

CURRENT TRENDS FOR EQUITY FINANCINGS

2007 ASIA-PACIFIC REGIONAL MEETING

March 29 – April 1, 2007

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Potential Pitfalls in Equity Financings

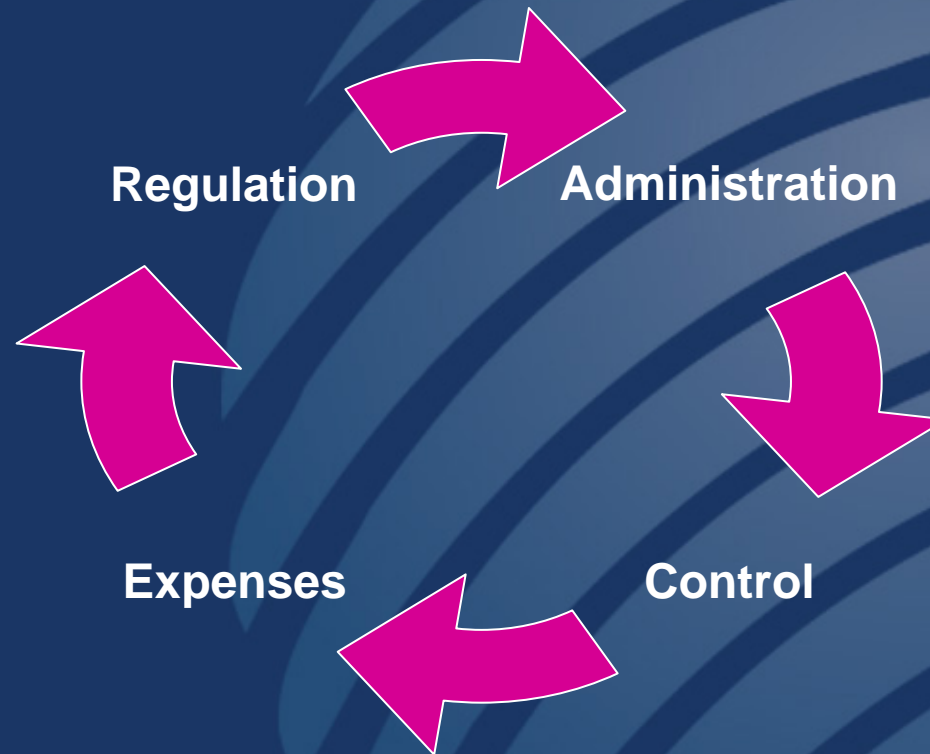
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Regulation

Regulation Increases with Equity Financings

- x Company Regulations
- x Securities Regulations
- x Stock Exchange Rules

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Administration

As Regulation Increases, the Cost of Administration Increases

- ◆ Corporate Governance
 - ◆ Board of Directors
 - ◆ Board Committees
 - ◆ Directors and Officers
- ◆ Reporting
 - ◆ Regulatory
 - ◆ Accounting
- ◆ Duties

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Control

Equity Financings Create Tension Between Valuation and Founders' Rights

- × Stock Rights
 - ◆ Ordinary Shares
 - ◆ Preferred Shares
- × Registration Rights
- × Investor Rights

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Expense

Equity Financings Cost the Company Money

- x Maintenance Expenses
- x Transaction Expenses
- x Reporting Expenses

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