

## **Deeper and more diverse**

**A deeper and more diverse market**

**Insight:  
Interview with Ferretti**

**In focus:  
The changing DNA of Hong Kong's  
capital markets**



## A deeper and more diverse market

Looking back at 2021, HKEX remained one of the world’s leading IPO markets, raising over HK\$330 billion through 98 listings. New economy companies were prominent, with 59 issuers listing, raising HK\$291 billion and accounting for 88% of IPO funds raised during the year. While the challenging macro backdrop has led to some softness in global IPO markets this year compared with the first half of 2021, HKEX’s pipeline remains strong with over 170 applicants as of May 2022.

Broadly speaking, our 2018 listing reforms continue to drive our business, attracting an ever more diverse range of issuers, adding depth to our ecosystem and bringing vibrancy to our markets.

### Market growth since our 2018 listing reforms

198 New economy companies listed

**HK\$852.8bn**  
IPO funds raised

**65%** of total IPO funds raised  
by New economy issuers

Average daily traded volume  
in 2021

**HK\$166.7bn**

**+89%** since 2017

Average daily traded volume through  
Stock Connect Southbound in 2021

**HK\$41.7bn**

**+325%** since 2017

During our HKEX Corporate Day in March, we laid out our vision to continue connecting capital with opportunities and this IPO Express update takes a detailed look at the changing DNA of Hong Kong’s capital markets and the three specific ways we plan to improve market quality and diversity in the future: **by refining our listing regime, developing representation from ‘ABCDE’ sectors, and attracting more international issuers.**

But first, let’s start with an in-depth Q&A featuring Ferretti, an Italy-headquartered luxury yacht manufacturer that listed in Hong Kong in March 2022.



## Insight: Interview with Ferretti

Ferretti S.p.A. ("Ferretti", 9638.HK), is an established leader in the global yacht industry headquartered in Italy. Ferretti successfully completed its IPO on the Main Board of the Hong Kong Stock Exchange on 31 March, 2022 and is the first overseas company listed under HKEX's new listing regime for overseas issuers.



**Alberto Galassi**  
Chief Executive Officer,  
Ferretti S.p.A.

### Why did Ferretti decide to list this year?

**Galassi:** The luxury industry grew rapidly in 2021, especially the yacht industry. Our order backlog and total net revenue both increased by 47% y-o-y in 2021. Considering the robust demand we have seen across our business, we felt the time was right to launch an IPO and support the rapid expansion of our business, as well as strengthen our brand awareness. We expect to achieve strong growth after our IPO.

### Why did Ferretti decide to list in Hong Kong?

**Galassi:** Compared with European markets such as Italy, Hong Kong's capital markets are large, with strong liquidity and a diversified investor base. We felt these factors would provide us with a valuation premium and a wider range of fundraising channels. On the business side, we have strong sales and a large customer base in Hong Kong, and Weichai Power, a subsidiary of our controlling shareholder Weichai Group, has been listed in Hong Kong for 18 years. The group understands the Hong Kong capital markets thoroughly and lays a solid foundation for our listing in Hong Kong.

We also believe a Hong Kong listing will raise awareness of our business and grow sales in the APAC market, where we see great potential for growth because the yacht penetration rate is approximately 50 times lower than that in the Americas, while the growth rate of the ultra-high-net-worth individual (UHNWI) population in the APAC region is the highest in the world.

Currently we generate approximately 6% of our revenue from APAC, while looking at luxury car and luxury fashion companies, the revenue contribution from the APAC market is generally at 40%-50%, making APAC one of the most important regional markets. We believe this trend will also apply to yacht companies in the future. Therefore, we decided to increase investment in the APAC market, and listing in Hong Kong is an important strategic step.

### What plans do you have for your business and where do you see the opportunities in the next five years?

**Galassi:** In the next five years, we will continue to invest in R&D to solidify our market leadership in composite and made-to-measure yacht markets. We will also further develop the high-yield flagship super yacht market; improve profitability and product quality through vertical integration of the industrial chain; develop ancillary businesses to further improve our business ecosystem; and develop a Ferretti Security Division (FSD) business platform to release profit growth potential.

