



A new Era in Hong Kong's IPO Market



Presented by:

IPO Vetting, Listing Division

10 September 2024

HKEX
香港交易所

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INTRODUCTION



As of **10 September:**

58

IPOs have listed using **FINI**

 <p>Cirrus Aircraft Limited 2507 Trading Started HKD 27.500 Final Offer Price 2024-07-12 09:00 Commencement of Trading Date</p>	 <p>Shanghai Voicecomm Infor... 2495 Trading Started HKD 152.100 Final Offer Price 2024-07-10 09:00 Commencement of Trading Date</p>	 <p>Ruichang International Ho... 1334 Trading Started HKD 1.050 Final Offer Price 2024-07-10 09:00 Commencement of Trading Date</p>	 <p>Fangzhou Inc. 6086 Trading Started HKD 8.180 Final Offer Price 2024-07-09 09:00 Commencement of Trading Date</p>
 <p>Baiwang Co., Ltd. 6657 Trading Started HKD 36.000 Final Offer Price 2024-07-09 09:00 Commencement of Trading Date</p>	 <p>Xi'an Kingfar Property Servi... 1354 Trading Started HKD 7.500 Final Offer Price 2024-07-03 09:00 Commencement of Trading Date</p>	 <p>Zhonggan Communication (... 2545 Trading Started HKD 1.250 Final Offer Price 2024-07-03 09:00 Commencement of Trading Date</p>	 <p>Metasurface Technologies ... 8637 Trading Started HKD 2.420 Final Offer Price 2024-07-02 09:00 Commencement of Trading Date</p>

KEY OBSERVATIONS

- A. Inflight distributors
- B. Allotment results announcements (“ARA”)
- C. Information on placees



A. Inflight distributors

Who are they?

- Distributors added after the Public Offer opens

Observations

- **NOT FiNI** registered or only registered last-minute
- Did **NOT** attend **FiNI** dress rehearsal
- **FiNI** process handled by outsourced personnel
- New distributor may create new connected client relationships

OCs take full responsibility for ensuring newly added inflight distributors are familiar with FINI.



Adding inflight distributors is **permissible** up to T+1

B. Allotment results announcement

(1) ARA Form submission

One of the requirements under Rule 12.08:

- (c) an analysis of the distribution, in particular, the concentration of the placing shares, including but not limited to (1) the number of placing shares and the percentage of shareholding held by the top 1, 5, 10 and 25 placees, and (2) the number of shares and the percentage of shareholding held by the top 1, 5, 10 and 25 shareholders. Where, in the view of the Exchange, there is a high concentration of shares being marketed for which listing is sought with a few placees, a statement substantially in the following form:

“Investors should be aware that the concentration of shareholders may affect the liquidity of the shares of the issuer. Consequently, shareholders and potential investors are advised to exercise caution when dealing in such shares.”; and

Same requirement as pre-FiNI.

B. Allotment results announcement (cont.)

(1) ARA Form submission (cont.)

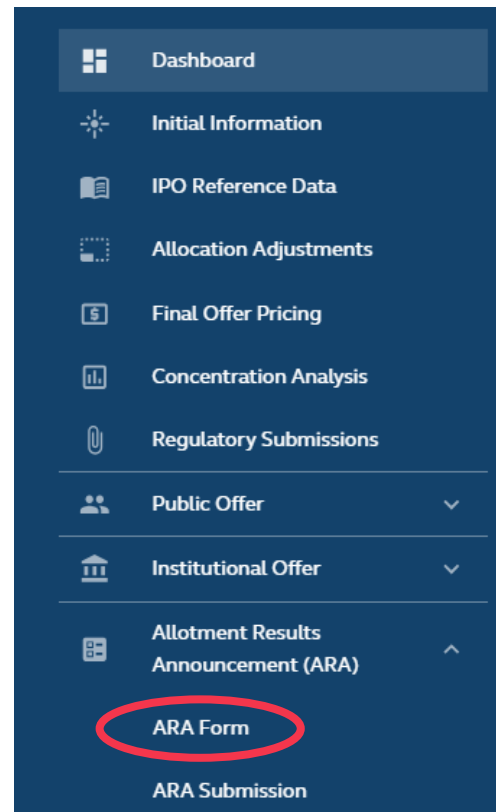
- ARA Form populates required disclosures in the ARA
- ARA Form open for drafting in FINI as soon as PO opens

