



Mainland China and Hong Kong IPO markets

2021 review and 2022 outlook

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Global IPO landscape





Global IPO activity (2017 – 2021)

Funds raised
(USD'B)

Highest in 5 years



With ample liquidity, the global IPO market surged in 2021 in terms of both funds raised and the number of deals. These increases were mainly driven by the US and European markets.

Total proceeds and the number of IPOs have recorded year-on-year increases of 55% and 49% respectively.

(1) Analysis based on data as at 5 December 2021

Sources: Bloomberg and KPMG analysis, includes REIT deals and excludes special purpose acquisition company ("SPAC" or "blank check") deals.



2021

Rank ¹	Stock exchange
1	NASDAQ
2	New York Stock Exchange
3	Shanghai Stock Exchange
4	HKEX
5	Shenzhen Stock Exchange

IPO proceeds (2021 YTD) ² (USD billion)
99.4
55.4
47.7
39.3
21.3



The US, HK and A-share markets continue to lead the market. These exchanges raised a total of USD 263.1B in 2021.

2020

Rank	Stock exchange
1	NASDAQ
2	HKEX
3	Shanghai Stock Exchange
4	New York Stock Exchange
5	Shenzhen Stock Exchange

IPO proceeds (2020 Full year) (USD billion)
57.8
51.2
51.0
34.4
18.8

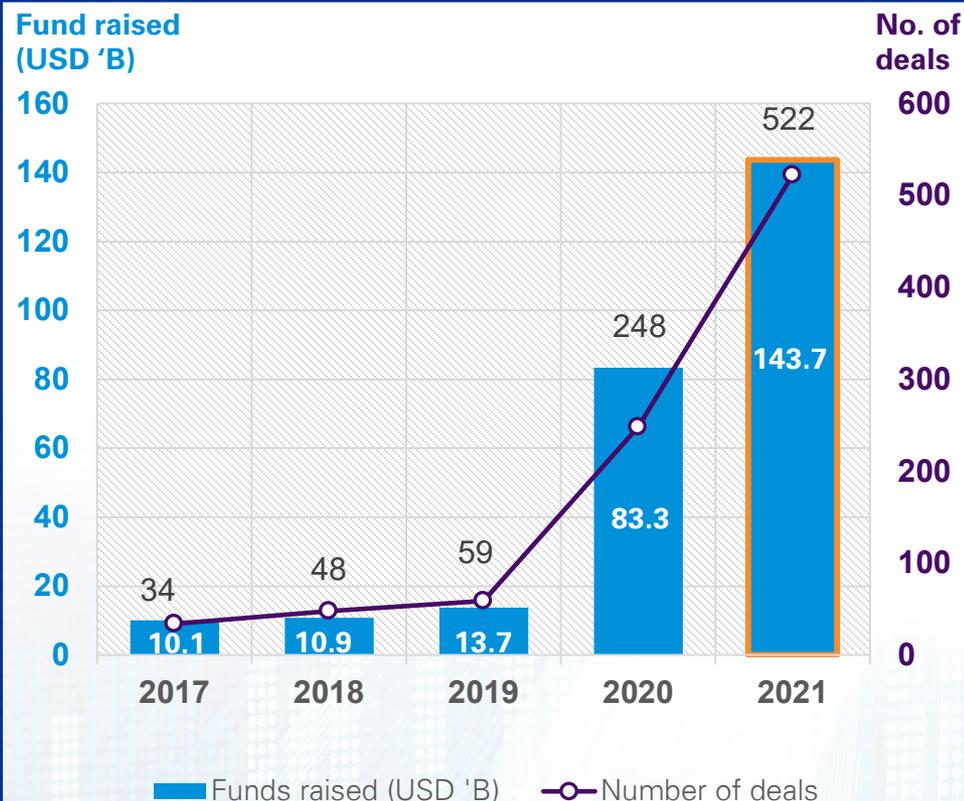


TMT, Healthcare / Life Sciences and advanced industrials are the top sectors, contributing over 69% of total funds raised in the US, HK and A-share IPO market.

