

第二届中法金融论坛

2nd SINO-FRENCH FINANCIAL FORUM

How to deal with information and prospectus ?

The experience of an investment firm and listing sponsor

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For the IPO, company partners prepare the required information ... (1/3)

Several company partners are involved in setting up the required information such as the Listing Sponsor, the Investment bank, the Lawyers and Auditors, who work like partners for the success of the company's IPO. The Listing Sponsor coordinates this process. For an IPO, has to be produced :

1 Legally required information

- **Prospectus or Offering circular:**

- Prospectus follows the EU prospectus Directive and is approved by the regulator
- Offering Circular for an Alternext Private Placement (PP) and Technical listing (without fund raising) is not cleared by the Market Authorities. In practice, Invest Securities follows the EU Prospectus Directive. The offering circular is under the responsibility of the LS and issuer.

- **Financial information:**

- Track record : 3 years for a Public Offering, 2 years for a Alternext Private placement and technical listing
- Audited full and half year accounts (except for Alternext : unaudited half year reports)
- IFRS or GAAP (US, Japanese, Canadian). Possibility for an Alternext Private Placement to keep local GAAP with reconciliation table for non EU companies.

For the IPO, company partners prepare the required information ... (2/3)

2 Pre-Marketing tools

These communication tools must be consistent with the prospectus or the offering circular.

- **Business Plan / Strategy :**
 - Validated by the Listing Sponsor
 - Company's goals and strategy
 - Intended use of the fund raised
 - Translation into financials

- **Research Report**
 - Published by the Investment Bank
 - Market analysis
 - Company strengths and weaknesses
 - Valuation Modeling

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For the IPO, company partners prepare the required information ...(3/3)

2 Pre-Marketing tools

- **Investor Presentation**

- Prepared by the management of the company, the investment bank and the communication agency
- Marketing oriented summary designed to inform investors
- Equity story : gives clarity and visibility to make investment decisions
- Promotes the attractiveness of the investment opportunity

- **Financial Press power point**

- Prepared by the communication agency
- Disclosed during Press Conferences

> Pre-marketing communication highlights important items in order to 1) make them more visible for investors, journalists and financial analysts and 2) to built a winning investment case.

« Nobody knows what we all know together »

Loa Tse (570 – 490 BC)

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... based on due diligence and assessments (1/3)

Whatever the size of the company or the targeted market, the process will be the same : apply best practices when doing due diligence and assessments to ensure the information is correct, complete, relevant, accurate & not misleading. The LS coordinates the due diligence.

- **Business due diligence**

- Done by the **Listing Sponsor**, who engages itself by signing a declaration of having performed these due-diligence.
- **Documentary review** provides insights on how the company conducts its business.
- **Management interviews** give the Listing Sponsor an opportunity to expand on the documentary review carried out. These interviews are tailored to the situation of the company (ie business sector).

... based on due diligences and assessments (2/3)

- Legal due diligence

- Done by lawyers
- Involves legal reviews on company's business and core assets (intellectual, land use rights, etc...), contracts signed with all kind of parties, free transferability of the shares, legal structure,
- Legal opinion

- Financial due diligence

- Done by the auditors
- Consists in reviewing the current financing obligations, the working capital position, financial and operating structures and procedures, to establish whether they are suitable to meet the more demanding requirements of a listed company.
- Comfort letter

- Environmental and Social Audits / Assets valuers (if applicable)

- More and more an investor's demand
- Performed by experts for specific cases

... based on due diligences and assessments (3/3)

These due diligence and assessments enable to ensure that the information is

- **Correct** : the appropriate verifications have been completed
- **Complete** : the documents contains all the information required by the EU Prospectus directive
- **Relevant** : the information answers investors expectations
- **Accurate & not misleading** : avoid wrong decision making when relying on wrong or misleading information.

Thank you for your attention

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INVESTMENT BANK AND LISTING SPONSOR**

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