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MARKETS | STOCKS | IPOs

Ant's Record IPO Suspended in Shanghai and Hong Kong Stock Exchanges

Meeting with Jack Ma and top executives, changing regulatory environment disqualified the listing, Shanghai exchange says



Ant expected to raise at least \$34.4 billion in its IPO. The company's stock was set to begin trading Thursday.

PHOTO: ALY SONG/REUTERS

By [Jing Yang](#) and [Serena Ng](#)

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China called a sudden halt to the world's biggest initial public offering, casting uncertainty over the future of financial-technology giant Ant Group Co. and delivering an extraordinary rebuke to its controlling shareholder, Jack Ma.

The Shanghai Stock Exchange suspended Ant's blockbuster IPO late Tuesday, a day after four regulatory agencies summoned Mr. Ma and the company's top two executives to a closed-door meeting.

The meeting and a changing regulatory environment constitute major events that have disqualified Ant from listing this Thursday, the bourse said.

The company said a concurrent Hong Kong listing would also be suspended. Ant plans to return the funds it has collected from investors who subscribed to its IPO, which had been on track to raise at least \$34.4 billion in total. “Ant Group apologizes for the trouble this has caused investors,” it said in a post on Chinese social media.

MORE ON ANT'S DUAL LISTINGS

[Chinese Regulators Summon Ant Leaders Ahead of Gigantic IPO](#) (Nov. 2)

[Ant IPO Sets Off \\$3 Trillion Scramble Among Small Investors](#) (Oct. 30)

[Ant IPO Promises \\$8 Billion Gain for Elite Group of Foreign Investors](#) (Oct. 29)

[Ant Speeds Ahead with Record IPO After Investor Orders Pour In](#) (Oct. 28)

[Inside Ant, the Company Behind the World's Biggest IPO](#) (Oct. 27)

The development marks a stunning turnaround for Ant, the world's most valuable technology startup, and Mr. Ma, its 56-year-old billionaire co-founder.

The owner of the popular Chinese mobile-payments network Alipay had been going full steam ahead for months in preparation for the IPO, which would have beat the record \$29.4 billion raised by Saudi Aramco last year while bypassing the biggest exchanges in the U.S.

Ant's stock sales, which were split evenly between Hong Kong and Shanghai, were heavily oversubscribed by institutional investors from the U.S. to China, as well as small investors, who submitted roughly \$3 trillion in orders for its shares. Investors from China's national pension fund to global private-equity firms and asset-management giants BlackRock Inc. and Fidelity Investments were in line to reap windfalls from Ant's market debuts.

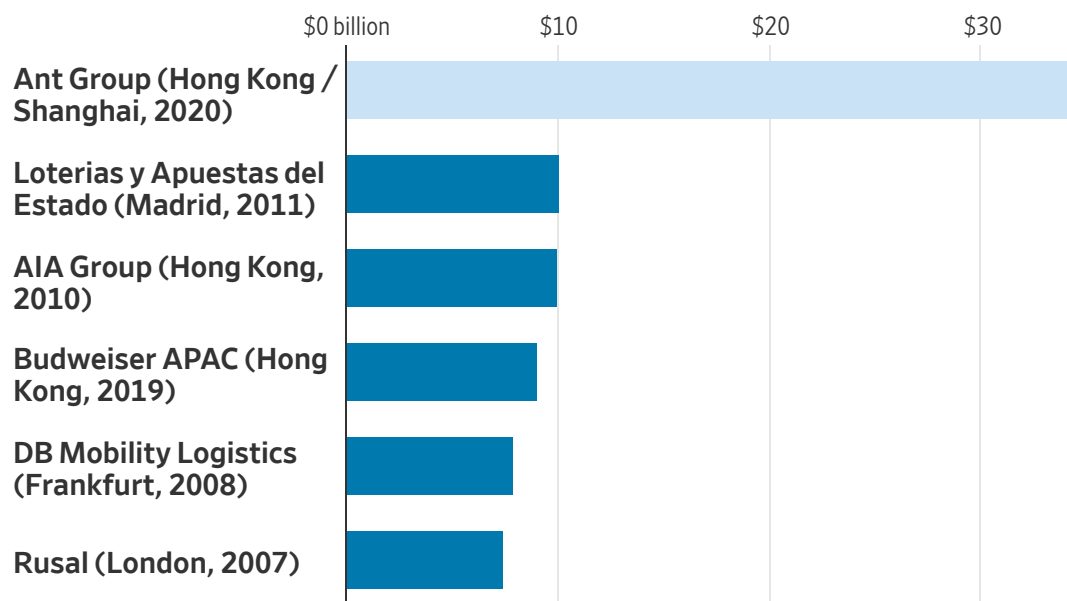
The dual listings had valued six-year-old Ant at more than \$300 billion, putting it on par with Mastercard Inc. and making it worth more than most American and Chinese banks. “The fact that [Chinese regulators] waited till so close to the listing to pull it is very striking,” said Eswar Prasad, a professor of trade policy and economics at Cornell University. “This sort of thing doesn't happen without everybody in the top echelon of the political realm coming on board.”