(1) Analysis based on data as at 5 December 2021 and adjusted to forecast listings up to 31 December 2021.
 (2) Analysis based on data as at 5 December 2021.
 (3) The exchange rate for USD/HKD is 7.75.
 (4) Sources: Bloomberg and KPMG analysis, include REIT deals and excludes special purpose acquisition company ("SPAC" or "blank check") deals



US SPAC Formation (2017 – 2021)



Latest development of SPACs in US

Following a breakout year in 2020, SPAC formation deals continued its strong run in the 1st quarter of 2021. With increased scrutiny of SPACs by the regulators and investors adopting a more cautious approach, deals had slowed down since April. As professional advisers have gradually adapted to new disclosure guidance and driven by on-going market interests, the SPAC market has had a rebound in listings since October this year.

The arrival of SPACs in Asia

SPAC companies were allowed to go public on the Singapore bourse starting from 3 September 2021. The introduction of a SPAC regime in Hong Kong can help to further diversify its capital market and enhance Hong Kong's competitiveness as an international financial centre that continues to attract Chinese and global issuers and investors.

(1) Analysis based on data as at 5 December 2021

Sources: Bloomberg and KPMG analysis, SPAC is required by its charter to complete an acquisition ("De-SPAC transaction") normally within 24 months, or liquidate and return the proceeds raised in the offering to the SPAC shareholders. For this reason, the funds raised through SPAC listings are not counted in the global or U.S. IPO tally.

2021 global IPO market overview



Global IPO remains strong despite mixed investor sentiment

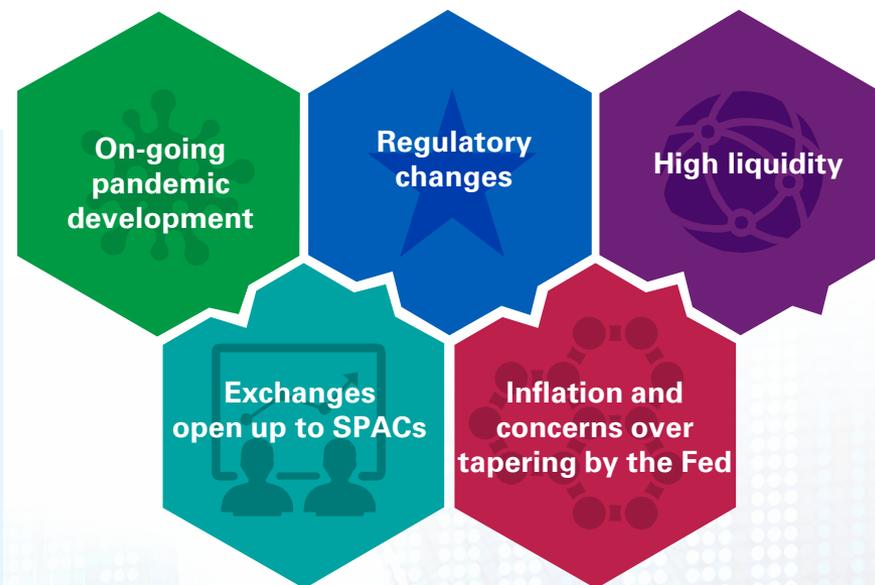
Despite market uncertainties driven by the on-going pandemic and emergence of new variants, inflation concerns and regulatory changes, liquidity remained at high level. As such, IPO funds raised recorded a 55% increase globally compared with last year.

“ The pandemic has resulted in an increased focus by governments and corporates on sustainable solutions. This has led to accelerated growth in listings for renewable energy, electric vehicles and other companies involved in sustainable innovation. Despite ongoing economic uncertainties, opportunities to channel much-needed funds into these fast-growing companies lie ahead for the capital market. This will continue to drive fundraising activities for the coming year. ”



