Vale in Asia by listing on HKEx
  - Getting closer to Vale’s biggest market and customers
  - Expands trading hours
  - Making the ordinary shares, ADR and HDR 3-way fungible and convertible
  - Establish a platform for future fund raising

**Offering details**

<table>
<thead>
<tr>
<th>Offering details</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer</strong></td>
<td>Vale SA</td>
</tr>
</tbody>
</table>
| **Stock code**   | Common HDR: 6210.HK  
                  | Preferred HDR: 6230.HK |
| **Listing**      | Primary listing on São Paulo Stock Exchange  
                  | ADR listing on NYSE and Euronext Paris  
                  | HDR listing by introduction on HKEx |
| **Traded exchanges prior to transaction** | Brazil: Common Shares and Preferred Shares  
                                         | US: Common ADR & Preferred ADR  
                                         | Paris: Common ADR & Preferred ADR |
| **H ratios**     | 1 Common HDR = 1 Common Share  
                  | 1 Preferred HDR = 1 Preferred Share |
| **Currency**     | HK Dollar |
| **Listing date** | December 8, 2010 |
| **J.P. Morgan’s role** | Sole Sponsor, Depositary Bank, and Designated Dealer |

**Listing issues**
- Brazil was not previously an acceptable jurisdiction
- Restriction on Brazilian incorporated companies to issue shares on an offshore stock exchange
- Initial liquidity may be weak

**Resolution**
- Brazil has been added as an acceptable jurisdiction for listing purposes
- HDR (Hong Kong Depository Receipts) will be issued and listed on HKEx
- Improve initial liquidity by transacting in the US/Brazilian and Hong Kong market, ultimately bringing liquidity to Hong Kong
J.P. Morgan acts as Depositary Bank for the first HDR IPO of SBI Holdings

Listed on April 14th, 2011, on the Hong Kong Stock Exchange

Transaction highlights
- First ever HDR IPO
- First Japanese company listed on HKEx
- Objectives and Benefits of the listing:
  - Diversification of investor base
  - Raise profile in Great China by listing in Hong Kong
  - Prepare for future expansion into Greater China markets
  - Establish a platform for future fund raising

Offering details

<table>
<thead>
<tr>
<th>Issuer</th>
<th>SBI Holdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock code</td>
<td>Common HDR: 7488.HK</td>
</tr>
<tr>
<td>HDR IPO size</td>
<td>20 million HDRs, HK$1.6 Billion</td>
</tr>
<tr>
<td>Listing</td>
<td>Primary listing on Tokyo Stock Exchange &amp; Osaka Stock Exchange, HDR listing on Hong Kong Stock Exchange</td>
</tr>
<tr>
<td>Traded exchanges prior to transaction</td>
<td>Japan: Common Shares</td>
</tr>
<tr>
<td>HDR ratios</td>
<td>1 Common HDR = 1 Common Share</td>
</tr>
<tr>
<td>Currency</td>
<td>HK Dollar</td>
</tr>
<tr>
<td>HDR IPO date</td>
<td>April 14, 2010</td>
</tr>
<tr>
<td>J.P. Morgan’s role</td>
<td>HDR Depositary Bank</td>
</tr>
</tbody>
</table>

Listing issues
- Japan was not previously an acceptable jurisdiction
- Japan listed companies are not allowed to issue physical share certificates
- Ordinary share price is too high to HK investors
- Japanese withholding tax issue

Resolution
- Japan has been added as an acceptable jurisdiction for listing purposes
- HDR will be issued and listed on HKEx. A DR registrar is established in HK
- Applies 10:1 ratio to adjust the HDR price to a more acceptable level
- No solution at the moment due to lack of capability for CCASS to provide beneficial information. However, JPMorgan is working with third party vendors to provide a solution to the investors in the near future
J.P. Morgan acts as Depositary Bank for the HDR of Coach Inc.

Listed on December 1st, 2011, on the Hong Kong Stock Exchange

J.P. Morgan

Sole Sponsor, Depositary Bank and Designated Dealer

Transaction highlights
- First US issuer to list in Hong Kong with an HDR Program
- Chose to list in the form of HDR because of the flexibility of DR ratio.
- The listing highlights J.P. Morgan’s unparalleled execution capabilities and the firm’s continued leadership in the depositary receipts industry
- Objectives and Benefits of the listing:
  - Diversification of investor base
  - Raise profile of Coach in Asia by listing on HKEx
  - Getting closer to Coach’s biggest market and customers
  - Establish a platform for future fund raising and
  - Prepare for expansion into Mainland China

Offering details

<table>
<thead>
<tr>
<th>Offer</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer</td>
<td>Coach, Inc. (“Coach” or “the Company”)</td>
</tr>
<tr>
<td>Stock code</td>
<td>Common Depositary Receipts: 6388.HK</td>
</tr>
<tr>
<td>Listing</td>
<td>Listing by introduction, New York Stock Exchange being the primary market</td>
</tr>
<tr>
<td>Traded exchanges prior to transaction</td>
<td>US: Common shares (COH)</td>
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<td>H ratios</td>
<td>10 Common HDR = 1 Common Share</td>
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<tr>
<td>Currency</td>
<td>HK Dollar</td>
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<td>Listing date</td>
<td>December 1, 2011</td>
</tr>
<tr>
<td>J.P. Morgan’s role</td>
<td>Sole Sponsor, Depositary Bank, and Designated Dealer</td>
</tr>
</tbody>
</table>

Listing issues
- State of Maryland was not an acceptable jurisdiction for HK listing
- US SEC restriction on US companies to issuer shares overseas
- Ordinary share price is too high to HK investors
- US withholding tax issue

Resolution
- Maryland has been added as an acceptable jurisdiction for listing purposes
- JPMorgan obtained a No-Action letter from US SEC
- Applies 10:1 ratio to adjust the HDR price to a more acceptable level
- No solution at the moment due to lack of tax reclaim infrastructure in HK. However, JPMorgan is working on a tax reclaim solution for the HDR investors

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