

Listing a Jersey company

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Outline of talk

Bedell

	Slides
About Jersey	3 – 8
About Bedell	9 – 12
What is a listing?	13 – 16
Why list?	17 – 21
About AIM	22 – 23
Listing – further information	24 – 39
Why use a Jersey company?	40 – 42
Summary and statistics	43 – 48

About Jersey

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- 22.5 km from France and 137 km from the United Kingdom
- 118.2 square kilometres
- Population of 97,857
- Official and business language - English
- A crown dependency, benefitting from British protection but not part of the UK
- 30 minute flight time from London – regular flights



About Jersey

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- Similar status to Hong Kong *vis-à-vis* China – but special relationship has lasted over 800 years
- Separate legislature – the UK Parliament does not legislate for Jersey
- Responsible for its own fiscal affairs
- Not part of the EU but free movement of goods and people between all member states and Jersey
- International standards of financial regulation, countering money laundering and anti-terrorist financing
- Strong judiciary and court system
- Flourishing financial services sector (40% of the economy)



Jersey – a leading International Finance Centre

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International recognition for Jersey

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Independently recognised as a well regulated, transparent and co-operative jurisdiction by:

- Global Financial Centres Index – Top 20 (Sept. 2012)
- International Monetary Fund
- OECD - White List and Peer Review Group

Jersey - a leading International Finance Centre

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- Stable and reliable global finance industry for over 50 years
- Regulated financial services industry
- Only top 500 banks are allowed to operate in Jersey
- Banking deposits £167bn; £7bn from Far East
- 39 international banks - more than 3,000 banking professionals
- Does business with over 200 countries and \$1 trillion of assets invested/administered
- 12,000+ finance industry professionals

Why choose Jersey?

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- First Chinese company was registered in Jersey in 1994
- Jersey companies can list on HKSE (3 already listed, e.g. Glencore)
- A quarter of the Chinese companies that have listed in London have done so through Jersey
- Flexible company structures
- Tax neutral environment - DTA with Hong Kong
- Location and time zone benefits
- Stable political and fiscal infrastructure
- Highly skilled financial services providers

About Bedell

Bedell

- A leading, award-winning provider of legal and fiduciary services
- Offices in key financial centres:
 - Jersey
 - Guernsey
 - London
 - Dublin
 - Geneva
 - Mauritius
 - BVI
 - Singapore
- 29 group partners and nearly 300 staff
- Partner led, team built
- Comprises Bedell Cristin (legal) and Bedell Trust (fiduciary)
- Mandarin and Cantonese speaking professionals