Paul Lau

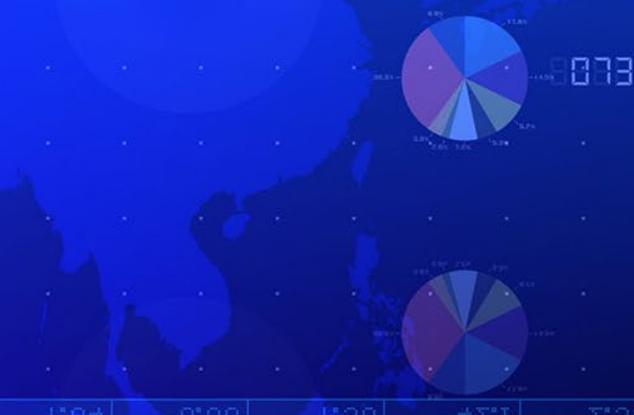
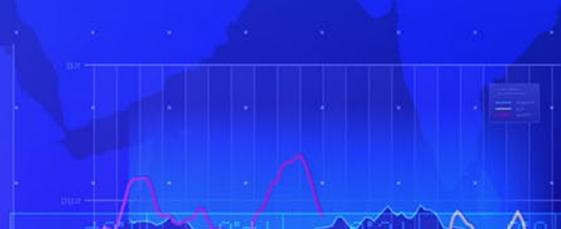
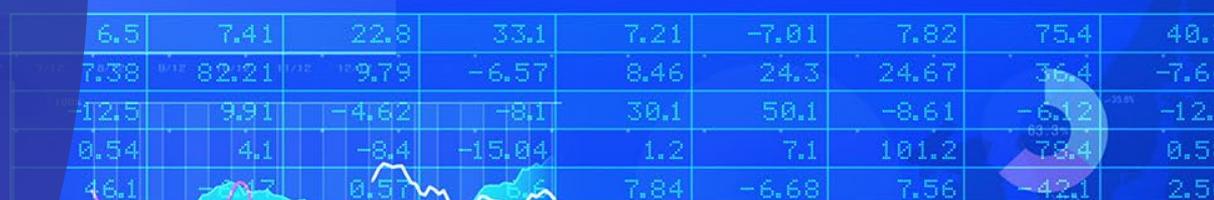
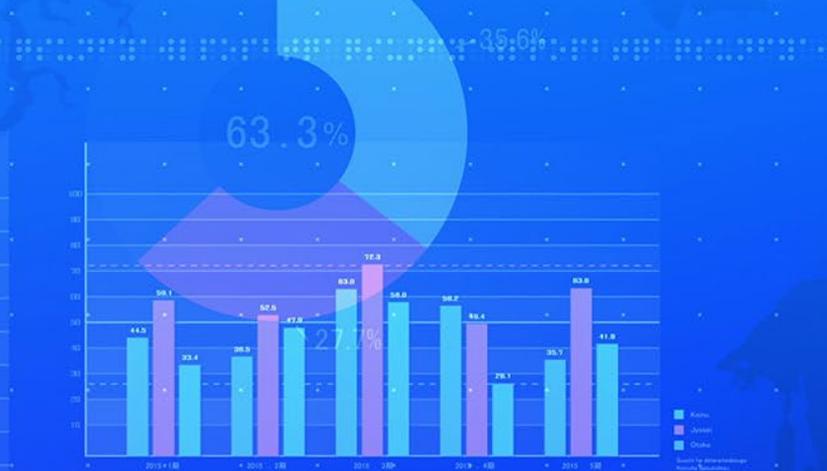
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Sources: Bloomberg and KPMG analysis



A-share IPO market



A-share IPO market: 2021 highlights



A-share market continues to grow

The economy in China continues to grow despite market uncertainties. The IPO market remained strong, driven by an increase in deals on ChiNext and sizeable listing of a state-owned telecommunication company. In terms of funds raised, the A-share market recorded a historic high, with RMB565.0B raised from 495 deals.



Mega-sized listing of a state-owned telecommunication carrier

During the year, a state-owned telecommunication carrier completed its listing in the A-share market. Funds raised from the deal totaled RMB 54.2 billion, representing 10% of total funds raised in the A-share market.



Launch of the Beijing Stock Exchange ("BSE")

The Beijing Stock Exchange launched on 15 November. As of 2021 YTD, 71 companies were transferred from the New Third Board and 11 companies had an initial public offering. The board has adopted a registration-based system, supporting innovation-oriented small and medium-sized enterprises ("SMEs"). The establishment of BSE will enhance the development of a multi-layered capital market function in China and promote the integration of capital and technology in the A-share market.



