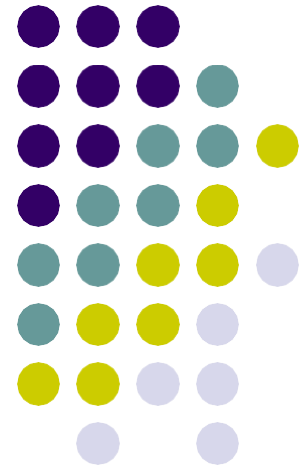# Corporate Finance

Group Project Guideline

Yuan Shi©

HSBC Business School

Peking University

Project

A real-world IPO deal

- **Collect** information from public resources
- **Organize** the information in structured framework
- **Analyze** the information using **valuation** tools
  - Doesn't have to be comprehensive, a broad estimation could also work
- **Present** your findings through an oral presentation with slides

You are going to

- Form a group with 4-6 members
  - Report your group list to TA by **Nov 25**
- Choose a deal
  - Report your choice to TA by **Nov 29**
- Collect information: Details of the deal
- Analyze information and formalize your conclusion
- **Submit slides** to TA by EOD **Jan 5.**
- **Present** on **Jan 6 & 9** (Jan 13: final exam review)

Choices of Corporate Deals

- **IPOs**
  - including failed/postponed IPOs
  - Here is list of suggested deals:

公司英文简称	中文简称	上市日期
Pagoda	百果园	2023/1/16
YH Entertainment	乐华娱乐	2023/1/19
Zhihu. Inc	知乎	2022/4/22
KE holding.Inc	贝壳	2022/5/11
Reddit	Reddit	2024/3/21
NIO.INN	蔚来汽车	2022/3/10
MINISO	名创优品	2022/7/13

  - You can also choose a deal by yourself.
    - Deal size big enough: larger than USD 100M/RMB500M
    - Launched after January 1, 2022 and completed or cancelled/postponed by Nov 30, 2024.

4

Information Sources

- News Search & Company Information
  - **Bloomberg**
  - **Wind**
- Official filings
  - Mainland: https://www.sse.com.cn/ipo/disclosure/; http://www.szse.cn/index/index.html ; http://eid.csrc.gov.cn/
  - US: www.sec.gov/edgar.shtml
  - HK: https://www.hkexnews.hk/index.htm
  - Company websites
- Other sources (stock prices & company information)
  - Yahoo finance: https://finance.yahoo.com/
  - Aastocks (HK companies): http://www.aastocks.com/

Analysis

- Apply the valuation tools we learnt in this course

- For fundamental valuation, you can focus on

  - Cash flow forecast and/or cost of capital

  - If your time is limited, you can focus on one angle

- Relative valuation is suggested

  - Either to compare with your fundamental analysis

  - Or as your main valuation method

Formalize Your Conclusion

- Use one sentence to summarize your key point
  - Examples:
  - From the firm's angle:
    - We think going IPO at this time is good/bad idea for company xxx, because our valuation suggests market valuation is high/low…
  - From investors'/ analysts' angle
    - We hold a negative/neutral/positive view on investing in xxx IPO, because the offer price is too high/ fair/ low compared to the fundamental value.
- Distinguish back-test vs. in-time recommendation

Extensions

- Think about:
  - Why did this IPO happen? What was the motivation behind this event?
  - Why did it happen at that time and not earlier or later?
  - What were the gains and losses of all possible parties related to the event?
  - Did the management represent shareholders' interest?
  - Do you think this is a good or bad deal from the existing/new investors' perspective?
  - Do you think the transaction price is fair?
  - Can you think of a trading strategy to profit from this deal?

Presentation

- Tentative: 18 minutes for each group
  - 15 minutes for **presentation**
  - 3 minutes for **Q&A**s
  - 2 minutes for other comments & break
- Try to convince us why you think the deal is a good/ bad one.
  - Professional presentation in English
  - Make your point clear in 15 minutes
  - Choose wisely what you want to talk about in limited time

Grading

Grading

- 10 points in total
- Every group member has the same grading, unless we received complains about free-riders.

Expectation

- Show that you could understand and analyze a real-world corporate deal with the tools that you learnt from the course
- Collect and analyze information
- Make an insightful point
- Present your ideas professionally
- Logically explain and defend your arguments