



# Mainland China and Hong Kong IPO markets

## 2021 mid-year review

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# Global IPO landscape

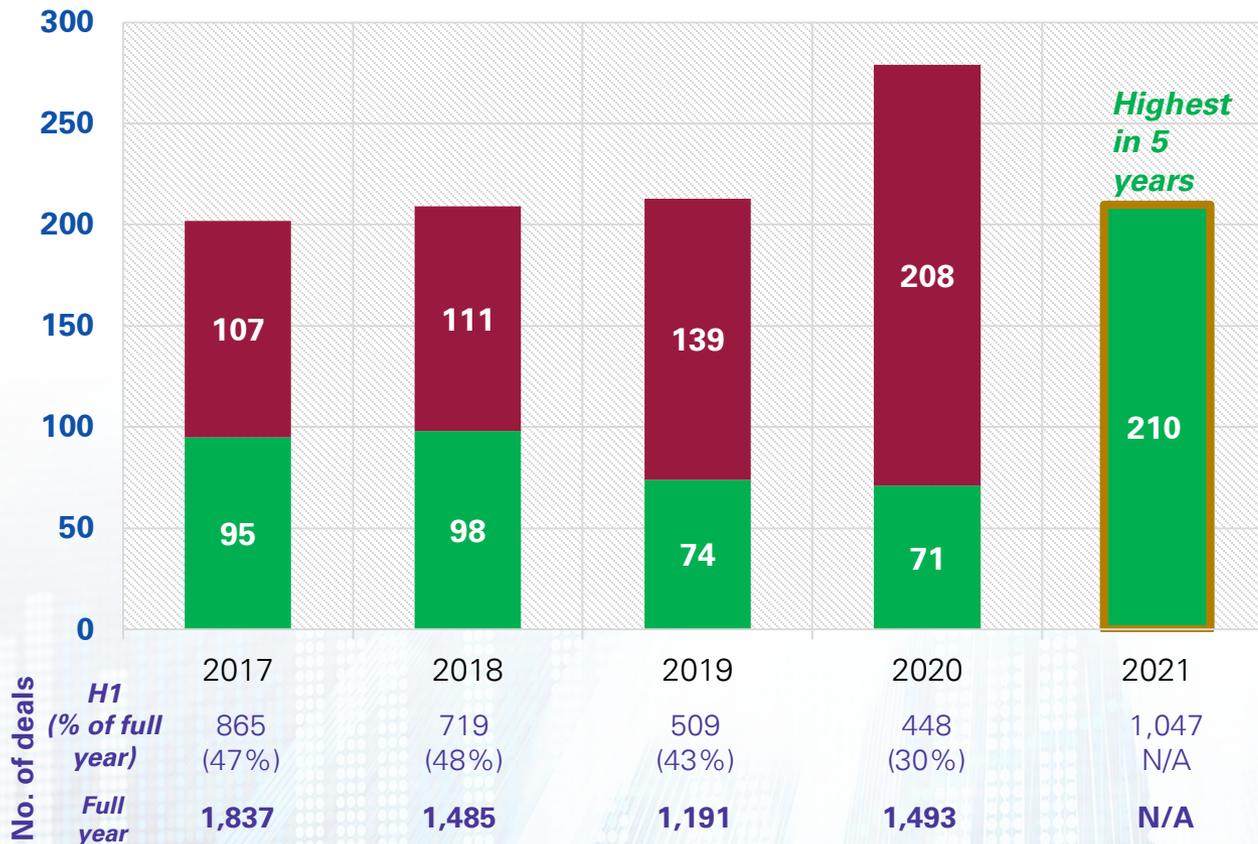




## Global IPO activity (2017 – 2021)

Funds raised  
(USD'B)

■ H1 Funds raised ■ H2 Funds raised



The global IPO market remains active. Total funds raised and the number of listings have increased by 196% and 134% respectively compared with the same period last year.

The TMT sector continues to drive the global IPO market. The sector represents 4 out of the top 10 largest IPOs in terms of funds raised during the first half.

