



# Mainland China and Hong Kong

2020 Q3 review:  
IPOs and other  
market trends



# Foreword

Despite uncertainties prevailing in 2020 driven by COVID-19 as well as political, social and economic concerns, global IPO proceeds are expected to increase by over 30 percent by the end of Q3 compared with the same period last year. This increase is mainly due to a surge in fundraising in Asian markets, especially the Shanghai Stock Exchange, which offset a decline in proceeds in the European market. In 2020 Q3, Mainland China, Hong Kong and the US remained the key contributors to the global IPO market.

The Shanghai Stock Exchange claimed the top spot in 2020 Q3 YTD in terms of both fundraising and the number of listings, boosted by the continuing popularity of the STAR Market. The A-share market is up 154 percent in terms of funds raised compared with the same period last year. Building on the STAR Market's success, reforms in the ChiNext market were completed during the period. The registration-based system places information disclosure at its core with a focus on serving innovative growth companies and start-ups. This further facilitates the growth of a multi-layered capital market, and enhances liquidity and investments in the A-share market.

There is a significantly increasing number of US-listed China-based companies returning for secondary listings in Hong Kong, with a total seven such listings together raising a total of USD 13.1 billion, representing approximately 48 percent of funds raised in the bourse. This led Hong Kong to rank third globally for 2020 Q3 in terms of funds raised.

“ Despite global capital markets facing significant challenges fostered by COVID-19 and market uncertainty, total funds raised in 2020 are expected to increase by over 30 percent by the end of Q3 compared with the same period last year, boosted by the A-share and Hong Kong IPO markets. Opportunities lie ahead for the IPO market to channel much-needed capital into virus-hit companies and new economy firms to ride out global economic turbulence. ”



**Paul Lau**

Partner  
Capital Markets/  
Head of Professional Practice  
KPMG China

Note: All analysis is based on data as at 22 Sep 2020, adjusted to numbers of confirmed listings up to 30 September 2020, unless otherwise stated.

# Top-performing global stock exchanges

## 2020 Q3 YTD

Rank	Stock exchange	IPO proceeds (USD billion) <sup>1</sup>
1	Shanghai Stock Exchange	38.2
2	NASDAQ	31.1
3	HKEX	23.4
4	NYSE	21.7
5	Shenzhen Stock Exchange	10.5

## 2019 Q3 YTD

Rank	Stock exchange	IPO proceeds (USD billion)
1	NYSE	25.9
2	NASDAQ	23.3
3	HKEX	16.5
4	Shanghai Stock Exchange	15.1
5	Shenzhen Stock Exchange	8.1

## 2019 full year

Rank	Stock exchange	IPO proceeds (USD billion)
1	HKEX	40.4
2	Saudi Stock Exchange	30.7
3	NASDAQ	27.9
4	Shanghai Stock Exchange	27.2
5	NYSE	25.7

Sources: Bloomberg and KPMG analysis

(1) Note: All analysis is based on data as at 22 Sep 2020, including over-allotment, unless otherwise stated. The exchange rate for USD/HKD is 7.78.

# Top 10 largest global IPOs

2020 Q3	Company	Exchange	Proceeds (USD billion)	Sector
1	Semiconductor Manufacturing International Corp.	SSE-STAR	7.4	TMT
2	JD.com, Inc. - W	HKEX	4.4	TMT
3	Beijing-Shanghai High Speed Railway Co., Ltd.	SSE	4.4	Transport, Logistics and Others
4	Snowflake Inc.	NYSE	3.8	TMT
5	NetEase Inc.	HKEX	3.1	TMT
6	JDE Peet's BV	Amsterdam	2.8	Consumer Markets
7	Royalty Pharma PLC	NASDAQ	2.5	Healthcare /Life Sciences
8	THG Holdings Ltd	LSE	2.5	TMT
9	KE Holdings Inc	NYSE	2.4	TMT
10	Central Retail Corp PCL	Bangkok	2.3	Consumer Markets

Sources: Bloomberg and KPMG analysis, excludes blank check and trust companies



## Funds raised by top 10 IPOs

2020 Q3 YTD:  
**USD 35.6 billion**  
(23% of global funds raised)

2019 full year:  
**USD 74.2 billion**  
(35% of global funds raised)