About Bedell Cristin

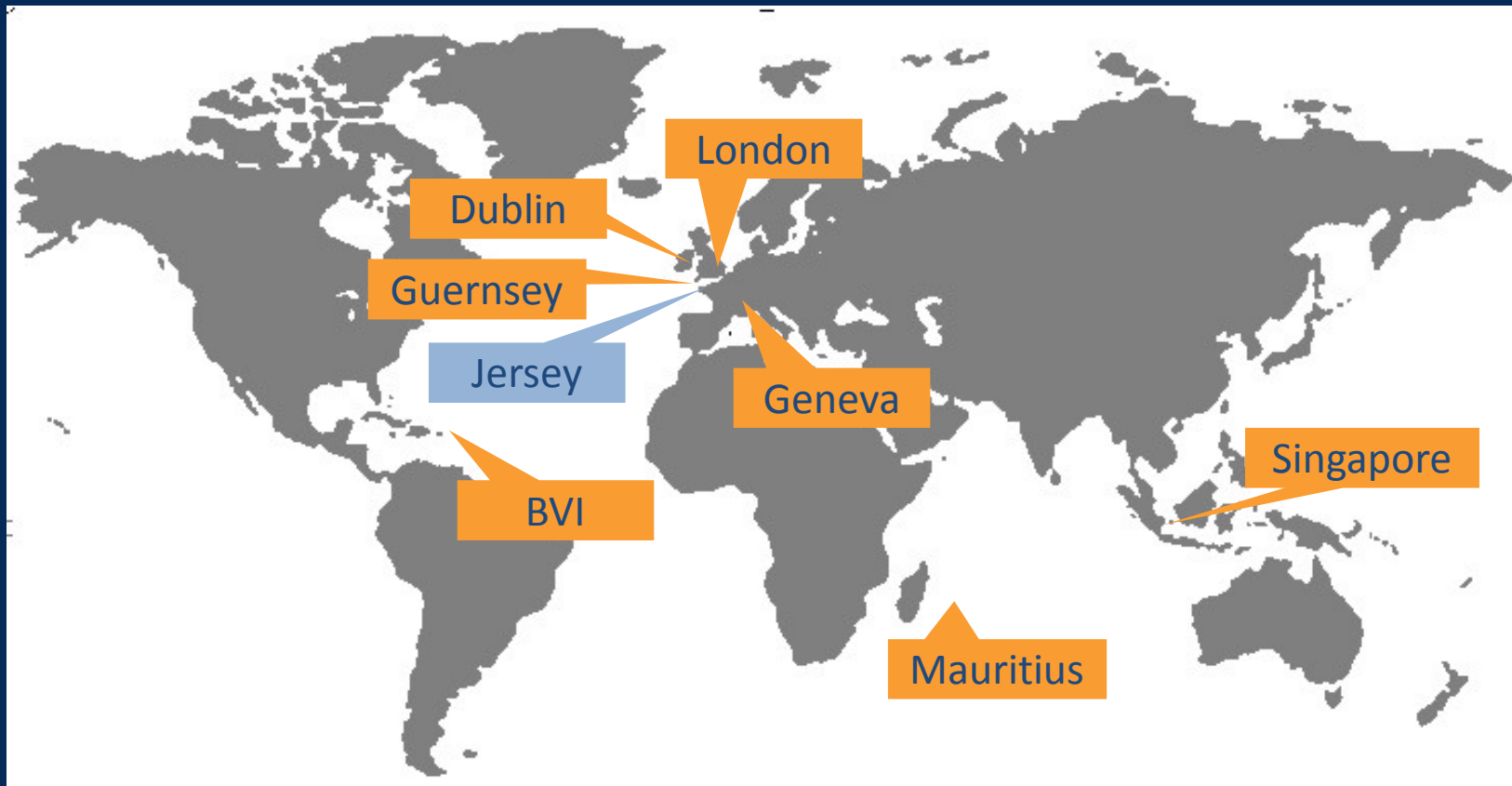
- Founded in 1939 – over 70 years experience
- Headquartered in Jersey with a jurisdictional presence in Guernsey, London, Mauritius, BVI and Singapore
- Award winning, leading, full service law firm
- Core practice areas include:
 - corporate and financial services (M&A, structured finance, investment funds)
 - international private client work (including trusts and foundations)
 - litigation and insolvency
- Consistently ranked in the top tiers of leading legal directories

About Bedell Trust

- Founded in 1971 – over 40 years experience
- A leading independent trust company - one of Jersey's first
- Multi-jurisdictional capability
- Core business lines include:
 - private wealth management and protection
 - fund administration (e.g. real estate fund and private equity funds)
 - international finance (listed companies administration)
 - employee benefit trusts
- Our clients are: world class institutions, corporates, high net worth individuals and intermediaries
- Strong reputation for long-term client relationships
- Award winning - top-tier rankings in leading industry directories ¹¹

Bedell – in key international finance centres

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What is a listing?

Three ways to come to market:

- **'Introduction'** to the market – no new money raised
- **'Placing'** - shares are offered for sale selectively
- **'Initial public offering'** (IPO) - public invited to subscribe for newly issued shares

Choice depends on the nature of a company's business and its capital requirements

What is a listing?

An Introduction

- Join a market without raising any capital
- For an introduction to AIM, possible where over 25 per cent of its shares already in public hands and a fair spread of shareholders
- No underwriting fees and little requirement for advertising
- Opportunities for boosting a company's profile and visibility are limited

What is a listing?