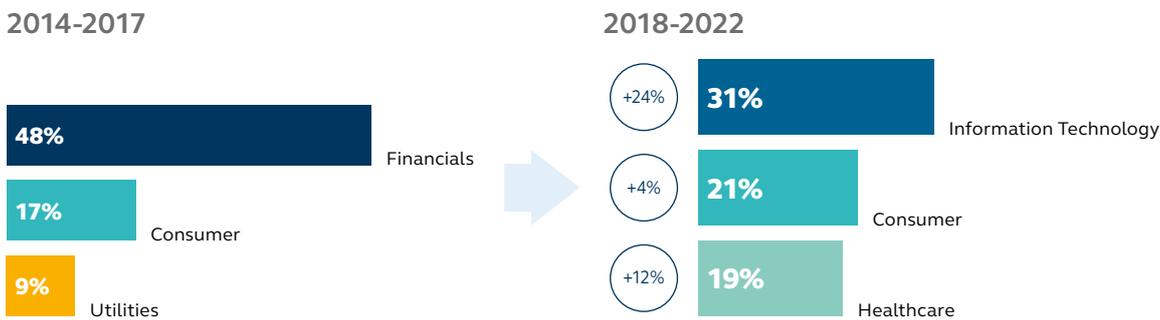


# In focus: The changing DNA of Hong Kong’s capital markets

Our listing reforms of 2018 have fundamentally changed the DNA of Hong Kong’s markets. Hong Kong now plays a vital role in supporting the capital needs of companies in the new economy and stands as the “new economy marketplace” of the world. As such, Hong Kong has become Asia’s biggest, and the world’s second-largest, biotech fundraising hub.

In the four years since our 2018 reforms, information technology, consumer, and healthcare are the top three sectors by fundraising, and have surpassed more traditional sectors such as financials and utilities.

### Top 3 sectors by % share of IPO funds raised



Source: HKEX, 31 May 2022. Industry classification is based on The Hang Seng Industry Classification System (“HSICS”). Consumer sectors include Consumer Discretionary and Consumer Staples.

As well as bringing new economy sectors to the fore, the listing reforms have added diversity, depth and liquidity to Hong Kong markets by attracting a wide range of specialised and frontier technology providers, including some of the leading players from healthcare and information technology sectors in Greater China.

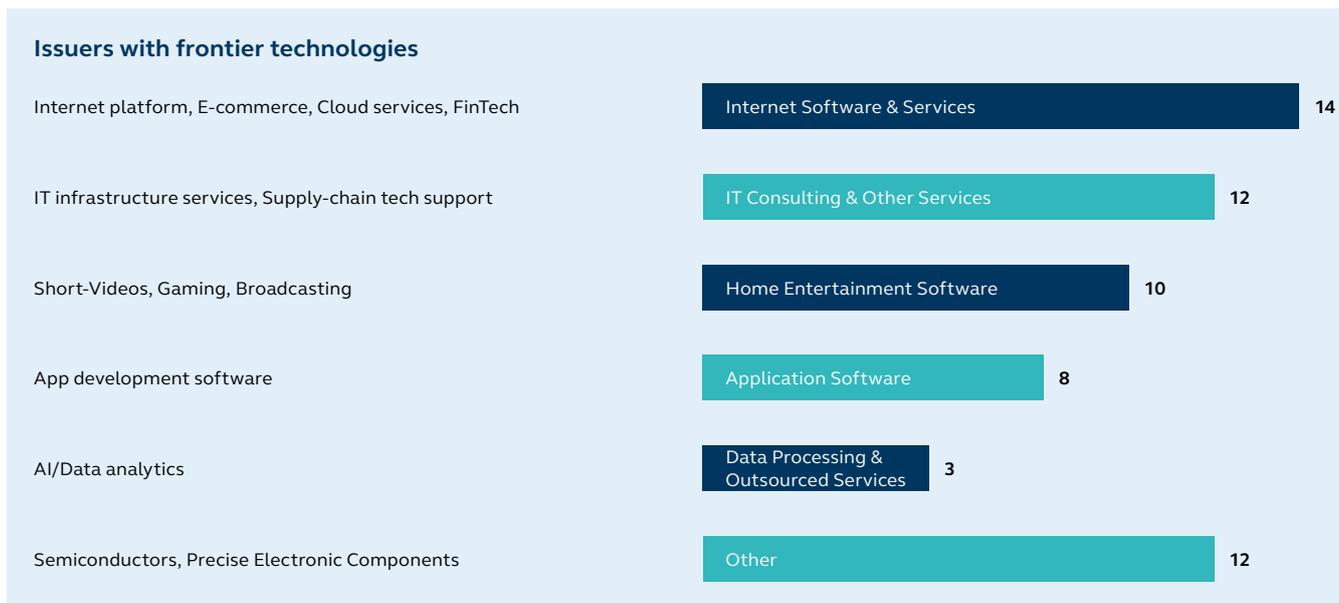
### Healthcare subsectors and no. of listed companies since listing reforms



Source: HKEX and Wind, 31 May 2022



Information technology subsectors and no. of listed companies since listing reforms



Source: HKEX and Wind, 31 May 2022

We are constantly looking at ways to improve the effectiveness and attractiveness of our markets and to thrive amid increasing competition in the industry and the rapidly changing geopolitical landscape. HKEX is dedicated to collaborating with regulators and stakeholders and reacting quickly to improve our regulatory frameworks and infrastructure.

