



A Member of Crowe Horwath International



Listing in London Workshop

How to achieve a successful IPO – The benefits of experience

March 2015

JW. Marriot Hotel, Kuala Lumpur

Audit | Tax | Advisory

www.croweclarkwhitehill.co.uk

Contents



Introduction

Our capital markets track record in Asia

The IPO Process – An overview

Illustrative timetable

What are investors looking for?

Case studies

How to become investor ready

How will investors value your business?

Conclusions

Crowe Horwath International

Principal contacts

Introduction


- ▶ Moving a privately owned company to a public market will take time, detailed planning is required
- ▶ Accounting compliance requirements are not onerous on admission and continuing obligations are reasonable
- ▶ In accounting terms the key elements for success are:
 - sound and effective financial controls
 - timely and accurate management reporting
 - an experienced CFO
 - IFRS, US or suitable national GAAP compliant audited financial statements
 - realistic and supportable financial projections
- ▶ Taxation planning will be required at an early stage for the company and shareholders
- ▶ In commercial terms, a successful IPO candidate must demonstrate Quality, Good Governance and Value

Our Team Members' Capital Markets Track Record in Asia includes...

Reporting Accountant to
Galasys Plc

Placing and Admission
to AIM
May 2014


Operations in:
China and South East Asia



Reporting Accountant to
JQW Plc

Placing and admission
December 2013


Operations in:
China



**Reporting Accountant to
SyQic plc**

Placing and admission
December 2013


Operations in Malaysia,
Philippines and Indonesia



**Reporting Accountant to
Graphene
NanoChem Plc**

Acquisition and re-admission
March 2013

Operations in Malaysia



Tax Advisers to
CSF Group Plc

Placing & Admission
March 2010

Operations in:
Malaysia



Reporting Accountant to
Fusionex International Plc

Placing & Admission
December 2012


Operations in: Malaysia,
Singapore, Thailand and the UK



Reporting Accountant to
Aseana Properties Ltd

Placing & Admission
April 2007


Operations in:
Malaysia & Vietnam



Reporting Accountant to
Velosi Ltd

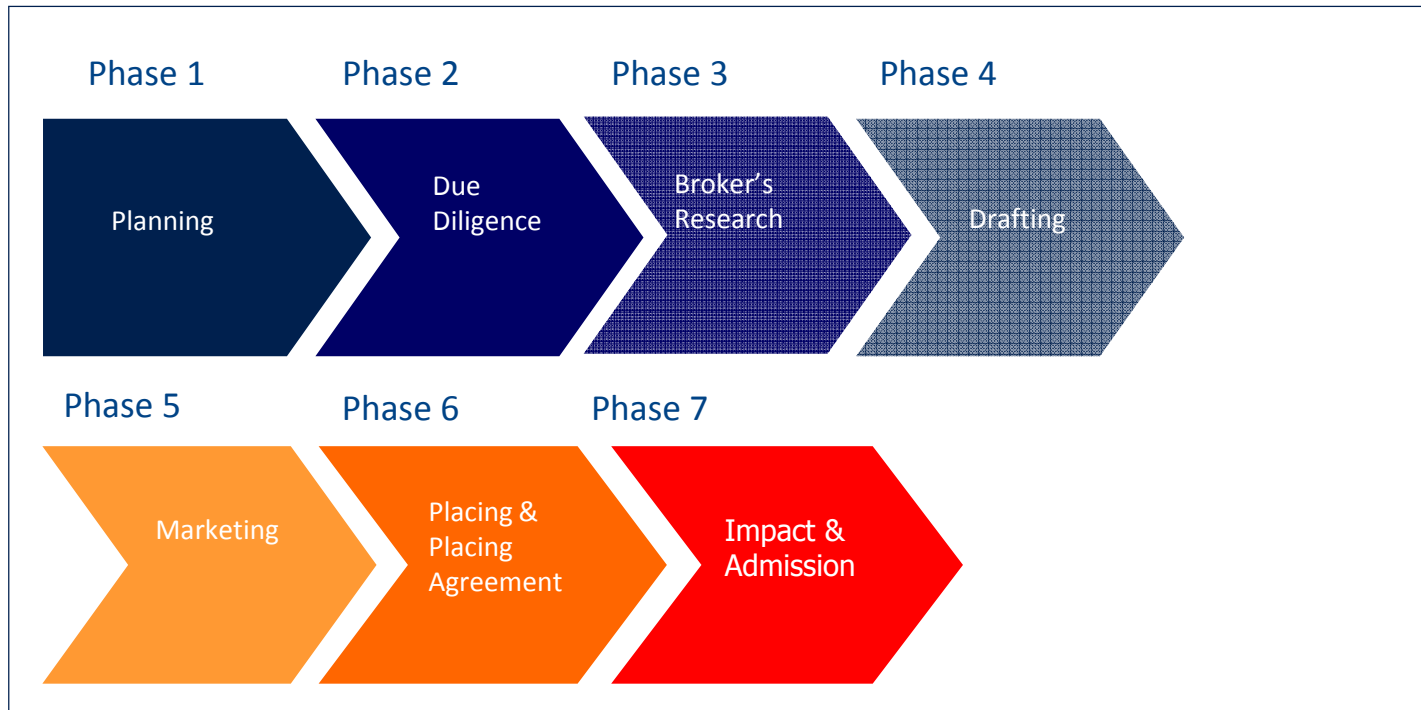
Placing & Admission
August 2006

Operations in:
Europe, North America,
South East Asia & Africa



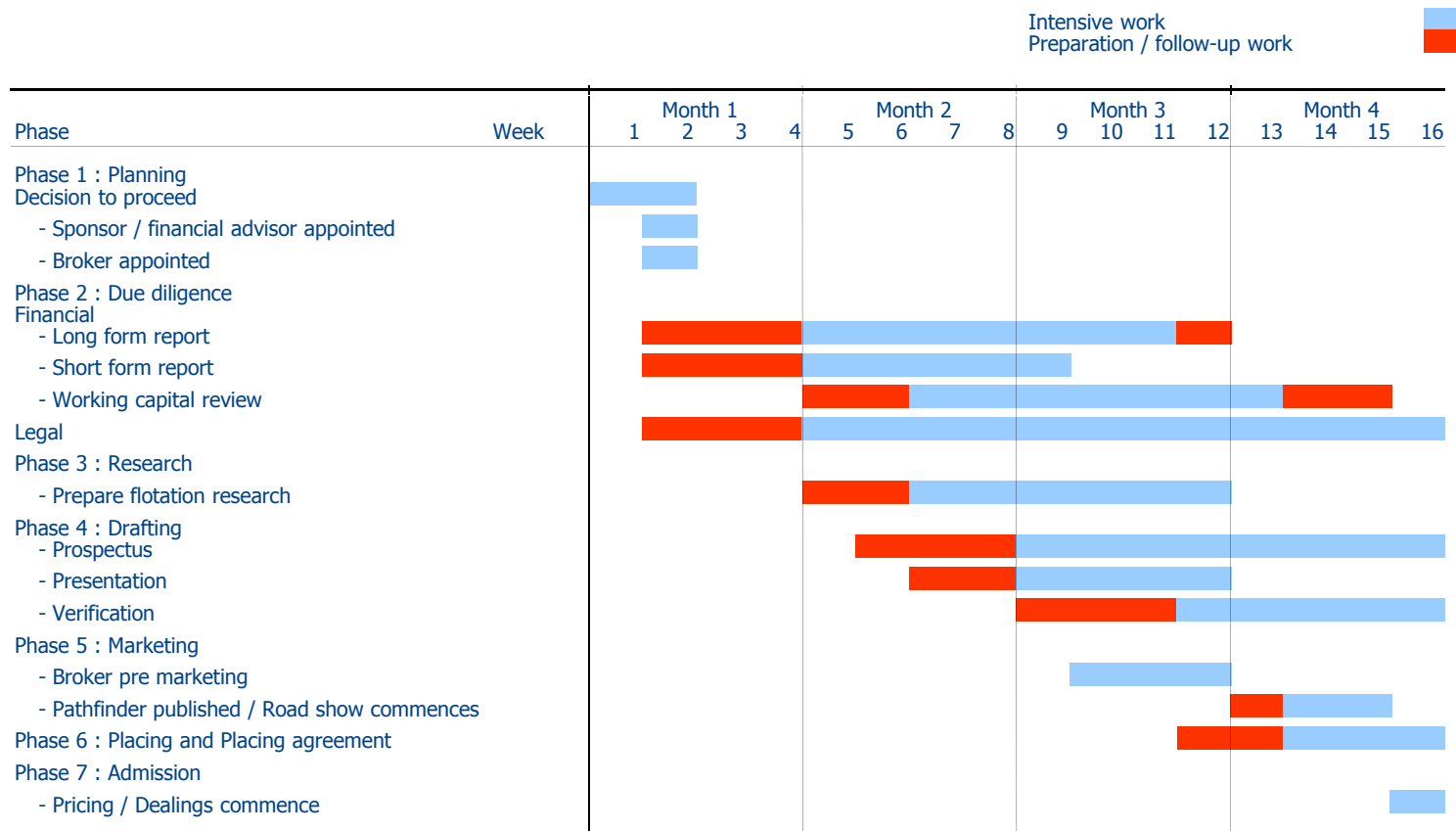
The IPO Process – An Overview

The AIM IPO process can be broken down into the following phases:



Illustrative Timetable

Note: The pre-IPO period can take 12 – 24 months



Planning – What are Investors Looking For?