A Placing

- Shares offered to selected investors
- Capital raising with lower costs and greater freedom
- More discretion to choose investors
- Results in a narrower shareholder base
- Possibly lower liquidity in shares following admission to trading

What is a listing?

An initial public offering (IPO)

- Can allow an exit for founders
- Shares offered to private and/or institutional investors
- Underwritten by an underwriter - expensive
- Attracts private investors
- Increases the liquidity of a company's shares
- Most expensive route to market

Why list?

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Principal advantages

- Improved access to capital
- Access to liquidity
- Increased global profile

Why List?

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Access to capital

- Companies need access to finance for future growth and development – going to market can facilitate access to a deeper pool of investment capital
- More than just one-off financing opportunities - companies often return to the market when they need access to further funds to expand and evolve their businesses
- Original owners' desire to create international wealth

Why List?

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Liquidity

- Maximises liquidity in the shares traded on the market
- Offers:
 - real-time share price
 - diversification of shareholder base
 - sound basis for company valuation
 - figure for market capitalisation
 - potential access to certain indices
- Enables existing shareholders to exit / decrease their stake

Why List?

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Profile

- Increases profile
- Improves stakeholders' view of the company
- Enhances relationships
- Increases opportunities for partnership
- Strengthens employee commitment
- Greater corporate transparency can facilitate additional investment and access to credit
- Greater efficiency

Why List?

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Possible disadvantages

- Increased disclosure and reporting requirements
- Impact on management time
- Greater accountability
- Controls on business

AIM - the world's leading growth market

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- The most successful growth market in the world
- 3,000+ companies admitted since launch
- Light touch regulatory environment - lower costs
- Access to deep investor base - over 900 institutions
- Mining, oil and gas sectors remain strong on AIM
- IPO on AIM popular exit-route
- Cost-effective environment to nurture and grow a business and deliver a return to investors

Jersey companies on AIM

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- Jersey has more companies listed on AIM than any other offshore financial centre
- 44 companies - market value £2.3 billion
- 6 Chinese businesses:
 - Asia Ceramics Hldgs PLC
 - China New Energy Ltd
 - Geong International
 - Naibu Global Int Co Ltd
 - Prosperity Minerals Hldgs
 - Qihang Equipment Co Ltd
- Spread across mining, corporate services, retail and real estate

Listing process and timetable

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- AIM admission process streamlined compared to other exchanges
- Formulaic process based on the AIM Rules
- Overall timetable split into: early planning, pre-flotation planning and admission process
- Timeframe is influenced by:
 - size
 - sector
 - structure of the company
 - method of flotation
 - degree and complexity of due diligence
 - market conditions