Sources : All analysis is based on WIND data and included REIT deals as at 5 December 2021 adjusted to number of confirmed listings up to 31 December 2021, unless otherwise stated

A-share IPO market



	SSE - Traditional	SZSE - Traditional	SSE STAR	SZSE - ChiNext*	BSE#	Total
2021	RMB 188.2B 92 deals	RMB 40.4B 40 deals	RMB 196.7B 158 deals	RMB 137.7B 194 deals	RMB 2.0B 11 deals	RMB 565.0B 495 deals
2020	RMB 120.8B 88 deals	RMB 60.6B* 98 deals	RMB 222.6B 145 deals	RMB 66.0B 63 deals	N/A	RMB 470.0B 394 deals

Note: All analysis is based on WIND data and included REIT deals as at 5 December 2021 adjusted to number of confirmed listings up to 31 December 2021, unless otherwise stated

* The numbers presented under "SZSE – ChiNext" above represent IPOs completed under the registration-based system following the reform. During 2020, there are 45 companies listed on the ChiNext board prior to the reform, raising a total of RMB 23.5 billion. For analysis purpose, these IPOs were included under "Traditional - SZSE" above.

Beijing Stock Exchange began to trade on 15 November 2021, with 71 companies listed moved from NEEQ Select and 11 companies made their debut on BSE as of 5 December 2021.

Sector distribution: A-share top 3



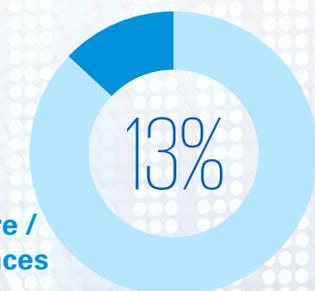
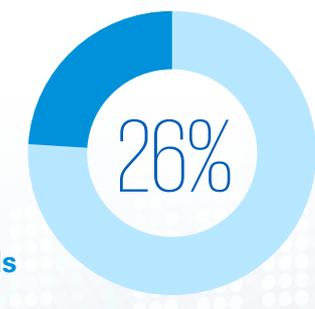
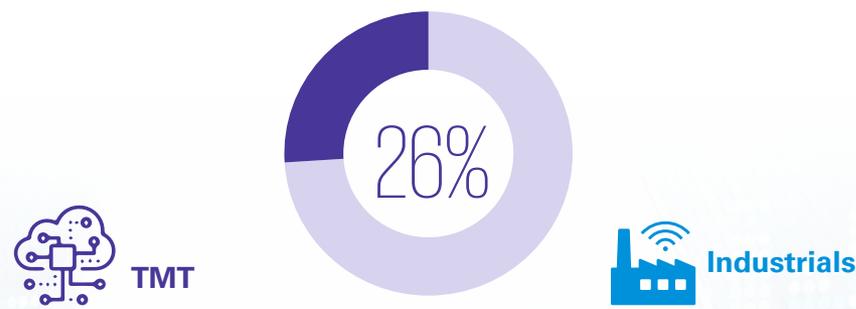
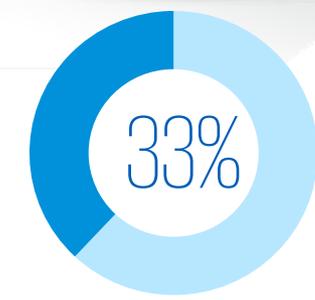
Due to further expansion of advanced industrials in China, together with the sizeable listing of a state owned TMT company, **Industrials and TMT companies continued to be the key drivers** in the A-share market.

Benefiting from ongoing government support and the flexibility of pre-profit biotech companies, **healthcare/life sciences** is expected to remain one of the driving forces of the market

Sources: All analysis is based on WIND data and included REIT deals as at 5 December 2021 adjusted to number of confirmed listings up to 31 December 2021, unless otherwise stated

