

# Listing on the Singapore Exchange

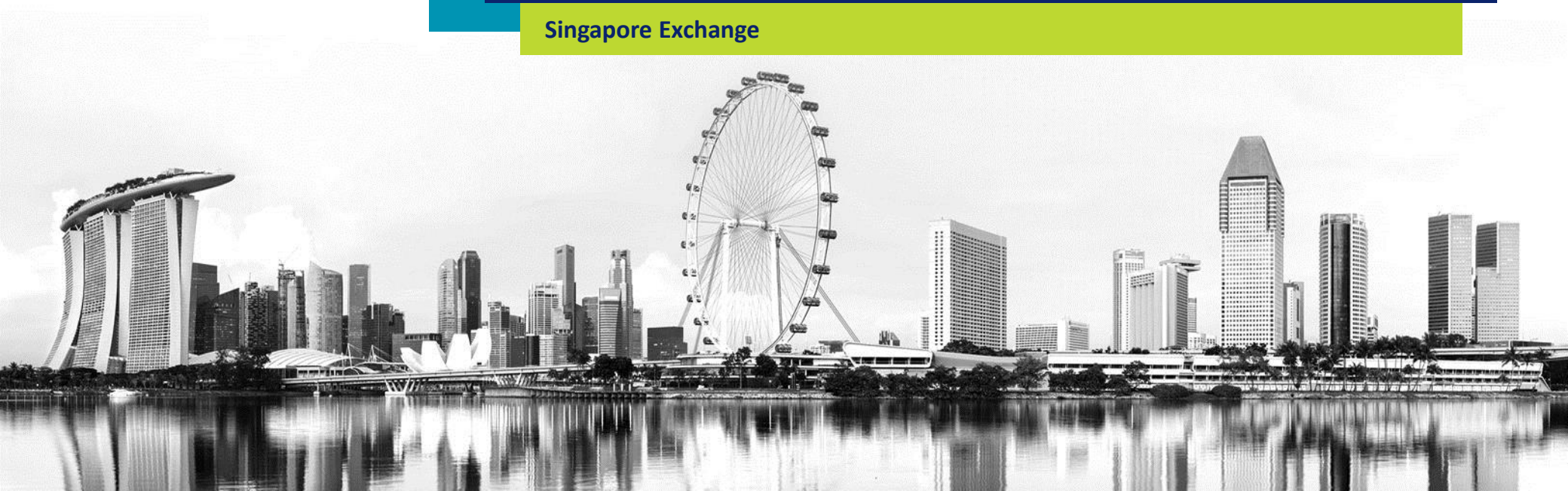
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Head, Equity Capital Market (SME)

Head, Capital Market Development

1 July 2016

Singapore Exchange



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Collaboration with SPRING Singapore on Capabilities Development Grant (CDG)

# 1. Purpose of SGX in Singapore

# Singapore is an International Business and Financial Hub

## World's **BEST** Business Environment\*

Fitch affirms **AAA Rating**

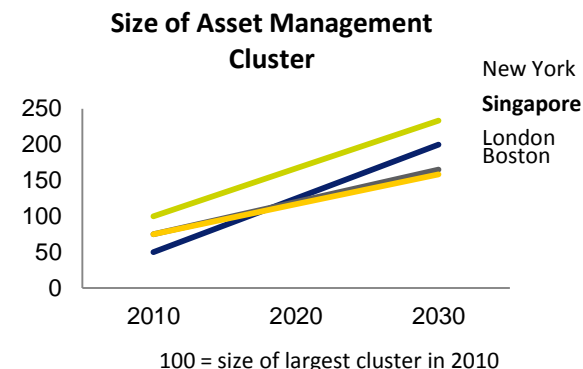


Singapore's strength lies in its **connectivity**

- Half** of the world's population in close proximity (SEA + India + China)
- 76** avoidance of double taxation agreements
- 31** jurisdictions covered by FTAs
- 600m** tons sea cargo handled
- 40** open skies agreements

## Asia's Wealth Management Hub

- Over US\$2.3 trillion AUM \*\*
- Poised to be the 2<sup>nd</sup> largest global asset management hub by 2018
- Over 3,000 investment professionals, 4,000 registered funds and 200 fund management companies



## Regional Hub for Institutional Investors

- Home to major sovereign wealth funds such as GIC, Temasek, Norges Bank Investment Management, Canadian Pension Fund, Korean National Pension Service, Investment Company of People's Republic of China, etc.