Listing – timeline

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Early planning
2-3 years

- House-keeping
- Strategic Initiatives
- Make adjustments

Pre-Flotation Process
6 months

- Prepare for listing
- Discuss with advisers

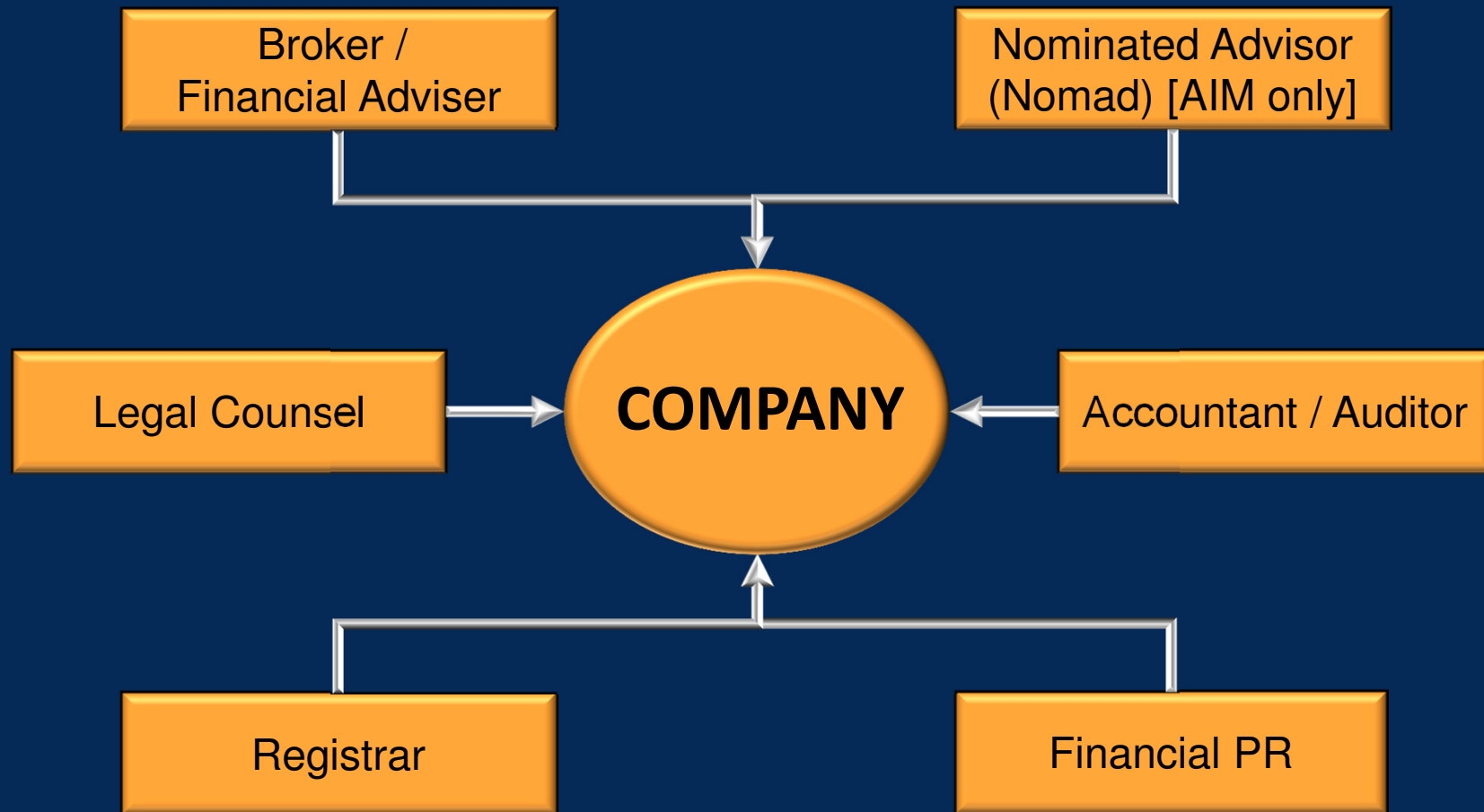
Admission Process
3 months

- Follow listing rules
- Appoint advisers
- Make final changes

Day of
Listing

Listing advisers

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Listing advisers

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- Choosing good quality corporate advisers is one of the first and most important things that you must do in preparation for a flotation
- During the flotation process, you will inevitably rely heavily on your advisers for guidance as to what is happening at each stage

Listing advisers – Nomad (AIM only)

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- Company must appoint a Nomad - no Nomad = no share trading
- Decides whether a company is appropriate for AIM
- Co-ordinates the company's entry to the market
- Responsible for ensuring company meets the AIM Rules

Listing advisers - broker

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- Must retain a broker at all times
- Company's interface with the market and potential investors
- Advises on market conditions and investor demand
- Actively markets the shares
- Continues to work with the company after flotation to maintain liquidity and profile

Listing advisers - Jersey lawyer

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- Establish Jersey public holding company
- Structural and regulatory issues
- Legal due diligence
- Pre-listing fund-raising or re-organisation
- Directors' responsibilities and corporate governance
- Admission Document and verification
- Employment agreements
- Obtaining regulatory consents
- Board and shareholder resolutions

Listings - Jersey fiduciary services provider

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- No residency requirements
- Must maintain registered office and share register in Jersey
- Fiduciary services provider, such as Bedell Trust, can provide:
 - professional directors - including non-executives
 - company secretary
 - bookkeeping services
 - day-to-day administration services