(1) Analysis based on data as at 23 June 2021

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

# Global landscape



2021 H1	Rank	Stock exchange	IPO proceeds (USD billion) <sup>1</sup>
	1	NASDAQ	46.4
	2	New York Stock Exchange	28.3
	3	HKEX	26.0
	4	Shanghai Stock Exchange	20.6
	5	London Stock Exchange	13.1



The US, HK and A-share markets continue to lead the market, raising a total of USD130.7B.

2020 H1	Rank	Stock exchange	IPO proceeds (USD billion)
	1	NASDAQ	16.2
	2	Shanghai Stock Exchange	15.4
	3	HKEX	10.5
	4	NYSE	5.2
	5	Shenzhen Stock Exchange	3.9



TMT, Healthcare / Lifesciences and Consumer Markets are the top sectors, contributing over 70% of total funds raised in the US, HK and A-share IPO market.

2020 (Full year)	Rank	Stock exchange	IPO proceeds (USD billion)
	1	NASDAQ	57.8
	2	HKEX	51.2
	3	Shanghai Stock Exchange	51.0
	4	New York Stock Exchange	34.4
	5	Shenzhen Stock Exchange	18.8

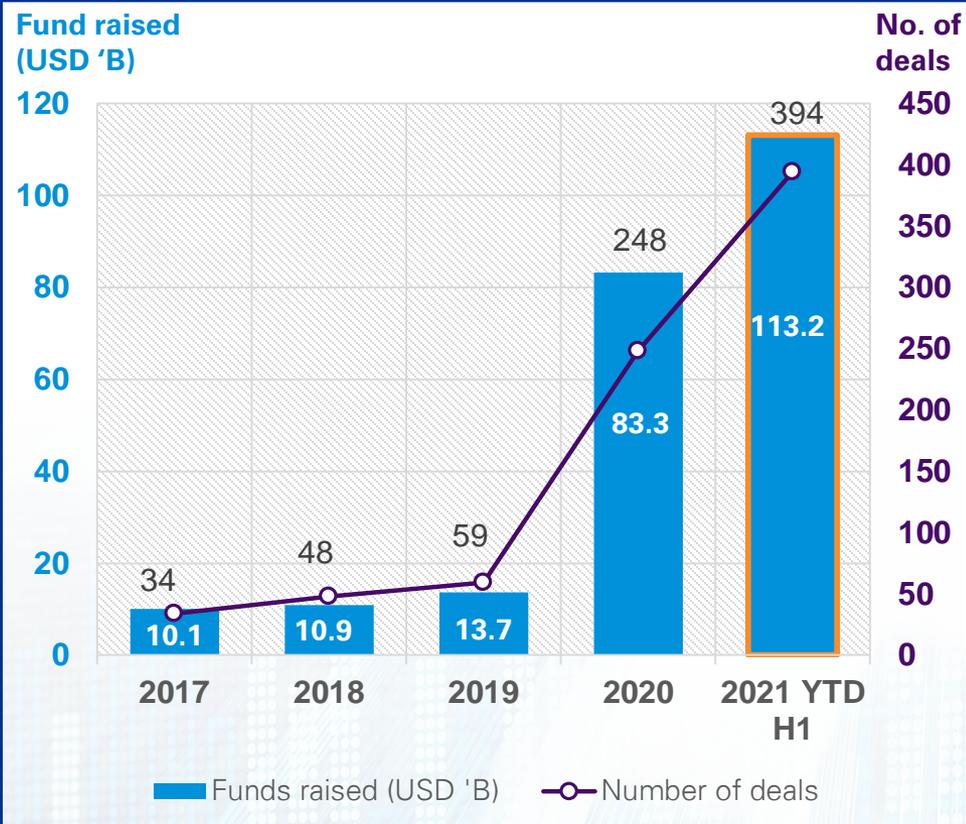
(1) Analysis based on data as at 23 June 2021.

(2) The exchange rate for USD/HKD is 7.75.

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



## SPAC Formation (2017 – 2021 YTD H1)



## Popularity of SPACs since 2020 and the recent cool off since April

Special purpose acquisition companies (“SPACs”) reached a record-breaking US\$113.2B raised in the first half, this amount already surpassed the total funds raised in the full year 2020 of USD83.3B. Unlike a traditional IPO, a SPAC, also known as a blank check company, has no operations and is formed strictly to raise a pool of capital for acquiring an existing business identified subsequent to the SPAC formation.

