



## **SeD Capital**

HKSE Listing Proposal Overview

for

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(Singapore)

## HKSE Listing Proposal Overview

### 1. Key Parties involved in a Listing

<b>HKSE Listing Professional Organisations</b>		
<b>Party (Role)</b>	<b>Organisation</b>	<b>Estimated Fees</b>
<b>Stock Exchange</b>	HKSE	Initial listing fee: S\$63,700 (Assume S\$181 million <HK\$1 billion> market CAP, Main Board)  <b>Note:</b> Refer to Appendix 1 for HKSE Initial Listing Fees
<b>Listing Adviser</b> <ul style="list-style-type: none"> <li>• To assist in the listing of the listed company to confirm the structure and structure of the restructuring</li> <li>• To assist the accounts to meet the requirements of accounting standards and financial statements of Hong Kong.</li> <li>• To help the listed group to set the guidelines and identify future business plans to attract investors</li> <li>• Assist in the preparation of profit and cash flow forecast</li> <li>• Assist in the introduction of private equity fund investors or strategic investors before listing</li> <li>• Support to strengthen the management of the company and the introduction of advanced management personnel</li> <li>• Introduction of the appropriate other listed intermediaries</li> <li>• To assist in the preparation of documents required for the listing of the listed group</li> <li>• Coordination of the listing broker, including the review of the listed group through the intermediaries</li> <li>• To assist in the listing of the Hong Kong stock exchange to answer the question and approval</li> </ul>	-	a. S\$0.91 million (Partial fee payment may be made by issuance of company shares)  b. Referral fees for investors introduction based on total funds raised



<b>Sponsor</b> Providing corporate finance advice to the listing applicant on the IPO; assisting the listing applicant to appoint the other working parties; supervising and coordinating works of all the parties involved in the IPO process; reviewing the documents for the listing application; and being the principal channel of communication with the HKEx on the listing application.  A sponsor must be a corporation or authorised financial institution licensed or registered under the SFO for Type 6 regulated activity i.e. advising on corporate finance.  There must at least be one independent sponsor for a listing application. If a sponsor is not regarded by the HKEx as sufficiently independent for the purpose of the Listing Rules, the listing applicant will have to appoint a co-sponsor which is able to satisfy the independence requirements before the listing application will be processed.	-	S\$0.73 to 0.91 million
<b>Global coordinator, book runner and lead manager</b> Leading or assisting in the formation and coordination of an underwriting syndicate and overseeing the offering and underwriting process.	-	Covered under Underwriting fees
<b>Underwriter</b> Participating in the underwriting of the offering.	-	Approx. 3.5% of fund raising size
<b>Legal Advisor to Sponsor</b>	-	S\$0.73 to 0.82 million
<b>Legal Advisor to Client/Issuer</b> Legal advisers as to Hong Kong law - providing legal advice on Hong Kong regulatory requirements in relation to all aspects of the IPO, including conducting legal due diligence, assisting with any restructuring of the listing group and preparing the relevant documents.  Legal advisers as to the laws of overseas jurisdiction(s) -assisting with legal due diligence and providing legal advice and opinion on the listing group's compliance with the laws of the overseas jurisdiction(s) where its business operations are located and/or where the equity securities are offered.  To avoid conflicts of interest, the listing applicant will have separate legal representation from the sponsor and the underwriters.	-	S\$0.73 to 0.82 million
<b>Prospectus Drafting by legal advisor of sponsor</b>	-	S\$0.28 to 0.37 million