## 3<sup>rd</sup> Largest Concentration of Ultra High Net Worth Individuals (UHNWIs^)

- Singapore has 2,360 UHNWIs, 3<sup>rd</sup> largest concentration of UHNWIs globally
- Set to have the world's fastest growth in number of UHNWI in the next decade

<sup>^</sup>Note: UHNWI refers to individuals with a net worth of over US\$30m in assets

<sup>\*\*</sup>Note: US\$2.3 trillion AUM includes Sovereign Wealth Funds of over US\$500b and Institutional & Private Wealth Management of over US\$1,700b

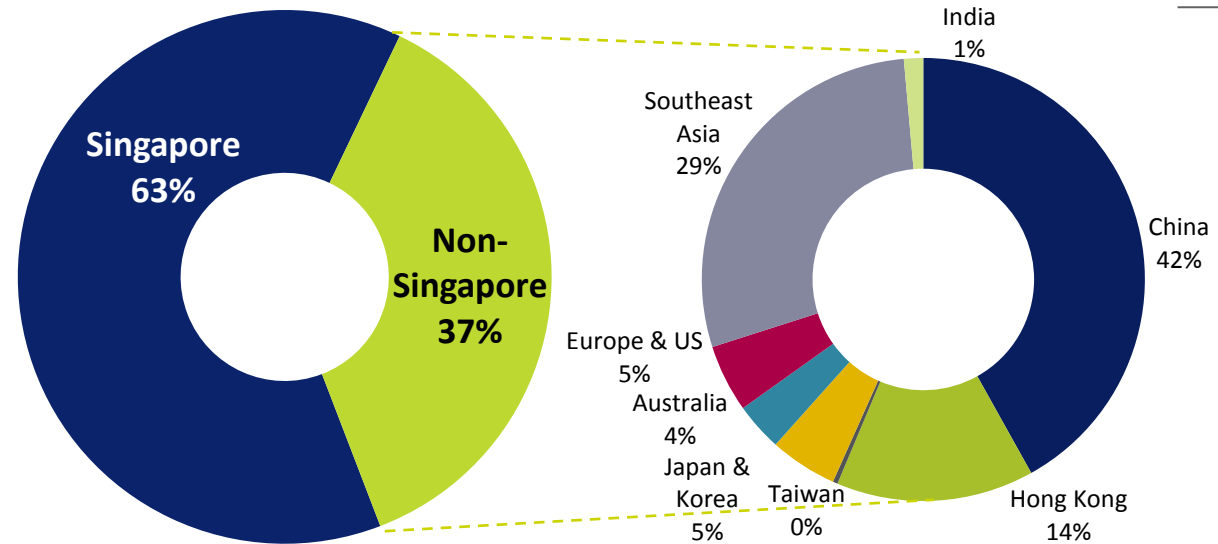
<sup>\*</sup>Source: Knight Frank Wealth Report (2016), Economist Intelligence Unit (2014), MAS' Singapore Asset Management Survey (2014)

# SGX is the Most International Exchange

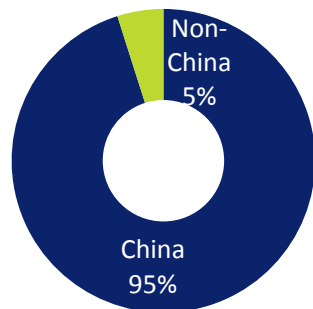
Nearly 40% of all companies listed on SGX are overseas companies

## Singapore Exchange

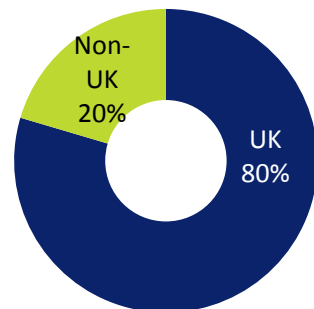
766 Listed Companies  
Market Capitalisation  
S\$895 billion



