



**A GUIDE TO LISTING IN
AUSTRALIA**

2014

FOREWORD

BY AUSTRALIAN SECURITIES EXCHANGE

As at 30 June 2014, the aggregate market capitalisation of the Australian Securities Exchange (“ASX”) was about AUD\$1.5 trillion. 1,948 domestic companies accounted for AUD\$1.35 trillion capitalisation and 101 overseas companies with primary, secondary or exempt foreign listing status accounted for AUD\$1.49 billion.

An ASX listing offers significant advantages, among them:

- Capital costs are lowered through access to the large pool of capital that surrounds the ASX.
- Existing owners and new investors alike gain liquidity for their investments.
- A range of opportunities for employee incentive schemes and other benefits become available.

While the benefits of an ASX listing are clear, the process of becoming listed may appear daunting. As this useful publication from DLA Piper explains, a significant amount of work is involved in becoming listed. However, the processes are clear and transparent. With the aid of experienced advisers, a well informed decision can be made on whether and when to list, and a viable and practical plan prepared for the project. ASX works closely with companies seeking listing and their advisers to ensure that any potential difficulties are identified and resolved as early as possible. We urge companies to make contact with us as early as practically possible.

With a good plan, good advice and careful coordination, suitable companies should achieve a successful listing with a minimum of fuss.

DLA Piper’s Listing in Australia provides an excellent overview of the considerations involved in deciding to list and the issues that must be addressed once that decision has been taken. It provides a very good starting point for companies to look at the possibility of listing on ASX.

James Gerraty

Manager, Listings

Australian Securities Exchange

“With the aid of experienced advisers, a well informed decision can be made on whether and when to list, and a viable and practical plan prepared for the project.”

INTRODUCTION

Many active, successful private companies consider an Initial Public Offering (IPO) at some stage in their development as a route to accelerate growth and to open up new opportunities for their business. In addition, foreign companies may look towards an ASX listing (whether as a primary or dual listing) to access the Australian capital markets and private equity investors may work towards an IPO as an exit mechanism for their investment.

Regardless of the stage in the company's growth, it is important for the directors and owners of such businesses to weigh up the pros and cons of a listing (given the cost and increased regulatory burden of doing so), consider alternative methods of achieving their goals and understand the IPO process in advance of taking this significant step.

This guide is not intended to be a blueprint for an IPO. Rather, it aims to assist companies in making an informed decision as to whether to seek a listing and to demystify the IPO process.

The best advice we can give is to seek advice early. Once the decision to list has been made, a well-equipped team to help guide the listing process is vital.

HOW WE CAN ASSIST

With more than 4,200 lawyers based in 31 countries throughout Asia Pacific, Europe, the Middle East, Africa, the US and South America, we provide our clients with trusted expertise and access to seamless multi-jurisdictional legal capabilities.

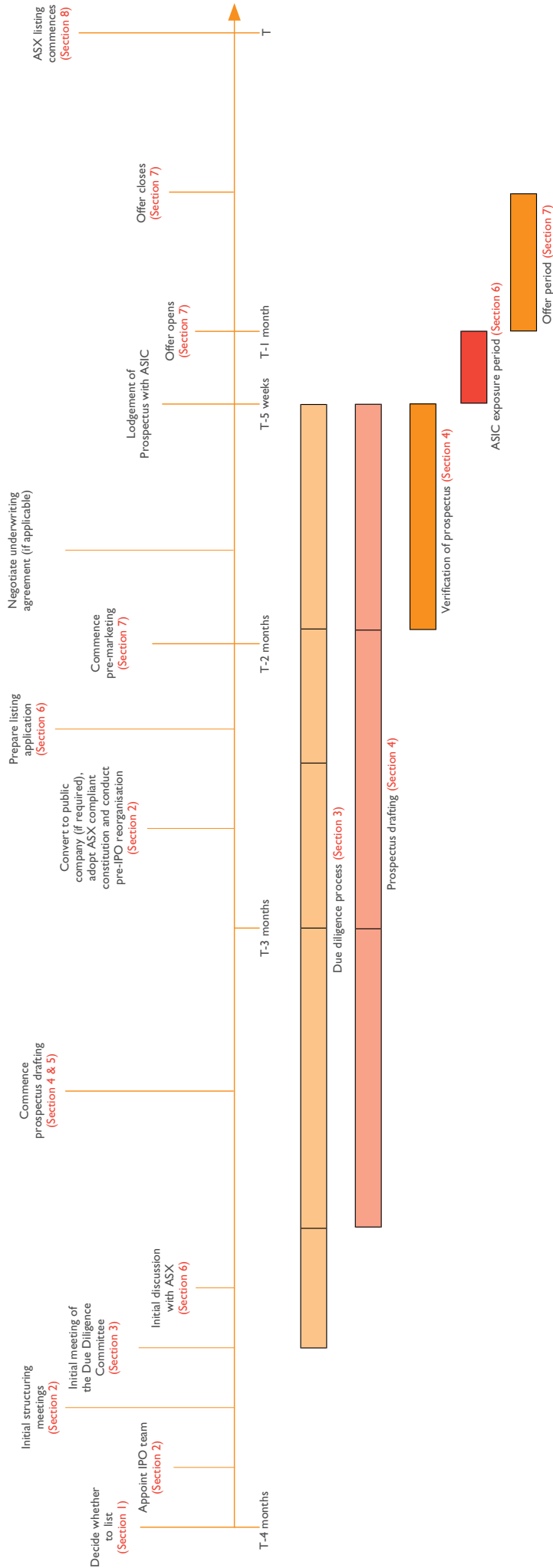
We have extensive experience in helping directors make the decision to list and to manage the process of 'going public'. The firm also prides itself on its close working relationships with both ASX and the Australian Securities and Investments Commission (ASIC).