<p><b>Reporting Accountant</b>          Reviewing the listing applicant's financial records and position; preparing the accountants' report on the listing group; and providing comfort letters and opinions on any profit forecast.</p>	<p>-</p>	<p>S\$1 million &amp; above          (Assume S\$181 million &lt;HK\$1 billion&gt;          market CAP, Main Board)</p> <p>-----</p> <p><u>Main Board</u></p> <ul style="list-style-type: none"> <li>- S\$0.55 to 0.73 million              (Small CAP: S\$36.4 – 72.7 million)              &lt;HK\$200 – 400 million&gt;</li> <li>- S\$0.73 to 1 million              (Mid CAP: S\$72.7 – 181.8 million)              &lt;HK\$400 – 1000 million&gt;</li> <li>- S\$ 1 million &amp; above              (Large CAP: above S\$181 million)              &lt;above HK\$1000 million&gt;</li> </ul> <p><u>GEM</u>          S\$0.46 to 0.64 million</p>
<p><b>Valuers</b>          Preparing a valuation report on the listing applicant's interests in land. Occasionally, they may also be required to prepare valuations on other assets of the listing applicant, such as machines and equipment or intellectual property rights.</p>	<p>-</p>	<p>S\$0.091 million</p>
<p><b>Internal control advisers</b>          Assessing and evaluating the internal control procedures of the listing applicant and providing recommendations.</p>	<p>-</p>	<p>S\$0.091 million</p>
<p><b>Receiving banks</b>          Arranging for the despatch and collection of the application forms and payment for the public offer shares.</p>	<p>-</p>	<p>S\$0.55 million</p>
<p><b>Share registrar and transfer agent</b>          Processing applications, share transfers and the issue of share certificates.</p>	<p>-</p>	
<p><b>Financial printer</b>          Typesetting, printing and translating the listing document, offering circular, application forms, formal notice and announcements in connection with an IPO.</p>	<p>-</p>	



<b>Public relations advisers</b> Assisting the listing applicant's management and the global coordinator in organising securities marketing materials, coordinating road-show arrangements and covering other investor education-related aspects.	-	
<b>Compliance adviser</b> Assisting the newly listed company in complying with the requirements under the Listing Rules after listing and its appointment is mandatory under the Listing Rules.	-	-
<b>Industry expert</b> Preparing an industry report in which the market trend, market share, industry ranking and competitive landscape are reported and analysed.	-	-
<b>Depositary (for issuance of HDR only)</b> Issuing or cancelling HDR as agent of the HDR issuer and holding, via its appointed custodian, the shares represented by the HDR for the benefit of the HDR holders.  All HDR issuers must appoint a depositary. A depositary is a financial institution acceptable to the HKEx and appointed and authorised by the HDR issuer.	-	-
<b>Total Estimated Fees:</b>		<b>S\$5.17 million minimum</b> (excluding underwriting & referral fees)

**Note:**

1) E/R: S\$1 = HK\$5.5

2) Refer to Appendix B for overview of recommended Professional Organisations

## 2) Basic Listing Requirements for Equities (Preliminary Checklist)

### A) Financial Requirements

Financial Requirements Preliminary Checklist							
	Main Board					GEM	
	A Main Board new applicant must have a trading record of not less than three financial years and meet one of the following three financial criteria:					A GEM new applicant must have trading record of at least 2 financial years comprising:	
	1) Profit Test		2) Market Cap/ Revenue Test		3) Market Cap/ Revenue/ Cashflow Test		
<b>Profit attributable to shareholders</b>	At least HK\$50 million (S\$9.1 million) in the last 3 financial years with a. profits of at least HK\$ 20 million (S\$3.6 mil) recorded in the most recent year, b. aggregate profits of at least HK\$ 30 million (S\$5.5 mil) recorded in the 2 years before that)	YES/NO	-	-	-	-	a. A positive cashflow generated from operating activities in the ordinary and usual course of business of at least HK\$20 million (S\$3.6 mil) in aggregate for the two financial years immediately preceding the issue of the listing document b. Market cap of at least HK\$100 million (S\$18.2 mil) at the time of listing
<b>Market Cap</b>	At least HK\$200 million (S\$36.4 mil) at the time of listing	YES/NO	At least HK\$ 4 billion (S\$727 mil) at the time of listing	YES/NO	At least HK\$2 billion (S\$364 mil) at the time of listing	YES/NO	
<b>Revenue</b>	-	-	At least HK\$ 500 million (S\$90.9 mil) for the most recent audited financial year	YES/NO	At least HK\$500 million (S\$90.0 mil) for the most recent audited financial year	YES/NO	
<b>Cashflow</b>	-	-	-	-	Positive Cash flow from operating activities of at least HK\$100million (S\$18.2 mil) in aggregate for the 3 preceding financial years	YES/NO	

