



Risk Solutions for a Complex World

Integrity | Commitment | Experience



Initial Public Offering – Reverse Takeover Investigative Due Diligence Services

SVA's Business Risk and Intelligence Group has unique experience in supporting financial institutions, funds, investment banks and many others in conducting investigative due diligence, pre-transactional assessments, business risk and political risk services.

Clear and accurate information is critical to successful IPOs and RTOs, especially given the increasing requirement for disclosure and more transparency in exchanges around the world. This requirement is more difficult in the emerging markets of China and Southeast Asia.

High profile disclosure in the United States of financial irregularities in Chinese-based but US-listed companies has illustrated the need for in-depth investigative due diligence prior to the listing of these entities.

IPO/RTO DUE DILIGENCE

Investigative due diligence ("IVDD") is a critical part of any major transaction but

is especially important in the pre-listing process. A huge amount of material is generated in support of the offering document but much of this important documentation is often unverified, incomplete and on occasion downright misleading. SVA's goal is to provide a detailed understanding of the actual circumstances of the company to be listed and to highlight, at an early stage, any material or important issue.

WHY INVESTIGATIVE DUE DILIGENCE IS NECESSARY INTO IPOS/RTOS

Experience has shown that whilst detailed efforts are conducted by law firms and accountants into the information provided by listing candidates, a wider, more holistic approach is beneficial in identifying practical or off-balance sheet risk. SVA's efforts complement professional services provided by lawyers and accountants.

IVDD conducted early in the IPO process can save time, money and potential embarrassment, in that the investigative process will swiftly throw up key issues or

potential "show stoppers". This can either facilitate a complete disengagement from the listing or help deal with these matters before they adversely impact the listing.

SVA'S METHODOLOGY

We will initially meet with our client to discuss any specific concerns or points of emphasis they may wish to focus on. Thereafter, an extensive open source exercise will commence during which we will access online resources, public records, corporate filings, specialist corporate journals and other relevant information. Using the data acquired from a combination of the client's own information and our findings from our open source exercise, we will identify knowledgeable persons with specific industry knowledge of the subject company.

We will then utilise discreet industry sources and conduct appropriate inquiries with regulatory organisations, distributors, clients, competitors and other industry figures.

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We will compare our analysis with the contents of the listing documentation available and will highlight potential risks or other material issues.

Our focus is to look at people and organisations in great depth and then compare this to the documented IPO material.

Our reports are reasoned, balanced and factual and always include an executive summary for senior management.

KEY REFERENCE POINTS

Every IPO/RTO is slightly different in nature but in our experience the following aspects should be carefully considered during the course of the IVDD exercise, especially for Chinese or Southeast Asian listings:

- The “real” corporate structure, as distinct from that which may be listed in the draft IPO prospectus
- A snap shot of the operations on the ground and the business’ actual day-to-day activities
- Comment from former employees, distributors, vendors and others
- Industry reputation
- The background of directors, managers and key advisors
- The integrity of key stakeholders
- The litigation history of all the entities concerned
- Relevant political issues – local and national
- Labour or other social issues which might have potential impact on the transaction

- Potential exposure under anti-corruptions statutes, both international and local
- Quality of accounting, governance and reporting
- Key relationships

OBVIOUS RED FLAGS

High profile media disclosure has highlighted a number of risk factors in listed companies. These tend to be industry specific. SVA has an excellent working knowledge of these and can advise clients and their legal advisors as to relevant and specific risks. Typically such risks fall into three broad categories:

- Operational Risk
- Reputational Risk
- Regulatory Risk

Why Us?

Hands-on experience and a proven track record:

Our professionals have many years’ experience in dealing with the most sensitive and crucial issues affecting corporate clients, institutions and high net-worth individuals.

Our depth of know-how, experience and local knowledge in our field is unrivalled in Asia.

We are Asia based. Our key personnel reside in the region, making it easier to deploy rapidly and efficiently and to mobilise supporting networks.

We are trusted by banks, insurance companies, funds and high net-worth individuals throughout the world.

High reputation and trust of governments throughout the Asia Pacific region.

Independence. We provide truly independent advice.

We respond on a 24-hour basis to emergency situations.

Related Services

- Investigative Due Diligence Services
- Political and Business Risk Assessment Services
- Employee Integrity & Screening Services

RESOURCES WORLDWIDE

ABOUT SVA

Steve Vickers & Associates (“SVA”) is a specialist risk consulting company. The company serves corporations, banks, private equity, high net-worth individuals and insurance companies around the world.

The company is led by Stephen G. (Steve) Vickers who has 36 years hands-on experience in the business intelligence and special risk business.

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