**Sizable technology companies continue to be a key driver of the IPO markets**

2019 Full year	Company	Exchange	Proceeds (USD billion)	Sector
1	Saudi Aramco	Saudi	29.7	ENR
2	Alibaba Group Holding Limited	HKEX	13.0	TMT
3	Uber Technologies Inc.	NYSE	8.2	TMT
4	Budweiser Brewing Co APAC Ltd.	HKEX	5.8	Consumer Markets
5	Postal Savings Bank of China	SSE	4.8	Financial Services
6	Avantor Inc.	NYSE	3.4	Healthcare/Life Sciences
7	Nexi SpA	Brsaltaliana	2.4	Financial Services
8	Lyft Inc.	NASDAQ	2.4	TMT
9	XP Inc.	NASDAQ	2.3	Financial Services
10	TeamViewer AG	Xetra	2.2	TMT

Sources: Bloomberg and KPMG analysis, excludes blank check and trust companies

# Mainland China IPO market



# Hong Kong IPO market



# Stock Connect





# Mainland China IPO market

# A-share IPOs: 2020 Q3 highlights

The Shanghai Stock Exchange (SSE) and Shenzhen Stock Exchange (SZSE) are expected to record 294 new listings for a combined RMB 355.7 billion in 2020 Q3 YTD, representing a 154 percent increase in terms of funds raised compared with the same period in 2019. This is the most active Q3 YTD period in terms of funds raised since 2011 in the A-share market. The solid performance was backed by the continuing popularity of the STAR Market, driving the SSE to rank first among global exchanges in terms of both the number of listings and total funds raised.

The STAR Market recorded 113 listings, raising RMB 187.2 billion, contributing 53 percent of funds raised in the A-share market for the first three quarters of 2020. Since the first STAR market listing in July 2019 until now, 183 companies have listed on the board, raising a total of RMB 269.6 billion, representing approximately 49 percent of funds raised since July 2019. Backed by a solid pipeline of over 200 listings, the STAR Market is expected to remain the major contributor to the A-share IPO market for the rest of 2020.

In Shenzhen, the first batch of registration-based IPOs of 18 enterprises debuted on August 24 this year. By the end of 2020 Q3, a total of 35 companies are expected to be listed under ChiNext's new registration-based IPO system, raising a total of RMB 34.5 billion, representing 43 percent of the funds raised in the SZSE for the period. This reform is an expansion of the approach taken in the STAR Market, with a focus on serving innovative growth companies and start-ups.

All analysis is based on a combination of data as at 22 Sep 2020 and KPMG estimates, unless otherwise stated. Excludes listings by introduction.

# A-share IPOs: overview

- The A-share IPO market is expected to complete 294 listings for a combined RMB 355.7 billion by the end of 2020 Q3. This marks a 154 percent increase in terms of funds raised and a 131 percent uptick in terms of number of listings compared with the same period last year, boosted by growth in the STAR Market.
- The first batch of registration-based IPOs were listed in the ChiNext board during the third quarter, amid the country's efforts to reform the capital market. By the end of 2020 Q3, 35 companies are expected to be listed under ChiNext's new registration-based IPO system\*, raising a total of RMB 34.5 billion, representing approximately 10 percent of total funds raised during the period.

	SSE			SSE – STAR			SZSE			SZSE – ChiNext*			Total	
	Total funds raised (RMB billion)	No. of IPOs	Average deal size (RMB billion)	Total funds raised (RMB billion)	No. of IPOs	Average deal size (RMB billion)	Total funds raised (RMB billion)	No. of IPOs	Average deal size (RMB billion)	Total funds raised (RMB billion)	No. of IPOs	Average deal size (RMB billion)	Total funds raised (RMB billion)	Total no. of IPOs
2020 Q3 YTD	87.5	66	1.33	187.2	113	1.66	46.5	80	0.58	34.5	35	0.99	355.7	294
2019 Q3 YTD	41.4	41	1.01	47.2	33	1.43	51.4	53	0.97	-	-	-	140.0	127
2019 Full year	106.2	53	2.00	82.4	70	1.18	64.6	78	0.83	-	-	-	253.2	201
2018 Q3 YTD	76.7	51	1.50	-	-	-	38.7	36	1.08	-	-	-	115.4	87
2017 Q3 YTD	104.9	173	0.61	-	-	-	70.9	177	0.40	-	-	-	175.8	350
2016 Q3 YTD	49.0	54	0.91	-	-	-	27.8	72	0.39	-	-	-	76.8	126

Note: All figures are based on a combination of data as at 22 Sep 2020 and KPMG estimates, unless otherwise stated.

