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Should You Take Your Company Public?

The Founder's Guide to Knowing If Listing Is Right for You

What it really costs. What the requirements are. And how founders with smaller companies are getting listed in ways you probably haven't heard of.

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10+ Years · 60+ Transactions · HKEX, NASDAQ & Global Markets
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SECTION 01

Why Would You Even Bother?

Most founders I talk to have the same first reaction when someone mentions going public: “That’s not for me. My company is too small. That’s for the big players.”

And honestly? Sometimes they’re right. An IPO is not for everyone. But the founders who dismiss it outright are often making that decision based on assumptions that aren’t accurate — about the size you need to be, the cost, or what listing actually gives you.

So before we get into requirements and costs, let’s talk about why founders list in the first place — and be honest about the trade-offs.

The Real Benefits

- **Liquidity and personal wealth**
  Your ownership in a private company is valuable on paper but illiquid. A public listing gives you (and your early investors) a path to realize that value. This is the number one reason most founders consider listing.
- **Valuation premium**
  Public companies typically trade at higher multiples than equivalent private companies. Going public can significantly increase the value of your remaining stake, even after dilution.
- **Access to capital**
  Once listed, raising additional capital through secondary offerings becomes faster and cheaper than private fundraising rounds. You’re no longer relying on one investor’s due diligence timeline.
- **Credibility and brand**
  Being a listed company changes how partners, customers, and suppliers perceive you. It’s a signal of legitimacy and permanence that opens doors private companies can’t easily open.
- **Acquisition currency**
  Public stock can be used for M&A. Instead of paying cash for acquisitions, you can use shares — which lets you grow faster while preserving cash.
- **Employee retention**
  Stock options and equity compensation become meaningful tools when there’s a liquid market for the shares.

The Honest Trade-Offs

Listing is not free, and it's not without consequences. Any advisor who doesn't tell you this isn't doing their job:

- **Ongoing disclosure obligations**
  You'll be reporting quarterly or semi-annually. Your financials, executive compensation, and material events become public. If you value absolute privacy, this is a real cost.
- **Regulatory compliance**
  Ongoing requirements vary by exchange, but expect: annual audits, board governance standards, insider trading restrictions, and continuous disclosure of material information.
- **Cost of maintaining the listing**
  Annual audit fees, legal compliance, investor relations, exchange fees, and internal governance costs. Budget US$200K–$500K+ per year depending on your exchange and complexity.
- **Short-term market pressure**
  Public markets can be impatient. If your business is seasonal or cyclical, quarterly reporting can create pressure to optimize for short-term results rather than long-term value.
- **Loss of some control**
  Minority shareholders have rights. Independent directors are required. Your decisions face more scrutiny. For founders used to full autonomy, this is an adjustment.

> *"The question isn't whether listing is good or bad. It's whether it's right for where your business is now and where you want it to go. That's what the strategy call is for — an honest conversation about your specific situation."*
> — Mandy Cheung

SECTION 02

Am I Big Enough?

This is the question I hear most. And the answer might surprise you.

The US and Hong Kong are the world's top two IPO markets by fundraising volume. Here's what they actually require:

The Key Requirements at a Glance

Requirement	US Markets (NASDAQ & NYSE American)	Hong Kong (HKEX Main Board)
Minimum Profit	NASDAQ Capital Market: **~US$750K net income** (Net Income Standard) NYSE American Standard 1: **US$750K pre-tax income** (in latest fiscal year)	**HK$80M aggregate profit over 3 years** (~US$10.3M), with HK$35M (~US$4.5M) in the latest year
Market Cap / Public Float	NASDAQ: **US$5M MVUPHS** under Net Income Standard (US$15M under other standards) NYSE American Std 1: **US$3M public float** NYSE American Std 2–4: US$15–20M	**HK$500M minimum market cap** (~US$64M) at listing
Operating History	NASDAQ Capital Market (Net Income Standard): **No specific operating history requirement.** SEC registration requires audited financials (typically 2 years; can be as few as 1 for certain issuers). NYSE American: Varies by standard (Standard 2 requires 2 years)	**Not less than 3 financial years** of trading record
Public Float / Shareholders	NASDAQ: **300+ round lot holders**, at least 1M publicly held shares NYSE American: **400–800 public shareholders** (depending on shares held and trading volume)	Public float of **at least 25%** of total issued shares (tiered lower percentages available for companies with market cap >HK$10B, effective August 2025)
Accounting Standards	US GAAP or IFRS (with reconciliation). PCAOB-registered auditor required.	IFRS or HKFRS. Audited by recognized firm.