We have acted as legal advisers to many companies who have successfully been admitted to the official list of ASX. This experience means we are ideally placed to work collaboratively with both Australian and international clients and their other professional advisers to enable them to achieve their goal of listing on ASX.

DLA Piper can guide companies through the entire IPO process including:

- Evaluating the company's corporate and capital structure.
- Effecting any required pre-IPO reorganisation.
- Managing the due diligence process and conducting the legal due diligence investigation.
- Advising the directors on their potential liability and the practical steps which can be taken to minimise the risk.
- Assisting in the drafting of the prospectus.
- Advising on the terms of any underwriting or offer management agreement.
- Helping prepare the listing application.
- Advising on tax issues.
- Advising on the relevant corporate governance structure to establish.
- Liaising with ASIC and ASX.

INDICATIVE TIMELINE FOR THE IPO PROCESS



*Note: A bookbuild to determine pricing of the offer can be undertaken either at the start or end of the offer period. Please see section 7 for further details.

SECTION I:

THE DECISION TO LIST

The first step for a company considering listing on ASX is to weigh up the key advantages and potential disadvantages that such a move may provide (see below) and to choose a path that best achieves the company's broader objectives.

IS AN IPO RIGHT FOR YOUR COMPANY?

ADVANTAGES

It substantially improves the company's capital raising ability to fund future growth and acquisitions and pay down debt.

It can facilitate an exit for early stage or private equity investors.

Equity incentive schemes can be more attractive to incentivise management and employees.

The market develops a greater awareness of the company and its products or services.

The company's shares may be more attractive when offered as consideration for the acquisition of other assets.

The company's securities may be more attractive as collateral security.

The ASX Listing Rules encourage the implementation of good corporate governance practices, if they are not already in existence, and help to improve existing practices.

The company and its business and products may enjoy enhanced public status.

There is greater liquidity in the company's shares and there is no stamp duty on share transfers.

A listing may attract institutional investment in the company as a result of increased liquidity and transparency.

DISADVANTAGES

The previous owners necessarily give up some control – the extent depends on the size of the public offering.

A loss of privacy caused by media interest and compliance with the regulatory regimes.

Restrictions on the freedom of the owners to deal with the company and its assets without shareholder approval.

Complying with the ASX Listing Rules involves costs including initial fees, annual listing fees, and increased costs of convening shareholder meetings.

There is greater accountability to institutional and retail shareholders.

Directors need to fully disclose their interests in the company on a continuous basis.

The price and liquidity of the company's shares may be affected by market conditions as a whole no matter how well the business is run.

The company will be subject to much greater disclosure and reporting requirements both during the IPO and subsequently as a listed company.

A large amount of management time may be diverted from the main job of running the business during the IPO process.

ELIGIBILITY TO LIST

The ASX Listing Rules set the minimum admission criteria which a company must meet in order to obtain a listing on ASX. Some of the key criteria are summarised below:

| ADMISSION CRITERIA | GENERAL REQUIREMENT | |
|-------------------------------|---|--|
| NUMBER OF SHAREHOLDERS | Minimum 400 investors @ A\$2,000 or Minimum 350 investors @ A\$2,000 and 25% held by unrelated parties or Minimum 300 investors @ A\$2,000 and 50% held by unrelated parties | |
| COMPANY SIZE | Profit test | A\$1 million aggregated profit over past 3 years and A\$400,000 consolidated profit over last 12 months or |
| | Assets test | A\$3 million net tangible assets after deducting costs of fundraising or A\$10 million market capitalisation |

CAN A FOREIGN COMPANY LIST ON ASX?