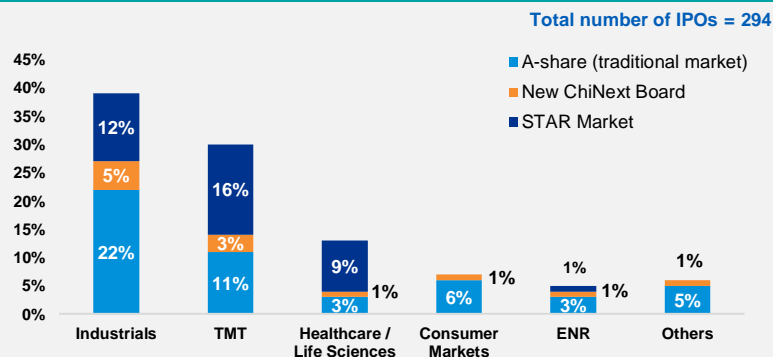
Sources: Wind and KPMG analysis

\* Listed under the registration-based system. During the year, there are 44 companies listed on the ChiNext board before the reform, raising a total of RMB 23.3 billion. For analysis purpose, such IPOs were included in the "SZSE" column as stated above, separated from "SZSE – ChiNext" which represents listings under the registration-based system only.



# A-share IPOs: sector analysis

## 2020 Q3 YTD: Top 5 sectors – by number of IPOs



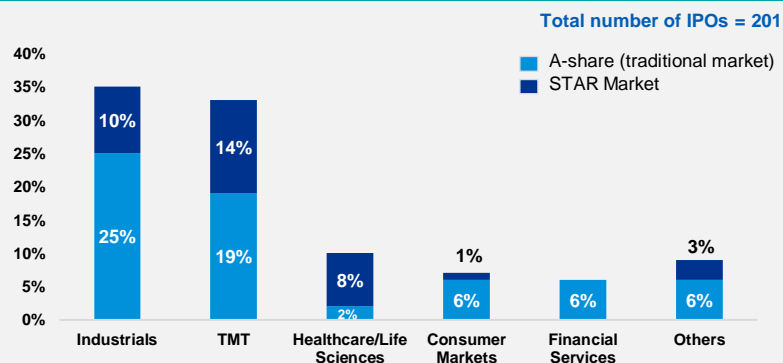
Source: Wind and KPMG analysis



## Industrials

- Industrials continued to lead the market **in terms of the number of new listings**, backed by a **strong pipeline of 308 companies currently seeking a listing**, of which half are attributed to the ChiNext board. We expect the sector to remain a major contributor to the total number of new listings throughout 2020.
- '**Industrial internet**' remains a focal point as China continues to strive for **high-quality economic development** over the long run. This can be achieved through the integration of physical equipment with big data, artificial intelligence and the Internet of Things (IoT).
- Among the 35 companies listed on the ChiNext board under the registration-based system, 14 companies are from the industrials sector, which raised a total of RMB 6.8 billion.

## 2019: Top 5 sectors – by number of IPOs



Source: Wind and KPMG analysis



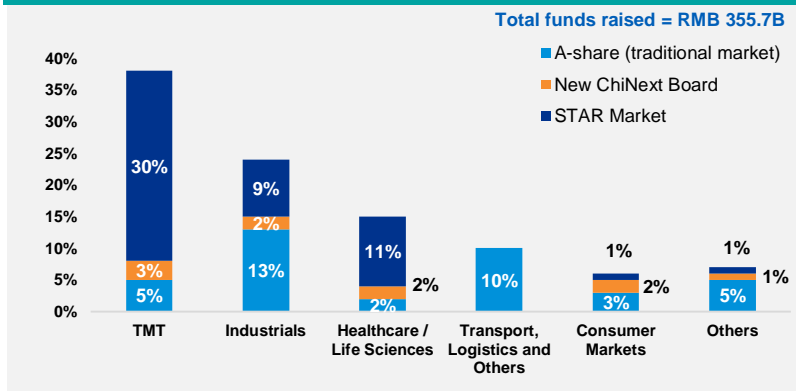
## Technology, Media & Telecoms

- The TMT sector **leads the market in terms of funds raised** and placed second in the number new listings. Three out of the top 10 companies are from the TMT sector and all of them were listed on the advanced-technology and innovation-focused STAR Market.
- We expect the sector to continue being a driving force of the A-share market, with a **significant number of technology companies seeking to list through the STAR Market** and buoyed by ongoing **government support** for science and technology firms.
- Among the 35 companies listed on the ChiNext board under the registration-based system, nine companies are from the TMT sector, which raised a total of RMB 10.4 billion.