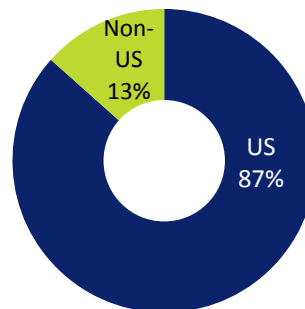
Hong Kong Stock Exchange



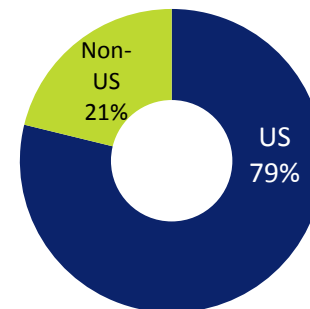
London Stock Exchange



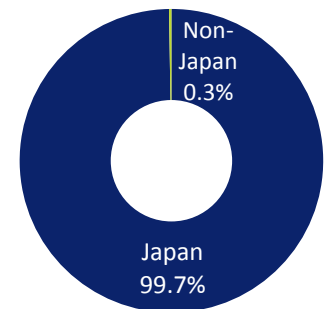
NASDAQ



New York Stock Exchange



Tokyo Stock Exchange



Source: World Federation of Exchanges and Companies' website (Apr 2016), Singapore Exchange (May 2016)

# SGX Offers Capital Raising Solutions for Companies at Varying Stages of Growth

	Mainboard	Catalist
Companies	Established companies	Fast growing companies
Key Benefits	<ul style="list-style-type: none"><li>▪ Established branding</li><li>▪ Access to wider range of institutional investors</li><li>▪ More product types</li></ul>	<ul style="list-style-type: none"><li>▪ Faster time to market</li><li>▪ More headroom for secondary fundraising, acquisitions and disposal</li></ul>
IPO Review & Post-IPO Supervision	SGX	Sponsors
Quotation & Trading	Ready cash market	

Note: The above 1-3 points are applicable to retail debt securities but not wholesale debt securities

# Equity Listing Criteria

## Mainboard Quantitative Criteria

Companies intending to join SGX's Mainboard must meet one of the following quantitative requirements: -

- (a) Profitable in latest financial year with operating track record of 3 years and market capitalisation of at least S\$150 million; OR
- (b) Positive operating revenue in the latest financial year and a market capitalisation of at least S\$300 million; OR
- (c) Minimum pre-tax profit of at least S\$30 million for latest financial year and an operating track record of 3 years