The buoyant activity has recently begun to attract the attention of regulators - the US SEC recently announced its plan to consider new investor protections for SPACs, just as SPACs start to slow from the rapid pace between 2020 and 2021 Q1.

(1) Analysis based on data as at 23 June 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



## Recovery begins and investor confidence strong

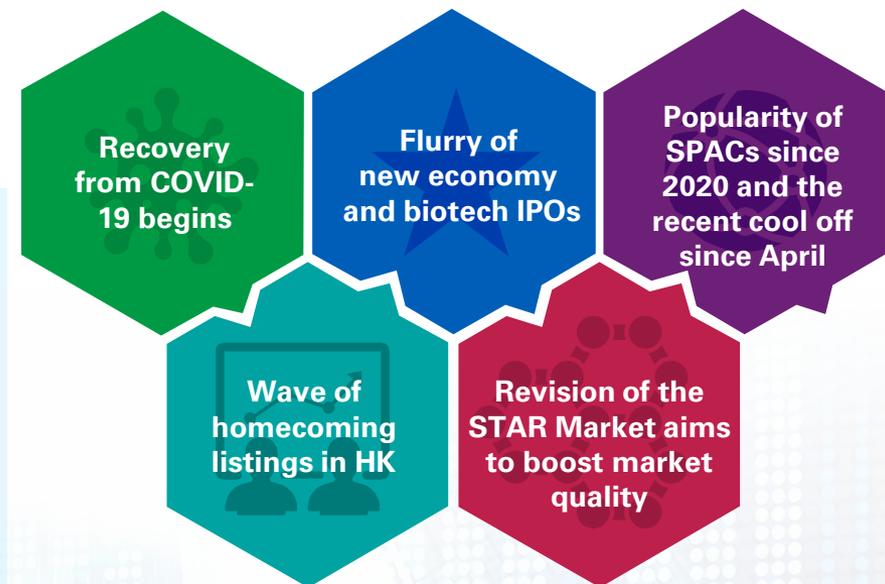
Under the backdrop of ongoing vaccination programmes in advanced economies, the macroeconomy has been recovering from the COVID-19 pandemic. With uncertainties fading out, investor confidence remains strong. Boosted by the increase in fundraising in the US, Hong Kong and the European markets, global IPO funds raised are recording a 196% increase compared with the same period last year.

“ High levels of market liquidity and solid investor sentiment are supporting the global IPO market, which stayed active in the first half of the year, with total funds raised nearly tripled compared with the same period last year. This was boosted by the increase in fundraising in the US, Hong Kong and European markets. We expect active global IPO activities to continue in the second half of 2021. ”



**Paul Lau**

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Sources: Bloomberg and KPMG analysis





# A-share IPO market



# A-share IPO market: 2021 H1 highlights



## A-share market grows steadily

Amid the recovery of China's economy and further developments of the registration-based listing platforms, the A-share IPO market remained active during the first half of 2021.

Driven by the increasing deals in ChiNext and the STAR Market during the first half, the number of listings are more than doubled compared with 2020H1.

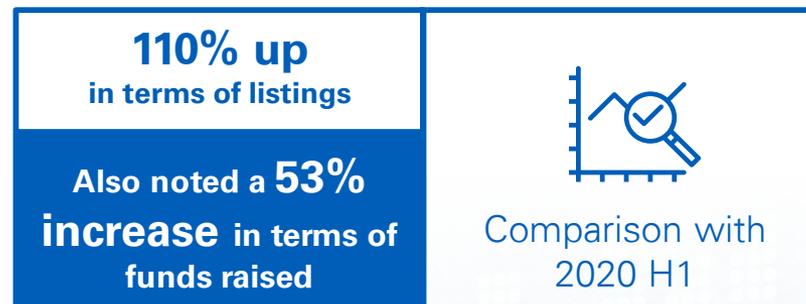
## Continuously driven by STAR and ChiNext

The STAR Market and ChiNext further showed their significance during the first half of 2021 – they recorded 174 deals and raised RMB125.3B. Six out of the Top 10 A-share IPOs in terms of funds raised were in these markets.

