

A photograph of three business professionals in a modern office setting. A woman with curly hair, a man in a suit with a red tie, and another man in a suit are seated in bright red armchairs, engaged in a conversation. They are positioned in front of a large window that looks out onto a green, leafy outdoor area. Two black briefcases are on the floor next to the chairs.

MOORE STEPHENS

# Accessing global capital markets

Corporate finance

PRECISE. PROVEN. PERFORMANCE.

# Accessing global capital markets

More and more business leaders today are considering access to overseas capital markets. Here we consider in outline the pros and cons of the principal markets for Asian businesses seeking access to public capital in a foreign market.

Perhaps the most important factors when selecting a stock exchange are:

- access to quality capital investors;
- valuation;
- the likelihood of attracting research coverage; and
- comparable companies trading on the market.

If the exchange does not have a clear connection to its business, its valuation will likely be reduced.

## Listing standards

The stock exchange listing standards presented below represent a summary of the criteria upon which the exchanges and their regulators assess company applications for admission. We have considered initial public offerings of equity securities only, and not dual listings, secondary offerings and offerings of other securities. For complete details of the listing standards applicable to each stock exchange, please consult your advisers or the stock exchange itself.

IPOs usually involve a lock-up that prevents insider shareholders (such as executive management and private equity investors) from selling their public shares for a certain period of time, hence preventing the market being flooded by insiders cashing out their shares. Typically, such lock-up arrangements are not stipulated by the exchanges themselves, but are required by the underwriters or sponsors.

## Primary markets

	New York	London	Berlin	Singapore	Hong Kong
<b>Market</b>	NYSE	LSE	Deutsche Borse	Singapore Exchange	Main Board
<b>Market capitalisation</b>	n/a	£700,000	€1.25m	S\$150m (recommended)	US\$25m (HK\$200m)
<b>Operating history</b>	3 years	3 years	3 years	3 years	3 years
<b>Revenues &amp; net income</b>	Revenues US\$75m	n/a	n/a	Net income before tax of S\$1m per year for the last three years and S\$7.5m cumulatively	Net income after tax of HK\$50m (most recent year HK\$20m)
<b>Working capital</b>	n/a	Sufficient working capital for the next 12 months	n/a	Positive operating cash flows	Sufficient working capital for the next 12 months
<b>Free float</b>	5,000 shareholders for foreign issuers	25%	25%	25% (market cap <S\$300m) 12-20% (market cap >S\$ 300m)	25%
<b>Lock-up</b>	6 months	6-18 months	At underwriters' discretion	6-12 months	n/a
<b>Listing fees</b>	US\$ per share: <75m 0.48c 75-300m 0.375c >300m 0.19c	Market cap: <5m £6,389 5-50m £44,189 50-250 £107,189 250-350 £133,439 >500m £369,689	€3,000 admission to trading €2,500 listed securities	S\$50,000 to S\$200,000, based on S\$100 per million dollars	HK\$150,000 to HK\$650,000
<b>Annual fees</b>	US\$0.00093 per share minimum US\$38,000	£4,200-£41,400 based on market capitalisation	€10,000	S\$25,000-S\$100,000, based on S\$25 per million dollars	HK\$145,000 to HK\$1.2m
<b>Accounting standards</b>	US GAAP/IFRS (FPIs)	IFRS, US GAAP, Japan	IFRS, US GAAP, Canadian GAAP, Japan	SFRS, IFRS, US GAAP	HKFRS, IFRS
<b>Time line</b>	12-24 months	4-24 months	6-12 months	6-12 months	6-12 months

Note: there are subtle variations in the rules that apply to sub-markets. The information presented is based on the highest standards (e.g. premium listings in London).



## Secondary markets

	New York	London	Singapore	Hong Kong
Market	NASDAQ	AIM	Catalist	GEM
Market capitalisation	n/a	n/a	No requirement	HK\$100m
Operating history	2 years	3 years (or from commencement of trading if shorter)	No requirement	2 years
Revenues & net income	Revenues US\$75m. Net income US\$750,000	n/a	No requirement	Operating cash flow of HK\$20m in last 2 years
Working capital	n/a	Sufficient working capital for the next 12 months	Sufficient working capital for present requirements and for at least 12 months after listing	Sufficient working capital for the next 12 months
Free float	1.25m shares	n/a	15%	25%
Lock-up	6 months	12-18 months	6-12 months	6-12 months
Listing fees	<30m shares US\$125,000 30-50m shares US\$150,000 50-100m shares US\$200,000 >100m shares US\$225,000	£6,400 to £72,200	S\$30,000 to S\$100,000, based on S\$100 per million dollars of the market value	HK\$100,000 to HK\$200,000
Annual fees	Up to 10m shares US\$35,000 10-50m shares US\$37,500 50-75m shares US\$46,500 75-100m shares US\$68,500 100-150m shares US\$89,000 >150m shares US\$99,500	£5,100	S\$15,000 to S\$50,000, based on S\$25 per million dollars of the market value	HK\$100,000 to HK\$200,000
Accounting standards	US GAAP/IFRS (FPs)	IFRS, US Canada, Japan, Australia	SFRS, IFRS, US GAAP	HKFRS, IFRS
Time line	12-24 months	3-24 months	6-9 months	6-24 months

Note: there are subtle variations in the rules that apply to sub-markets. The information presented is based on the highest standards (e.g. NASDAQ Global Select market for New York).

## Corporate governance and regulatory requirements

High profile cases of securities fraud have highlighted the need for good corporate governance. Hence the regulatory regimes of stock exchanges are evolving to guide, support and help companies to develop and to put in place effective systems of corporate governance. This will ensure that the management team is acting on behalf of shareholders and stakeholders by creating company value and producing accurate and timely reports upon which investors can base informed decisions. Such measures create fair and transparent securities markets in which investors have confidence. Regulation is an increasingly overlapping and collaborative endeavour

between and among the global exchanges and the various oversight bodies.

In the European Union, prospectuses approved in one qualifying state can be 'passport' to another member state, hence allowing issuers and investors to benefit from an integrated capital market.

### Our credentials

Our services include:

- reporting accountants;
- advice on preparation for entry to the capital markets, including financial structuring, accounting systems and policies, and tax;
- share option and director/employee benefit advice.

Recent transactions where we have acted as reporting accountants and advisers include:

- Project Brunello: fund raising and reporting accountant for a fund management project;
- Navigant Consulting (Europe) Limited: acquisition and due diligence support for two projects for this management consultant;
- Nature Group plc: advice on the acquisition of International Slop Disposal BV along with due diligence to a waste
- Project Pond: independent business review for a shipping firm
- Project Mercury: Independent business review for a shipping entity;
- Project Overture: investment and due diligence advice to a retail firm.