Note: All analysis is based on a combination of data as at 22 Sep 2020 and KPMG estimates, unless otherwise stated. Excludes listings by introduction.

# A-share IPOs: sector analysis (cont'd)

## 2020 Q3 YTD: Top 5 sectors – by total funds raised



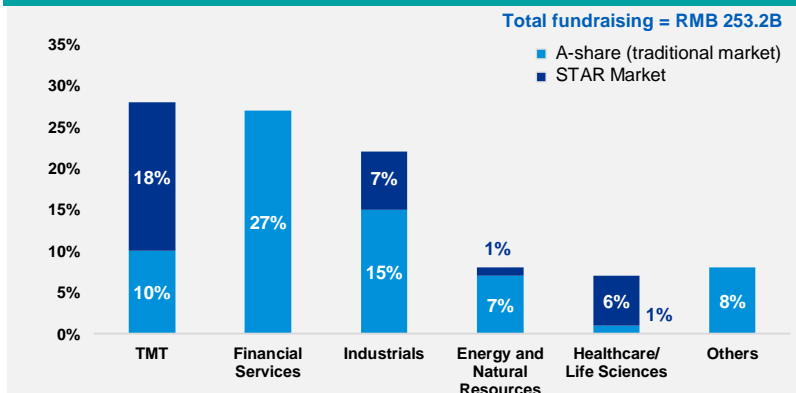
Source: Wind and KPMG analysis



## Healthcare/Life Sciences

- The sector ranked third in both the number of new listings and total funds raised, backed by a strong showing of healthcare/life sciences IPOs in the STAR Market, which accounted for approximately 11 percent of IPOs on this board in terms of funds raised.
- Five pre-profit biotech companies were listed in the STAR Market during the year demonstrating the bourse's flexibility and presence for biotech firms.
- Healthcare/life sciences is expected to be a long-term driving force of the A-share IPO market, fuelled by an ever-growing demand for healthcare for the world's largest population.

## 2019: Top 5 sectors – by total funds raised



Source: Wind and KPMG analysis

Note: All analysis is based on a combination of data as at 22 Sep 2020 and KPMG estimates, unless otherwise stated. Excludes listings by introduction.



## Transportation, Logistics and Others

- Beijing-Shanghai High Speed Railway Co., Ltd. was listed on the Shanghai Stock Exchange in January 2020, raising a total of RMB 30.7 billion. This deal alone represents approximately 10 percent of funds raised in the A-share market during the period. As a result, the sector ranked fourth in terms of total proceeds during the period.

# Top 10 largest A-share IPOs

2020 Q3 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	Qi An Xin Technology Group Inc.	SSE-STAR	5.7	TMT
4	Cathay Biotech Inc.	SSE-STAR	5.6	Healthcare / Life Sciences
5	CanSino Biologics Inc.	SSE-STAR	5.2	Healthcare / Life Sciences
6	Shanghai Junshi Biosciences Co., Ltd.	SSE-STAR	4.8	Healthcare / Life Sciences
7	Beijing Roborock Technology Co., Ltd.	SSE-STAR	4.5	Consumer Markets
8	China Resources Microelectronics Limited	SSE-STAR	4.3	TMT
9	Winner Medical Co., Ltd.	SZSE – ChiNext	3.7	Consumer Markets
10	Imeik Technology Development Co.,Ltd. #	SZSE – ChiNext	3.5	Healthcare / Life Sciences

# Expected to list by the end of 2020 Q3. Funds raised estimated is based on mid price.

Source: Wind and KPMG analysis

2019 Q3 YTD	Company	Exchange	Proceeds (RMB billion)	Sector
1	CGN Power Co., Ltd.	SZSE	12.6	ENR
2	China Railway Signal & Communication Corporation Limited	SSE-STAR	10.5	TMT
3	Ningxia Baofeng Energy Group Co., Ltd.	SSE	8.2	Industrials
4	Cnooc Energy Technology & Services Limited	SSE	3.8	ENR
5	SHENZHEN TRANSSION HOLDINGS CO., LTD.	SSE-STAR	2.8	TMT
6	Montage Technology Co., Ltd.	SSE-STAR	2.8	TMT
7	Bank of Suzhou Co., Ltd.	SZSE	2.6	Financial Services
8	Qingdao Rural Commercial Bank Corporation	SZSE	2.2	Financial Services
9	Qingdao Port International Co., Ltd.	SSE	2.1	Infrastructure/Real Estate
10	Bank of Xi'an Co., Ltd.	SSE	2.1	Financial Services

Note: All analysis is based on a combination of data as at 22 Sep 2020 and KPMG estimates, unless otherwise stated. Excludes listings by introduction.