## Catalist Quantitative Criteria

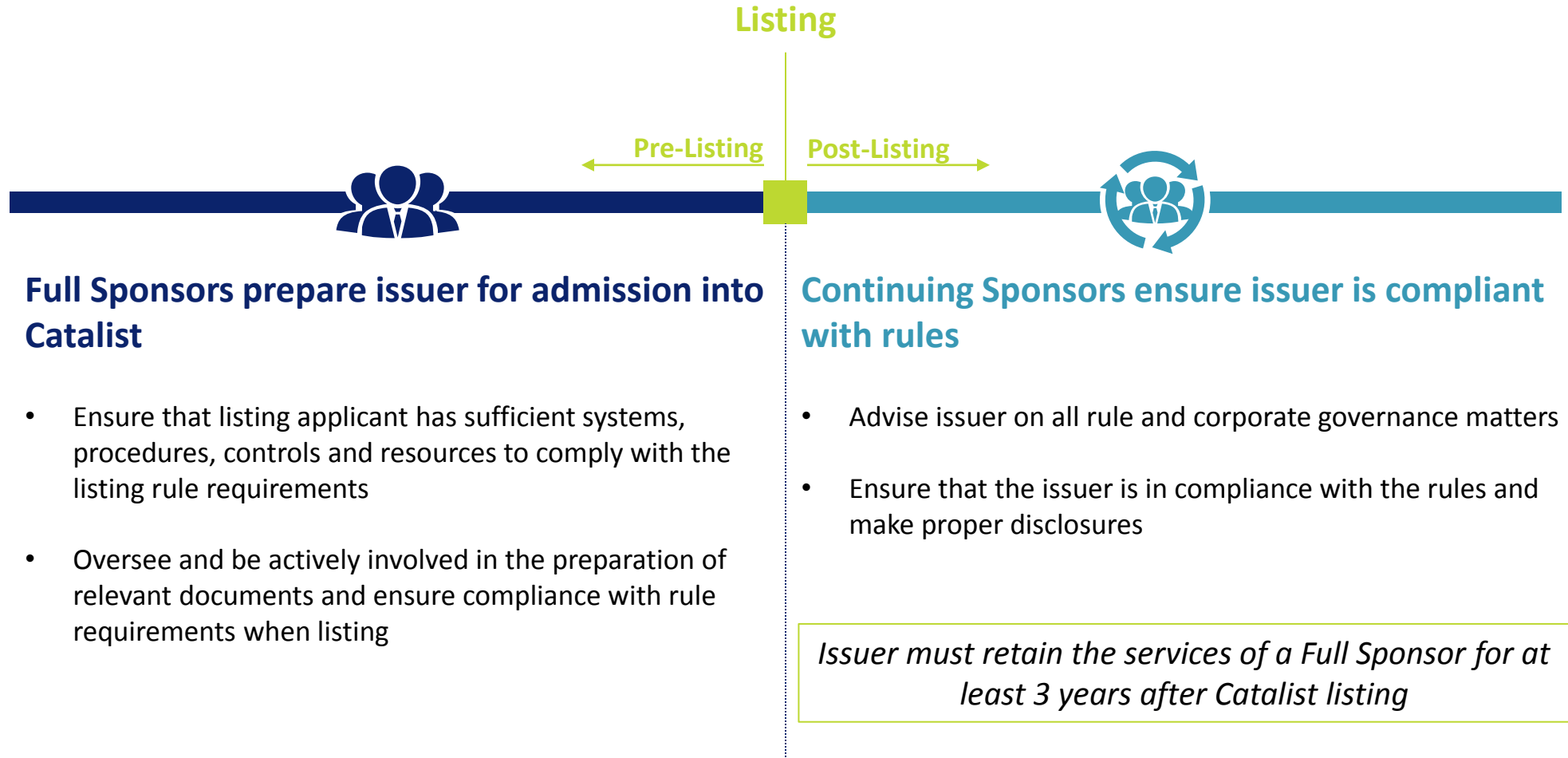
No quantitative requirement (Sponsor prescribes in-house criteria)

## 2. Catalist – A Platform for Growth Companies



# Catalist – Sponsor-supervised regime

To be listed and remain listed on Catalist, issuers would require the services of a Catalist Sponsor



# Catalist – A Platform for Growth Companies

## Easier Corporate Actions for Companies Listed on Catalist



### Mainboard

### Catalist

Limits to aggregate number of shares and convertible securities that may be issued

#### General Mandate

Not more than 50% of the total number of issued shares excluding treasury shares

#### General Mandate

Not more than 100% of the total number of issued shares excluding treasury shares

#### Classifications of Major Transaction

Major transaction must be made conditional upon approval of shareholders in general meeting

Classification of Major Transaction: Any of the relative figures as computed on the bases set out in Rule 1006\* exceeds 20%

Classification of Major Transaction: Where any of the relative figures as computed on the bases set out in Rule 1006\* exceeds:

- Acquisition: 75%; or
- Disposal: 50%

Note: \* Bases in Rule 1006 include: (i) Net Asset value of assets to be disposed (vs net asset value); (ii) net profits attributable to the assets acquired or disposed (vs group's net profits); (iii) Consideration given or received (vs Issuer's market capitalization); and (iv) Number of equity securities issued as consideration (vs number of equity securities previously in issue)

For further details of the listing rule, please refer to SGX's Listing Manual.

