

IPO Readiness services

Preparation is key



Introduction

In light of numerous successful and thriving Initial Public Offerings (IPOs), the prospects of increased capital and enhanced prestige may be alluring for many private companies.

In your consideration on whether to take that leap of faith, it is pertinent to properly evaluate and consider the requirements, processes, and pros and cons involved in filing an IPO to determine the best course for your company. There is no perfect time to go public, but if you start preparing early, you will be ahead of the curve.

At all stages of the pre-IPO preparation process, Deloitte assists companies to meet the expectations of international investors. We introduce global corporate governance best practices and help you meet the financial reporting requirements of your chosen exchange. We hope that by better understanding the challenges of going to market, companies will be better prepared to face them and, in turn, will achieve the valuation that your business deserves.



Are you ready for growth?

Every organisation goes through the natural life cycle of birth, growth, maturity and stabilisation. The first challenge for leaders who wish to grow their organizations is to understand what phase of the organisational life cycle one is in.

After the initial birth of your company, you may have invested a lot, in terms of money, time and sweat, to get your business off the ground. After you have survived startup and built successful businesses, you may be wondering how to take the next step and grow your business beyond its current status.

You may be looking to expand geographically, diversify to other products or acquire new businesses. For further growth to materialise, there must be a concrete business plan to take the organisation to the next level, and this would likely involve additional capital to fund expansion plans or to make acquisitions.



What do you need to raise capital?

Besides having a sound business model, your business should have the following qualities to facilitate a smooth and successful fund-raising initiative:

- Good corporate governance and internal controls
- Streamlined financial reporting process so as to meet financial audit and reporting requirements
- Comprehensive template to perform monthly and annual budgets for good business planning
- Competent board composition and capable management team with appropriate experience, expertise and of good character
- Financial position showing



What Deloitte can do for you

IPO readiness: Deloitte's services

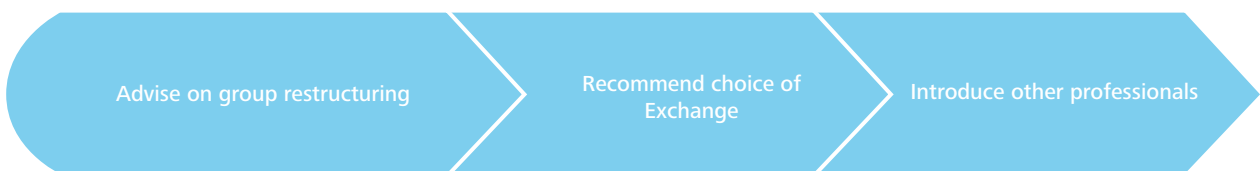
Stage 1: Preliminary assessment of your company



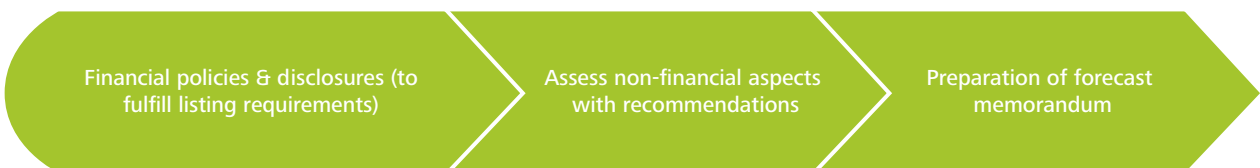
Stage 2: Getting it right



Stage 3: Decide on best course of action to raise capital



Stage 4: Presenting your company to other professional parties



Stage one: Preliminary assessment of your company

► **Perform a detailed analysis of your Company's financial performance, track record of growth and long-term business plan**

- We can help you to assess the financial health of the company by studying past business trends, and identify entities with your portfolio of companies that are eligible for listing.
- We can provide you with recommendations and alternatives ways to obtain more financing to tap on opportunities in the various markets. We can also help to evaluate and assess the viability of the various opportunities identified.