- ▶ A growing business operating in an expanding markets
- ▶ International exposure or potential to expand overseas
- ▶ Sustainable competitive position
- ▶ Visibility of earnings
- ▶ Quality of earnings
- ▶ A committed and experienced management team
- ▶ A commitment to strong corporate governance procedures
- ▶ Sector approach based on macroeconomic factors

Case Studies – Fusionex International

- Sector:** Technology – Provider of enterprise software solutions, servicing the business intelligence market, notably in relation to the management of Big Data. Clients in Asia, US and Europe.
- Market:** Joined AIM in December 2012
- Funds Raised:** £12m on the IPO with a market capitalisation of £64.5m
- Reasons for IPO:** Raising profile and raising funds to expand overseas
- Lessons:**
- ♦ Pre-IPO planning took more than 2 years - waiting for markets to improve and for the Company to grow
 - ♦ Took advice from an experienced advisor team
 - ♦ Recruiting additional team members to separate the IPO team from the operational team
 - ♦ Use of “Test Marketing” to financial investors in the UK
 - ♦ Fairly priced, significantly over subscribed by institutional investors and private individuals in the UK
 - ♦ Has maintained regular and effective communications with the London markets
 - ♦ “Market” demand has taken the business valuation forward

Case Studies – Graphene NanoChem Plc

- Sector:** Alternative Energy – manufactures performance specialising chemicals and advanced nanomaterials from renewable sources
- Market:** Joined AIM via a RTO of Biofutures International in March 2013
- Funds Raised:** £32.5m on the RTO with a market capitalisation of £155m
- Reasons for IPO:** To provide working capital and to develop a graphene-enhanced chemicals portfolio
- Lessons:**
- ♦ Very important to maintain close connections with the market particularly for a development stage business where delays can occur.
 - ♦ RTOs take more time than an IPO and can be expensive
 - ♦ Market timing was important to catch the “Graphene” wave