Source: Wind and KPMG analysis



Funds raised by top 10 IPOs

2020 Q3 YTD:  
**RMB 121.2 billion**

~ 34% of total proceeds

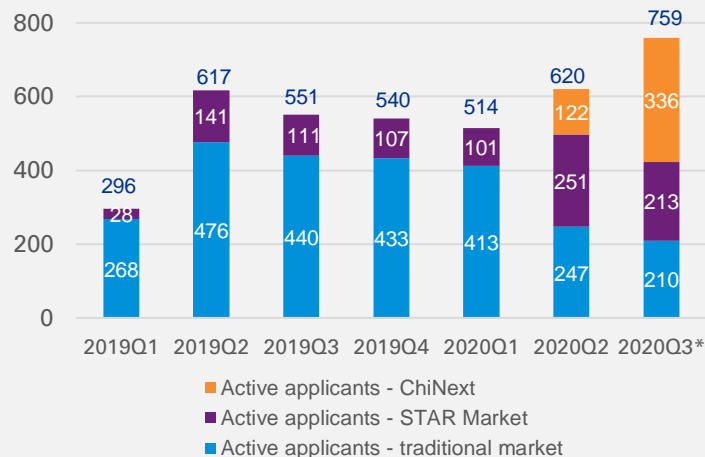
2019 Q3 YTD:  
**RMB 49.7 billion**

~ 36% of total proceeds

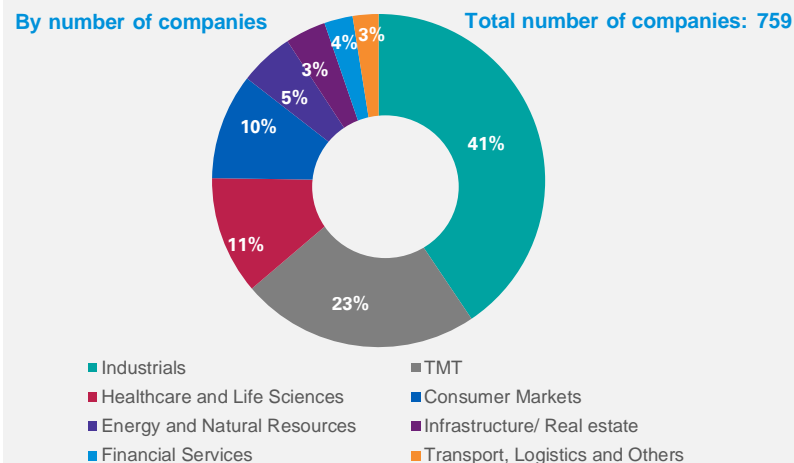
# A-share IPO pipeline

- Currently there are over 750 active IPO applicants, among which over 44 percent are seeking to list in the ChiNext board and 27 percent in the STAR Market. These numbers indicate solid market interest in advanced-technology and innovation IPOs.
- We expect **TMT and Industrials to continue to be key drivers** for the A-share market, as **approximately 64 percent** of the existing pipeline belongs to these sectors.
- Before the ChiNext board reform in June this year, there were around 202 companies seeking a listing on the board. Out of these companies, **around 176 applicants** have subsequently converted from the traditional market pipeline to the registration-based system in the new ChiNext board and have resubmitted their applications since June 2020.