## Regulators' emphasis on quality of listings and technology credentials

Enhancing the quality of listings and encouraging hard technology listings have been the focus of the bourses' regulators. In light of the steady growth in the A-share market this year, the country's securities regulator recently announced a revision of rules especially in the STAR market. Although pipeline numbers and vetting processes might be affected in the short term, the increased transparency would be beneficial to the capital market as a whole with an elevated quality of listings.

Sources: All analysis is based on WIND data as at 23 June 2021 adjusted to number of confirmed listings up to 30 June 2021, unless otherwise stated



# A-share IPO market



	SSE - Traditional	SZSE - Traditional	SSE STAR	SZSE - ChiNext*	Total
2021 H1	RMB 74.1B 54 deals	RMB 13.3B 20 deals	RMB 71.7B 87 deals	RMB 53.6B 87 deals	<b>RMB 212.7B</b> <b>248 deals</b>
2020 H1	RMB 60.9B 27 deals	RMB 27.6B 45 deals	RMB 50.8B 46 deals	N/A	<b>RMB 139.3B</b> <b>118 deals</b>
2020 Full year	RMB 120.8B 88 deals	RMB 60.8B* 99 deals	RMB 222.6B 145 deals	RMB 65.8B 62 deals	<b>RMB 470.0B</b> <b>394 deals</b>

Note: All analysis is based on WIND data as at 23 June 2021 adjusted to number of confirmed listings up to 30 June 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.

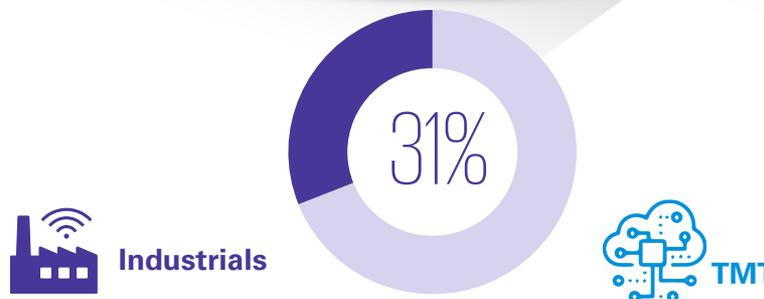
# Sector distribution: A-share top 3



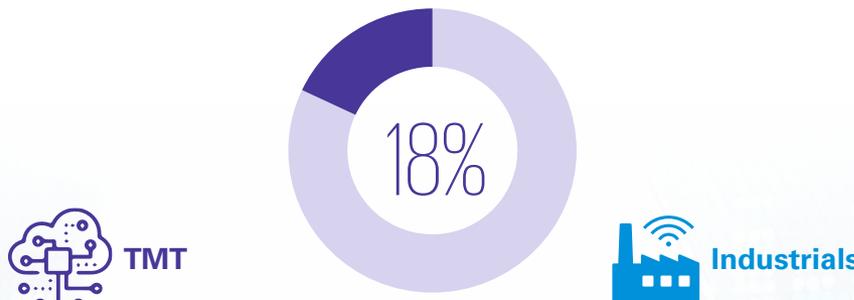
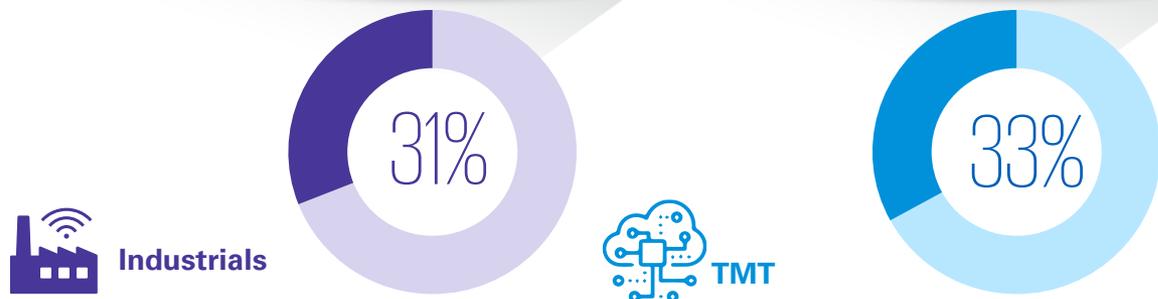
The listing momentum of **TMT and industrials companies continues**, as digital economy and advanced industrials further expand in China.

