Chinese Unicorns Rush Out IPOs

A handful of Chinese technology offerings expected this year will dwarf the largest on record so far. Recent or targeted valuations of Chinese tech companies that may go public over the next year.

Top 10 technology IPOs globally, by amount raised, with venue

Facebook 2012 $16B
Infinion Technologies 2000 $5.9B
Snap 2017 $3.9B
Worldpay Group 2000 $3.8B
First Data 2015 $2.8B
World Online Int'l 2000 $2.8B
T-Line Int'l 2000 $2.8B
Alibaba Group 2014 $25 billion

U.S. EXCHANGES

FRANKFURT/ NEW YORK

TOKYO

Japan Display 2014 $31B

EUROPE

London

Alibaba $168 billion

$200B

$150

$100

50

Over the next 5 years

Sources: Dealogic (IPOs); staff reports (valuations)

BY JULIE STEINBERG
AND LIZA LIN

A wave of Chinese technology companies are accelerating plans to raise money from the global capital markets, hoping to leverage investor optimism about the sector and lock in buoyant stock valuations.

In recent months, at least a dozen Chinese companies with collective private valuations of roughly $500 billion have been in talks with bankers and potential investors about initial public offerings in the second half of this year or in early 2019, according to people familiar with the discussions.

If all those deals go ahead, at least $50 billion worth of new shares could hit stock markets, shaping up as a test of investor appetite for China’s expanding internet consumer economy. Companies typically sell 10% to 20% of their shares when they go public.

The rush to list reflects a shift from last year, when many of the world’s most valuable technology unicorns—private companies with valuations exceeding $1 billion—had little need or desire to tap the capital.
IPO

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tal markets because they were
flush with cash and had abun-
dant private fundraising op-
tions.

Several factors are at play, in-
cluding a loosening of listing
rules in China and Hong Kong,
intensifying competition in
China’s mobile and internet in-
dustries, rising stock valua-
tions and shareholder pres-
sure.

“It’s a herd mentality,” said
Rocky Lee, a partner at law
firm King & Wood Mallesons
who advises Chinese tech
founders. “If a competitor of
yours decides to list, you have
to consider listing.”

Chinese ride-hailing giant
Didi Chuxing Technology Co.
in recent weeks has sped up
talks about the possibility of
going public, The Wall Street
Journal reported last week, af-
after a large Chinese online-ser-
services platform earlier this year
started offering competing
ride-hailing services.

Smartphone maker Xiaomi is planning an IPO. One of its products is unveiled in Shanghai.

That platform, Meituan-Di-
aming, has a large online food
review and delivery services
business and plans an IPO—tar-
getting a $60 billion market val-
uation—according to people fa-
miliar with the matter. Didi is
aiming for at least $70 billion
to $80 billion, the Journal pre-
viously reported.

Gloria Liu, a partner at law
firm DLA Piper in Hong Kong,
said several Chinese private
companies have become domi-
nant players in their industries
after merging with or acquiring
other tech firms. Going public,
she added, “is the natural next
step.”

Other Chinese tech unicorns
working on IPO plans include
smartphone maker Xiaomi
Corp., music-streaming com-
pany Tencent Music Enter-
tainment Group and online
lender Lu Fuxing, which is backed
by Chinese financial giant Ping
An Insurance. Jack Ma’s finan-
cial technology giant and Ali-
baba affiliate Ant Financial
Services Group—now in the
middle of a $9 billion fundrais-
ing round—is widely expected
to follow. Some of the larger
companies are already profita-
able.

Several firms are seeking a
listing in Hong Kong, where
regulatory changes also encour-
age more initial share sales.

A recent move by that ex-
change to allow companies with
two classes of voting stock
to list is “a big game-changer,”
said Richard Ji, chief invest-
ment officer at Hong-Kong
based All Stars Investment
Ltd., allowing tech entrepre-
nears to keep control of their
companies and list them in a
market close to home.

China recently said it would
allow overseas incorporated
companies to list on the main-
land by issuing deposits, certi-
cips, or contracts that give
domestic investors interests in
their shares.

Some younger and smaller
companies are also working on
IPO plans. News app Quotient
plans an offering in the U.S.
later this year, according to
people familiar with the matter.

It could value the startup at $4
billion, one of the people said.

NIO, an electric-car maker
based in Shanghai, is discus-
sing selling a chunk of its IPO
shares to Japan’s SoftBank
Group when the startup goes
public in New York in the sec-
ond half of the year, the Jour-
nal has reported.

U.S. investment banks are
trying to get in on the potential
IPO bonanza. Some U.S.-based
banks have spent more time
in China in recent months,
courting companies and pitch-
ing them on going public, ac-
cording to people familiar with
their movements. Some banks in
Hong Kong have been building
up their teams of tech bankers.

Kai Fang, managing director
at investment bank China Re-
naisance, said bankers on his
team may work as many as 100
hours some weeks to handle
the increased workload created
by companies considering IPOs
and investors looking to buy
stakes.

—Stella Yihan Xie

MOVE

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gain after the last financial crisis
as banks and money managers
looked to trim expenses or take
advantage of lower tax rates.
Hiring in lower-cost regions can
mean millions of dollars in an-
nual savings.

A new tax plan passed last
year by Congress also reduced
tax breaks that many in the
New York region heavily lean
on, such as the deductibility
of mortgage interest and state
and local tax deductions.

Tennessee “is low cost in ev-
ery respect compared to New
York,” including housing and
transportation, said William
Fox, an economist and director
of the University of Tennessee’s
Boyd Center for Business and
Economic Research.

The city’s lower cost of living was a factor in the decision.

Money managers and private
capital business will remain in
New York, while most other
functions and the firm’s top
leaders including Chief Execu-

tive Officer said they plan to
move. The firm has deep roots in

If You Bought or Leased a New Vehicle, or Bought Certain Replacement Parts for a Vehicle Since 1995

You Could Get Money From Settlements Totaling Approximately $1.04 Billion

Fifty-six defendant groups and their affiliates have agreed to Settlements resolving claims that they fixed the price of certain vehicle components. This may have caused dealers and businesses to pay more for certain new vehicles and replacement parts. These Setting Defendants deny any claims of wrongdoing.

Am I included? You may be included if, from 1995 to 2018, you: (1) bought or leased a qualifying new vehicle in the U.S. (not for resale) or (2) bought a qualifying vehicle replacement part (not for resale) from someone other than the manufacturer of the part. In general, qualifying vehicles include four-wheeled passenger automobiles, cars, light trucks, pickup trucks, crossovers, vans, mini-vans, and sport utility vehicles. Visit the website or call for a full description.

How can I get a payment? You must submit a Claim Form online or by mail. There is no deadline yet to submit a claim. If you already filed a claim, you do not need to submit another claim for the same vehicle or part. You can get a Claim Form at the website or by calling the toll-free number below. At this time, it is unknown how much each Claim Class will receive. Payments will be based on the approved Plan of Allocation (available at the website).