## A-share IPO applications



## A-share IPO applications – 2020 Q3 YTD sector breakdown

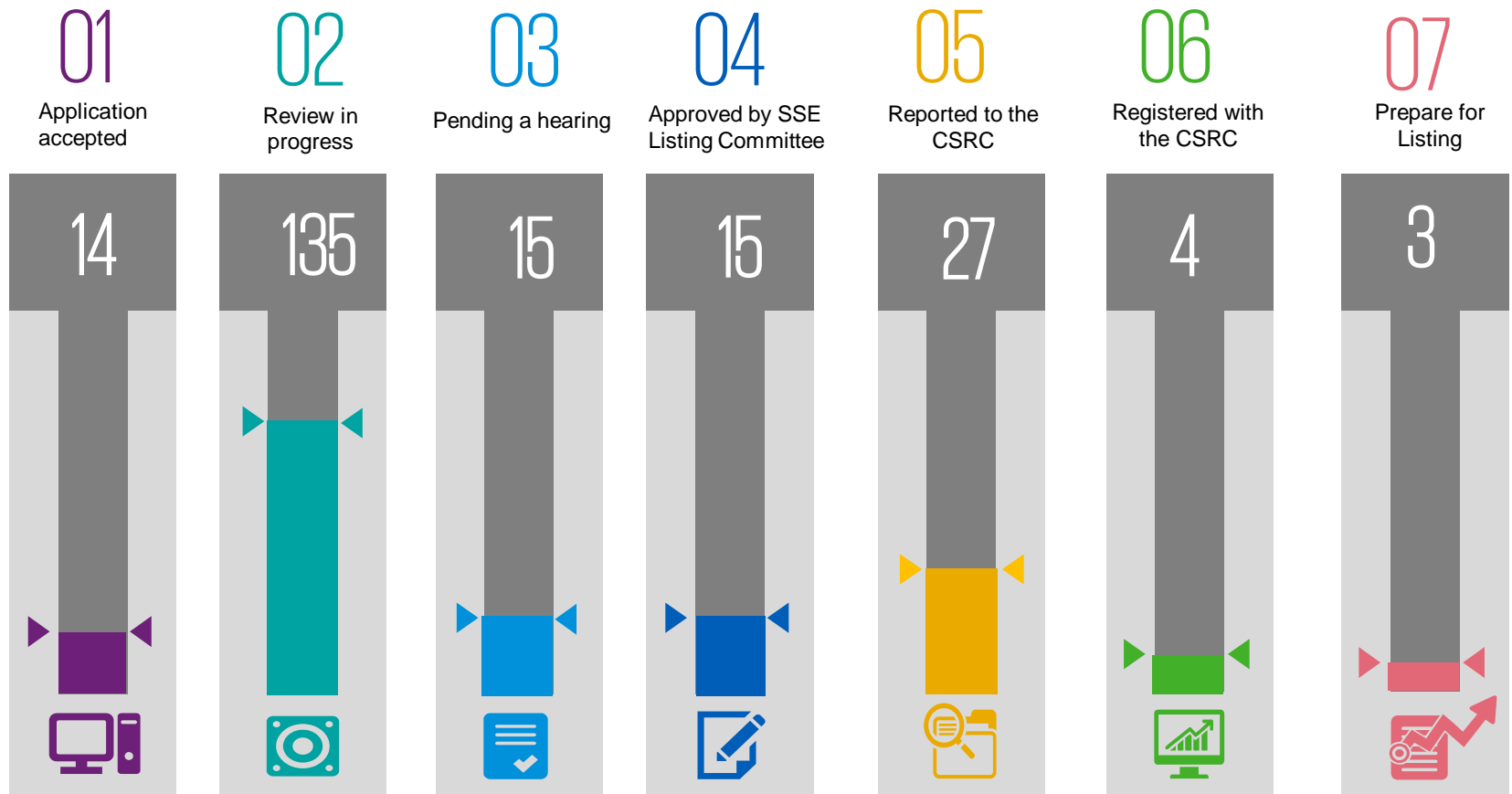


Note: \*Data as at 22 Sep 2020. STAR market active applicants included suspended applications (中止审查) which is due to the expiry of their financial information. Historically these applications have been reactivated promptly with updated financial information being submitted by the listing applicant.

Source: Wind and KPMG analysis

# STAR Market pipeline process

As of 22 Sep 2020, there were 213 active applicants in the pipeline.



Note: Data as at 22 Sep 2020. 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.

Sources: Wind, SSE and KPMG analysis

# STAR Market pipeline in detail



➤ The STAR Market burnished its credentials by allowing companies with Weighted Voting Rights (WVR) and red-chip structures and certain pre-profit entities to list.