With the **'Dual Circulation' economic strategy** which places the domestic market as the mainstay for China's future growth, **traditional sectors such as Consumer Markets** would benefit as well.

Top 3 sectors of 2021H1, by total funds raised



Top 3 sectors of 2020, by total funds raised



Sources: All analysis is based on WIND data as at 23 June 2021 adjusted to number of confirmed listings up to 30 June 2021, unless otherwise stated

# Top 10 largest A-share IPOs



2021 H1	Company	Exchange	Proceeds (RMB billion)	Sector
1	China Three Gorges Renewables (Group) Co.,Ltd.	SSE	22.7	ENR
2	Everdisplay Optronics (Shanghai) Co., Ltd.	SSE-STAR	8.2	TMT
3	Tianneng Battery Group Co.,Ltd.	SSE-STAR	4.9	Industrial manufacturing
4	China Railway Construction Heavy Industry Corporation Limited	SSE-STAR	4.2	Industrial manufacturing
5	Huali Industrial Group Company Limited	SZSE-ChiNext	3.9	Consumer markets
6	Bank of Chongqing Co., Ltd.	SSE	3.8	Financial services
7	Yunnan Botanee Bio-Technology Group Co. LTD	SZSE-ChiNext	3.0	Consumer markets
8	Shanghai Electric Wind Power Group Co., Ltd.	SSE-STAR	2.9	Industrial manufacturing
9	Jiangxi Jovo Energy Co., Ltd.	SSE	2.9	ENR
10	Eastern Air Logistics Co., Ltd.	SSE	2.5	Transport, logistics and others

2020 H1	Company	Exchange	Proceeds (RMB billion)	Sector
1	Beijing-Shanghai High Speed Railway Co.,Ltd.	SSE	30.7	Transport, logistics and others
2	Beijing Roborock Technology Co., Ltd.	SSE-STAR	4.5	Consumer markets
3	China Resources Microelectronics Limited	SSE-STAR	4.3	TMT
4	Gongniu Group Co., Ltd.	SSE	3.6	Industrial manufacturing
5	Zhongtai Securities Co., Ltd.	SSE	3.1	Financial services
6	Jinko Power Technology Co., Ltd.	SSE	2.6	Infrastructure / Real estate
7	Chongqing Sanfeng Environment Group Corp., Ltd.	SSE	2.6	Industrial manufacturing
8	Gan&Lee Pharmaceuticals Co.,Ltd	SSE	2.5	Healthcare / Life sciences
9	Trina Solar Co., Ltd.	SSE-STAR	2.5	TMT
10	National Silicon Industry Group Co.,Ltd.	SSE-STAR	2.4	TMT

Note:  
All analysis is based on WIND data as at 23 June 2021 adjusted to number of confirmed listings up to 30 June 2021, unless otherwise stated