Timeline:

- 1st submission together with placee lists **by 10:00 T+1**
- Resubmit after addressing regulators' comments **ASAP** but **before 16:45 T+1**

Key information required:

- Top 1, 5, 10, 25 placees
- Top 25 Shareholders List/ Top 25 H-Shareholders List
- Lock-up undertakings



B. Allotment results announcement (cont.)

(2) Aggregation of shareholders in Top 25 Shareholders List

- Shareholdings of certain shareholders may be required to be aggregated
- For example, where they are:
 - *ultimately controlled by the same beneficial owner(s)*
 - *bound by any acting in concert arrangement*
- Failure to aggregate or incorrect aggregation of shareholders leading to inaccurate disclosure in the ARA and potentially delay listing timetable

Common examples of incorrect inputs in the *Top 25 Shareholders List*:

- Failure to aggregate shareholders belonging to the same group of companies
- Failure to update shareholder information after placee list re-submissions
- Failure to factor in H-shares conversion
- Failure to include issued shares from exercises of share options

B. Allotment results announcement (cont.)

Illustrative example of Top 25 Shareholders List

No	Name of Shareholder / Unitholder / Receipt holder / Unique reference number	Number of Shares / Units / Receipts Allocated	Number of Shares / Units / Receipts Held Upon Listing	Holder type	If Holder type is P.O. or Placee, provide name of broker or distributor
1	Shareholder 1	-	79,171,530	Controlling Shareholder	
2	Shareholder 2	-	40,765,800	Substantial Shareholder	
3	Shareholder 3	-	36,685,500	Substantial Shareholder	
4	Shareholder 4	-	32,996,665	Controlling Shareholder	
5	Shareholder 5	-	27,514,200	Pre-IPO Investor	
6	Shareholder 6	-	25,943,360	Pre-IPO Investor	
7	Shareholder 7	18,723,000	18,723,000	Placee	Distributor 1
8	Shareholder 8	-	14,285,700	Pre-IPO Investor	
9	Shareholder 9	-	13,228,500	Pre-IPO Investor	
10	Shareholder 10	13,192,000	13,192,000	Placee	Distributor 2
11	Shareholder 11	13,089,500	13,089,500	Placee	Distributor 2
12	Shareholder 12	-	12,000,000	Pre-IPO Investor	
13	Shareholder 13	-	9,000,200	Pre-IPO Investor	
14	Shareholder 14	-	8,408,545	Pre-IPO Investor	
			6,108,500	Placee	Distributor 3
			5,221,500	Placee	Distributor 3
			3,000,000	Pre-IPO Investor	
			1,000,000	Public Offer	Broker 1
			1,000,000	Public Offer	Broker 2
			264,500	Placee	Distributor 3
			224,000	Placee	Distributor 3
			201,500	Placee	Distributor 3
23	Shareholder 23	159,500	159,500	Placee	Distributor 3
24	Shareholder 24	101,000	101,000	Public Offer	Broker 3
25	Shareholder 25	101,000	101,000	Public Offer	Broker 3

Should a PO allottee be large enough to get into the Top 25 Shareholders List, the Sponsor-OC must be prepared to timely provide the details of such PO allottee (including BCAN subscribers)