# Catalist

Strong valuations, liquidity and fundraising activities on Catalist in the last 3 years



**MAINBOARD**  
**CATALIST**

Singapore Exchange has 2 listing platforms – the **Mainboard** and **Catalist**

Exchange regulated platform with listing requirements set and reviewed by the exchange

Sponsor supervised regime

No quantitative entry criteria required

Friendly regulatory framework designed for growth companies

## Valuations

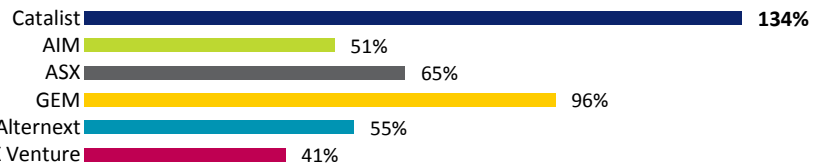
3-Year Median Market Cap Weighted PE



**Competitive median PE**  
compared to other leading growth platforms

## Liquidity

3-Year Median Turnover Velocity

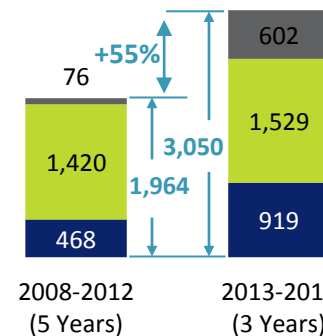


**Most liquid platform** among comparable growth platforms in the world

Note: A turnover velocity of 134% means the total annualized traded value of companies on Catalist is equal to 134% of its average market capitalisation in the same period

## Fundraising

Total Funds Raised (\$M)



Catalist fundraising activities have **greatly accelerated** in last 3 years.

■ Primary Funds  
(IPOs & RTOs)

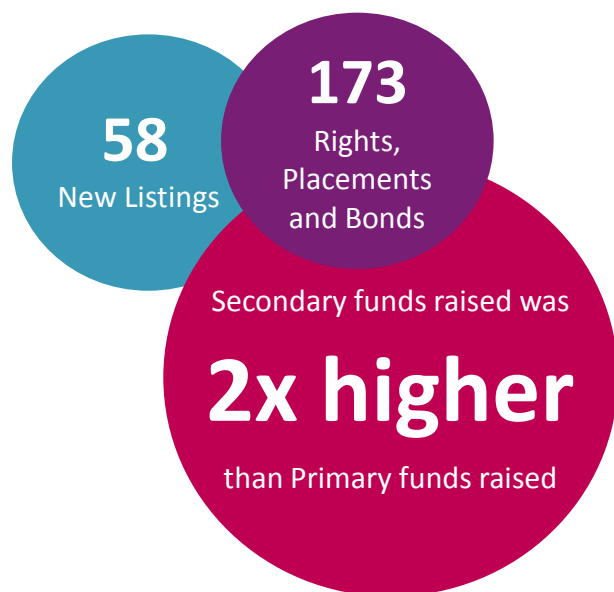
■ Secondary Funds  
(Placements & Rights Issues)

■ Debt

Source: Reuters, Exchanges' website & Singapore Exchange (Dec 2015)

# SGX offers Continuous Fund Raising Opportunities for Companies

Raised over S\$3 billion from 2012 to 2015



## Primary Funds Raised



### New Listings on SGX

- 58 listings
- Raised close to S\$1 billion



## Secondary Funds Raised



### Rights, Placements and Bonds

- 173 equity placements, rights issuances and bond listings
- Raised over S\$2.2 billion



SINGHAIYI  
GROUP

Vallianz

declour  
the future is present

Source: Bloomberg & Singapore Exchange (Dec 2015)

# Existing Pool of Investors and Research Houses for Catalyst



## Global & Asian Investors

Accion Capital Management  
Affin Hwang Asset Management  
Asdew Acquisitions  
Credence  
Eastspring Investments  
Fidelity  
Havenport Asset Management

JPMorgan Asset Management  
Lion Global Investors  
Luminor Capital  
Nikko Asset Management  
Samsung Asset Management (HK)  
Temasek Holdings  
Three Arch Partners