ASX is the fifth largest equity market in the world and has an international reputation for conducting markets of integrity. This provides the investor confidence which is required for active securities trading. Foreign companies can seek either a primary or dual listing on ASX in order to access the Australian capital market and create a new market for the company's shares.

There are two forms of listing available to foreign companies:

1. A foreign exempt listing – only available for large companies with a primary listing on another stock exchange and meeting one of the following criteria:
 - Operating profit before tax for each of the last three financial years of at least A\$200 million; or
 - Net tangible assets of at least A\$2 billion.
2. A full ASX listing – any foreign company can seek a full ASX listing provided that it meets ASX's admission criteria including the financial thresholds and shareholder spread summarised above.

Whilst companies with a *foreign exempt listing* are only subject to minimal requirements under the ASX Listing Rules, any foreign company with a *full ASX listing* will be subject to all of the ASX Listing Rules and related disclosure obligations except to the extent that ASX has waived the application of a particular Listing Rule. ASX will waive the requirement to comply with a particular Listing Rule in certain circumstances where it is confident that the rules of another stock exchange which apply to the company are at least as stringent as ASX requirements.

As the trading of shares of foreign companies can generally not be settled through ASX's electronic trading system, CHESS, the shares are instead traded in the form of depositary receipts known as CHESS Depositary Interests or CDIs.



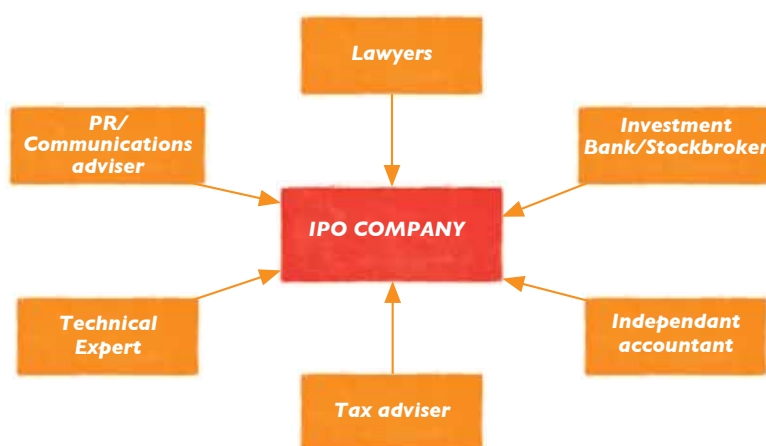
SECTION 2:

PREPARING FOR LISTING

THE IPO TEAM

It is very important for a company which intends to go public to engage advisers who are familiar with IPOs and listing. First, these advisers will help the company assess whether or not it is suitable for listing. Then, if it is, they ensure a smooth transition to the public arena. Meeting with professional advisers at an early stage is the most effective way to identify the issues and minimise costs.

The following advisers commonly feature on an IPO team:



Investment bank/stockbroker

The investment bank or stockbroker is primarily responsible for managing the IPO process and coordinating the company's other advisers. Its role may include advising on the structuring of the offer including the size of the issue, timing and pricing of the offer, and advising on and conducting marketing of the offer including running roadshows with the company.

The investment bank will also be responsible for managing the offer so as to ensure that the fundraising will be successful (including achieving the required shareholder spread as set out on page 5) and, if underwritten, to guarantee that the underwriter will acquire, or place, any shares not taken up by the public. We strongly advise companies against proceeding beyond the initial planning stage without a clear indication of support from an investment bank/ sponsoring broker. Obtaining that support is probably the most important initial step in going public.

Lawyers

DLA Piper advises companies on all legal aspects of preparing for listing including matters such as converting to a public company, implementing any required pre-IPO reorganisation, appointing and removing directors, changing the company's constitution and directors' service contracts, tax related issues and preparing corporate governance policies. We also coordinate the due diligence process and conduct the legal aspects of due diligence, assist the company in the preparation and verification of the prospectus and advise on underwriting or offer management arrangements.

Independent accountant

The role of the independent accountant is to conduct financial due diligence and to provide a report (for inclusion in the prospectus) on any historical and forecast financial information in the prospectus.

