

# 第二届中法金融论坛

## 2<sup>nd</sup> SINO-FRENCH FINANCIAL FORUM

### Listing of Chinese Companies in Europe (Jens Ewert, Deloitte)

北京 2008年10月17日 Beijing, October 17, 2008

北京香格里拉饭店 Shangri-La Hotel Beijing

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## Listing on Euronext's markets

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- Scope of work for all partners
- International financials reporting obligations
- Practical sample
- Our expertise

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# Scope of work for all parties

## ● PSI / Listing sponsor / Banks:

- Preparation of the agenda
- Valorisation of the offer and pricing
- Sales and securities placement
- Road shows

## ● Legal advisory:

- Structuration of the legal offer
- Coordination and drafting assistance of the prospectus
- Centralisation of the AMF relation

## ● Auditor/Reporting Accountant

- Audit and/or limited review of historical financial information
- Report concerning the pro forma financial information
- Report concerning the projected financial information
- Completion letter on the source document & the prospectus
- Comfort letter for Offering Memorandum
- Specific reports relative to the operations on the capital

## ● Advisory and financial expertise:

- Financial statements preparation
- Preparation and drafting of the financial information
- Road show assistance
- Centralisation of the AMF relation

# Main financial reporting obligations

|   | Eurolist  |  | Alternext  |  |
|---|---|--|--|--|
|   | Public Offering   | Public Offering  | Public Offering  | Private Placement  |
| • Statutory financial statements (GAAP)   | French  | French   | French   | French   |
| • Historical Financial Statements   | 3   | 3  | 3  | 2  |
| • Consolidated financial statements (1)   | IFRS  | French or IFRS (choice)  | French or IFRS (choice)  | French or IFRS   |
| • Prospectus  | Prospectus regulated by AMF (approved by AMF)   | Prospectus regulated by AMF (approved by AMF)                        | Prospectus regulated by AMF (approved by AMF)                        | Offering Circular  |
| • Auditor diligences  | Statutory financial statements<br>Consolidated financial statements<br>Transition IFRS audited<br>Prospectus verification | Statutory financial statements<br>Consolidated if conditions met (1) | Statutory financial statements<br>Consolidated if conditions met (1) | Statutory financial statements<br>Consolidated if conditions met (1) |
| <p>(1) <i>Consolidated financial statements are required if 2 out of 3 conditions are met in 2 consecutive periods: Revenues &gt; 30ME, Total Assets &gt;15ME and/or &gt;250 employees.</i></p> |   |  |  |  |

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# Main financial reporting obligations

|  | Eurolist   |  | Alternext       |                    |
|--|--|--|-----------------|--------------------|
|  | Public Offering  |  | Public Offering | Private Placement  |
| <ul style="list-style-type: none"> <li>Pro Forma informations</li> </ul> | <ul style="list-style-type: none"> <li>Mandatory if key financial indicators change by &gt;25%</li> <li>Auditor report required</li> </ul> |  | Same            | Open / not defined |
| <ul style="list-style-type: none"> <li>Forecasts</li> </ul>              | <ul style="list-style-type: none"> <li>Mandatory and key assumption to be disclosed</li> <li>Auditor report required</li> </ul>            |  | Same            | Open / not defined |
| <ul style="list-style-type: none"> <li>Half year account</li> </ul>      | For listing after September 1 – half year financial statements need to be prepared   |  |                 |                    |
| <ul style="list-style-type: none"> <li>Auditor's diligence</li> </ul>    | Limited review of financial statements   |  |                 |                    |

