Overseas listing opportunities for fast-growing companies seeking to raise capital – the route to Europe

IPO and listing services for Chinese entrepreneurs
Strategic benefits for Chinese companies

... profit from IPO experience

**Why be listed overseas?**
For fast-growing Chinese companies seeking to raise capital, an IPO in Europe can be a superior route to funding growth. While challenging markets will come and go, companies that are well prepared will be able to leverage the windows of IPO opportunity whenever they open.

Since 2007, many Chinese companies have joined the European capital markets and launched successful IPOs.

Feedback from CEOs highlights major benefits for Chinese companies with an overseas listing abroad:

- **Higher valuation and less under-pricing**
- **Faster go to market**
- **More diversified institutional investor base**
- **Better industry knowledge of analysts**
- **Strategic business opportunities in Europe**
- **Euro share price denomination as M&A currency**
- **Gain top brand and high quality recognition**
- **Faster listing and approval process**

An IPO in Europe can raise the capital needed to accelerate growth. It is the first sale of a company’s shares to the public and the listing of the shares on a stock exchange. An IPO also allows a company to internationalize and capitalize on positive spillover effects for the core business.

... test the water and check the possibilities of doing an IPO overseas in Europe in order to achieve market leadership
Exploring options China – Europe
... join with our cross-border capital market experts

What have Chinese companies with highly successful IPOs done in a first step?

Get familiar with European benefits and characteristics

- Visit the European capital market landscape with your company’s delegation to gain a firsthand impression
- Get in touch with the relevant intermediaries for your IPO
- Meet representatives from Chinese companies already listed in Europe to get direct feedback from other entrepreneurs

Prepare early with the right setup and infrastructure

- Begin the IPO readiness process early. When the IPO window of opportunity opens, winning companies are ready
- Commit internal resources to the IPO process
- Build a quality management team, robust financial and business infrastructures, corporate governance and an investor relations strategy that will attract the right investors

Build an outperforming IPO team

- Use experts to bridge capital markets knowledge between China and Europe
- Create a team familiar with Chinese transactions
- Find the right set of advisors in Europe in relevant IPO disciplines and with industry expertise

Decide on the right listing venue

... consider an IPO on Deutsche Börse ringing the bell on Frankfurt Stock Exchange floor
Listing venue decision:

... discover the Frankfurt option

How does it fit and work?
Frankfurt offers a balanced regulation for the life cycle of Chinese companies. Chinese entrepreneurs have the choice between three major types of IPO and market segments with high liquidity, investor awareness and market credibility.

<table>
<thead>
<tr>
<th>EU-regulated market</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prime Standard</strong></td>
</tr>
<tr>
<td>(most transparent standard in the EU)</td>
</tr>
<tr>
<td>+ Quarterly reports</td>
</tr>
<tr>
<td>+ Corporate calendar</td>
</tr>
<tr>
<td>+ Analysts conference</td>
</tr>
<tr>
<td>■ Annual and interim report based on IFRS</td>
</tr>
<tr>
<td>■ Disclosure of directors’ dealings and ad hoc disclosure</td>
</tr>
<tr>
<td>■ Shareholder stake and takeover reporting</td>
</tr>
</tbody>
</table>

| **General Standard**  |
| (most cost-efficient way to access EU-regulated markets) |
| ■ Annual and interim report based on IFRS |
| ■ Disclosure of directors’ dealings and ad hoc disclosure |
| ■ Shareholder stake and takeover reporting |

<table>
<thead>
<tr>
<th>Regulated unofficial market</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entry Standard</strong></td>
</tr>
<tr>
<td>(cost- and time-efficient way to enter capital markets)</td>
</tr>
<tr>
<td>+ Relevant corporate filings</td>
</tr>
<tr>
<td>+ Annual and interim report in local GAAP or IFRS</td>
</tr>
<tr>
<td>+ Corporate calendar and corporate profile online</td>
</tr>
<tr>
<td>■ Insider trading rules</td>
</tr>
<tr>
<td>■ Market abuse rules</td>
</tr>
<tr>
<td>■ Takeover rules</td>
</tr>
</tbody>
</table>