Case Studies – Galasys Plc

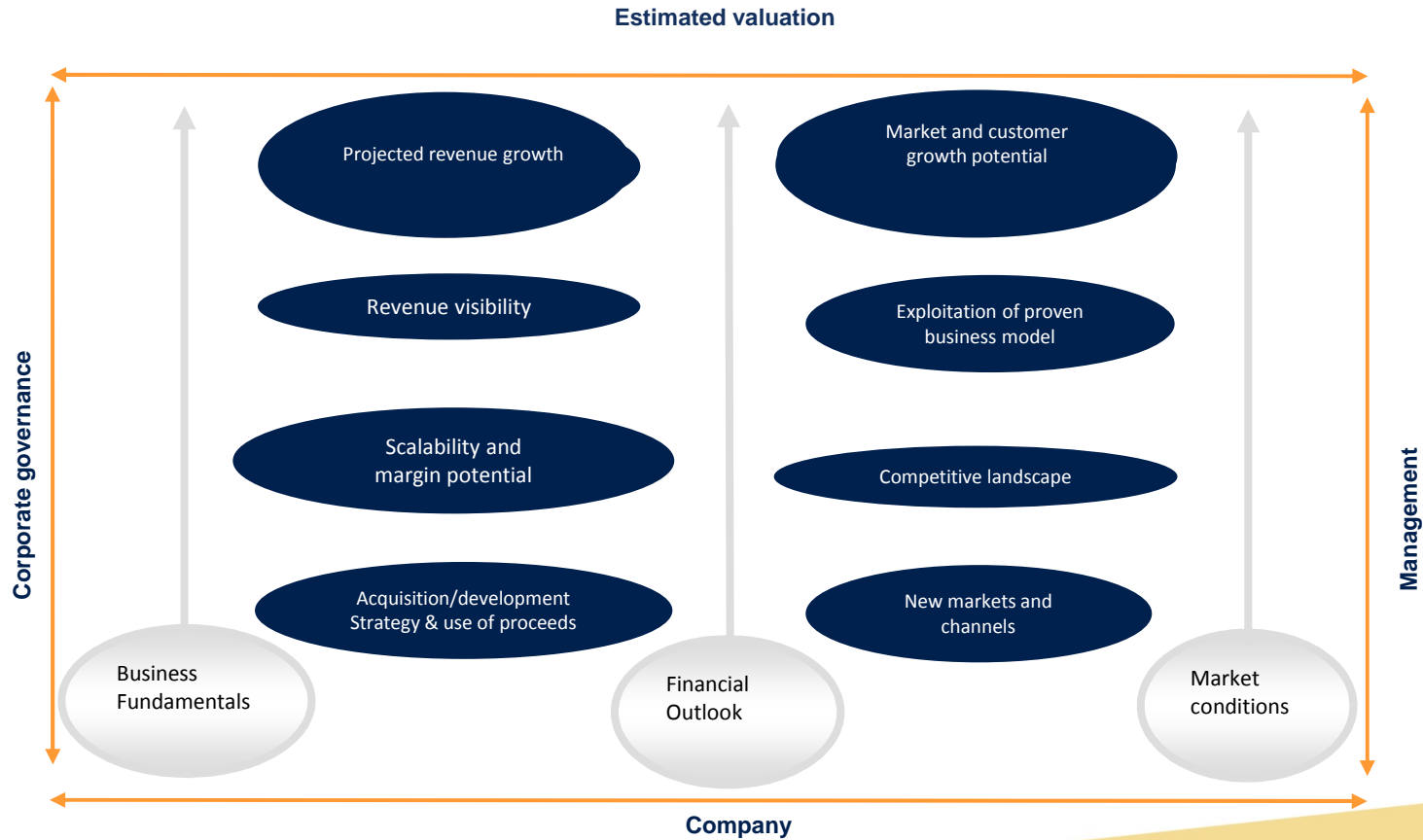
- Sector:** Solutions and services provider that supplies ticketing management systems to Amusement Parks in China and South East Asia
- Market:** Joined AIM in May 2014
- Funds Raised:** £3.1m on the IPO – with a market capitalisation of £15m
- Reasons for IPO:** To finance expansion in China and South East Asia and Europe, including potential acquisitions, R&D and marketing
- Lessons:**
- ♦ A 2 year pre-IPO planning process, waiting for the market and the underlying business to develop, attract and retain talent and raise profile
 - ♦ The role of pre-IPO funding allowed growth to continue
 - ♦ Appointing experienced advisors and NEDs
 - ♦ A fair valuation with a positive after-market that has increased the market capitalisation
 - ♦ Investors buying into the Asia growth story with expansion into Europe

How To Become Investor Ready

Improve the “quality” of your profits by:

- ▶ A strong and complete management team with clear succession planning
- ▶ A scalable business model, growing organically or by acquisition
- ▶ A move to higher value and higher margin products
- ▶ Build barriers to entry based on technical excellence, market knowledge or scale
- ▶ Robust and reliable accounting and management information system
- ▶ Enhance corporate governance and appoint non-executive directors
- ▶ Capital restructuring or reorganisation, consider share incentives, regulatory approvals
- ▶ Defendable rights over intellectual property
- ▶ Dispose of non-core activities and assets
- ▶ Identify strategic acquisitions and mergers
- ▶ Adopt International Financial Reporting Standards or local equivalent
- ▶ International Audit Standards Compliance
- ▶ Tax review of compliance and planning issues, national and international
- ▶ Reduce dependence on particular customers, products or staff
- ▶ Review terms of trade and strengthen credit management
- ▶ Appoint experienced advisers

How will investors value your business?



Conclusions

- Demonstrate **Quality, Good Governance** and **Value**
- Moving a privately owned company to a public market will take time, detailed planning is required
- Increasing the “Quality” of profits will increase the value of your business
- The value of the business on IPO is less important than the value 12 months later, do not over value
- Admission to a market is the start of a process, not the end
- Liquidity and valuations must be developed – “Invest time and effort in the market and the market will invest in you”

Crowe Horwath International

- Global professional services alliance with more than **170** independent member firms
- Services provided include: audit and assurance, taxation, accountancy, corporate finance, consultancy, financial planning
- Our corporate finance services include pre-IPO planning, reporting accountant services, due diligence, M&A , company disposals, raising finance and MBO's
- Based on integrated and high quality service delivery and common core values
- Operating in over 100 different countries, annual revenues **US\$3.4 billion** and approximately **29,000** professional staff
- Over **10,700** staff in Asia Pacific
- In the UK a leading accountancy firm established in 1843, strong international and public company experience

Crowe Horwath International: Global Profile



Crowe Horwath International Statistics*	
Member Firms & Business Associates	191
Countries	118
Offices	726
Partners	3,544
Partners & Staff	31,040
Revenue	US\$ 3,436M

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