B. Allotment results announcement (cont.)

Illustrative example of Top 25 H-Shareholders List

		Rank this column for separate submission to Vetting and input in ARA		Rank this column for FINI upload		
No.	Name of Shareholder / Unique reference number	Number of H Shares / Non-WVR Shares Allocated	Number of H Shares / Non-WVR Shares Held Upon Listing	Number of Shares Held Upon Listing	Holder type	If Holder type is P.O. or Placee, provide name of broker or distributor
1	Shareholder 1	-	123,726,371	180,231,823	Controlling Shareholder	
2	Shareholder 2	-	7,219,636	11,893,996	Pre-IPO Investor	
3	Shareholder 3	-	10,098,785	10,915,197	Pre-IPO Investor	
4	Shareholder 4	2,067,000	7,126,718	9,193,718	Pre-IPO Investor + Placee	Distributor 9
5	Shareholder 5	-	4,096,287	4,096,287	Pre-IPO Investor	
6	Shareholder 6	-	4,096,287	4,096,287	Pre-IPO Investor	
7	Shareholder 7	3,223,500	3,223,500	3,223,500	Placee	Distributor 13
8	Shareholder 8	3,220,500	3,220,500	3,220,500	Placee	Distributor 1
9	Shareholder 9	2,192,000	2,192,000	2,192,000	Placee	Distributor 2
10	Shareholder 10	2,110,000	2,110,000	2,110,000	Placee	Distributor 3
11	Shareholder 11	2,109,900	2,109,900	2,109,900	Placee	Distributor 4
12	Shareholder 12	2,067,000	2,067,000	2,067,000	Placee	Distributor 5
13	Shareholder 13	2,067,000	2,067,000	2,067,000	Placee	Distributor 6
14	Shareholder 14	2,067,000	2,067,000	2,067,000	Placee	Distributor 7
15	Shareholder 15	1,043,200	1,043,200	1,043,200	Placee	Distributor 8
16	Shareholder 16	1,055,000	1,055,000	1,055,000	Placee	Distributor 12
17	Shareholder 17	1,043,200	1,043,200	1,043,200	Placee	Distributor 10
18	Shareholder 18	465,000	465,000	465,000	Placee	Distributor 11
19	Shareholder 19	460,400	460,400	460,400	Placee	Distributor 14
20	Shareholder 20	458,000	458,000	458,000	Placee	Distributor 15
21	Shareholder 21	269,000	269,000	269,000	Placee	Distributor 16
22	Shareholder 22	153,900	153,900	153,900	Placee	Distributor 17
23	Shareholder 23	115,500	115,500	115,500	Public Offer	Broker 1
24	Shareholder 24	115,500	115,500	115,500	Public Offer	Broker 1
25	Shareholder 25	115,500	115,500	115,500	Public Offer	Broker 1

B. Allotment results announcement (cont.)

(3) ARA Upload

- Meeting publication deadline is a **Listing Rule** requirement

12.08 In the case of an offer for subscription, offer for sale or open offer, an announcement of the results of the offer, the basis of allotment of the securities and, where relevant, the basis of any acceptance of excess applications must be published in accordance with rule 2.07C as soon as possible, but in any event, (i) (in the case of a New Listing) not later than 11:00 p.m. on the business day before listing; and (ii) (in other cases) not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following the date on which the allotment letters or other relevant documents of title are posted.



Failure to publish the ARA before the deadline is a **breach** of the Listing Rules

B. Allotment results announcement (cont.)

(3) ARA Upload (cont.)

Observations:

- Notwithstanding clearance of ARA at early stage, ARA is uploaded **extremely close** to the 23:00 deadline on T+1
- Publications near the deadline increase risk of Listing Rules non-compliance

