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# **Hong Kong Companies: How To Go Public In America**

As a global corporate strategies firm we are beginning to get many inquiries from foreign corporations that wish to take advantage of the rapid growth capabilities of trading stock in the US. Getting set up with a consulting firm that specializes in fund-raising mechanisms such as private placement memorandum, direct public offering and/or taking one's company public on the OTCBB can help a foreign entity obtain virtually instant gratification of raising large amounts of capital in an expedient manner.

Chinese companies typically have similar questions and concerns when they contact us such as: How long does it take to go public? What are my options for raising capital with a US structure? Do I need to have an American corporation? How much equity should I give up to the public? Can I merge my Chinese company with my American company to strengthen the American corporation's asset value? And How do we sell the stock to the public once we have a symbol and are ready to trade?

How long does it take to go public? To go public on the OTCBB you need to have a solid business plan and corporate structure, usually a pre-public round is done with a Private Placement Memorandum to offer discounted stock in return for equity seed capital that will fund the 'go public process'. This process can take a few weeks to a few months, it all depends on the deal and what you're offering the investors at this stage. Next you'll want to do your third-party audit and your S1, after your audit is done and your S1 is filed you'll enter into the 'comments' stage where the SEC is going back and forth with you or your lawyer or your consultant (whoever is helping you go public). The comments stage can be anywhere from a couple weeks to a few months, the more unorganized the company, the longer the audit and comments stage will take to complete. The average for an organized company with the audit and S1 prep done simultaneously is around 4 to 6+ months (the more unorganized the company the longer it takes).

What are my options for raising capital with a US structure? Raising capital in the US happens quicker than in other countries because of the vast wealth in North America and its position in the global market place. Invest-able deals are all in the eye of the investor. The challenge is getting in front of investors with a track record of investing in your particular industry genre.

Do I need to have an American corporation? Yes, to go public in the United States, you need to have an American corporation. This doesn't necessarily mean that it has to become your primary corporation. You can use one corporation as your operational entity and one as a subsidiary but to strengthen and stabilize your share price you'll need to eventually show growth and assets in your US entity.

How much equity should I give up to the public? This is a decision that will be made with your attorney and Board of Directors and the decision is based off of your company's industry position, the value of empirical assets like equipment, contracts, patents, current foreign based share holders etc.

Can I merge my Chinese company with my American company to strengthen the American corporation's asset value? Yes absolutely. This is the most popular technique to show current and future shareholders that your company will be a long term public player. The more asset 'skin' you are able to put in the game in the beginning the better for the longevity of your enterprise.

How do we sell the stock to the public once we have a symbol and are ready to trade? During your 'going public' process you'll be attached to a market maker. The market maker, your consultant and your publicist (if you don't have one your consultant will find one for you) will work together at all fronts to help you leverage your new public entity. Your publicist will have authors in newspapers and magazines do write-ups on your company as they help you label yourself globally as a new industry powerhouse, each of your executive team members will also have their own publicity strategies going as well so that your publicist can place them on expert TV and radio panels as industry experts which brings website visitation, new distribution opportunities, personal and corporate branding and investor confidence which is all conducive to an increase in your share price. All of this will bring call volume into your market maker while they are selling your stock to new contacts as well as calling on their established database of investors. The process is typically audited quarterly by your consultant to find dead weight or weaknesses and tighten everything up.

Using the public fundraising strategies based in the US is a wise decision to grow your business. Finding the right

consultant is crucial. The right consultant can make or break your efforts to go public in the United States.

[Want To Go Public With Your Company](#), call Princeton Corporate Solutions at 267-233-0183 [Take Your Company Public](#) the easy way!

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