

Tech

After rocky IPO, SenseTime's rally is among best starts in Hong Kong

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HONG KONG (Jan 4): Shares of Chinese artificial intelligence (AI) giant SenseTime Group Inc are set to finish their first week of trade at more than double the price they listed, defying the impact of US sanctions that tainted the offering last month.

Sensetime is up more than 120% since it debuted in Hong Kong on Dec 30, and is set to join the three best initial public offering (IPO) gainers for the first week of trading in the Asian financial hub over the past year. That is considering offerings of at least US\$500 million.

The SoftBank Group Corp-backed company raised HK\$5.78 billion (US\$741 million) after pricing the shares at the bottom of the marketed range. The offering was delayed due to sanctions levied last year by the US Department of the Treasury over the company's alleged involvement in

human rights abuses in Xinjiang. The firm has vigorously denied the charges.

The strong performance spurred speculation among Hong Kong traders that state funds may be buying in to support the stock. Sensetime counted on US\$512 million from nine cornerstone investors including the state-backed Mixed-Ownership Reform Fund and Shanghai Xuhui Capital Investment Co in its offering last month.

"If the capital from China couldn't support SenseTime, maybe it would have fallen on debut," said Shen Meng, director at Chanson & Co, a Beijing-based boutique investment bank. He added that, since American investors were stopped from buying the stock, the "solid move should be more important".

After seeing SenseTime's strong start, "other AI companies will jump on the opportunity to try to list", said Toh Zhen Zhou, senior analyst at Aequitas Research who publishes on Smartkarma.