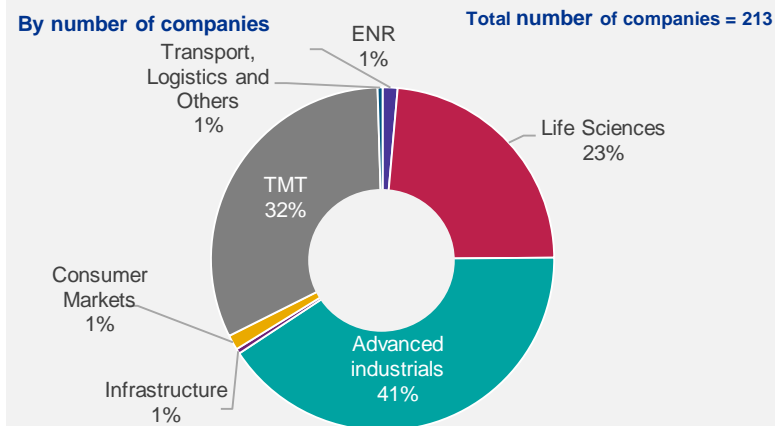
## STAR Market applicants by listing criteria

Listing criteria*		No. of Active Applicants	No. of Listed Companies
I	Market Cap & Profit	185	153
II	Market Cap, Revenue & R&D	3	6
III	Market Cap, Revenue & Operating Cash Flow	2	1
IV	Market Cap & Revenue	10	15
V	Market Cap & Advanced Technology	8	5
WVR	WVR structured companies	2	1
Red chips	Red-chips companies	3	2

Sources: SSE and KPMG analysis

Note: Data as at 22 Sep 2020. For details about listing criteria, please refer to Sci-Tech Innovation Board rules by SSE and CSRC (available only in Chinese).

## STAR Market applications – sector breakdown\*



Source: Wind and KPMG analysis

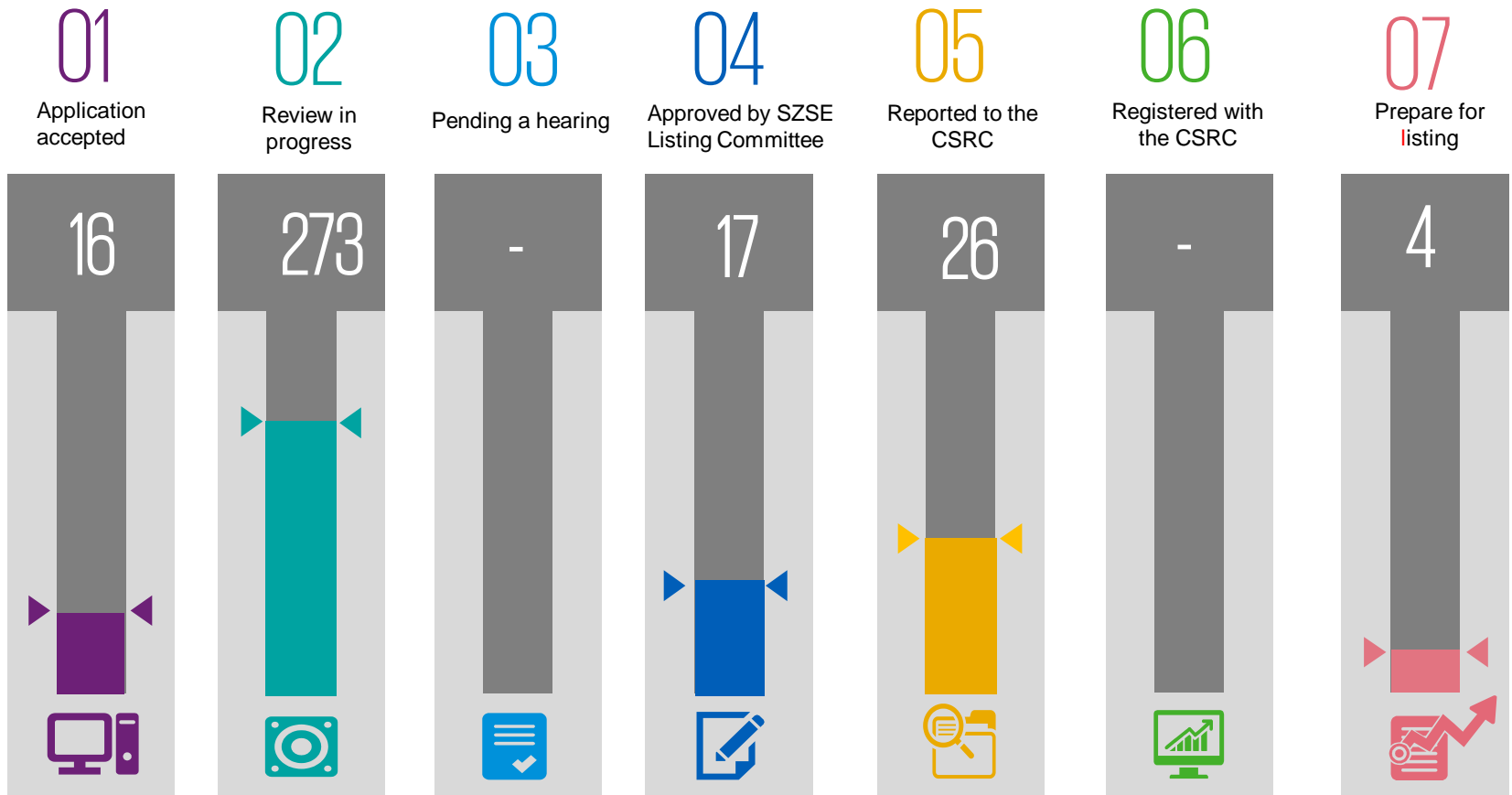
Note: Data as at 22 Sep 2020. STAR market active applicants included suspended applications (中止审查) which is due to the expiry of their financial information. Historically these applications have been reactivated promptly with updated financial information being submitted by the listing applicant.