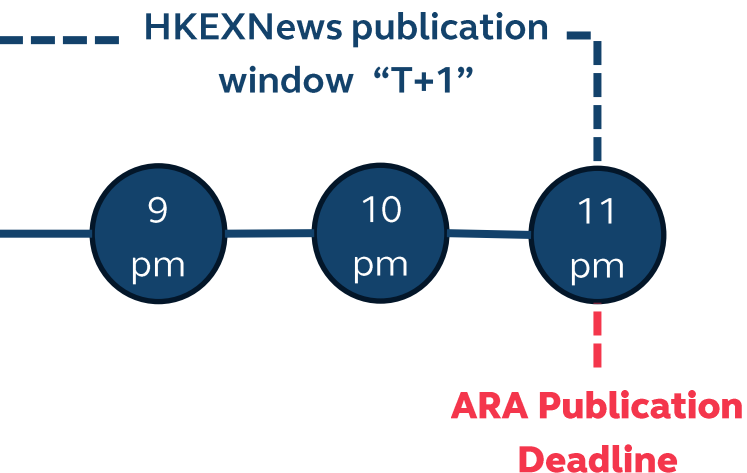
Common explanations:

- Took time for professional parties to sign-off
- Took time for printers to complete typesetting
- Delay in responding to email notifications from regulators and **FiNI**



B. Allotment results announcement (cont.)

(3) ARA Upload (cont.)



How to better manage deadlines?

- Submit draft ARA to regulators for vetting within **30 minutes** of placee list clearance
- Prepare English and Chinese versions of the ARA simultaneously
- Assign designated persons (with appropriate expertise and seniority) to liaise with regulators, and coordinate all parties and oversee entire process

C. Information on placees

- **Annex B.8** of the Guide for New Listing Applicants sets out the requirement on placees.
- **Same** principles and requirements as pre-FiNI

⚠ **ALL** parties involved in the IPO should familiarise themselves with the Guide and FAQs on placing-related matters

Annex B.8 Placing-related Matters

FAQ 1 Why are there no separate placing guidelines for GEM? Do the placing guidelines in MB Appendix F1 apply to GEM listing applications?

The requirements relating to placing activities are set out in GEM Chapter 10. In addition, GEM applicants are required to comply with MB Appendix F1, where applicable.

*MB Appendix F1
GEM Chapter 10*

FAQ 2 What additional information may be required to be submitted to facilitate regulators' review of the placee lists?

In addition to the requirements of MB Appendix F1 and the required fields of the placee lists to be completed in FINI, the following information should be provided (either elaborated in the "Remarks" column of the placee list template or separately uploaded to FINI as supporting documents). The list below is not intended to be exhaustive and the information required may vary depending on different facts and circumstances of each case:

Type of Placee	Additional information required
Individual	(i) If the name of a placee's employer cannot be provided, explain why such information is unavailable in the "Remarks" column of the placee list template.
Corporate	(i) For an ultimate beneficial owner ("UBO") holding 30% or more interest: (a) Identity and background of the UBO; (b) UBOs' relationship with each of the applicant, its subsidiaries, controlling shareholders, and substantial shareholders (or an appropriate negative statement); and (c) If the UBO is a listed company, state its full name and stock code.

C. Information on placees (cont.)

FAQ 2 What additional information may be required to be submitted to facilitate regulators' review of the placee lists?

In addition to the requirements of MB Appendix F1 and the required fields of the placee lists to be completed in FINI, the following information should be provided (either elaborated in the "Remarks" column of the placee list template or separately uploaded to FINI as supporting documents). The list below is not intended to be exhaustive and the information required may vary depending on different facts and circumstances of each case:

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When preparing the placee list:

- **Input** the required information on UBO in the "Remarks" section of the placee list, where applicable
- **Ensure** submission of the **most updated and accurate** information on the UBO
- **Upload** supporting documents directly to **FiNI** or separately submit to the responsible Vetting Team via email (only if the size of documents are too large or specifically requested by regulators)