## B) Accounting Standards

<b>Accounting Standards Preliminary Checklist</b>			
<b>Main Board</b>		<b>GEM</b>	
For Main Board new applicants, accounts of an oversea-incorporated issuer prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP) or other accounting standards may be acceptable by the Exchange under certain circumstances.	<b>YES/NO</b>	For GEM new applicants, accounts prepared in accordance with US GAAP are acceptable if the company is listed or will be simultaneously listed, on either the New York Stock Exchange or the NASDAQ National Market	<b>YES/NO</b>
a. A new applicant's accounts must be prepared in accordance with either Hong Kong Financial Reporting Standards or International Financial Reporting Standards. b. Banking companies must also comply with the Financial Disclosure by Locally Incorporated Authorised Institutions issued by the Hong Kong Monetary Authority.			

## C) Operating History and Management

<b>Operating History and Management Preliminary Checklist</b>			
<b>Main Board</b>		<b>GEM</b>	
A Main Board new applicant must have a trading record period of at least 3 financial years with: <ol style="list-style-type: none"> <li>Management continuity for at least the 3 preceding financial years; and</li> <li>Ownership continuity and control for at least the most recent audited financial year.</li> </ol> <p><u>Exception:</u> Under the Market Cap/Revenue test, the Exchange may accept a shorter trading record period under substantially the same management if the new applicant can demonstrate that:</p> <ol style="list-style-type: none"> <li>Its directors and management have sufficient and satisfactory experience of at least three years in the line of business and industry of the new applicant; and</li> <li>Management continuity for the most recent audited financial year.</li> </ol>	<b>YES/NO</b>	A GEM new applicant must have a trading record of at least 2 full financial years with: <ol style="list-style-type: none"> <li>Substantially the same management throughout the 2 full financial years; and</li> <li>A continuity of ownership and control throughout the full financial year immediately preceding the issue of the listing document.</li> </ol> <p><u>Exception:</u> The Exchange may accept a shorter trading record period and waive or vary the ownership and management requirements for:</p> <ol style="list-style-type: none"> <li>Newly-formed "project" companies; and</li> <li>Natural resources exploitation companies, supported by reasons acceptable to the Exchange.</li> </ol>	<b>YES/NO</b>

**D) Minimum Market Capitalisation**

<b>Minimum Market Capitalisation Preliminary Checklist</b>			
<b>Main Board</b>		<b>GEM</b>	
Minimum market cap at time of listing: HK\$ 200 million (S\$36.4 mil)	YES/NO	Minimum market cap at time of listing: HK\$ 100 million (S\$18.2 mil)	YES/NO

**E) Market Capitalisation of Public Float**

<b>Market Capitalisation of Public Float Preliminary Checklist</b>			
<b>Main Board</b>		<b>GEM</b>	
HK\$ 50 million (S\$9.1 mil)	YES/NO	HK\$ 30 million (S\$5.5 mil)	YES/NO
a. At least 25% of the issuer's total issued share capital must at all times be held by the public. b. The Exchange may, at its discretion, accept a lower percentage of between 15% and 25% in the case of issuers with an expected market capitalisation at the time of listing of over HK\$10 billion (S\$1.8 billion).			

**F) Spread of Shareholders**

<b>Spread of Shareholders Preliminary Checklist</b>			
<b>Main Board</b>		<b>GEM</b>	
Minimum 300 public shareholders at the time of listing	YES/NO	Minimum 100 public shareholders at the time of listing	YES/NO
a. At the time of listing, not more than 50% of the publicly held securities can be beneficially owned by the three largest public shareholders.			