To improve and enhance our market ecosystem, we have three main areas of focus for 2022:

Accelerating the pace of refining our ‘Fit for Purpose’ listing regime

HKEX has broken its own records with a sizeable number of new rules and amendments released during the past few years.

Three new listing chapters enacted in 2018 catered to **75 new economy** issuers with specific attributes, such as **Weighted Voting Rights (WVR) structure, secondary listing and pre-revenue biotech companies**

**1 non Greater China issuer** has listed through the **overseas issuers listing regime** that took effect in January 2022

**12 Special Purpose Acquisition Company (SPAC)** listing applications since our listing regime went live in January 2022. **Aquila Acquisition Corporation** was our first SPAC listing on 18 March 2022, followed by **Vision Deal HK Acquisition Corporation**’s listing on 10 June 2022

In 2022, HKEX will accelerate the pace of refining its ‘Fit for Purpose’ listing regime to cater to the fast changing needs of issuers and investors.

We will continue to diversify our markets and cater to the funding needs of other **large-scale advanced technologies companies** which are at an early stage of product commercialisation.



## Developing ‘ABCDE’ sectors

To further diversify Hong Kong’s markets, we are focusing on attracting companies in what we call ‘ABCDE’ sectors. Companies in these sectors typically have a technology edge, significant support from private capital, and strong potential for future growth.

**A**I and Automation

**B**iotech and Life Sciences

**C**onsumer and Lifestyle

**D**igital Transformation

**E**SG



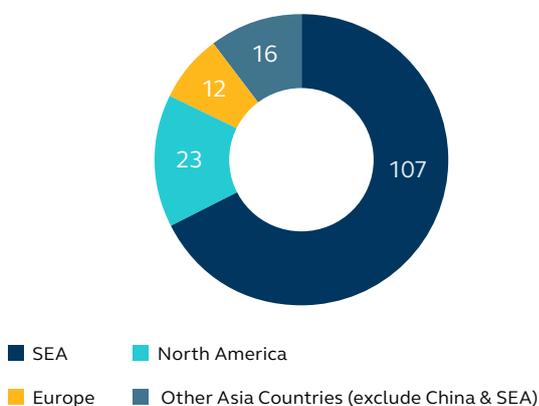
## Diversifying our markets with international issuers

Successful IPOs in Hong Kong by international companies in recent years include:

<p><b>Budweiser Asia</b> Sep 2019</p> <hr/> <p>raised <b>HK\$45<sub>bn</sub></b></p>	<p><b>ESR</b> Nov 2019</p> <hr/> <p>raised <b>HK\$14<sub>bn</sub></b> and follow-on of <b>HK\$38<sub>bn</sub></b></p>	<p><b>Yum China</b> Sep 2020</p> <hr/> <p>raised <b>HK\$17<sub>bn</sub></b> through secondary listing</p>	<p><b>Ferretti</b> Mar 2022</p> <hr/> <p>raised <b>HK\$2<sub>bn</sub></b></p>
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Our diverse international issuer base includes companies from South East Asia, North America and Europe, across a range of sectors including financials, consumer, materials, energy and information technology sectors.

### Number of international issuers by regions



Source: HKEX, 31 May 2022

We believe that the increasing presence of Chinese unicorns at HKEX can also be a key factor for attracting overseas unicorns, particularly those from South East Asia, who may share similar Asian culture and business practices.

We enacted reforms to our listing regime for overseas issuers on 1 January 2022, which aim to provide one common set of core shareholder protection standards to apply to all overseas issuers, while keeping the same level of protection to all investors. This new framework will support a whole new generation of international and regional issuers seeking a listing in Hong Kong.

A streamlined process for listing of overseas companies is also on our agenda as part of our commitment to improve Hong Kong’s competitiveness as an international finance centre.





## Post-IPO service development

HKEX is committed to supporting our issuers at every stage of their development. IR Connect, a brand new digital investor relations platform, will be launched soon to help link Hong Kong-listed issuers with their investors.

To provide Hong Kong-listed companies with a platform to engage with investors and market participants, we launched our Corporate Access Series in April 2022, with the first event focusing on the insurance sector and attracting more than 20,000 investors and market participants to meet virtually and discuss the latest sector developments and share best IR practices.

The next HKEX Corporate Access Series will be hosted on 7 July, 2022. The event will also see the official launch of HKEX IR Connect. Please find more details and register [here](#).

If you would like to share your feedback with us, or wish to learn more about our services, please email [ipoexpress@hkex.com.hk](mailto:ipoexpress@hkex.com.hk).



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