Efficient and reliable IPO process

- Predictability: no target group assessment
- 6-12 month IPO execution period
- Fast and reliable vetting and approval process with the German regulator within 20 days
- EU passporting allows placement of shares and investor marketing all over Europe
- Reporting and communication in English
- No formal lockup requirement

... know more benefits in line with your objectives of the right listing venue
Our IPO and listing services for Chinese companies

… every journey starts with the first step

<table>
<thead>
<tr>
<th>IPO Competence Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPO Readiness Diagnostic</td>
</tr>
<tr>
<td>IPO Prepare Services</td>
</tr>
<tr>
<td>IPO Integrated Execution Offering</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital Market Cross-Border Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercultural Cross-Border Support</td>
</tr>
<tr>
<td>In- and Outbound Issuer Services (GSA)</td>
</tr>
<tr>
<td>Transaction Services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Audit and Financial Advisory Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory Audit and IFRS Conversion</td>
</tr>
<tr>
<td>Certified Investor Relation Education</td>
</tr>
<tr>
<td>CFO and Supervisory Board Training</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Listing Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity Creation</td>
</tr>
<tr>
<td>Long-Term Incentive and Stock Option Plans</td>
</tr>
<tr>
<td>Compliance and Corporate Governance</td>
</tr>
</tbody>
</table>

As a first step, the IPO readiness assessment and diagnostic is key to becoming a listed company.

… let’s start the IPO journey on the right foot with our IPO readiness report
Your professionals in Frankfurt: 
IPO Competence Center
... in tune with your business objectives

What is the IPO readiness report?
All relevant topics in detailed format

- A report covering all the following areas: financials, tax, legal, internal control, risk management, corporate governance and IT
- Evaluates the company in order to establish if and when it will be IPO ready
- For each area, a clear and consistent overview of:
  - Current status of the company with a focus on open points for an IPO
  - Proposed action points including a corresponding timeline

How does it assist Chinese companies?
Benefit from rich knowledge and experience

- Combines knowledge and experience of all subject-matter professionals
- Allows the company to benefit from knowledgeable professionals in the IPO field
- Identifies the open issues and recommends necessary action points
- Supports the company to plan and prioritize the action points to be IPO ready
- Offers an independent opinion of the current IPO status of the company
- Prepares the company to be a successful public company once the IPO takes place

An executive summary provides a quick overview of the most relevant issues.

... contact us, we would be pleased to welcome you in Frankfurt
Your IPO contacts:

Our IPO team in China and Germany

**EY China**

**Terence Ho**
Partner Assurance and Accounting Services, Strategic Growth Markets Leader & IPO leader Greater China
50th Floor, Shanghai World Financial Center
100 Century Avenue, Pudong New Area
200-120 Shanghai, China
Phone +86 21 22282202
Email terence.ho@cn.ey.com

**EY Germany**

**Dr. Martin Steinbach**
Executive Director Head of IPO and Listing Services
Financial Accounting Advisory Services
Mergenthalerallee 3-5
65760 Eschborn, Germany
Phone +49 6196 996 11574
Mobile +49 160 939 11574
Email martin.steinbach@de.ey.com

**Yi Sun**
Partner Transaction Advisory Services
Head of Greater China Business Services
Germany/Switzerland/Austria (GSA)
Graf-Adolf-Platz 15
40213 Düsseldorf, Germany
Phone +49 211 9352 20153
Mobile +49 160 939 20153
Email yi.sun@de.ey.com

IPO Competence Center Germany, Switzerland, Austria:
http://www.ey.com/de/ipo-and-listing

Discover more on our Global IPO Center of Excellence:
http://www.ey.com/IPOcenter

... we help you to start the IPO process off on the right foot
About EY
EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2013 EYGM Limited.
All Rights Reserved.

BKL 0813-081
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

www.ey.com/de/ipo-and-listing