### 3. Listing Process and Time Frame (Conservative Estimation)

No.	Event	Approximate timeline prior to listing (days)
<b>Planning for IPO</b>		
1	Pre-IPO Diagnosis <ul style="list-style-type: none"> <li>• Applicant to seek advice on listing requirements and actions to be taken</li> <li>• Consult with professional parties including legal advisers, accountants and/or sponsor(s) to identify issues to be resolve before IPO</li> </ul>	210+
2	Pre-IPO Reorganisation <ul style="list-style-type: none"> <li>• Reorganise applicant into a suitable listing structure</li> </ul>	210+
3	PRE-IPO Investments <ul style="list-style-type: none"> <li>• Introducing cornerstone/equity investors(s)</li> <li>• Seek advice from professional parties on pre-IPO investment requirements</li> <li>• Negotiate terms of pre-IPO investments</li> </ul>	150+
4	Kick-off and appointment of professional parties <ul style="list-style-type: none"> <li>• Confirm engagement of all professional parties</li> <li>• Engagement of sponsor(s) and notification of sponsor(s)' engagement to HKSE (at least 2 months before submission of listing application to HKSE (also known as A1 submission)</li> <li>• Circulate memorandum on publicity restrictions to all parties</li> <li>• Sponsor(s) to prepare a tentative listing timetable</li> </ul>	130+
5	Sponsor(s)' Due Diligence <ul style="list-style-type: none"> <li>• Sponsor(s), together with other professional parties, to conduct reasonable inquires on the listing group until it is satisfied that the listing group is suitable for listing</li> </ul>	130+
6	Preparation of Prospectus <ul style="list-style-type: none"> <li>• All parties to attend drafting meetings to prepare the prospectus</li> </ul>	130+
7	Verification <ul style="list-style-type: none"> <li>• Sponsor(s)' counsel to conduct verification on the prospectus</li> </ul>	130+
<b>Submission of Listing Application and Vetting Process</b>		
8	A1 submission and publication of draft prospectus <ul style="list-style-type: none"> <li>• Sponsor(s) to submit a listing application including a substantially completed draft of the prospectus ( "Application Proof") to the HKSE on behalf of the listing applicant</li> </ul>	90+

	<ul style="list-style-type: none"> <li>The Application Proof will be published on the HKSE website at the same time when the listing application is made</li> </ul>	
9	<b>Vetting Process</b> <ul style="list-style-type: none"> <li>First round of comments (to be issued within 10 business days from receipt of the listing application)</li> <li>Second round of comments (to be issued within 10 business days from receipt of replies of the first round of comments)</li> </ul>	75+
10	<b>Listing Hearing</b> <ul style="list-style-type: none"> <li>The listing applicant and the sponsor(s) may need to attend the hearing to answer any questions which the Listing Committee (“Listing Committee”) may have</li> </ul>	23+
11	<b>Post Hearing</b> <ul style="list-style-type: none"> <li>All parties continue to address any queries from the Listing Committee</li> <li>Convene long board meeting to approve, among other things, the listing and relevant documents</li> <li>Publish Post Hearing Information Pack (“PHIP”) on HKSE website</li> <li>Issue pre-deal research and distribute preliminary offering circular during road-show</li> </ul>	22+
12	<b>Bulk-print of Prospectus</b> <ul style="list-style-type: none"> <li>Sponsor(s) to conduct pre-bulk print follow-up due diligence</li> <li>All parties to finalise prospectus</li> </ul>	15+
13	<b>Prospectus Registration</b> <ul style="list-style-type: none"> <li>Execution of the Hong Kong underwriting agreement</li> <li>Register prospectus with the Companies Registry together with relevant documents</li> <li>Completion of Central Clearing and Settlement System admission application</li> </ul>	12+
14	<b>Before Dealing Commences</b> <p><b>Hong Kong Public Offer Tranche</b></p> <ul style="list-style-type: none"> <li>Issue and post prospectus on the HKSE website</li> <li>Hong Kong public offer opens and closes</li> </ul> <p><b>International Placing Tranche</b></p> <ul style="list-style-type: none"> <li>Execution of the international underwriting agreement</li> <li>Agree on the IPO price and execution of price determination agreement</li> <li>Issue final offering circular</li> </ul>	11+  7+



