

HKEX IPO Express

ISSUE 1 | March 2020



Connecting China,
Connecting the World.

Highlights of Hong Kong's
2019 IPO market

Secondary listing for
Greater China issuers

Helpful tips for a potential
secondary listing candidate

Case study:
Alibaba Group's home-coming

HKEX strength and resiliency

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Welcome

to the first issue of *HKEX IPO Express*, which will help us communicate with and inform the international and regional IPO community. This newsletter will speak to the diversity of the IPO community and provide technical information and insights to help you prepare to access Hong Kong's international pool of capital. We will publish this newsletter six times per year with updates on any relevant IPO policies and rules, as well as IPO case studies and insights into the latest trends and market developments.

We hope you enjoy reading the first issue of *HKEX IPO Express*. Please send us your feedback, we welcome the opportunity to discuss in greater detail what a listing in Hong Kong can offer you.



Highlights of

Hong Kong's 2019 IPO market

We are extremely proud that Hong Kong has been the world's No.1 IPO venue for seven of the last 11 years. This success in attracting global issuers and investors is testament to the opportunities available in Asia's most dynamic and vibrant capital market.

No. 1 Globally in number of IPOs and IPO funds raised

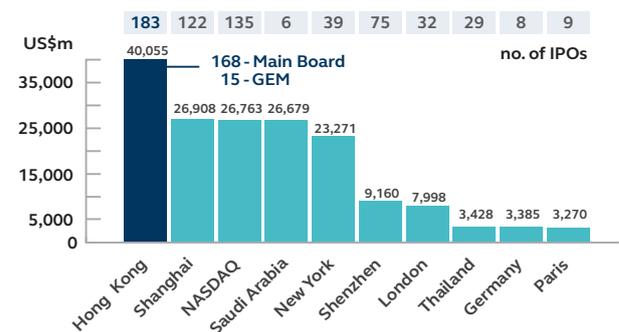
Ranked No.1 for the 7th time in the past 11 years

A record breaking year in terms of number of new listings on the Main Board

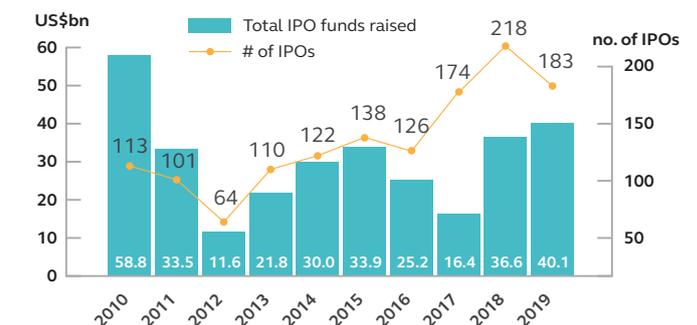
IPO funds raised came from listing of:



Global IPO Funds Raised in 2019



HK IPO Funds Raised by Year



Attracting both Mainland & international issuers

HKEX retains the global IPO crown again

Destination market for new economy issuers



Secondary listing for Greater China issuers

A secondary listing on HKEX is an exciting opportunity for companies seeking greater international exposure and access to new capital. We sat down with Christina Bao, HKEX Head of Global Issuer Services, to discuss why companies should consider a secondary listing at this time, and what HKEX can offer them.



Christina Bao

HKEX Head of Global Issuer Services

How have market developments and the growth of China Inc. made secondary listings more attractive to Mainland companies?

Christina: Dual listings in Hong Kong are gaining traction with Mainland Chinese and overseas listed companies as they provide extra fundraising and liquidity opportunities in the Asian time zone, and more access to Asian, and especially Chinese, investors. Secondary listings can often be done with more ease than primary listings while still maintaining the same high standards of protection for investors.

HKEX hosted a high profile secondary listing in 2019, but 2020 is off to a very different start. How do you expect 2020 to turn out in terms of secondary listings?

Christina: The trend of overseas-listed Chinese companies coming home has just begun and we are confident that more will be joining Alibaba, as the Asian investment community has developed a bigger appetite for tech-driven businesses while the issuers are hoping to tap into their home market where their brands are highly recognised. They are joining forces with other new economy companies in China to formulate what we see as a new driving force in Asia's capital markets. Despite the challenges in 2020, we trust it is not whether this is happening, but when.

How does a secondary listing help companies in the globally uncertain and volatile environment we now face?

Christina: The decoupling that has become increasingly real between China and the US requires Chinese companies to reconsider their capital strategy along with their business strategy. Secondary listing provides another "safe harbour" for companies that cannot afford business disruptions due to capital market constraints, or are seeking an alternative fund-raising route in the public market. Both of these benefits are particularly valuable in a softer market or volatile economic situation.

How should a company judge whether HKEX is the right market for its secondary listing?

Christina: The strength of a market depends on three factors: investor diversity and abundance, market depth, and solid market infrastructure. HKEX operates a unique market that connects China with the world, providing access to investors from China and the rest of the world. HKEX is one of the biggest exchanges in the world and it has welcomed a number of jumbo IPOs by both Chinese and international companies. Last, but not least, listing rules and processes are transparent, up to date and fair to all. If any company is considering a dual listing, Hong Kong is a market not to be missed.