## Funds raised by top 10 IPOs

2021 H1:

**RMB 59.0 billion**

~ 28% of total proceeds

2020 H1:

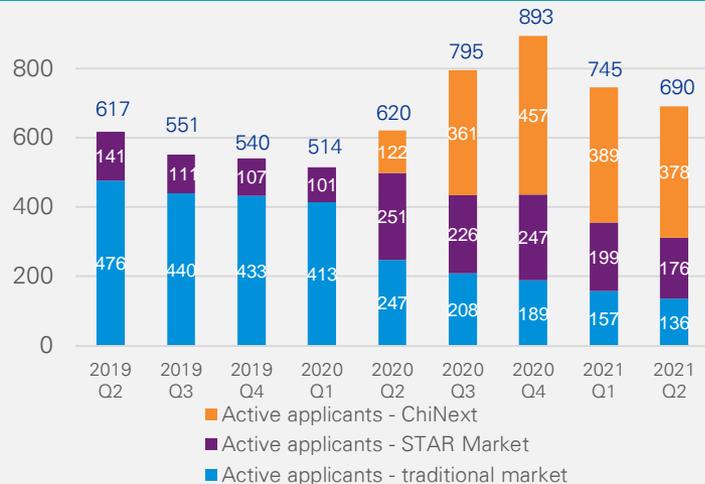
**RMB 58.8 billion**

~ 42% of total proceeds

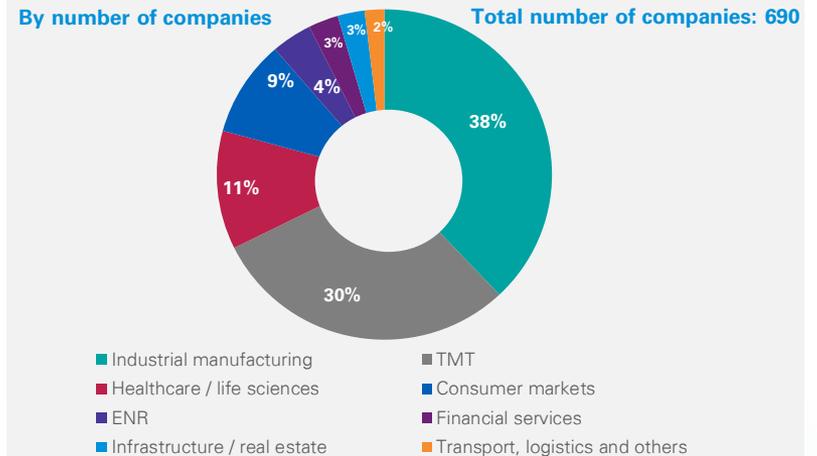
# A-share IPO pipeline



## A-share IPO applications



## A-share IPO applications – 2021H1 sector breakdown



Note: All figures are as at 23 June 2021, unless otherwise stated. STAR market active applicants included suspended applications (中止審查) which is due to the expiry of their financial information. Historically these applications have been reactivated promptly with updated financial information being submitted by the listing applicant. Source: Wind and KPMG analysis



Pipeline numbers of the STAR market have been decreasing with the revision of the evaluation measures for the listings of technology and innovation companies. Despite that, the number of applicants remains at a high level.



Industrials, consumer markets and financial services are the top sectors – contributing **67%** of the **traditional market pipeline**.



Advanced industrials, TMT and life sciences dominate the STAR / ChiNext pipeline, representing **89%** of the **STAR / ChiNext pipeline**.

# 2021 outlook: A-share market



**The A-share market is expected to remain active and among the top exchanges globally** as the local economy continues to recover gradually with the ongoing development of multi-layered capital markets, catering to wider funding needs of growth-oriented innovative start-up enterprises or virus-hit companies.

Pipeline activities remained at a high level of around 690 applicants. This is mainly driven by the number of applicants in the STAR Market and the ChiNext board, indicating solid confidence and market recognition. **TMT and advanced industrials** comprised over 68% percent of the pipeline and **are expected to remain the key driving force in the A-share IPO market.**

“ Amid the revision of regulatory rules aiming to enhance overall market quality to better serve high-quality economic development, there are plenty of opportunities for qualified issuers as we are still in the middle of the boom time for China’s IPO market. In addition, the ‘Dual Circulation’ economic strategy places the domestic market as the mainstay for China’s future growth, huge potential exists for domestic markets and local innovative growth enterprises to fuel China’s economy.



**Louis Lau**  
Partner  
Capital Markets  
KPMG China





# Hong Kong IPO market

# Hong Kong IPO market: 2021 H1 highlights



## Strongest 1<sup>st</sup> half in terms of total proceeds

Under the backdrop of strong liquidity and a gradual economic recovery, investor demand and market sentiment remain solid. With sizeable<sup>(1)</sup> Chinese technology and logistics company listings, the bourse has achieved historic highs in terms of total proceeds for the 1<sup>st</sup> half of the year. These six sizeable listings raised a total of HKD139.6 billion, representing 65% of total funds raised during the first half.

## Trend of homecoming listings continue

Homecoming listings continue to benefit the city's financial and capital markets. These homecoming listings reflect Hong Kong's solid fundamentals and its importance as an international capital-raising venue with a growing ecosystem for innovation and new economy companies.