Other advisers

The company will also need to appoint tax advisers (note, this role can often be fulfilled by the legal team or an independent accountant), and may require experts to report on specific matters eg. Independent Geologist for resources companies, Patent-Attorney for biotech companies. PR consultants may also assist in managing the media and shareholder communications in connection with the IPO.

BUSINESS PLAN

It is important that the company has a clear idea of where it is heading. It should have a business plan setting out its strategic objectives and course of action over the next three to five years. The listing should fit within a broader direction and growth strategy for the company that is reflected in the business plan. Having a sound business plan documented and in place will also assist in preparing the prospectus and, ultimately, in securing investor confidence.

GROUP AND CAPITAL STRUCTURING

During the planning stage, the IPO team should carefully consider whether or not the company's existing corporate, capital and reporting structures are appropriate for a publicly listed company. Some of the matters that need to be considered are:

- The company's capital structure – should shares be consolidated or split to achieve a suitable initial issue price?
- Is the corporate structure satisfactory – should a new holding company be put in place to be the IPO vehicle?
- Are the company's statutory records up-to-date? Have all directors' and members' meetings been fully minuted?
- Are all material contracts properly executed?
- Is the company's main asset or undertaking appropriately protected - should registrations be updated, insurances obtained and/or security interests be removed or amended?
- Are any transactions with the present owners of the company fully documented and on arm's length terms?
- Are there any special arrangements with shareholders which may need to be unwound?
- Is an employee incentive scheme to be introduced?
- Does the company have adequate financial reporting and information systems to provide timely and reliable information to investors? The system will also need to be able to report reliable information under the ASX continuous disclosure requirements.

WORKING CAPITAL

There is no working capital requirement if a company is seeking admission under the profit test (see page 5 - Eligibility to list). However, if the company is seeking admission under the assets test:

- The company must have at least A\$1.5 million of working capital; or
- If it does not have this amount, then the working capital must be at least A\$1.5 million if the company's budgeted revenue for the first full financial year that ends after the listing was included in working capital.

The prospectus for the offer must also include a statement that the company has sufficient working capital to carry out its stated objectives.

THE BOARD AND CORPORATE GOVERNANCE

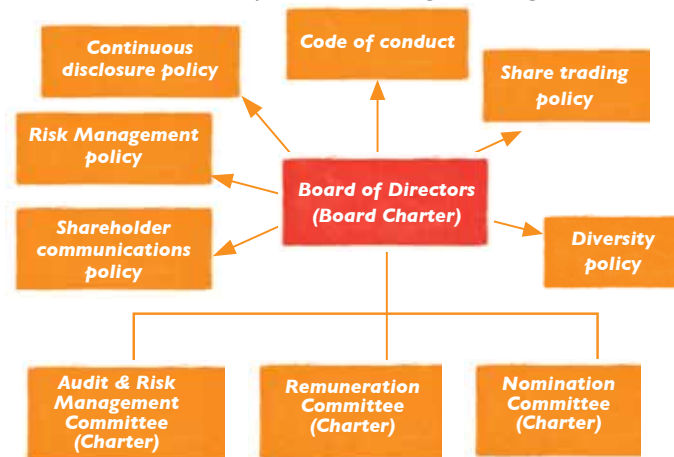
Does the board have sufficiently experienced directors? It may be appropriate to appoint additional directors to add independent oversight, further financial, operational and general business experience, and to make the company more attractive to potential investors.

It is a condition to listing that ASX must be satisfied that the

directors are of good fame and character. Companies seeking to list are required to provide ASX with national criminal history checks and bankruptcy checks for each director, along with statutory declarations from each director affirming that they have not been the subject of disciplinary or enforcement actions by an exchange or regulator.

In addition, formal corporate governance policies and committees should be established (an illustration of which is given in the diagram below):

Note that at the time of publication of this guide, changes to ASX's



corporate governance guidelines are currently under consultation and companies considering a new listing may need to take into account the updated guidelines upon conducting an IPO.

PUBLIC COMPANY STATUS

The company will need to be converted to a public company (if that is not already the case) and an ASX compliant constitution will need to be adopted.

OFFER STRUCTURING

The company will need to consider how the offer of shares on its IPO should be structured. The structure will depend on the company's ultimate aims. For example, does the company need to raise a specific amount of capital from the offer or are any existing shareholders looking to exit the investment?

An IPO can be structured:

- As an offer for subscription ie, an offer of new securities of the company.
- As an offer for sale ie, an offer of existing securities of selling shareholders (allowing existing shareholders to exit all or part of their holding).