Helpful tips for a potential secondary listing candidate

The process to secondary listing in Hong Kong is generally easier than a dual primary listing with certain waivers because a secondary listing issuer will be principally regulated by the rules and authorities of the jurisdiction where it is primary listed.

Key Criteria for Greater China Issuers:

Innovative



Already listed on Qualifying Exchanges (NYSE/ Nasdaq/ or a premium listing of the LSE main market) with a market cap of at least HK\$10bn



Meet with certain shareholders' protection requirements



No reconciliation statement is required for a secondary listing applicant under Chapter 19C who has adopted US GAAP for its financial reporting.

A Greater China issuer with a primary listing on a Qualifying Exchange on or before 15 December 2017, can apply for secondary listing with its existing VIE and WVR structure so long as it's duly disclosed. There is no need to conform with our guidance.

Refer to [Chapter 19C](#) of the HKEX Listing Rules and relevant research paper "[Reform and Breakthrough of Hong Kong's Listing Regime](#)" for detailed requirements. Please contact us by email or telephone [Pre-IPO Enquiry](#) if you have further questions regarding secondary listing.

Case study

Alibaba Group's home-coming



Alibaba Group (09988.HK) is HKEX's highest profile secondary listing to date, and the success of its offering sets an excellent example for other potential issuers. On 26 November 2019, it became the **FIRST** Chinese new economy or internet company to list in both Hong Kong and the US, and its offering was Hong Kong's **LARGEST** fundraising of 2019.

The landmark listing was notable in a number of other ways that showcased the capabilities and efficiency of the HKEX listing franchise. For example, Alibaba Group was HKEX's **first fully-electronic offering** process, demonstrating that a public offering can be **paperless** for a seamless process that also protects the environment.

Under the premise that this US-listed company has cultivated investors with a deep understanding of its business model through mature information disclosure, Alibaba Group has not arranged a public roadshow for its secondary listing in Hong Kong. With only **10 working days** from issuance of the Post Hearing Information Pack (PHIP) to listing, this major Hong Kong listing also demonstrated the **efficiency** of the HKEX listing process for secondary listing.

Alibaba Group was also **fast-tracked** to be included in the **Hang Seng Composite Index** only 10 days after the listing.

Alibaba Group and HKEX also make a new attempt on inviting Alibaba Group's global customers to strike the gong on the listing ceremony. It does not only represent the globalisation of Alibaba Group, but also the internationalisation of HKEX.

Looking back the listing process, the seamless integration of various steps is also a testimonial of HKEX's role of being the key pivot linking China and the world. It is also a demonstration on the capability of HKEX on providing an Asia time zone financial platform to all overseas-listed Chinese companies, becoming their reliable and strategic haven.



“On this important milestone, I want to thank our customers first and foremost. My gratitude goes to all the Alibaba consumers who have supported us over the past 20 years.

I want to especially thank Hong Kong and the HKEX. As a result of the continuous innovation and changes to the Hong Kong capital market, we are able to realise what we regrettably missed out on five years ago. Today, we realised what we said then: ‘When conditions allow, we will come back to Hong Kong’.”

Daniel Zhang
Alibaba Group Chairman and Chief Executive Officer
26 November 2019



HKEX strength and resiliency

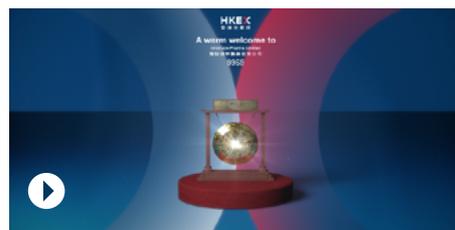
Adapting to the evolving marcoeconomic landscape

The global Covid-19 outbreak has disrupted business activities, travel and people's daily lives around the world. At HKEX we have focused on striking a balance between protecting the health and safety of our community and keeping our market stay fully operational and functioning smoothly. To date, HKEX's markets have demonstrated resilience and robustness during these challenging times, with regular operations across all our markets.

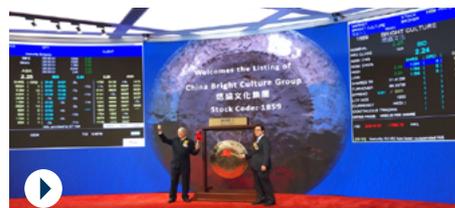
One of our innovations in light of the current environment has been to adapt our hugely popular listing ceremony and the ceremonial striking of the HKEX Gong. While it is unfortunate that we are not to be able to welcome recent new listing companies to the HKEX Connect Hall due to temporary restrictions, we have created alternative ways for companies to celebrate their IPO milestone; including bespoke video productions and a simulated countdown and gong-strike.

Preparing for a listing?
Want more information on how to
celebrate your success?

Contact HKEXevents@hkex.com.hk
and we will work with you to make sure
it is still a memorable experience!



InnoCare Pharma Ltd. virtual listing ceremony



China Bright Culture Group listing ceremony highlights

If you would like to share your feedback with us,
please email ipoexpress@hkex.com.hk

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