What This Tells You

Notice the difference. The US markets — specifically NASDAQ Capital Market and NYSE American Standard 1 — have significantly lower profit thresholds (~US$750K) compared to Hong Kong's Main Board (US$10.3M+ over three years). HKEX is designed for larger, more established companies. The US markets offer more accessible entry points for growth-stage businesses.

Both markets require proper corporate governance and sufficient public shareholder distribution. These take time to build — which is why starting the conversation early is critical.

But Here's What Most Founders Don't Know

> **You don't have to list your entire company.**
>
> There are two structuring strategies that most founders have never heard of — and they change the math completely:

Strategy 1: The Carve-Out

A carve-out means taking one business unit, division, or subsidiary out of your parent company and structuring it as a standalone entity for listing. Your parent company doesn't need to meet listing requirements — only the carved-out unit does.

For example: a founder with a US$2–3M+ net profit parent company might have a division generating US$750K+ in net income with a strong growth story. That division could qualify for NASDAQ Capital Market on its own — even though the whole company might seem "too small" for an IPO.

Strategy 2: The Roll-Up

A roll-up works in the opposite direction. If you own multiple smaller businesses — or operate in a fragmented industry — you can consolidate them into a single listing vehicle. The combined entity may meet listing thresholds that no individual business could reach alone.

This is particularly powerful for founder-operators who've built multiple businesses over time, or who see an opportunity to acquire and consolidate within their industry before going public.

Both strategies require careful corporate restructuring, financial engineering, and an investable narrative. This is not a DIY exercise — it's exactly the kind of work a capital markets advisor does.

SECTION 03

What Does It Really Cost?

This is where most guides get vague. I'll give you real ranges, but with an important caveat: costs vary significantly depending on your company's complexity, the exchange you're targeting, whether restructuring is needed, and how much work your financials require. These are directional, not quotes.

The Upfront Cost

> Expect a minimum of **US$1.5M–$3M+ in total professional fees** to go from where you are today to ringing the bell on listing day. This includes legal, audit, advisory, underwriting, regulatory fees, and everything in between.
>
> Hong Kong listings typically sit at the higher end of this range due to regulatory complexity and the sponsor structure. US listings can be more cost-efficient, but underwriting fees are a significant component in both markets.

Where the Money Goes

- **Advisory fees**
  Your capital markets advisor structures the deal, coordinates all professional parties, builds the investable narrative, and manages the process end-to-end. This is typically a milestone-based fee — you pay as the deal progresses, not all upfront.
- **Legal fees**
  Securities lawyers draft the prospectus or registration statement, handle regulatory filings, and ensure compliance. For cross-border deals, legal is often the largest single cost.
- **Audit and accounting**
  Two to three years of audited financials in the required standard (US GAAP, IFRS, or HKFRS). If your books aren't clean or need restating, this takes longer and costs more.
- **Underwriting**
  The underwriter prices and distributes your shares. Fees are typically 4–7% of gross proceeds, varying with deal size and market conditions.
- **Exchange and regulatory fees**
  Listing fees, filing fees, transfer agent fees. Smaller component, but they add up.
- **Other costs**
  Investor relations, public relations, printing, translation (for cross-border deals), roadshow expenses, and the internal time your team will spend on the process.

Timeline

There is no standard timeline because every project is different. A straightforward listing of a well-prepared company can take 12–18 months. A deal that requires corporate restructuring — a carve-out, a roll-up, cleaning up the cap table, getting the books audit-ready — can take 18–36 months.

The biggest variable is not the exchange or the regulators. It’s how ready your company is when you start. Founders who engage an advisor early — before they think they’re ready — almost always have a smoother, faster, and less expensive process.

> *The cost of going public is real. But so is the cost of staying private too long — missed valuation premiums, limited growth capital, and being stuck in a business you can’t exit on your terms.*

SECTION 04

Is It Right for You?