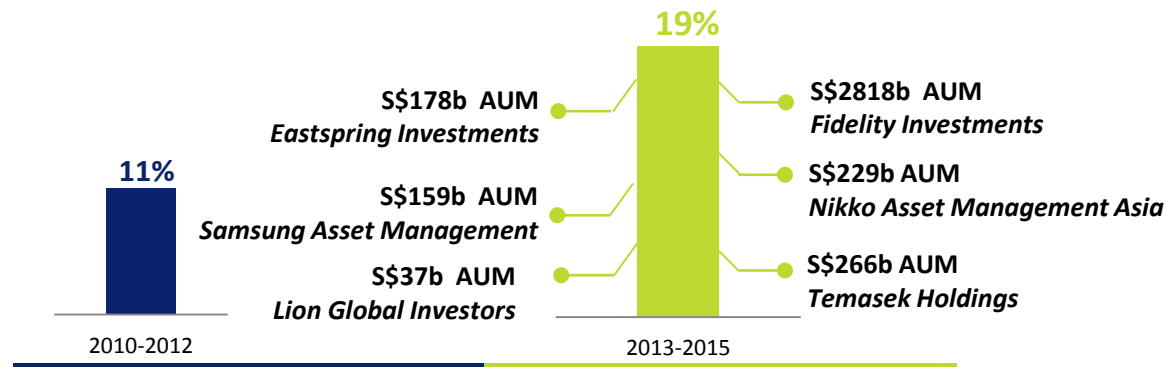
## Research Houses

CIMB Research  
Credit Suisse  
DBS Vickers Securities  
EVA Dimension  
Maybank Kim Eng Research  
RHB Research Institute  
SP Angel  
UOB Kay Hian Research  
Voyage Research  
OCBC Investment Research



## Avg % Institutional Ownership of Catalyst Companies

Almost **2x** growth in Institutional Ownership since 2010



Source: Bloomberg (Dec 2015)



### 3. New Listings on Catalist

# New listings (April) on Catalist



## Acromec Engineering Group

Acromec Limited is a specialist engineering services provider. The Company designs and constructs facilities requiring controlled environments, including laboratories, clean-rooms, medical and sterile facilities.



## China Star Food Group

China Star Food Group is a Singapore-based company that produces and sells sweet potato snacks in China to distributors and wholesalers. It offers preserved foods and pastries under the Starpay, Ledi, Delijia, and Zilaohu brands.

- Listed on Catalist on 18 April 2016
- Funds Raised at listing— S\$6M



- Since listing, Acromec's market cap has grown by more than **2 times** in less than 3 month – from S\$27M at IPO to S\$73M currently

- Listed on Catalist on 20 April 2016
- Funds Raised at listing— S\$8M

### At Listing on 20 Apr 2016

Offer Price (1 share + 2 warrants)	S\$0.230
---------------------------------------	----------

For China Star Food's listing on 20 Apr 2016, China Star Food has placed out new shares with free detachable warrants, on the basis of 2 warrants for every placement share subscribed.

### As of 31 May

Share price	S\$0.295
Value of 2 Warrants	S\$0.052 X 2
Total Return	S\$0.399
<b>% Return</b>	<b>73%</b>

Source: Bloomberg, Singapore Exchange (June 2016)

## 4. Benefits of Listing



# Benefits of a Listing



## Enhanced Business Capabilities after Listing

Meeting listing standard enables companies to be better placed for growth

### Corporate Restructuring

- Maximise returns for investors
- Strategic operational and financial improvements that enhance efficiency

### Corporate Governance, Internal Control

- Robust framework to address the firm's financial, operational, compliance and information technology risks

### Investor Relations

- Effectively communicates a company's long-term strategic vision to its stakeholders
- Capabilities for future fund-raising activities

### Financial Reporting Framework

- Strengthened financial reporting system
- Stress-tested financial model

### Risk Management Framework

- Capabilities to address material risks the firm faces

## 5. What it means to be Listed

# Continuing Obligations after Listing

Corporate Governance & Internal Control

Investor Relations

Financial Reporting Framework

Disclosure on Interested Person Transactions

Disclosure on Material Corporate Transactions



A public listing involves a change in the way you see your business

From 'ownership' alone to separate concepts of 'ownership', 'control' and 'management'