► **Identify suitable entities for proposed listing group**

- We can help you to identify entities with your portfolio of companies that are eligible for listing.
- We can help you to select entities that can complement one another in order to harness the synergy between your businesses to reflect the most favourable financial standing.
- We can address any potential conflict of interest in the proposed new structure.

► **Recommend alternative financing**

- Venture capitalists, Pre-IPO investors, Debt financing



Stage two: Getting it right

► **Implement best practices and business processes**

- We can evaluate and assess the adequacy of your company's current internal controls and business processes, and assist to implement "best practices" from our experience in auditing numerous clients.
- We can also recommend ways to improve the processes and structure by which your business and affairs of the company are directed and managed, and help to ensure these recommendations are effectively put into practice.

► **Financial reporting & Budgeting Tool**

- We can advise you on how to organise, customise and streamline your monthly finance reporting processes to fit the restructured reporting structure, so management can get the required information to make informed business decisions.
- We can also design a template for you to perform monthly or annual budgets, and coach your staff on how to best utilize this tool for effective business planning.

► **Re-alignment of accounting standards**

- Depending on the target listing destination, each stock exchange have their own requirements on the acceptable accounting standards to be adopted by the issuers.
- We can assist you to re-align the accounts prepared based on currently adopted accounting standards to the acceptable accounting standards for the purpose of listing.



Stage three: Decide on best course of action to raise capital

▶ **Advise on group restructuring exercise to satisfy your needs and be tax efficient**

- Decide on the best form of corporate structure depending on your needs:
 - ◆ expanding into foreign markets,
 - ◆ identifying the location of your holding company,
 - ◆ managing exposure to foreign taxes and duties,
 - ◆ managing your right to available tax incentives, and
 - ◆ optimising your company's growth and efficiency.

▶ **Recommend choice of exchange**

- We can provide the PE ratio of another company of a comparable size and business, for your assessment.
- We can help you to select the most relevant and appropriate exchange for IPO, by showing you a comparison study of the financial performance of companies in relevant industries listed in various exchanges.

▶ **Introduce a team of professionals and advisers to assist on your next course of action**

- For each course of action that you choose to embark on, we can introduce experienced legal counsel, underwriters and sponsors to assist with your financing plan. We can also assist on negotiations with the other professional parties.



Stage four: Presenting your company to other professional parties

▶ **Financial policies & disclosures**

- We can provide advisory services to assist and coach your staff to prepare GAAP compliant financial statements which also fulfill regulatory obligations.
- We can also advise on the choice of accounting policies (e.g. depreciation policy) that would best reflect the Company's business conditions.

▶ **Non-financial information**

- Regardless of the course of action chosen to obtain increased capital, we can compile a non-financial profile of your company to be presented to potential investors, reorganised to maximise the value of the company.
- We can assist in collating information on the company, such as:
 - ◆ history
 - ◆ risk factors
 - ◆ business and management team
 - ◆ competitive strengths
 - ◆ industry prospects

▶ **Profit Forecast Memorandum**

- Profit forecast is normally required to be prepared in any fund raising activities.
- We can assist in the preparation of the forecast memorandum to satisfy the requirement of fund raising.



Timing it right

There are various reasons for companies to raise capital. It could be to develop your existing business or for regional expansion, for debt refinancing or to get an independent valuation. Regardless of intent, it is important to time the market and enter at an favourable time so as to maximise the rewards you can reap.

In determining suitability, companies should consider general stock market conditions, industry market conditions and the frequency and size of recent fund-raising activities in both the industry and the broader market.

Contact us and let us help you to embark on your first step towards growing your company.



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Reporting advisory services (RAS)

Reporting advisory services (RAS) is a subset of GIOS, which comprise of the following services:

- Business operation services
- Accounting advisory services
- Financial reporting training services
- Information systems advisory services
- Mergers & Acquisition services
- IPO readiness services

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