After 60+ transactions, I've learned that the founders who succeed in going public share certain characteristics — and the ones who struggle often share different ones. Here's an honest assessment.

You Might Be Ready If:

- **Your business is genuinely profitable**
  Not just revenue, but real net profit that can withstand the scrutiny of a public audit. Even if you're not at listing thresholds yet, a clear trajectory matters.
- **You have an investable story**
  Numbers get you in the door, but the narrative is what gets investors excited. Your business needs to be in a sector or market that public investors find compelling — with a growth story that's believable and sustainable.
- **You're thinking 2–3 years ahead**
  If you need capital tomorrow, an IPO isn't the answer. If you're planning for where your business will be in 2–3 years and want to start positioning now, you're thinking the right way.
- **You're open to transparency and governance**
  Being public means opening your books, having independent directors, and being accountable to shareholders. If this feels intolerable rather than uncomfortable, listing may not be right for you.
- **You're coachable**
  The founders who navigate the IPO process best are the ones who listen to their advisors, ask hard questions, and don't let ego drive decisions. This is a team sport.

Red Flags I Watch For

In 10+ years of advisory work, certain patterns consistently signal a deal that will struggle or fail. I share these not to discourage you, but because honesty serves you better than flattery:

- **Inflated or unreliable financials**
  If the numbers that show up in due diligence don't match what you told me on the first call, we have a fundamental problem that no amount of structuring can fix.
- **Looking for investors to cover professional fees**
  If a founder needs pre-IPO investors to pay for the listing process itself, it signals a lack of confidence in the business — and sophisticated investors can smell it.
- **Shopping purely on price**
  If you're comparing advisors the way you'd compare vendors for office supplies, you're not treating this with the seriousness it demands. The cheapest advisor is rarely the best decision for a US$1.5M+ process.
- **Trying to DIY the restructuring**
  Corporate restructuring for a listing involves securities law, tax implications, accounting standards, and regulatory requirements across jurisdictions. This is not a project for your general counsel and accountant alone.
- **No clear business narrative beyond "we make money."**
  Profitability is necessary but not sufficient. Public investors need to understand why your company will continue growing and why the market opportunity is compelling.

SECTION 05

Quick Readiness Checklist

This is not a pass/fail test. It's a conversation starter. If you can check most of these, it's worth having a strategy call. If you can't, it doesn't mean listing is off the table — it may just mean the timeline is longer.

Your Business

- ☐ My business (or a business unit within it) generates US$750K+ in net income
- ☐ I have at least 1–2 years of clean, auditable financial records
- ☐ My business is in a sector that public investors find compelling
- ☐ I can articulate a clear growth story — why my company will be bigger in 3–5 years
- ☐ My business model is sustainable and repeatable, not dependent on one-off projects

Your Structure

- ☐ I have a corporate entity (not a sole proprietorship or informal structure)
- ☐ My cap table is clean — I know who owns what and there are no unresolved disputes
- ☐ I'm open to the idea of carving out a business unit or consolidating multiple businesses if needed
- ☐ I understand that listing will require independent directors and proper governance

Your Finances

- ☐ I have (or can access) US$500K+ to begin the advisory process
- ☐ I understand the total process costs US$1.5M–$3M+ and I have a plan to fund it
- ☐ I am not relying on pre-IPO investors to cover professional fees

You, the Founder

- ☐ I'm thinking about this 2–3 years ahead, not because I need money next month
- ☐ I'm open to honest feedback about my business and my readiness
- ☐ I'm willing to work with professional advisors rather than trying to do this myself
- ☐ I'm prepared for the transparency and accountability that comes with being public

> **Checked most of these?** You're closer than you think. A strategy call can help you understand exactly where you stand, what needs to happen first, and whether a carve-out, roll-up, or full listing makes sense for your situation.

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Still Not Sure If Listing Is Right for You?

That's exactly what the strategy call is for.

A free, honest conversation about your business, your numbers, and whether a carve-out, roll-up, or full listing makes sense for you. No pitch. No pressure. Just clarity.

Book a Strategy Call →
tidycal.com/mandyc852/30-minute-meeting

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10+ years · 60+ transactions · HKEX, NASDAQ & global markets

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