Listings - Jersey directors

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- Minimum number of directors, 2 – market requires more
- Management and control in Jersey?
- Appointment of non-executive directors – market expectation

Listings - share registrar

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- A Jersey company must maintain its share register in Jersey
- Need to appoint a specialist share registrar (such as Capita or Equiniti - both based in Jersey)
- Jersey based share registrar avoids UK stamp duty being payable on the transfers of shares in a Jersey company

Listings – other advisers

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- Financial PR consultants
- Specialists (e.g. oil and gas advisers)
- Share registrars
- Chartered surveyors / valuers
- Actuaries
- Accountants / auditors

Admission Document - general

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- Describes business, activities, financial and legal affairs
- Preparation managed by the Nomad (for AIM listings)
- Should enable an investor to assess the company's prospects and the rights attaching to the shares
- Investment decisions based on Admission Document
- Directors take responsibility - must be verified

Admission Document – Jersey issues

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- Admission Document qualifies as a prospectus for Jersey purposes, therefore:
 - company must be a public as opposed to a private company
 - Jersey Registrar of Companies must consent to the circulation of the Admission Document – consent within 1 week
 - must contain certain prescribed information and statements which are in line with the AIM Rules and market expectation – not onerous
- No preliminary marketing of shares prior to consent – save if a 'red-herring'

AIM Rules

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- Listing rules of the UKLA do not apply
- AIM Rules apply instead - less onerous, suit smaller companies
- Regulatory emphasis placed on the Nomad
- No specific suitability criteria
- No requirement for a trading history, Nomad will assess suitability of the company

Minimum requirements:

- Must be a public company (or equivalent)
- No restrictions on transfer of shares
- Shares must be eligible for electronic settlement
- Must appoint a Nomad and broker
- Published accounts must conform with IAS or GAAP

