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Preparing for Listing – From a Financial Perspective

14 May 2012

KPMG LLP.

Agenda

- 1. Financial Information Requirements for Initial Public Offering**
- 2. Financial Information Requirements for Secondary Listing**
- 3. Common Issues From a Financial Perspective**
- 4. Critical Success Factors**
- 5. KPMG Credentials**

1. Financial Information Requirements for IPO

- 3 Years' Audited Financial Statements
 - Consolidated or combined
 - IFRS/SFRS/US GAAP
 - ISA/SSA/US GAAS
- Interim Financial Information
 - Required if the date of lodgement of Prospectus with MAS and the financial year-end of the latest Audited Financial Statements is > 6 months
 - May be reviewed or audited depending on of Prospectus with MAS
- the date of lodgement

1. Financial Information Requirements for IPO (cont'd)

- Pro-forma Financial Information
 - Required if meets the conditions set out in SFR for the most recent completed financial year for IPOs
 - Where any interim financial information has been included in the Prospectus, the pro forma financial information is to be included for the period covered by the interim financial information
- Internal Control Report
 - Internal control report to SGX on the internal control and accounting system of the listing group

1. Financial Information Requirements for IPO (cont'd)

- Board Memorandum on Profit Forecast
 - “Standby” document required under SGX Listing Manual
 - Responsibility of directors (after due and careful consideration)
 - Consistency in application of accounting policies
 - Statement by Expert (if published in prospectus) – reasonableness of assumptions
- Management Discussion and Analysis (MD&A)
 - Reporting Accountants to perform agreed-upon procedures in respect of certain selected financial information presented in the Prospectus
 - To be agreed between management, sponsor, and Reporting Accountants

2. Financial Information Requirements for Secondary Listing

- 3 Years' Audited Financial Statements
 - Either a reconciliation from the relevant GAAP of the home country to IFRS/SFRS/US GAAP
 - OR
 - Prepare financial statements in accordance with IFRS/SFRS/US GAAP
- No internal control report is required

3. Common Issues From a Financial Perspective

- Determination of Group Structure (Group Restructuring)
 - Eliminate or minimise conflict and interested person transactions
 - Streamline related business activities
 - Optimise tax planning and dividend flows
 - Legal implications of proposed restructuring in various jurisdictions which could cause delays
- Accounting for Group Restructuring
 - Transactions with non-common control shareholders
 - IFRS 3/FRS103, *Business Combinations*
 - Acquisition method

3. Common Issues From a Financial Perspective (cont'd)

- Accounting for Group Restructuring (cont'd)
 - Transactions with common control shareholders
Out of scope of IFRS 3/FRS 103
- Accounting Issues
 - Practical problems in cut-off procedures for prior years (if financial year ends of entities are different)
 - Alignment of accounting framework and accounting policies (including those arising from new/revised financial reporting standards)
 - Incomplete accounting records for prior years
 - Cash basis versus accrual basis

3. Common Issues From a Financial Perspective (cont'd)

- Impairment of Assets
 - Significant judgement is required in assessing impairment of assets
- Financial Instrument Disclosures
 - On-balance sheet and off-balance sheet financial instruments
 - Basis of fair value for financial instruments
 - Financial risk management policies
- Related Party/Transfer Pricing
 - Completeness of related parties and transactions, and whether these transactions are entered into at arm's length
- Operating Segments
 - Identification of appropriate operating segments

3. Common Issues From a Financial Perspective (cont'd)

- Income Tax Consideration
 - Underprovision for income tax in respect of previous financial year
 - Unresolved tax issues
- Debt Restructuring
 - Liquidity risks and debt covenant issues
- Contingent Liabilities
 - Completeness of contingent liabilities including banking guarantees and potential claims
- Profit forecast
 - Forecasted profit is achievable
 - Existing system for budgeting
 - Past trend and order book

4. Critical Success Factors

- Good Understanding of
 - Roles and responsibilities of IPO professionals and company management team
 - Requirements for the purpose of listing application
- Preparation of Financial Information and Resolving Accounting and Auditing Issues
 - Involvement by top management throughout IPO process
 - Strengthen finance team
- Adequate “Warehousing” of Financial Data and Reliability of the Management Information System
- Strong Internal Control System
- Timing
 - Quick decision on group structure
 - Realistic timetable

5. Our Credentials

KPMG in Singapore

KPMG in Singapore is part of a global network of professional firms providing Audit, Tax, and Advisory services. The independent member firms of the KPMG network operate in 151 countries and have 143,000 professionals worldwide. KPMG Singapore's website is located at www.kpmg.com.sg.

