



**Listing on AIM and PLUS Markets  
September 2009**

# Introduction: Why London?

- ④ Largest international market
- ④ LSE
- ④ Practical issues
- ④ Sophistication and prestige of the UK regulator
- ④ Welcoming regulatory environment

## Introduction: Why London? (Cont'd)

- ④ Historic ties
- ④ Sarbanes Oxley
- ④ Reversion to London and valuation premium of US has arguably disappeared

Market practice – why risk something different? Needs to be a good reason now to look elsewhere – something like cost

# AIM MARKET

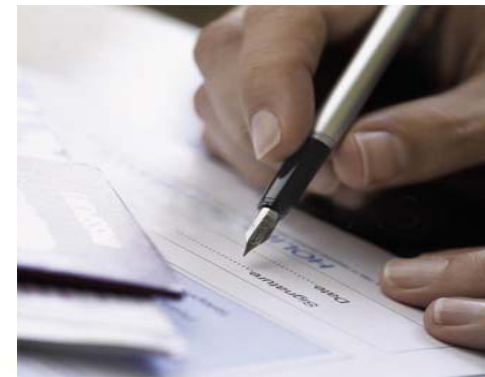
- ⑥ A higher profile
- ⑥ Quick and cost-effective access
- ⑥ World's most liquid capital markets
- ⑥ Simplified regulatory environment
- ⑥ Balanced approach to issuer regulation and reporting
- ⑥ Typically lower ongoing public company costs
- ⑥ Exchange platform
- ⑥ Promotion of the company's image and brand
- ⑥ Support and advice from a dedicated team

# Admission Criteria-AIM

- ⑥ No minimum shares in public hands
- ⑥ No trading record required
- ⑥ No prior shareholder approval for transactions
- ⑥ Admission documents not pre-vetted by Exchange-UKLA will only vet admission document where it is also a Prospectus under the Prospectus Directive
- ⑥ Nominated adviser and broker required at all times
- ⑥ No minimum market capitalisation

# Admission Process - AIM

- ⑥ Appoint a Nominated Adviser (and Broker) – who will decide if the company is ‘appropriate’ for admission-NOMAD Rule Book
- ⑥ Produce an Admission Document which must comply with the AIM Rules
- ⑥ Prospectus or Admission Document
- ⑥ Business, financial and legal due diligence is undertaken
- ⑥ Formal company application sent to exchange
- ⑥ Nomad declaration sent to exchange



# Rules and Regulations- AIM Admission

- ⑥ AIM became an 'Exchange Regulated' market (from Oct 2004)
- ⑥ Prospectus Directive became effective from 1 July, 2005
- ⑥ AIM Rules (and introduction of AIM PD)
- ⑥ Financial Services and Markets Act 2000
- ⑥ Full prospectus and FSA review for all public offers and for first application to listing on a regulated market (i.e Main Market) in the UK

# PLUS MARKET

- ⦿ Operated by PLUS Markets plc.
- ⦿ Offers a unique, disclosure based regulatory framework, ideally suited to smaller companies
- ⦿ Both listing and trading services
- ⦿ The trading platform is based on a quote-driven system, which maximises liquidity – so important for smaller companies.
- ⦿ A clear and simple admission process
- ⦿ Ability to raise funds from the world's deepest pool of liquidity
- ⦿ Ability to punch above your weight
- ⦿ Access to liquidity
- ⦿ Flexible float process
- ⦿ Tax benefits to investors

# Admission Criteria- PLUS

- ④ No minimum shares in public hands
- ④ No trading record required
- ④ No prior shareholder approval for transactions
- ④ Application pre-vetted by PLUS panel-UKLA will only vet PLUS admission document where it is also a Prospectus under the Prospectus Directive
- ④ PLUS Corporate Adviser
- ④ No minimum market capitalisation

# Admission Process - PLUS

- ⑥ Appoint and retain a PLUS Corporate Adviser
- ⑥ Produce a PLUS Admission Document which must comply with the PLUS Rules
- ⑥ Prospectus or PLUS Admission Document
- ⑥ Business, financial and legal due diligence is undertaken
- ⑥ Formal company application sent to PLUS panel

# Rules and Regulations- PLUS Admission

- ④ PLUS became a 'Recognised Exchange Status' (from Feb 2007)
- ④ Prospectus Directive Rules
- ④ PLUS Rules
- ④ Financial Services and Markets Act 2000

# Continuing Obligations – Legal Considerations

Inside (price sensitive) information



Must be disclosed to the market as soon as possible without delay

Substantial & related party transactions



Transactions >10% of class tests must be announced

Reverse takeovers



Transactions > 100% require the publication of an admission document in respect of the proposed enlarged entity and prior shareholder approval

Disposal resulting in a fundamental change in business



Disposals >75% require the preparation of a circular and prior shareholder approval

Corporate governance



Not mandatory but compliance with the Combined Code to extent appropriate usually expected-QCA Corporate Governance

Lock-in restrictions



Where a company's main activity is a business which has not been independent and revenue earning for at least two years, certain related parties and employees must not dispose of their shares for one year

# Continuing Obligations – Legal Considerations

Annual report and accounts



Approved and published within 6 months

Half yearly reports



Approved and published within 3 months

# Managing a Listed Company- Challenges for a Chinese Company

- ④ Identifying management and directors with knowledge of both China and UK
- ④ Due Diligence
- ④ Communications

# Factors for Successful Listing

- ④ Quality Management Team
- ④ Solid business plan
- ④ Good corporate governance
- ④ Quality public disclosure

# Role of the Lawyers

- ⑥ Coordinates advisers
- ⑥ Conducts due diligence
- ⑥ Assists with drafting of admission document
- ⑥ Assists directors with verification
- ⑥ Negotiates placing or introduction agreement
- ⑥ Assists with preparation of miscellaneous ancillary documents
- ⑥ Central focal point throughout transaction