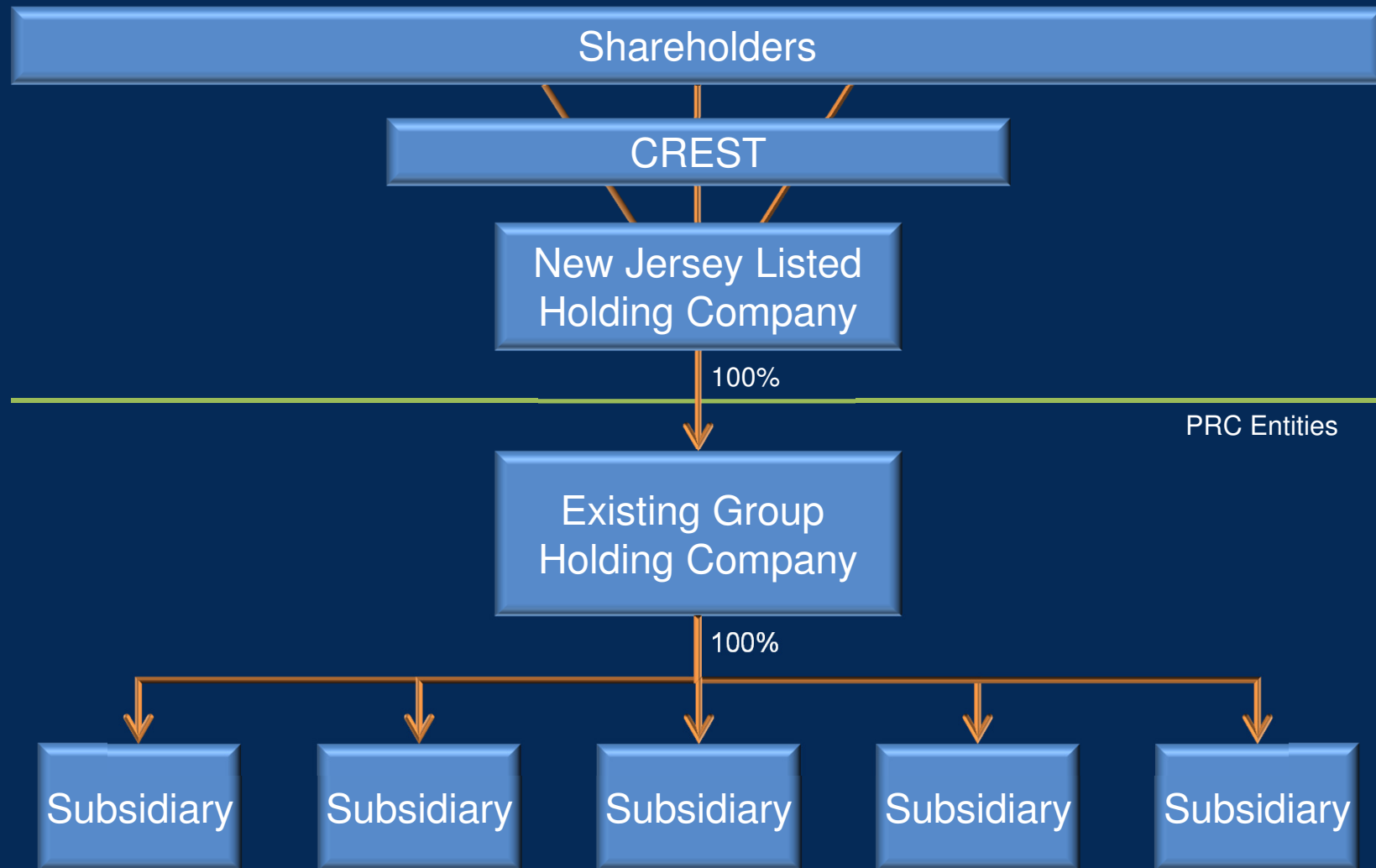
Corporate governance

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- No formal corporate governance regime for AIM listings
- Institutional investors expectations (e.g. QCA, ABI)
- Takeover Code – may apply but can structure to avoid code applying
- Takeover Code provides an orderly framework for takeovers

Jersey listed holding company - structure

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Why use a Jersey holding company?

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- 92 Jersey companies listed worldwide - c£135 billion
- Jersey's reputation
- Advantageous tax environment:
 - no corporation tax, capital gains tax or capital transfer tax
 - no withholding or deduction of tax
 - no stamp duty or similar transfer taxes
- May not be subject to taxation in its home jurisdiction
- Comprehensive double tax agreements
- Approved jurisdiction for listing on the HKSE
- No exchange control restrictions

Why use a Jersey holding company?

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- Respected and well established legal infrastructure
- Strong court system
- Attractive corporate laws because:
 - they are familiar and flexible
 - Takeover Code applies
 - can dispense with AGMs
 - making distributions simplified
 - no local residency requirements
 - no requirement for meetings to be held in Jersey
 - no restrictions on the issue of shares
 - shares settled through CREST - no need for a depository receipt programme and costs



Summary of presentation

Bedell

- Leading international finance centre
- Proximity to UK and major capital markets
- Strong reputation - internationally recognised
- Advantageous tax environment
- Flexible and attractive corporate structures
- Well established legal infrastructure

Jersey companies on AIM

(at 31 Aug 2012)

Bedell

Jersey has more companies listed on AIM than any other offshore financial centre

Number of Companies: 44 Market Value £2.3 billion

Company	Sector	Sub-sector
ASIA CERAMICS HLDGS PLC	General Retailers	Home Improvement Retailers
AUHUA CLEAN ENERGY PLC	Alternative Energy	Renewable Energy Equipment
BELLZONE MINING PLC	Mining	General Mining
BREEDON AGGREGATES LTD	Construction & Materials	Building Materials & Fixtures
GAMBIUM GLOBAL TIMBERLAND LTD	Forestry & Paper	Forestry
CAMCO INTERNATIONAL	Support Services	Business Support Services
CHINA NEW ENERGY LTD	Alternative Energy	Alternative Fuels
CIRCLE HLDGS PLC	Health Care Equipment & Services	Health Care Providers
CSF GROUP PLC	Software & Computer Services	Computer Services
DRAGANFLY INVESTMENTS	General Financial	Specialty Finance
GEONG INTERNATIONAL	Software & Computer Services	Software
GOLDSTONE RESOURCES LTD	Mining	General Mining
HELLENIC CARRIERS LTD	Industrial Transportation	Marine Transportation
HIGHLAND GOLD MINING	Mining	Gold Mining
INCADEA PLC	Software & Computer Services	Software
LITEBULB GROUP LTD	Personal Goods	Clothing & Accessories
LUDGATE ENVIRONMENTAL FUND LTD	Equity Investment Instruments	Equity Investment Instruments
LXB RETAIL PROPERTIES PLC	Real Estate Investment & Services	Real Estate Holding & Development
MASAWARA PLC	General Financial	Specialty Finance
MAX PROPERTY GROUP PLC	Real Estate Investment & Services	Real Estate Holding & Development
MEDILINK-GLOBAL UK LTD	Support Services	Financial Administration
MINERA IRL LTD	Mining	Gold Mining