The development of processes and procedures to improve disclosure, transparency, and accountability to the public



Mindset Change

*“Before we listed ... I put everything on the table and was **VERY transparent** to my six brothers. **When we listed the company**, I just assume that now I have more than 1,000 brothers and do **exactly the same**.”*

*Executive Chairman & Managing Director  
of an SGX-listed Family Business*

## 6. SGX & SPRING's Collaboration on CDG

# SGX & SPRING's Collaboration on CDG

## Support Local SMEs to Develop their Capabilities for Growth

Tap on SPRING Singapore's CDG to defray **up to 70%** of the qualifying project costs. The actual funding amount will depend on the scope and cost of the project.

Corporate Restructuring

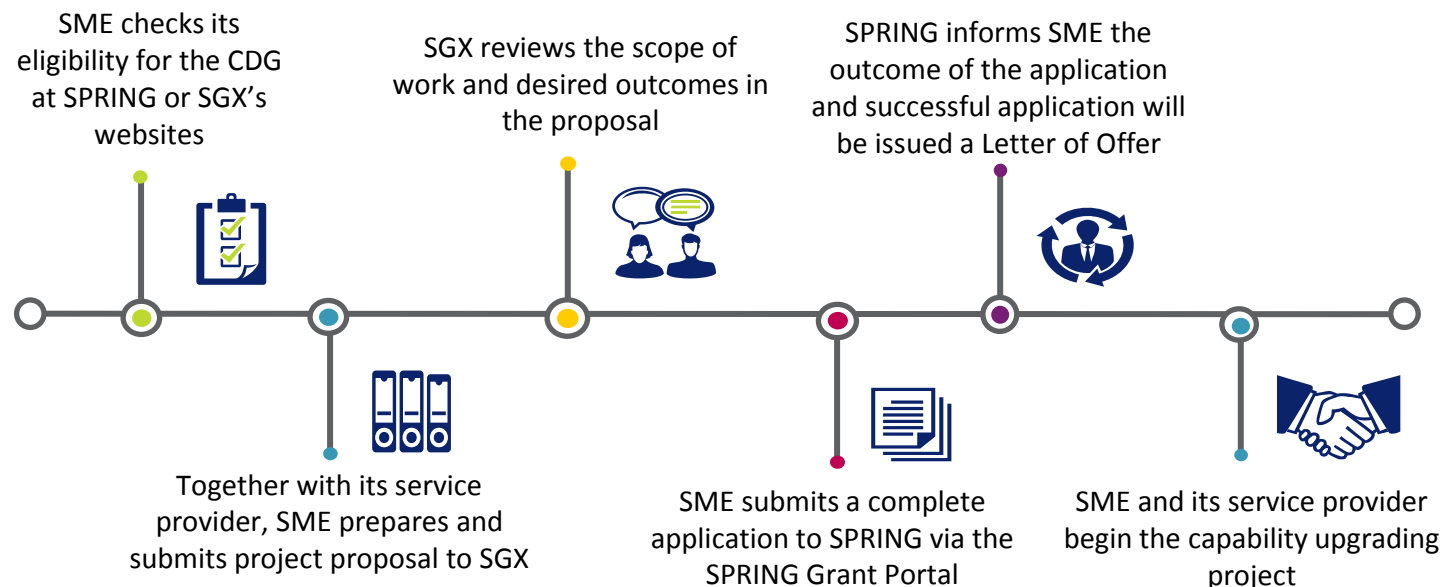
Corporate Governance,  
Internal Control

Investor Relations

Financial Reporting  
Framework

Risk Management  
Framework

## Application Process



## Criteria

- (1) Registered and operating in Singapore
- (2) At least 30% local shareholding
- (3) Group annual sales turnover ≤ S\$100m, OR group employment of ≤200 employees

# Thank you

For more information, please contact:

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