A company can also conduct a compliance listing, which comprises a listing without an offer of securities. This may occur, for example, where a company is seeking a dual listing on ASX to access the Australian market but where the company has sufficient shareholder spread and does not currently need to raise new capital.

SECTION 3:

THE DUE DILIGENCE PROCESS

The company will need to undertake a formal due diligence process prior to the IPO. The diligence process is critical to ensuring that the prospectus:

- Contains the information required by the *Corporations Act 2001* (Cth) (Corporations Act).
- Does not contain a false, misleading or deceptive statement or omit material information.
- Continues to comply with the Corporations Act once lodged with ASIC.

Ultimately, the process is intended to minimise and provide a defence against the potential liability which may arise under Australian law for all those involved in the preparation of the prospectus.

ESTABLISHING A DUE DILIGENCE COMMITTEE

A due diligence committee (DDC) will be established to manage and coordinate the due diligence process with a view to ensuring that the above objectives are met. The DDC will usually comprise representatives from the board and management of the company, its lawyers and tax advisers, the investment bank/stockbroker or underwriter of the IPO and the independent accountant. The DDC will hold regular formal meetings throughout the IPO process to ensure that the due diligence program is properly implemented.

ROLE OF THE DUE DILIGENCE COMMITTEE

The role of the DDC is to define the nature and scope of the due diligence process, ensure that appropriate enquiries are made, review reports on those enquiries and determine which matters arising during the course of the due diligence process need to be disclosed in the prospectus. The due diligence process is usually documented in a due diligence planning memorandum.

Each member of the DDC will be required to undertake enquiries relating to their area of expertise and to draw to the attention of the DDC any matter which is 'material'. The DDC then needs to make that call on whether the matter is sufficiently material to require disclosure in the prospectus.

FINAL REPORT TO THE COMPANY

Following completion of the due diligence process, a sign-off will be required to be provided to the DDC by each member of the DDC in respect of their area of expertise. Once all relevant sign-offs have been obtained and adequate verification of the prospectus has been undertaken, the DDC will then provide a final report to the board of the company which effectively informs the directors that the due diligence investigations undertaken have shown that the prospectus meets the requirements of the Corporations Act.

CONTINUING DUE DILIGENCE

Following lodgement of the prospectus with ASIC, the due diligence process should continue to ensure that the DDC is made aware of any material new circumstances which may impact on the accuracy of the information in the prospectus and consequently to enable the board to determine whether a supplementary or replacement prospectus needs to be issued (see section 4 for further details).



SECTION 4: **THE PROSPECTUS**

A company will ordinarily be required to prepare a prospectus under which it will offer shares to the public on its IPO. However, in certain circumstances, such as a dual listing where the company is not looking to raise capital at the time of the listing, ASX will instead permit the company to prepare an information memorandum, which can have slightly lower disclosure requirements and does not attract the statutory prospectus liability regime.

WHAT TO INCLUDE IN A PROSPECTUS

The Corporations Act does not set out in detail all matters that should be included in a prospectus. However, Section 710 provides that a prospectus must contain all information that investors (and their professional advisers) would reasonably require, and reasonably expect to find in the prospectus, to make an informed assessment of material matters relating to the company including:

- The assets and liabilities, financial position, profits and losses and prospects of the company.
- The rights attaching to the securities being offered.

There is also certain prescribed information which must be included in a prospectus such as the terms and conditions of the offer, disclosure of certain payments made to directors and advisers in connection with the IPO and the expiry date for the prospectus.

A sample contents page of a prospectus is set out below¹:

CONTENTS

Chairman's letter

| | | |
|-----|--|-----|
| 1. | Investment overview <i>Overview of the company, its business operations and the Offer</i> | 3 |
| 2. | Industry overview <i>Overview of the industry in which the Company operates</i> | 20 |
| 3. | Our business <i>Description of the Company's business and business model</i> | 28 |
| 4. | Financial information <i>The past financial performance and pro-forma financial information of the Company as prepared by the Directors</i> | 48 |
| 5. | Risk factors <i>The main risk factors which apply to the Company's business operations and an investment in the Company</i> | 68 |
| 6. | Board, management and corporate governance <i>Overview of who will manage the Company and the Company's approach to corporate governance</i> | 78 |
| 7. | Details of the Offer <i>Structure of the Offer and how to apply for securities under the Offer</i> | 88 |
| 8. | Independent Accountant's Report <i>Independent Accountant's Report on the historical financial performance of the Company</i> | 95 |
| 9. | Additional information <i>Additional information about the Company, its securities and the interests of various parties such as Directors and professional advisers</i> | 100 |
| 10. | Glossary <i>Definitions of words, terms and abbreviations which are used in this Prospectus</i> | 110 |
| | Corporate directory | |

¹Note: depending on the nature of the business there may be a requirement for additional expert reports (eg. a mining entity would need a JORC Report, a biotech company may need an Intellectual Property Report etc).

