

## Alibaba-Backed Best Leads 5 IPOs Raising Nearly \$1B

By Tom Zanki

*Law360, New York (September 20, 2017, 2:39 PM EDT)* -- Best Inc., an Alibaba-backed Chinese logistics company, raised \$450 million in an initial public offering that was downsized significantly from original terms but still the largest of five IPOs that priced Tuesday and Wednesday, raising \$995 million total.

Hangzhou-based Best issued 45 million American depository shares priced at \$10 each, the bottom of a reduced price range. The supply chain company had planned to offer 62.1 million shares priced between \$13 and \$15 but downsized its deal on Tuesday.

Best did not immediately respond to a request for comment regarding the reduced deal size though companies sometimes revise IPO terms after launching a marketing roadshow if they find that demand was less robust than initially thought. Proceeds could rise to \$517.5 million if underwriters exercise an option to buy an additional 6.75 million shares.

Best, whose largest shareholder is a subsidiary of e-commerce giant Alibaba Group Holding Ltd., plans to spend proceeds on expanding its supply chain network and upgrading technology, hoping to capitalize on China's booming online retail market.

"China is transitioning to a new phase of economic development primarily driven by domestic consumption, the growth of which is fueled by the rise of the middle class and growing disposable income," Best said in its registration statement.

Shares of Best gained 5.2 percent in debut trading Wednesday on the New York Stock Exchange, closing at \$10.52. Best was joined by four more companies that priced deals on Tuesday and Wednesday, reflecting a pickup in activity after a long summer pause.

Latin American online travel agency Despegar.com steered the next largest IPO, raising \$332 million on Wednesday after pricing 12.77 million shares at \$26, the top end of its \$23 to \$26 range.

Buenos Aires, Argentina-based Despegar, which calls itself the leading online travel agency in Latin America, said proceeds will fund growth plans, including potential acquisitions or other strategic opportunities. The company sold 8.66 million shares in the deal, while existing shareholders — led by hedge fund Tiger Global — also sold the remaining 4.1 million shares.

Three biotechnology companies also completed deals, led by Zai Lab Limited, which raised \$150 million

in an upsized deal to support its pipeline of cancer-focused drugs. China-based Zai Lab sold 8.33 million shares at \$18 each, representing the top of its price range and an increased share total compared with an original estimate of 5.9 million shares.

Gene therapy company Krystal Biotech Inc. also drew \$39.6 million in an upsized IPO, raising money that will support development of skin disease treatments. Pittsburgh-based Krystal Biotech sold 3.96 million shares at \$10 each, up from an earlier plan to issue 3 million shares.

Celcuity LLC, which develops diagnostic tests designed to identify abnormal cellular activity in cancer patients, also raised \$23.5 million in an upsized IPO. The Minneapolis company sold 2.4 million shares at \$9.50 each, up from an earlier plan to issue 2 million shares.

Simpson Thacher & Bartlett LLP represented Best on its IPO led by partners Chris K.H. Lin and Daniel Fertig, both based in Hong Kong.

Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Goldman Sachs (Asia) LLC, J.P. Morgan Securities LLC and Deutsche Bank Securities Inc. are underwriting Best's IPO, advised by a Latham & Watkins LLP team led by Beijing-based partner Yilong Du.

Simpson Thacher also advised Despegar, led by partner Juan Mendez.

Morgan Stanley & Co. LLC and Citigroup were lead underwriters on Despegar's IPO, represented by a Gunderson Dettmer Stough Villeneuve Franklin & Hachigian LLP team led by partners Ward Breeze, Heidi Mayon and Brian Hutchings.

Ropes & Gray LLP represented Zai Lab led by partner Patrick O'Brien.

J.P. Morgan, Citigroup and Leerink Partners LLC underwrote Zai Lab's IPO, represented by a Davis Polk & Wardwell LLP team led by partners Richard Truesdell and Li He.

Morrison Foerster LLP advised Krystal Biotech led by partner John Campbell and associates Emiko Kurotsu and Katherine Shaia.

Ladenburg Thalmann & Co. Inc. underwrote Krystal Biotech's IPO, represented by a Goodwin Procter LLP team led by partners Michael Maline and Seo Salimi.

Fredrikson & Byron PA is advising Celcuity, led by shareholders Ryan Brauer and Eric Madson.

Craig-Hallum Capital Group LLC underwrote Celcuity's IPO, advised by a Faegre Baker Daniels LLP team led by partners Morgan Burns and Jonathan Zimmerman.

--Editing by Orlando Lorenzo.

*Update: This story has been updated to include Best's closing stock price.*