

MONEY TREES : **IPO Fever in Hong Kong.**

The year so far...

We know that Hong Kong is one of the best places to do business and expand to the Asian market. Covid-19 undoubtedly

disrupted supply chains, increased inflation rates, and generally had an impact on all markets. Hong Kong was not an exception. From January to September 2022, we saw a 76% drop of initial public offerings compared to Q3 2021.

There is always light at the end of the tunnel.

The number of initial public offerings (IPOs) in Hong Kong increased during the third quarter, with 27 IPOs raising a combined USD 6.6 billion, well over twice the amount raised in the first two quarters of 2022. Given the increasing number of new listings, experts anticipate that the A-share IPO market will expand further.

Hong Kong receives listings for IPOs from all around the world as well as Hong Kong and Mainland China. Let's concentrate on international businesses looking for fundraising chances in the *Fragrant Harbour*. The first list we would like to introduce is a leader in the global yacht industry.

- **Ferretti S.p.A** HQ in Italy, completed its IPO in the Hong Kong Stock Exchange in March of this year, Alberto Galassi CEO of this company was interviewed for 'IPO Express'. There he stated his motive to list in Hong Kong: "*Compared with European markets such as Italy, Hong Kong's capital markets are large, with strong liquidity and a diversified investor base.*" He also mentioned that Ferretti has strong sales and a large customer base in Hong Kong. To read the entire interview click [here](#).
- **Budweiser Brewing Company APAC Ltd.** This American-style lager, is a well-known company that produces, imports, distributes and sells various



beer brands. Their total volumes decreased by 1.4% in the first half of 2022, however, their revenue grew by 2.7%. Full report [here](#).

- **Yancoal Australia Ltd** is an Australian-based company, they pursue the development and production of underground coal mines in the global market. In their quarterly report, they noted that there was an increase of 31% over 2Q2022. To read the report click [here](#).

The second half of the year sees an increase in revenues for the majority of the businesses. We can certainly state that the ideal moment for IPO chances is now because Hong Kong also experienced two sizable IPOs in the third quarter. And where better to accomplish it than in Hong Kong, a city known for its inventors, entrepreneurs, and quickly expanding local enterprises.

So, why choose the Hong Kong market?

The Hong Kong Stock Exchange (HKEX) is very active in attracting leading companies from various countries and regions to list on the Hong Kong market. The advantage of listing on the HKEX is that it can aggregate a wide range of investors due to the sound and mature legal system, low tax rates and the extensive use of English. Hong Kong is accessible to foreign listings and continues to establish a variety of fund-raising occasions and investment ecosystems for all industries.

An example of Hong Kong's financial innovation to support IPOs is the SPAC (Special Purpose Acquisition Company) which launched in December 2021. A SPAC is a kind of shell company to allow funds to be raised before corporate acquisitions. See more information here :

https://www.hkex.com.hk/Services/Trading/Securities/Overview/Trading-Mechanism/SPAC?sc_lang=en.

The first SPAC in HK on 18 March 2022 https://www.hkex.com.hk/News/News-Release/2022/220318news?sc_lang=en

The SPAC allows fund-raising to be decoupled from acquisitions and will make Hong Kong a competitive place for startups with high growth to seek public listing via the SPAC structure.

And finally...

Feel free to join us in Hong Kong to start investing and join the IPO fever in Hong Kong. At JETRO we await your contact.

What can JETRO do for you?

JETRO Hong Kong can help companies navigate Hong Kong's start-up ecosystem by providing them with consulting and business matching to ecosystem partners.

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