In addition to containing the prescribed content, the Corporations Act also requires that a prospectus must be presented in a 'clear, concise and effective' manner so that investors (including, in particular, retail investors) can understand the potential opportunities and risks associated with an investment in the company's shares.

ASIC has released a regulatory guide regarding its expectations for the content of prospectuses and compliance with Section 710 and the other requirements of the Corporations Act including the 'clear, concise and effective' requirement. The guide sets out ASIC's view of what information investors expect to see in a prospectus and requires that prospectuses include an effective overview section to highlight key information at the beginning of the prospectus.

DRAFTING RESPONSIBILITIES

The investment bank/stockbroker and the company's lawyers usually assist with drafting of the prospectus with input from the company's management and its other advisers. The prospectus will contain an Independent Accountant's Report on the company's financials and may also include reports from other experts such as a tenement report for mining or exploration companies.

VERIFICATION

ASIC and ASX do not review prospectuses prior to lodgement and launch of the offer. Accordingly, the onus is on directors, underwriters and others concerned with the issue of the prospectus to ensure that it complies with the requirements of the Corporations Act. Substantial penalties can apply in the event that the prospectus contains misleading information or omits material information.

As a result, in addition to the due diligence exercise which is undertaken alongside the prospectus drafting (see section 3), once the prospectus is in a substantially final form a verification exercise is performed to ensure the accuracy of the prospectus' contents. This process is ordinarily coordinated by the lawyers and involves each material statement in the prospectus being referenced back to a verifying source document to check its accuracy. Where there are statements of opinion, forecasts or expectations on, for example, future performance, growth or development of the business, the verification process will need to investigate the reasonableness of the assumptions upon which these views are based.

SUPPLEMENTARY OR REPLACEMENT PROSPECTUSES

If new information comes to light after lodgement of the prospectus with ASIC which may result in the information provided in the prospectus being misleading or a new circumstance arises which would have been required to be disclosed if it had been in existence at the date of the prospectus, this will need to be disclosed by way of a supplementary or replacement prospectus if the new information is materially adverse from the point of view of an investor.

SECTION 5:

THE POTENTIAL LIABILITIES FOR DIRECTORS

PROSPECTUS LIABILITY

There are usually two ways in which a person may be subject to civil and criminal liability under the Corporations Act in relation to an IPO. The first is if the prospectus contains a misleading or deceptive statement or omits information which is required to be included under the Corporations Act. The second is if, after the prospectus was lodged, a new circumstance has arisen which would have been required to be disclosed in the prospectus if it had arisen before the prospectus was lodged, and an amended supplementary or replacement prospectus has not been issued (see section 4).

In addition, the company, its directors or a person responsible for statements in the prospectus may be liable at common law for a fraudulent or negligent misrepresentation in the prospectus.

WHO MAY BE EXPOSED TO LIABILITY?

A number of parties involved in the IPO process may be subject to criminal and civil liability including (amongst others) the offeror of securities (being the company and/or any selling shareholder), directors and proposed directors, underwriters and certain other persons who are involved in the contravention of the Corporations Act.

EXTENT OF LIABILITY

A person who contravenes or is involved in a contravention of the Corporations Act may be subject to both criminal and civil liability. The extent of the potential liability will differ depending on the person involved. In particular, in the event that the prospectus is defective the company, any selling shareholder, their respective directors and any underwriter will bear responsibility for the entire prospectus and will potentially be liable for any loss or damage suffered.

POTENTIAL LIABILITY FOR OTHER ACTIONS UNDERTAKEN IN CONNECTION WITH THE IPO

In addition to the specific prospectus liability referred to above, liability may also arise for other actions taken or statements made in connection with an IPO. For example, a person could potentially contravene the Corporations Act by making a misleading or deceptive statement during a roadshow to promote the IPO or by making a statement which breaches the pre-prospectus advertising restrictions (see section 7). Accordingly, directors and management should be very careful about any statements they make about the company or the offer during the IPO process.