## Third anniversary of the new listing regime

The new listing regime reached its third anniversary this year. Listings of pre-revenue biotech, new economy companies with WVR structures and secondary listings of qualifying companies have been allowed since the launch date, cultivating the development and investment ecosystem of new economy companies. During the first half, 13 companies were listed under the new listing chapters, raising a total of HKD 141.1B, 66% in terms of total proceeds for the period.

Note: (1) listings of over HKD 5B  
All figures are as at 23 June 2021, adjusted to number of confirmed listings up to 30 June 2021, includes REIT deals and excludes listing by introduction  
Source: HKEx and KPMG analysis



# Hong Kong IPO market activity



Main Board

GEM

**Total**

2021 H1

HKD 213.1B  
45 deals

HKD 0.1B  
1 deal

**HKD 213.2B**  
**46 deals**

2020 H1

HKD 92.5B  
54 deals

HKD 0.3B  
5 deals

**HKD 92.8B**  
**59 deals**

2020 Full year

HKD 396.0B  
136 deals

HKD 0.6B  
8 deals

**HKD 396.6B**  
**144 deals**

All figures are as at 23 June 2021, adjusted to number of confirmed listings up to 30 June 2021, includes REIT deals and excludes listing by introduction  
Source: HKEx and KPMG analysis

# Sector distribution: HK top 3



**Chinese technology companies continue to lead the market in terms of funds raised** – representing five out of the top 10 IPOs in terms of proceeds during the first half.

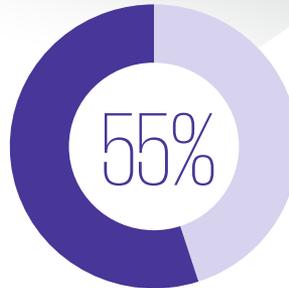
**Healthcare / life sciences listings** are another bright spot. Twelve healthcare / life sciences companies have been listed, raising a total of HKD28.6 billion, contributing 13% of total funds raised.

Note: All figures are as at 23 June 2021, adjusted to number of confirmed listings up to 30 June 2021.  
Source: HKEx and KPMG analysis

Top 3 sectors of 2021H1, by total funds raised



TMT



TMT

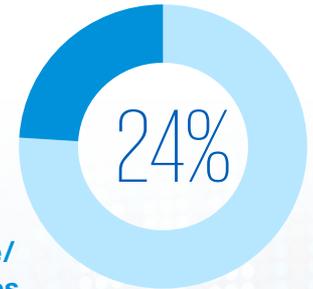
Top 3 sectors of 2020, by total funds raised



Healthcare / life sciences



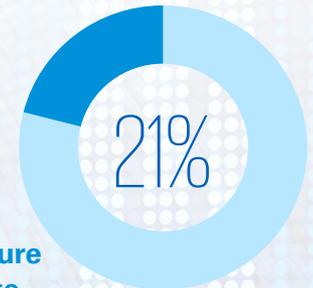
Healthcare / life sciences



Transport, logistics and others



Infrastructure / real estate



# Top 10 largest Hong Kong IPOs



2021H1	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	Trip.com Group Ltd. – S	9.8	TMT
6	Linklogis Inc. – W	9.2	Financial services
7	JOINN Laboratories (China) Co., Ltd	6.5	Healthcare / Life sciences
8	Autohome Inc. – S	6.1	TMT
9	Nayuki Holdings Limited#	5.1	Consumer markets
10	China Youran Dairy Group	5.0	Consumer markets

# Expected to list as at 30 June 2021. Funds raised estimated is based on announced listing price of \$19.8 per share

2020H1	Company	Proceeds (HKD billion)	Sector
1	JD.com, Inc. – SW	34.6	TMT
2	NetEase, Inc. – S	24.3	TMT
3	Kangji Medical Holdings Limited	3.6	Healthcare / Life sciences
4	Akeso, Inc. – B	3.0	Healthcare / Life sciences
5	Peijia Medical Limited – B	2.7	Healthcare / Life sciences
6	InnoCare Pharma Limited – B	2.6	Healthcare / Life sciences
7	Hygeia Healthcare Holdings Co., Limited	2.6	Healthcare / Life sciences
8	Jiumaojiu International Holdings Limited	2.5	Consumer markets
9	Central China New Life Limited	2.4	Infrastructure / Real estate
10	Kintor Pharmaceutical Limited – B	1.9	Healthcare / Life sciences



