

Chinese Tesla challenger debuts in Hong Kong with \$1.8 bn IPO

July 7 2021



Electric car maker XPeng is chasing market leader Tesla in China.

Shares in electric carmaker XPeng debuted in Hong Kong on Wednesday, as Chinese-based firms trading in the United States seek to avoid the glare of Beijing's regulators by listing closer to home.

XPeng, which is already Nasdaq-listed and is chasing Tesla in China, is the latest Chinese company to list on the Hong Kong stock exchange, following other big tech firms such as video platform Bilibili and search giant Baidu.

The Guangzhou-headquartered [car maker](#) raised HK\$14 billion (\$1.8 billion) in its [initial public offering](#) ahead of the start of trade in Hong Kong on Wednesday, selling 85 million shares at HK\$165 (\$21.20) each.

Its shares traded around 1.8 percent higher on opening.

The IPO comes as Chinese companies face pressure to list closer to home, and shortly after ride-hailing giant Didi Chuxing attracted scrutiny over [data security](#) when it listed abroad.

"Companies have to split their business," said Ferdinand Dudenhöffer, head of the Center Automotive Research in Germany.

Didi's fate shows how important the protection of Chinese customer data is, he added.

Bloomberg News has reported that two other US-listed Chinese electric car makers—Nio and Li Auto—are also aiming to list in Hong Kong.

China is the world's largest car market and Beijing expects new energy vehicles to comprise 25 percent of car sales by 2025.

XPeng has come a long way since co-founder He Xiaopeng proposed a merger with another struggling electric carmaker Nio.

According to Chinese media reports, Nio's founder William Li turned him down.

XPeng eventually raised \$1.5 billion in its US IPO last year. In [fiscal year](#) 2020, the Tesla-challenger delivered more than 27,000 vehicles.

If XPeng performs well in Hong Kong, it could pave the way for similar pivots by other electric vehicle companies.

The proceeds will help expand its product portfolio, [technology development](#) and speed up expansion, its prospectus said.

Vehicles in its pipeline include an SUV featuring an autonomous driving system to be launched next year, targeting China's "growing base of technology-savvy middle-class consumers".

But even as revenues rose from 9.7 million yuan in 2018 to 5.8 billion yuan (\$900 million) in 2020, the company has yet to turn a profit.

Some analysts remain bullish.

"XPeng is at the forefront (of autonomous driving) in China, and its gap with Tesla is getting smaller," said North China University of Technology researcher David Zhang.

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Citation: Chinese Tesla challenger debuts in Hong Kong with \$1.8 bn IPO (2021, July 7)
retrieved 26 April 2024 from
<https://techxplore.com/news/2021-07-chinese-tesla-debuts-hong-kong.html>

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