# Practical Sample

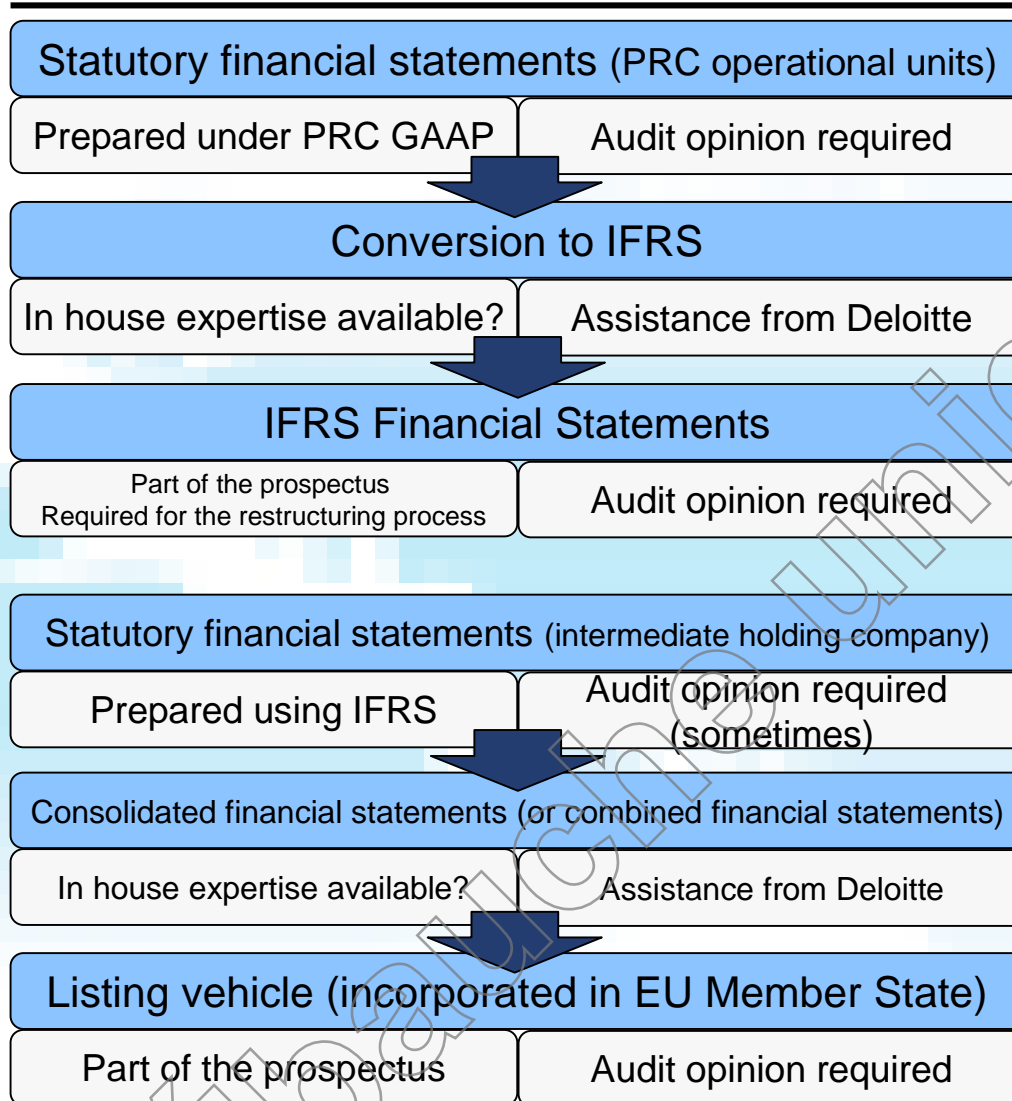
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Listed Vehicle  
Company incorporated in EU member State

Intermediate Holding  
Off shore PRC

PRC operational units

# LISTING PROCESS - Practical sample for Financial Information



Not disclosed in OM/Prospectus

Disclosed in OM/Prospectus

In past cases: usually "pro forma" information

Disclosed in OM/Prospectus Consolidated and Stand alone

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# IFRS versus PRC GAAP

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- New PRC GAAP
  - Applicable to Chinese List Co's (since January 2007)
  - Basically referring to IFRS
  
- Commonly used PRC GAAP ("old PRC GAAP")
  - Some differences : limited (R&D / Deferred Tax accounting among others, some non accrual based accounting for subsidies etc...)
  
- The keys are :
  - Status of accounting records
  - Level of training / knowledge in local finance teams
  - Financial accounting versus tax accounting

# POST LISTING PROCESS - Practical sample

## Euronext (AMF regulations apply)

- Annual financial statements
- Report on internal controls
- Half year financial statements
- Quarterly financial information

- 4 months after YE closing
- Audited
- Attestation
- Limited review (2 months)
- Key indicators (45days)

## Alternext (AMF regulations apply)

- Annual financial statements
- Report on internal controls
- Half year financial information

- 4 months after YE closing
- Audited
- Attestation
- No audit/review
- No quarterly information

# Our expertise : Deloitte France / Deloitte China

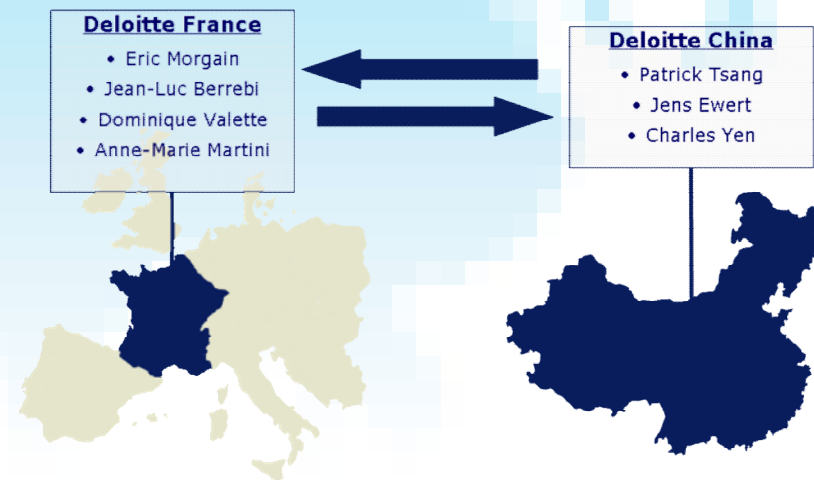
## ● A dynamic action plan

- A dedicated team covering all the industries with a national presence: Paris, Lille, Lyon, Marseille.
- A brand recognized by the major actors: lawyers, listing sponsors...
- A national communication plan.