Funds raised by top 10 IPOs

**2021 H1:**

**HKD 165.4 billion**

**~ 78% of total proceeds**

**2020 H1:**

**HKD 80.2 billion**

**~ 86% of total proceeds**

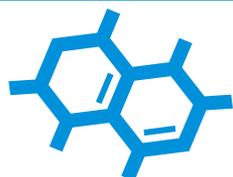
Note: All figures are as at 23 June 2021, adjusted to number of confirmed listings up to 30 June 2021.  
Source: HKEx and KPMG analysis

# Hong Kong's new listing regime: 2021



## Hong Kong new listing regime - (2018 H2 – 2021 H1)

### Chapter 18A



**Strong market sentiment for pre-revenue biotech companies**

Year	Fund raised (HKD 'B)	% in terms of funds raised*	Number of deals
2018H2	18.5	8%	5
FY2019	16.1	5%	9
FY2020 (2)	40.4	10%	14
<b>2021H1</b>	<b>16.6</b>	<b>8%</b>	<b>6</b>
<b>Total</b>	<b>91.6</b>	<b>8%</b>	<b>34</b>

With the ecosystem further cultivating the development and investments for biotech companies, Hong Kong has already become the largest in Asia and the second-largest biotech IPO market in the world.

### Chapter 19C



**The trend of homecoming listings continues**

Year	Fund raised (HKD 'B)	% in terms of funds raised*	Number of deals
2018H2	-	-	-
FY2019 (1)	101.2	32%	1
FY2020 (2)	131.3	33%	9
<b>2021H1 (3)</b>	<b>63.1</b>	<b>30%</b>	<b>4</b>
<b>Total</b>	<b>295.6</b>	<b>25%</b>	<b>14</b>

The trend of homecoming listings has contributed to the recent growth in fund raisings, benefiting the city's financial and capital markets.

### Chapter 8A



**Increasing credentials of weighted voting rights listings**

Year	Fund raised (HKD 'B)	% in terms of funds raised*	Number of deals
2018H2	75.7	32%	2
FY2019 (1)	101.2	32%	1
FY2020 (2)	64.4	16%	4
<b>2021H1 (3)</b>	<b>108.6</b>	<b>51%</b>	<b>5</b>
<b>Total</b>	<b>349.9</b>	<b>30%</b>	<b>12</b>

The growth of innovative companies drives funding needs for these companies. Hong Kong has proven to be the premier hub for new economy financing

Note: (1) In 2019, an issuer listed under both Chapter 19C and Chapter 8A, raised a total of HKD 101.2B

(2) In 2020, an issuer listed under both Chapter 18A and Chapter 19C, raised a total of HKD 6.8B. In the same year, 4 issuers listed under both Chapter 19C and Chapter 8A, raised a total of HKD 64.6B

(3) In 2021, 2 issuers listed under both Chapter 19C and Chapter 8A, raised a total of HKD 47.2B

# 2021 outlook: HK IPO market



With the combination of Chinese and international capital, the Hong Kong market is liquid and diverse. With this free, open and highly adaptive capital market, the bourse is expected to be **among the top listing destinations** in 2021.

The bourse is proven to be the natural choice for homecoming listings. In particular, domestic investors are more familiar with the brands and businesses of these companies. With previous homecomings paving way, it is **expected more US - listed Chinese companies will follow suit.**

**The increase to the profit requirement** may lead to an **acceleration of IPO applications** in the second half of this year, however the Hong Kong IPO market **will not be significantly impacted in terms of funds raised.**

“ As societies gradually emerge from the global pandemic and new social norms are here to stay, the demand for innovative and people-oriented technologies that improves the quality, reliability and accessibility of products and services will be a key driver for future growth. We expect the momentum of IPO activities among the new economy sectors including healthcare, life sciences, logistics and supply chain and fintech will remain very strong in the coming quarters.

”



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