He said the move brings to a head concerns regulators have long had about the opacity of Ant's operations and the oversize influence it has on the Chinese payments and financial landscapes.

Alipay, which has more than one billion users in mainland China, handled more than \$17 trillion in digital payments in the year to June, and has facilitated large volumes of consumer and business lending in China. It sells insurance and mutual funds to millions of people and manages the country's largest money-market mutual fund. Ant has billed itself as a technology company instead of a financial firm, and avoided some of the tough capital requirements and leverage ratios that banks in the country are subject to.

How Ant stacks up against the biggest withdrawn IPOs on record

Deals by value, year and planned listing venue



Note: Ant figure is a minimum. Some of these companies successfully listed at a later date.

Source: Dealogic (previously withdrawn deals), staff reports (Ant).

Stock exchanges in Hong Kong and Shanghai, as well as China's securities regulator, had earlier greenlighted Ant's plans to go public in a fairly expedient manner. The listing would have been the biggest ever market debut on Shanghai's fledgling Nasdaq-style Science and Technology Innovation Board. The bourse, known as the STAR Market, is a pet project of Chinese President Xi Jinping, and the code name Ant used for its IPO was "Project Star."

The meeting called by the four financial regulators on Monday changed everything. The People's Bank of China, the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission and the State Administration of Foreign Exchange said late in the day that they had summoned Mr. Ma, Ant's executive chairman, Eric Jing, and its Chief Executive

Simon Hu to a meeting, without providing details.

Ant said Monday that “views regarding the health and stability of the financial sector were exchanged” at the meeting, and that it would embrace regulation and service China’s economy and its citizens.

On the same day, the country’s banking regulator released draft rules on microlending that, when implemented, could slow the expansion and profitability of Ant’s fast-growing consumer and business lending units.

Regulators didn’t go into detail about what led them to pull the plug on Ant’s IPOs. Close observers of China’s financial regulatory landscape have pointed to controversial comments Mr. Ma made at a public forum in Shanghai last month that some top Chinese regulators also spoke at.

“We cannot regulate the future with yesterday’s means,” Mr. Ma said during a speech at the forum. “There’s no systemic financial risks in China because there’s no financial system in China. The risks are a lack of systems,” Mr. Ma said.

Before Mr. Ma spoke, China’s Vice President Wang Qishan said at the same event that China needed to safeguard its financial system from systemic risks, and it needed to be a priority for financial institutions.

The billionaire’s comments “looked almost like a direct contradiction to the lines being proposed by one of the most powerful people of China,” said Martin Chorzempa, a research fellow at Peterson Institute for International Economics.

“This looks like a huge violation of the norms, of relations between the government and the private companies,” he said, adding that companies are supposed to operate within the country’s regulatory constraints and political system.

The New York-listed shares of [Alibaba Group Holding Ltd.](#), [BABA 4.17%▲](#) which owns a 33% stake in Ant, fell 8.1% on Tuesday following the IPO suspensions. Alibaba said in a statement that it will be proactive in supporting its sister company, and will help Ant “adapt to and embrace the evolving regulatory framework.”

The biggest IPOs of all time

DATE	COMPANY	TOTAL RAISED	LISTING VENUE
Suspended*	Ant	\$34.4 billion (estimate)	Hong Kong /Shanghai
December 2019	Saudi Aramco	29.4	Riyadh
September 2014	Alibaba	25.0	New York
July 2010	Agricultural Bank of China	22.1	Hong Kong /Shanghai
October 2006	ICBC	21.9	Hong Kong /Shanghai
December 2018	SoftBank Corp	21.3	Tokyo
October 2010	AIA	20.5	Hong Kong
March 2008	Visa	19.7	New York
October 1998	NTT Docomo	18.4	Tokyo
November 2010	General Motors	18.1	New York
October 1999	Enel	17.4	Milan

*Was expected in November 2020 before it was suspended

Sources: Dealogic; the company (Ant)

Mr. Ma, who previously ran Alibaba, and his colleagues have built some of China's most valuable high-tech businesses, an important achievement in a country whose leaders are eager to see China assume technological leadership.

Alibaba, for its part, has helped solidify China's position in the global capital markets. Last year, the e-commerce giant pulled off a huge secondary listing in Hong Kong, even as the financial hub was racked by antigovernment protests and social unrest.

The deal helped kick off a trend of U.S.-traded Chinese companies seeking backup listings closer to home, and has boosted trading volumes in Hong Kong. The planned Ant listings would have been a further victory for Hong Kong, and a huge fillip for the nascent STAR Market.

Ant could revive the IPO down the road, but that may see the company reorganizing its business units, revising its disclosures and reapplying to list. Investors could also change their views on how much the company is worth after

considering the new information and Ant's growth prospects in light of tighter regulations.

“Ant has a lot of work ahead of it to get marching orders from regulators,” said Prof. Prasad.

—*Stella Yifan Xie and Joanne Chiu contributed to this article.*

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