Local Experience and Knowledge

KPMG's history in Singapore dates back to 1941, when Peat Marwick opened its office in Singapore. After several changes over the years, its successor-Peat, Marwick, Mitchell & Co., Singapore-was renamed KPMG Peat Marwick in 1987. This was changed to KPMG in 1998. Today, KPMG is one of the largest professional services firms in Singapore with a balanced mix of international and local clients, and a staff strength of over 2,400 as at September 2011. This includes more than 2,100 professionals turning knowledge into value for the benefit of our clients, our people, and the capital markets. While the name comes from the original Klynveld Peat Marwick Goerdeler, today the firm is known simply as KPMG.

5. Our Credentials (cont'd)

Range of Services

Audit

- ✓ Risk-based audit approach
- ✓ Understanding our clients
- ✓ Extensive experience and proprietary tools
- ✓ Provide seamless services to clients across industry sectors and geographical boundaries

Tax (Corporate Tax, Indirect Tax, and International Executive Services)

- ✓ Focused on opportunities to secure significant tax savings
- ✓ Proactive tax advice and quality service
- ✓ Single point of contact in APAC for regional tax issues, including transfer pricing planning

5. Our Credentials (cont'd)

Range of Services

Advisory

- ✓ Range of management and risk consultancy services
- ✓ Covers both operational and transactional activities
- ✓ Skilled and experienced professionals in multi-disciplinary groups tailored to individual clients
- ✓ Single point of contact to help streamline relationship and enhance productivity and usefulness to clients
- ✓ Understands and respects clients' needs

Industry Groups

In Singapore, KPMG is known as a leading professional services provider in industry sectors such as financial services, healthcare, real estate, education and the public sector.

5. Our Credentials (cont'd)

Recent IPOs

CapitaMalls Asia Limited
Cache Logistics Trust
CNMC Goldmine Holdings Limited
Global Logistics Properties Limited
Hiap Tong Corporation Ltd.
Mun Siong Engineering Limited
Perennial China Retail Trust
Sabana Shari'ah Compliant REIT
Sheng Siong Group Ltd.
Tiong Seng Holdings Limited
XMH Holdings Ltd.

5. Our Credentials (cont'd)

CapitaMalls Asia Limited — November 17, 2009



CapitaMalls Asia

Prospectus dated November 17, 2009 (Registered by the Monetary Authority of Singapore (the "Authority") on November 17, 2009)

CAPITAMALLS ASIA LIMITED
(Company Registration Number: 200411818A)
(Incorporated in Singapore on October 15, 2004)

1,165,200,000 Offering Shares (subject to the Over-allotment Option)
Offering Price: S\$2.12 per Offering Share

**5 COUNTRIES
40 CITIES
400 RETAIL PROPERTIES
2,700 EMPLOYEES
2.4 MILLION PEOPLE
ONE UNIQUE INTEGRATED SHOPPING MALL BUSINESS**

NEW FINANCIAL ADVISOR
JPMorgan
Joint lead managers

NEW FINANCIAL ADVISOR
DBS
Joint lead managers

NEW FINANCIAL ADVISOR
Citi
Joint lead managers

NEW FINANCIAL ADVISOR
Deutsche Bank
Joint lead managers

NEW FINANCIAL ADVISOR
OCBC Bank
Joint lead managers

NEW FINANCIAL ADVISOR
HSBC
Joint lead managers

NEW FINANCIAL ADVISOR
CapitaMalls Asia
Joint lead managers

- CapitalMalls Asia is involved in investment property, property management, and consulting services
- Raised S\$2.5 billion of IPO gross proceeds
- Biggest IPO in terms of IPO proceeds raised in 2010

5. Our Credentials (cont'd)

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- Global Logistics Properties is involved in the provision of distribution facilities and services
- Raised S\$2.3 billion of IPO gross proceeds
- 2nd largest IPO in terms of IPO proceeds raised in 2011

5. Our Credentials (cont'd)

- Perennial China Retail Trust is involved in the letting of retail and commercial space in PRC
- Raised S\$395 million of IPO gross proceeds in 2011

PERENNIAL CHINA RETAIL TRUST IPO Prospectus dated 27 May 2011



The image shows the cover of the Perennial China Retail Trust IPO Prospectus dated 27 May 2011. The cover features the Perennial China Retail Trust logo at the top, followed by the title 'PROSPECTUS DATED 27 MAY 2011'. Below this, it states 'OFFER FOR SUBSCRIPTION BY Perennial China Retail Trust Management Pte. Ltd. 563,579,000 Units Offering Price: S\$0.70 per Unit'. The cover also includes several photographs of retail and commercial properties in China, such as shopping malls and high-speed railway stations. At the bottom, there are logos for the joint global coordinators: DBS, Goldman Sachs, and Citigroup, along with the sponsor, Perennial China Retail Trust Management Pte. Ltd.

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