## ● International collaboration

- Cooperation with Deloitte teams around the world
- Global publications
- International events organisation



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## Deloitte France - IPOs 2007

| Name             | Sector name                    | Market       | Capital raised |
|------------------|--------------------------------|--------------|----------------|
| Auto Escape      | Travel & Tourism               | Alternext    | 11.11          |
| Notrefamille.com | Internet                       | Alternext    | 7.14           |
| Adenclassifieds  | Internet                       | Eurolist     | 52.84          |
| DreamNex         | Specialty Retailers            | Eurolist     | 20.75          |
| Adthink Media    | Internet                       | Alternext    | 5.00           |
| Batla Minerals   | Diamonds & Gemstones           | Marché Libre | 0.03           |
| Homair           | Hotels                         | Alternext    | 32.31          |
| Vivalis          | Biotechnology                  | Eurolist     | 40.44          |
| Groupimo         | Real Estate Holding & Developm | Alternext    | 6.08           |
| Orolia           | Electronic Equipment           | Alternext    | 11.93          |
| Goadv            | Media Agencies                 | Alternext    | 6.54           |
| Mindscape        | Toys                           | Alternext    | 11.62          |

### Examples of listing Advisors / Sponsors we have been working with












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## Strong partnership with listed companies

- Deloitte France is the auditor of more than **150 listed companies**:

- 19 companies CAC 40
- 43 companies SBF 120
- 79 companies SBF 250
- 19 companies Alternext

- **Deloitte has assisted:**

- 18 IPO in 2006
- 13 IPO in 2007

| Alternext       |                   |                    |                      |
|-----------------|-------------------|--------------------|----------------------|
| ▶ 1855          | ▶ Groupimo        | ▶ Netbooster       | ▶ Piscines Groupe GA |
| ▶ Adthink Media | ▶ Homair Vacances | ▶ Normaction       | ▶ Sovep              |
| ▶ Auto Escape   | ▶ Maesa           | ▶ Notrefamille.com | ▶ Techniline         |
| ▶ Cedip         | ▶ Maximiles       | ▶ Ober             | ▶ Xiring             |
| ▶ GoAdv         | ▶ Mindscape       | ▶ Orolia           |                      |

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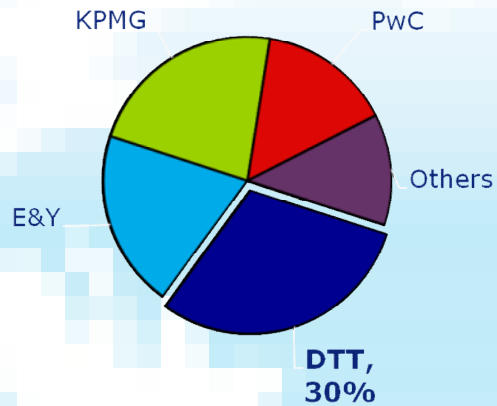
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# Deloitte China market share

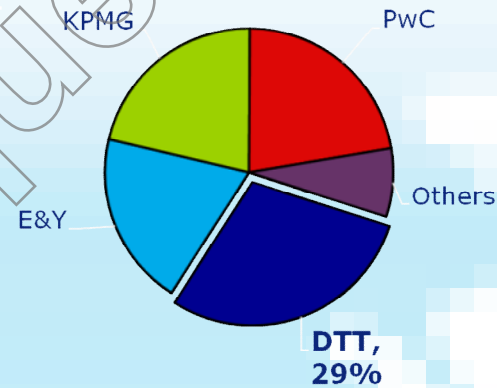
- Total number of US and HK IPO

**2008 Jan-Aug**



**Total Number of IPO = 40**

**2007 Jan-Dec**



**Total Number of IPO = 117**

- Deloitte examples of US and HK IPO

|   |  |
|---|--|
| RENESOLA (US)   | Pou Sheng International (Holdings) Limited |
| New Media Group Holdings Limited                          | Shandong Chenming Paper Holdings Ltd.      |
| Tianjin Binhai Teda Logistics (Group) Corporation Limited | SJM Holdings Limited                       |
| Asia Cement (China) Holdings Corporation                  | Emperor Watch & Jewellery Limited          |

## Our assets, our differentiation

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- **A middle market expertise** – Leader in Alternext IPOs
- **Multidisciplinary approach** with a national and international network
- **Relationship experience** with the AMF and anticipation of their needs
- **Effective collaboration** with other service providers
- **Reputation and quality** providing **credibility**

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