China Telecom up nearly 20% in Shanghai debut

August 20 2021

China Telecom's debut in Shanghai comes after it was delisted by the New York Stock Exchange in January.

Shares in China Telecom surged nearly 20 percent in their Shanghai debut Friday after the world's biggest public offering of the year, coming after the company was delisted in the United States amid China-US tensions.

China's biggest fixed-line operator raised $7.3 billion in its share sale, making it the biggest of 2021, topping the $5.4 billion raised in Hong Kong by TikTok rival Kuaishou Technology in February.

And the firm said it could raise a further $1.1 billion if an over-allotment option was exercised.

China Telecom's offer price was set at 4.53 yuan per share and initially sagged below that at the opening on Friday, but quickly rallied to close the morning at 5.39 yuan—a gain of 19 percent.

Many of China's biggest tech and telecom firms traded their shares on the more developed US stock markets in the 2000s as they sought access to global funding.

But Beijing has pushed in recent years for its companies to list in mainland Chinese bourses—as well as in Hong Kong—partly to raise the profile of its own exchanges.

That is expected to accelerate with Beijing fearing major tech and telecom champions will be squeezed by US regulators as their trade rivalry deepens, and as China executes a sweeping crackdown on its technology and other sectors.

China Telecom was delisted by the New York Stock Exchange in January along with fellow state-owned telecoms firms China Mobile and China Unicom following an executive order by former president Donald Trump.

The order banned investments by Americans into a range of companies deemed to be supplying or supporting China's military and security apparatus.

China Mobile, the world's largest mobile operator by subscribers, is also eyeing a second listing in Shanghai to complement its existing Hong Kong shares, while China Unicom Hong Kong has said it is considering a mainland IPO for its technology arm.

The companies are seeking capital to help fund China's ongoing push to build the world's largest 5G networks.

Earlier this month, Chinese electric car maker Li Auto launched an IPO in Hong Kong.

While such domestic issues have fared fairly well, a cloud of uncertainty has hung over Chinese stocks listed in the United States as result of the bilateral tensions and China's tech industry crackdown.

Chinese ride-hailing giant Didi Chuxing in June went ahead with a US IPO despite the crackdown, prompting sharp pushback from Beijing that sent the stock plummeting.

Citation: China Telecom up nearly 20% in Shanghai debut (2021, August 20) retrieved 25 April 2024 from https://techxplore.com/news/2021-08-china-telecom-shanghai-debut.html