DEFENCES

There are a range of defences available to potential civil and criminal liability, some of which include:

- The 'due diligence defence', that is, that the person has made all enquiries which were reasonable in the circumstances and having made these enquiries, they believed on reasonable grounds that a statement was not misleading or deceptive or that there was not a material omission from the prospectus.
- Where a new circumstance has arisen and it can be established that the person was not aware of the new matter.
- Establishing that the person reasonably relied on information provided by someone outside the company, such as a professional adviser, for statements contained in the prospectus.

SECTION 6:

THE ROLE OF ASIC AND ASX

ASIC

ASIC regulates the offer of securities by companies in Australia and certain associated matters such as insider trading, market misconduct and pre-prospectus advertising (see section 7).

As noted above, ASIC does not pre-vet prospectuses before lodgement, therefore the onus falls on the company and its advisers to ensure that the prospectus meets the requirements of the Corporations Act. However, ASIC does review prospectuses after they are registered.

Companies are prohibited from accepting applications for shares under an IPO until the expiry of a seven day 'exposure' period (Exposure Period) during which time market participants and ASIC have an opportunity to scrutinise the prospectus.

If ASIC considers that the prospectus is defective eg, if it contains a misleading statement or omits material information, it can issue a stop order to prevent the company from offering, issuing or selling shares under the prospectus while the order is in force. ASIC may also require the company to issue a supplementary prospectus or replacement prospectus to address the deficiency in the original document.

ASX

ASX Limited regulates the admission of companies to trading on the ASX and governs the conduct of listed companies.

Initial discussion

We recommend that a company has an initial discussion with ASX fairly early in the IPO process to ensure that any issues are identified and resolved at an early stage. Matters which may be discussed, for example, are:

- the extent to which ASX will impose restrictions on the sale of any shares post-IPO - Trading in some proportion of the shares held by certain shareholders is likely to be subject to restrictions on sale for a period of up to two years if the company is admitted under the assets test (see section 1); and
- the availability of waivers from some of the ASX Listing Rules - For example, in certain circumstances, where a company is dual listed, some requirements of a company's home jurisdiction may be inconsistent with the Listing Rules and therefore modified rules may be applied in limited circumstances to take account of this inconsistency.

Application for admission

The formal application to ASX for admission to its official list is required to be made within seven days of lodgement of the prospectus with ASIC.

Continuing obligations

Once listed, the company is required to comply with the ASX Listing Rules which prescribe certain reporting obligations and shareholder approval requirements as further described in section 8.

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32.50

1070%

107

0.000

100%

32

SECTION 7:

THE OFFER

MARKETING THE OFFER

Prior to and during the offer period, the company will wish to market the offer to ensure that there is a good take up of its shares and that the best possible listing price is obtained. However, the Corporations Act imposes strict restrictions on advertising an IPO before the prospectus is lodged with ASIC. This is intended to protect, in particular, retail investors by ensuring that they only acquire securities on the basis of the information contained in full prospectus. However, certain marketing activities can be undertaken to institutional (sophisticated or professional) investors including IPO roadshows, which are a series of meetings between the company and other investment bankers and institutional investors to generate interest for the IPO.

PRICING THE OFFER

The investment bank or stockbroker managing the offer will provide advice on the appropriate pricing structure. Bookbuilds are commonly used, especially on medium to large-size floats, primarily to maximise the issue price in light of the proposed size of the offer. A bookbuild is essentially a process by which an investment bank will build a book of demand for shares in the IPO company. Investors submit bids to the bank specifying the price at which they would acquire shares and when the book has closed, the investment bank will evaluate the collected bids and set the final issue price. Bookbuilds can either be used at the beginning of the offer period (sometimes before lodging the prospectus with ASIC) to determine a fixed price, which will then be specified in the prospectus, or a price range can be specified in the prospectus, with the final price determined by way of an institutional bookbuild at the end of the offer period.

THE OFFER

An IPO can comprise offers to different types of investors (whether under an offer for subscription or sale), including one or more of the following:

| | |
|----------------------|--|
| IPO OFFER | <i>Institutional offer:</i> an offer to invited sophisticated or professional investors |
| | <i>Retail offer:</i> an offer to the public generally |
| | <i>Broker firm offer:</i> an offer to certain clients of brokers granted allocations of shares |
| | <i>Priority offer:</i> an offer available to certain persons on a priority basis (for example, to employees or holders of shares in a related company) |

Following lodgement of the prospectus with ASIC and expiry of the Exposure Period (see section 6), the offer will open and applications can be accepted by the company.

PROCEEDS OF ISSUE

All funds raised by the offer must be held in a separate trust account. The company may not use them until the shares have been issued and allotted.