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Company	Sector	Sub-sector
MOBILITYONE LTD	Support Services	Financial Administration
NAIBU GLOBAL INTL CO LTD	Personal Goods	Footwear
NATURE GROUP PLC	Support Services	Waste & Disposal Services
NEW WORLD OIL & GAS PLC	Oil & Gas Producers	Exploration & Production
NOVENTA LTD	Mining	General Mining
ONE DELTA PLC	Equity Investment Instruments	Equity Investment Instruments
PENINSULAR GOLD	Mining	Gold Mining
PROSPERITY MINERALS HLDGS	Construction & Materials	Building Materials & Fixtures
QANNAS INVESTMENTS LTD	Equity Investment Instruments	Equity Investment Instruments
QIHANG EQUIPMENT CO LTD	Industrial Engineering	Industrial Machinery
RADIANT GROWTH INVESTMENTS LTD	General Financial	Specialty Finance
RENEWABLE ENERGY GENERATION LTD	Electricity	Alternative Electricity
SILANIS INTERNATIONAL LTD	Software & Computer Services	Software
STANLEY GIBBONS GROUP PLC	General Retailers	Specialty Retailers
TALIESIN PROPERTY FUND LTD	Real Estate Investment & Services	Real Estate Holding & Development
TMT INVESTMENTS PLC	General Financial	Investment Services
TOP CREATION INVESTMENTS LTD	Real Estate Investment & Services	Real Estate Holding & Development
UKRPRODUCT GROUP	Food Producers	Food Products
WANDISCO PLC	Software & Computer Services	Software
WATERLOGIC PLC	Support Services	Business Support Services
WESTHOUSE HLDGS PLC	General Financial	Specialty Finance
WESTMOUNT ENERGY LTD	Oil & Gas Producers	Exploration & Production

Bedell's listing credentials

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- **Highland Gold Mining Limited** - Russian gold mines
- **The Guiton Group Limited** - significant publishing, retailing, wholesaling and information technology operations in the Channel Islands
- **Ukrproduct Group Ltd** - the production and supply of dairy products, food and beverages in the Ukraine
- **Belgravia Telecom Limited** - UK and European telecommunications industries
- **Qihang Equipment Company Limited** - holding company for packaging machinery and materials business
- **Rambler Media Limited** - internet search engines in the former Soviet Union
- **Financial Payment Systems Limited** - New technology relating to payment systems introduced to the Chinese Government
- **Noventa Limited** - holding company for one of the largest mining companies in South Africa
- **Max Property Group Plc** - UK commercial real estate
- **KazakhGold Group Limited** - Gold mining

Bedell – what others say about us

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- "The firm which achieves the best results for its clients and is the best value for money."
- "Head and shoulders above the competition."
- "Client-led service and cutting edge industry knowledge."

Source: Legal 500 (2011/12)

- "We have been working with Bedell for many years. Their commercial awareness, coupled with a proactive attitude, means they are always on the ball. They are easily accessible, practical and responsive."

CEO International Property Group

- "Bedell have always and will always go that extra mile for clients. Why? Because that is their core attribute. It is the way they like to conduct themselves. It is the mantra they instil in all their staff. And it is what sets them head and shoulders above the rest."

MD – Family Private Office

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