C. Information on placees (cont.)

Type of placee	Additional information required
Fund (excluding a SFC authorised fund or collective investment scheme)	<p>(i) If a fund meets the definition of a Discretionary Managed Portfolio (as defined under MB Appendix F1), select “Discretionary Managed Portfolio” as the placee category in the placee list;</p> <p>(ii) If a sub-fund is the entity that will ultimately hold the offer shares, provide the information on such sub-fund in the relevant placee list (as a corporate placee) and details of the fund manager in the beneficial ownership column of the placee list;</p> <p>(iii) Identity of the fund manager and the general partner(s); and</p> <p>(iv) Where an investor (i.e. limited partner or investment entity in the fund) <u>holds 30% or more interests</u> in such fund, irrespective of whether it is managed by SFC licensed fund manager or not:</p> <p>(a) Identity and background of such investor;</p> <p>(b) Identity and background of UBO which <u>holds 30% or more interest</u> in such investor; and</p> <p>(c) The relationship of the investor and its UBO (as identified in (iv)(b) above) with each of the applicant, its subsidiaries, controlling shareholders, and substantial shareholders (or an appropriate negative statement).</p>

When preparing the placee list (cont.):

- “**Non-SFC authorised fund**” means the fund is **not** registered with the SFC
- Investors’ information is required for a “**Non-SFC authorised fund**” where its investors hold 30% or more interests

⚠ Even if no additional information is required, please upload a PDF document with a statement “***none of the investors hold 30% or more interests in the fund***”

Placee Category (With Required Supporting Document)

Non-SFC authorised fund ✕

📎 Supporting Document

PDF / JPEG / PNG only, 40mb max. Allow upload of 1 file only.

Supporting Document cannot be left blank.



C. Information on placees (cont.)

Type of placee	Additional information required
Fund (excluding a SFC authorised fund or collective investment scheme)	<p>(i) If a fund meets the definition of a Discretionary Managed Portfolio (as defined under MB Appendix F1), select “Discretionary Managed Portfolio” as the placee category in the placee list;</p> <p>(ii) If a sub-fund is the entity that will ultimately hold the offer shares, provide the information on such sub-fund in the relevant placee list (as a corporate placee) and details of the fund manager in the beneficial ownership column of the placee list;</p> <p>(iii) Identity of the fund manager and the general partner(s); and</p> <p>(iv) Where an investor (i.e. limited partner or investment entity in the fund) <u>holds 30% or more interests</u> in such fund, irrespective of whether it is managed by SFC licensed fund manager or not:</p> <p>(a) Identity and background of such investor;</p> <p>(b) Identity and background of UBO which <u>holds 30% or more interest</u> in such investor; and</p> <p>(c) The relationship of the investor and its UBO (as identified in (iv)(b) above) with each of the applicant, its subsidiaries, controlling shareholders, and substantial shareholders (or an appropriate negative statement).</p>

When preparing the placee list (cont.):

- For “**SFC authorised fund**”, no additional supporting document required to be uploaded

⚠ “**SFC authorised fund**” are investment products authorised by the SFC and included in the “*list of publicly offered investment products*” published on the SFC website

⚠ Whether or not the **fund manager** is a SFC licensed corporation is **irrelevant** to the determination of the “**SFC authorised fund**” placee category

C. Information on placees (cont.)

When preparing the placee list (cont.):

- Submit consent application for connected clients ASAP in accordance with Chapter 4.15 of the Guide
- Prepare the **order book** and **account opening documents** of investors for submission upon request

Page B.8-3 of the Guide:

Further information in relation to the placing may be required², including (i) **order book** for the placing tranche showing the name of placees, the number of shares ordered, the number of shares allotted, the date and time of the orders placed, and the method of placement of orders; (ii) a summary of the placees showing the respective (a) **account opening dates**; (b) nature (i.e. margin or cash account) of their accounts; and (c) **account opening documents**, telephone recording or email supporting the placement of orders, and any other appropriate supporting documents or evidence; and (iii) latest cash balance in the accounts.

RECOMMENDED TIPS



Recommended Tips

A team effort

- **Sufficient** staffing and resources on critical dates (i.e. T and T+1)
- **Senior/experienced personnel:**
 - make decisions and must always be reachable / on stand-by
 - have appropriate back-up communication channels
- **Sponsor-OC** to:
 - **coordinate** all parties and monitor progress
 - act as a **contact point** between regulators and distributors



Q&A



THANK YOU

For further information, please visit the [**FINI** Website](#)