Top 3 sectors of 2021, by total funds raised

Top 3 sectors of 2020, by total funds raised



Top 10 largest A-share IPOs



2021 YTD	Company	Exchange	Proceeds (RMB billion)	Sector
1	China Telecom Corporation Limited	SSE	54.2	TMT
2	BeiGene, Ltd [#]	SSE-STAR	25.4	Healthcare / Life sciences
3	China Three Gorges Renewables (Group) Co.,Ltd.	SSE	22.7	ENR
4	Ping An Guangzhou Comm Invest Guanghe Expressway*	SZSE	9.1	Infrastructure / Real Estate
5	Shanghai Rural Commercial Bank Co., Ltd.	SSE	8.6	Financial services
6	Everdisplay Optronics (Shanghai) Co., Ltd.	SSE-STAR	8.2	TMT
7	Zhuzhou CRRC Times Electric Co. Ltd.	SSE-STAR	7.6	Industrial manufacturing
8	Xinjiang Daqo New Energy Co.,Ltd.	SSE-STAR	6.5	Industrial manufacturing
9	CICC GLP Warehouse Logistics*	SSE	5.8	Infrastructure / Real Estate
10	Sino Biological Inc.	SZSE-ChiNext	5.0	Healthcare / Life sciences

[#] Expected to list by the end of 2020. Funds raised estimated is based on mid price.

* Refers to real estate investment trusts listings ("REITs")

2020 YTD	Company	Exchange	Proceeds (RMB billion)	Sector
1	Semiconductor Manufacturing International Corp.	SSE-STAR	53.2	TMT
2	Beijing-Shanghai High Speed Railway Co., Ltd.	SSE	30.7	Transport, Logistics and Others
3	Yihai Kerry Arawana Holdings Co.,Ltd	SZSE-ChiNext	13.9	Consumer Markets
4	China International Capital Corporation Limited	SSE	13.2	Financial Services
5	Qi An Xin Technology Group Inc.	SSE-STAR	5.7	TMT
6	Cathay Biotech Inc.	SSE-STAR	5.6	Healthcare / Life Sciences
7	CanSino Biologics Inc.	SSE-STAR	5.2	Healthcare / Life Sciences
8	Bestechnic (Shanghai) co. ltd	SSE-STAR	4.9	TMT
9	Shanghai Junshi Biosciences Co., Ltd.	SSE-STAR	4.8	Healthcare / Life Sciences
10	Beijing Roborock Technology Co., Ltd.	SSE-STAR	4.5	Consumer Markets

Note:

All analysis is based on WIND data as at 5 December 2021 adjusted to number of confirmed listings up to 31 December 2021, unless otherwise stated.

Source: Wind and KPMG analysis



Funds raised by top 10 IPOs

2021:

RMB 153.1 billion

~ 27% of total proceeds

2020:

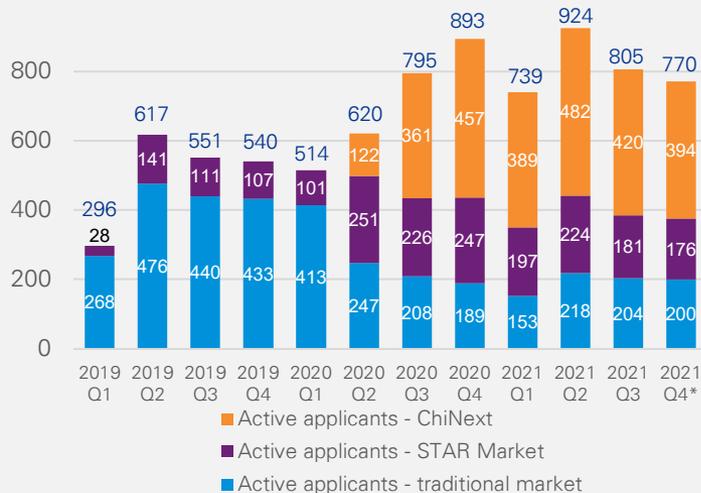
RMB 141.7 billion

~ 30% of total proceeds

A-share IPO pipeline



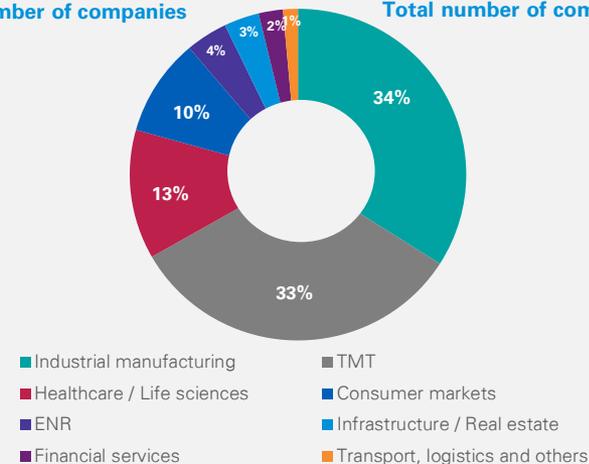
A-share IPO applications



A-share IPO applications – 2021 Q4 sector breakdown

By number of companies

Total number of companies: 770



Note: All figures are as at 5 December 2021, unless otherwise stated. STAR market active applicants included suspended applications (中止审查) which is due to the expiry of their financial information. Historically these applications have been reactivated promptly with updated financial information submitted by the listing applicant.

Source: Wind and KPMG analysis



There is a solid demand for fundraising in the A-share market with the IPO pipeline remaining strong as active applications currently at 770. As such we are expecting another active year in 2022.



Industrials, consumer markets and infrastructure / real estate are the top sectors – contributing **65%** of the **traditional market pipeline**.



Advanced industrials, TMT and Healthcare / Life sciences dominate the STAR and ChiNext pipeline, representing **91%** of the **STAR and ChiNext pipeline**.

2022 outlook: A-share market



The IPO pipeline remained strong with around 770 applicants. This is mainly due to a high number of applicants in the STAR Market and the ChiNext board, indicating solid confidence and market recognition. In terms of sectors, **TMT and advanced industrials** comprised 67% of the pipeline and **are expected to remain the key driver of the A-share IPO market.**

The launch of the BSE complements the Shanghai and Shenzhen exchanges, broadening funding channels for high-growth innovation companies in China. The BSE will nurture the growth of small and medium-sized companies – ‘the little giants’ – and support the development of the economy in China.



The launch of the Beijing Stock Exchange will enhance the diversity of the multi-level capital market in China. The quality of listings will also remain a priority for the regulator as it looks to enhance the overall market and aims for high-quality economic development in the long run. ”



Louis Lau
Partner
Capital Markets
KPMG China



Hong Kong IPO market



Hong Kong IPO market: 2021 highlights



IPO market remains strong in Hong Kong

Buoyed by innovative companies, including both homecoming listings and biotech listings, the Hong Kong market maintained a high level of funds raised compared to its performance over the past decade. The Main Board IPO pipeline is building up to a high level of over 170 companies applying to list, indicating continued interest from issuers seeking to IPO.

The continuing trend of homecoming listings

Apart from the 5 Chinese technology companies that completed secondary listings, there are 2 US-listed Chinese electric-vehicle makers that had completed dual primary listings in Hong Kong, suggesting an alternative listing route for other overseas listed issuers to follow.

Further increase in Biotech listings

Compared with last year, the number of Biotech listings have increased from 17 to 30, indicating continued market interests and a growing ecosystem in the sector. Total funds raised from Biotech listings reached HKD 70.5 billion, representing 20% of total funds raised in 2021. It is expected that the sector will remain a long-term driver of the market.



Note: All figures are as at 5 December 2021, adjusted to number of confirmed listings up to 31 December 2021, includes REIT deals and excludes listing by introduction
Source: HKEx and KPMG analysis

Hong Kong IPO market activity



Main Board

GEM

Total

2021 Full year

HKD 359.9B
109 deals

HKD 0.1B
1 deal

HKD 356.0B
110 deals

2020 Full year

HKD 396.0B
136 deals

HKD 0.6B
8 deals

HKD 396.6B
144 deals

All figures are as at 5 December 2021, adjusted to number of confirmed listings up to 31 December 2021, includes REIT deals and excludes listing by introduction
Source: HKEx and KPMG analysis

Sector distribution: HK top 3



Chinese technology companies continue to be the top contributor in terms of funds raised –

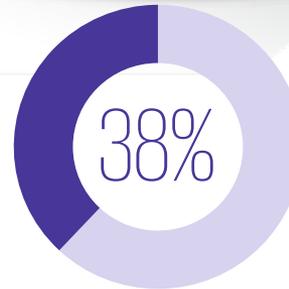
representing four out of the top 10 IPOs in terms of proceeds for 2021.