Listing		
15	Dealing commences on HKSE	0
Post Listing		
16	Exercise of over-allotment/"Green-shoe" option	-
17	Price Stabilisation	-
18	Initial disclosure of interest	-
19	Sponsor(s) to submit a transaction team list and report chart to the Securities and Futures Commission ("SFC")	Within 2 weeks after first day of dealing
20	On-going compliance	-

**Note:** A listing application must not be submitted less than 2 months from the date of the sponsor's formal appointment.

## Appendix A

HKSE Initial Listing Fees						
Main Board			GEM			
Monetary Value of Equity Securities to be Listed		Initial Listing Fees	Monetary Value of Equity Securities to be Listed		Initial Listing Fees	
Not exceeding:	HK\$100 million (S\$18.2 mil)	HK\$ 150,000 (S\$27,273)	Not exceeding:	HK\$ 100 million (S\$18.2 mil)	HK\$ 100,000 (S\$18,182)	
	HK\$200 million (S\$36.4 mil)	HK\$ 175,000 (S\$31,818)		HK\$1,000 million (S\$181.8 mil)	HK\$ 150,000 (S\$27,273)	
	HK\$300 million (S\$54.5 mil)	HK\$ 200,000 (S\$36,364)		Over:	HK\$ 1,000 million (S\$181.8 mil)	HK\$ 200,000 (S\$36,364)
	HK\$400 million (S\$72.7 mil)	HK\$ 225,000 (S\$40,909)			-	-
	HK\$500 million (S\$90.9 mil)	HK\$ 250,000 (S\$45,455)			-	-
	HK\$750 million (S\$136.4 mil)	HK\$ 300,000 (S\$54,545)			-	-
	HK\$1,000 million (S\$181.8 mil)	HK\$ 350,000 (S\$63,636)			-	-
	HK\$1,500 million (S\$272.7 mil)	HK\$ 400,000 (S\$72,727)			-	-
	HK\$2,000 million (S\$363.6 mil)	HK\$ 450,000 (S\$81,818)			-	-
	HK\$2,500 million (S\$454.5 mil)	HK\$ 500,000 (S\$90,909)			-	-
	HK\$3,000 million (S\$545.5 mil)	HK\$ 550,000 (S\$100,000)			-	-
	HK\$ 4,000 million (S\$727.3 mil)	HK\$ 600,000 (S\$109,091)			-	-
	HK\$ 5,000 million (S\$ 909.1 mil)	HK\$ 600,000 (S\$109,091)			-	-
Over:	HK\$ 5,000 million (S\$909.1 mil)	HK\$ 650,000 (S\$118,182)	-		-	
<b>Notes:</b> <ol style="list-style-type: none"> <li>1. For Secondary Listings on the Main Board, the initial listing fee is normally 25% of the fees listed above, subject to a minimum payment of HK\$150,000 (S\$27,273).</li> <li>2. For transfer from GEM to Main Board, the initial listing fee payable by GEM listed issuer is at 50% discount.</li> </ol>			Source: <a href="http://www.hkex.com.hk/eng/listing/listreq_pro/listing_fees.htm">http://www.hkex.com.hk/eng/listing/listreq_pro/listing_fees.htm</a>			