ALLOTMENT AND COMMENCEMENT OF TRADING

Once the offer is closed, the company will decide, in conjunction with the investment bank managing the process, on the allocation of shares and then, once allotted, trading in the shares on ASX can commence once all of ASX's conditions to quotation are satisfied.

SECTION 8:

CONTINUING OBLIGATIONS FOR LISTED COMPANIES

GENERAL CONTINUING OBLIGATIONS

Following completion of the IPO process, once trading of the company's shares commences, the new listed company will need to comply with the detailed continuing obligations in the ASX Listing Rules. Some of the key obligations are described below:

| | |
|--|---|
| CONTINUOUS DISCLOSURE | Each listed company must notify ASX immediately of any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities. Exceptions to this rule apply for example for information relating to confidential negotiations on an incomplete proposal and for information produced for internal management purposes (such as financial projections). In addition, there are specific disclosure requirements for matters such as changes to directors' interests, share issues etc. |
| FINANCIAL REPORTING | ASX requires listed companies to publish prescribed financial reports on an annual, half-yearly and, in some cases, quarterly basis. |
| LIMITATIONS ON SHARE ISSUES | Listed companies are generally limited to issuing new shares equal to no more than 15% of their issued share capital over a rolling 12 month period, unless shareholder approval is obtained or one of a number of specified exceptions apply. Small and mid-cap companies may issue additional shares equal to a further 10% of their issued share capital, subject to meeting certain conditions. |
| TRANSACTIONS WITH RELATED PARTIES | The ASX Listing Rules prescribe shareholder approval requirements for certain transactions between a company and its directors and other related parties. |
| SIGNIFICANT TRANSACTIONS | Shareholder approval requirements are prescribed for certain major acquisitions and disposals. |
| CORPORATE GOVERNANCE | ASX publishes best practice recommendations for the corporate governance of listed companies. There are only a small number of binding corporate governance requirements with the majority of these guidelines are not mandatory. Instead, ASX applies an 'if not, why not' approach, requiring companies to explain in their annual report why they have not complied with any of the best practice recommendations. |

SPECIAL REQUIREMENTS FOR FOREIGN COMPANIES LISTED ON ASX

Generally, unless they have a foreign exempt listing, overseas companies are required to comply with the same continuing obligations as Australian companies. However, in certain circumstances, ASX will impose additional disclosure requirements, or may waive certain Listing Rules, for foreign companies. For example:

- As the Australian takeover and substantial shareholder provisions do not apply to companies incorporated outside Australia, ASX requires a statement of that fact to be included in each annual report and requires an undertaking from the company to immediately inform the market on becoming aware of any person becoming or ceasing to be a 'substantial shareholder' (as defined in the Corporations Act) or a movement of at least 1% in the number of securities in which a 'substantial shareholder' has an interest.
- ASX may permit foreign companies to report in the currency of their home jurisdiction and under the recognised accounting policies of that jurisdiction and will in certain circumstances waive its financial reporting requirements where it considers that the equivalent requirements of the company's primary exchange are sufficiently stringent to keep the market informed.



SECTION 9:

KEY FACTORS IN ENSURING A SUCCESSFUL LISTING

In order to maximise their chances of a successful listing, companies are encouraged to take the following steps in advance of the IPO:

- Consider whether an IPO is the right option for the company and, if so, whether ASX is the most appropriate stock exchange.
- Start preparations early and view an IPO as a continuing process, not a one-off financial event – lack of planning can diminish the company's chances of obtaining an optimal valuation on listing.
- Develop a good business plan and credible investment story showing a clear and achievable plan for growth in the medium term which will form the basis for the prospectus. Ensure that the company is in a position of competitive strength when compared to its peers.
- Appoint an experienced IPO team early in the process including investment bankers/underwriters, lawyers, accountants and a share registry who can lead the company through the process efficiently and minimise disruption to the business during the IPO process.
- Start acting as a public company before listing, for example:
 - Ensure robust financial, operating and information systems are in place.
 - Put in place corporate governance arrangements appropriate for a listed company.
 - Ensure that you have quality management leading the company including in particular the CEO and CFO who will be the key focus of institutional investors during the IPO roadshows.
 - Ensure that you have appropriate expertise and independence on the board of directors.
 - Appoint an investor relations consultant to ensure that the right messages are reaching the market both before and after the IPO.
- Consider whether appropriate incentive plans are in place for executives and employees to ensure that they are appropriately incentivised to grow the business after listing.
- Be realistic – it is important to understand the amount of time and work involved in preparing for an IPO to obtain the real benefits of a listing.

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