Healthcare / Life sciences listings are also a bright

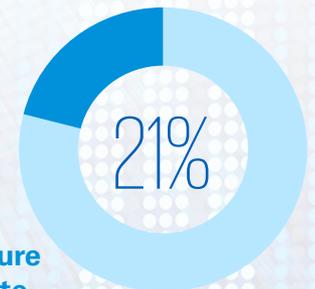
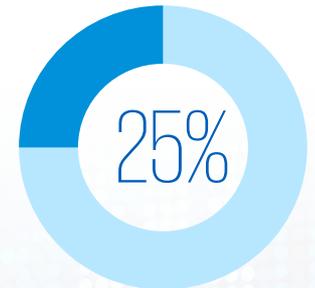
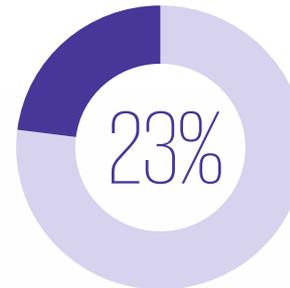
spot. 36 healthcare / life sciences companies have been listed, raising a total of HKD83.1 billion.

Note: All figures are as at 5 December 2021, adjusted to number of confirmed listings up to 31 December 2021.
Source: HKEx and KPMG analysis

Top 3 sectors of 2021, by total funds raised



Top 3 sectors of 2020, by total funds raised



Top 10 largest Hong Kong IPOs



2021 YTD	Company	Proceeds (HKD billion)	Sector
1	Kuaishou Technology – W	48.3	TMT
2	JD Logistics	28.3	Transport, logistics and others
3	Baidu, Inc. – SW	23.9	TMT
4	Bilibili Inc. – SW	23.2	TMT
5	XPeng Inc. – W	16.0	Industrials
6	Li Auto Inc. – W	13.5	Industrials
7	Trip.com Group Ltd. – S	9.8	TMT
8	Linklogis Inc. – W	9.2	Financial services
9	Dongguan Rural Commercial Bank Co., Ltd.	9.1	Financial services
10	Asymchem Laboratories (Tianjin) Co., Ltd#	7.0	Healthcare / Life sciences

Expected to list as at 10 December 2021. Funds raised estimated is based on mid price.

2020 YTD	Company	Proceeds (HKD billion)	Sector
1	JD.com – SW	34.6	TMT
2	JD Health International Inc.	31.0	Healthcare / Life sciences
3	NetEase, Inc. – S	24.3	TMT
4	Yum China Holdings, Inc. – S	17.3	Consumer Markets
5	China Bohai Bank Co., Ltd.	15.9	Financial Services
6	GDS Holdings Limited	14.9	TMT
7	Evergrande Property Services Group Limited	14.3	Infrastructure / Real Estate
8	Hangzhou Tigermed Consulting Co., Ltd.	12.3	Healthcare / Life Sciences
9	China Resources Mixc Lifestyle Services Limited	12.3	Infrastructure / Real Estate
10	New Oriental Education & Technology Group Inc.	11.6	Education



Funds raised by top 10 IPOs

2021:

HKD 188.3 billion

~ 53% of total proceeds

2020:

HKD 188.5 billion

~ 48% of total proceeds

Note: All figures are as at 5 December 2021, adjusted to number of confirmed listings up to 31 December 2021.
Source: HKEx and KPMG analysis

2022 outlook: HK IPO market



Market sentiment for 2022 will continue to be affected by the development of the global pandemic and other economic uncertainties. The IPO pipeline in Hong Kong remains robust **with more than 180 companies** seeking to IPO – we expect Hong Kong will continue to be one of the top listings destinations next year.

The introduction of a SPAC regime in Hong Kong will provide more comprehensive funding options, attracting high growth, innovative and New Economy companies from China and South East Asia to list in Hong Kong.

The bourse streamlined the overseas issuers framework, which provides multinational companies a choice of listing venue. It also supports US-listed Chinese companies which are considering Hong Kong as the ideal destination for their homecoming listings.

“

As an international financial centre, we see continuing effort being made to enhance Hong Kong's listing framework and adapt to the latest market developments. In order to sustain Hong Kong's attractiveness to issuers and investors in China and other regions, we expect the new SPACs regime will pave the way for further reforms of Hong Kong's capital markets. ”



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