## Appendix B

### Overview – Recommended Professional Organisations

Role	Professional Organisations
<b>Sponsor/Underwriter</b>	<p><b>Cinda International Capital Limited</b>            Cinda International Capital Limited is the subsidiary of Cinda International Holdings Limited (HKEx: 111). It is the investment-banking arm of the Cinda group. The company acts as a sponsor for listing applicants for IPO, it also acts as placing agent for pre-IPO and post-IPO fund raising exercises. The company provide financial advisory services to listed companies, such as M&amp;A, group reorganization, debt structuring, etc. The Company has 31 branches in 30 provinces, autonomous regions and municipalities in mainland China and nine wholly-owned or non-wholly-owned tier-one subsidiaries providing asset management and financial services in China and Hong Kong            [Website: <a href="http://www.cinda.com.hk">www.cinda.com.hk</a>]</p>
<b>Legal Advisor</b>	<p><b>Deacons</b>            Deacons is Hong Kong’s premier independent firm providing an extensive range of legal and commercial services to local and international corporations. Deacons’ principal service areas include Corporate Finance &amp; Capital Markets, M&amp;A and Private Equity Investment, Corporate Commercial, Private Equity &amp; Venture Capital, Financial Services, Compliance Services, Insurance, Human Resources &amp; Pensions, Taxation, China Trade &amp; Investment, Company Formation &amp; Corporate Services, Banking &amp; Finance, Insolvency &amp; Restructuring, Intellectual Property, Patents &amp; Designs, Communications &amp; Technology, Entertainment &amp; Media, Property, Litigation and Construction &amp; Arbitration.            [Website: <a href="http://www.deacons.com.hk">www.deacons.com.hk</a>]</p> <p><b>Locke Lord</b>            Locke Lord has a Hong Kong office that deals with Corporate Finance, which deals with M&amp;A, IPO, Secondary Offerings and Foreign Direct Investments. The firm’s Hong Kong office was set up in 2008 to gain a foothold in Hong Kong and China. The lawyers are equipped with international knowledge and coupled with sufficient skills to deal with corporate finance matters.            [Website: <a href="http://www.lockelord.com">www.lockelord.com</a>]</p> <p><b>Goodwin Procter</b>            Goodwin Procter LLP is a leading Am Law 50 and Global 50 law firm, with offices across the United States and in Europe and Asia. The firm works closely with clients to advance business objectives in the U.S. and abroad. Goodwin Procter LLP’s corporate headquarters are in Boston, where the firm was originally founded in 1912.            [Website: <a href="http://www.goodwinprocter.com">www.goodwinprocter.com</a>]</p>



<b>Auditor &amp; Reporting Accountant</b>	<b>HLB Hodgson Impey Cheng Limited</b> HLB Hodgson Impey Cheng is an established CPA firm in Hong Kong, a member of HLB International, a worldwide network of independent accounting firms and business advisers. It provides a comprehensive range of business and financial advice such as M&A, IPOs, taxation, fraud prevention, etc. The firm was formed back in 1983, which previously was called Hodgson Impey back in United Kingdom. The firm is currently ranked top 6 in Hong Kong in terms of the number of listed companies that they audited. The company consist of many notable personnel who are committee members of HKICPA. [Website: <a href="http://www.hic.com.hk">www.hic.com.hk</a> ]
<b>Listing Advisor</b>	<b>BM Intelligence Group</b> BMI Group is established in 1995. It provides tailor-made corporate consulting and financial services to both companies and individual clients.  As a leading financial services provider in Asia Pacific Region, the Group's experienced management team and qualified professionals possess extensive network in the business and investment financial services. The Group's head office is located in Hong Kong and supported by branch offices in Shanghai, Beijing and Shenzhen. It engages in a wide variety of professional services include pre-IPO consultancy, corporate finance, corporate services, professional translations, asset valuations, business centre, investment migration services, real estate & agency, financial & corporate communications, event management, strategic marketing, funds & wealth management, information technology as well as China business. [Website: <a href="http://www.bmintelligence.com">www.bmintelligence.com</a> ]