➤ Criteria I, which has the lowest market capitalisation requirement, is the most predominant listing criterion adopted.

# ChiNext pipeline

As of 22 Sep 2020, there were 336 active applicants in the pipeline.



Note: Data as at 22 Sep 2020

Sources: Wind, SZSE and KPMG analysis

# ChiNext pipeline in detail



- All of the 35 listed companies under registration-based system were listed using Criteria I - the net profit requirement.

## ChiNext board applicants by listing criteria

Listing criteria		No. of Active Applicants	No. of Listed Companies*
I	Net Profit	332	35
II	Net Profit, Revenue & Market Cap	4	-
III	Revenue & Market Cap	-	-
WVR	WVR structured companies	-	-
Red chips	Red-chips companies	-	-

Sources: SSE and KPMG analysis

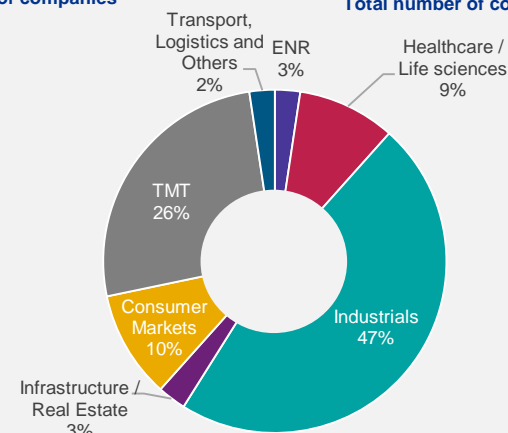
Note: Data as at 22 Sep 2020. \*Listed under registration-based system.

For details about listing criteria, please refer to ChiNext board rules by SZSE and CSRC (available only in Chinese).

## ChiNext applications – sector breakdown\*

By number of companies

Total number of companies = 336



Source: Wind and KPMG analysis

Note: Data as at 22 Sep 2020



- The reform of the ChiNext and the pilot registration-based IPO system are major initiatives to further optimise the system of the capital market after the reform of the sci-tech innovation board.



# A-share IPOs: 2020 outlook

- The A-share market has maintained strong momentum despite global uncertainties and the COVID-19 outbreak earlier in the year. The pipeline remains healthy, boosted by the number of applicants in the registration-based STAR Market and the ChiNext board, indicating solid confidence among IPO applicants. In regard to sectors, TMT and Industrials comprised over 60 percent of the pipeline and are expected to remain the key driving force in the A-share IPO market. In addition, the SSE is expected to be among the top IPO venues by the end of the year with the A+H listing of Ant Group expected to be completed within the year.
- Adopted in June 2020 after soliciting public feedback, the pilot registration-based IPO system launched by the ChiNext board is designed to ease the burden on enterprises and increase transparency with an open and paperless application review process. Solid market confidence has been evident as the number of active applicants in the market already reached 330 – all submitted since June this year. The reform is enhancing the diversity and competitiveness of China's capital markets and further helps innovative growth companies or start-ups to expand their business and raise funds.

“ The ChiNext board is expected to support growth-oriented innovative start-ups with funding needs and complement other boards to form a multi-level capital market system. It will also increase market inclusiveness and coverage, driving more high-quality companies to get listed in the A-share market. ”



**Louis Lau**

Partner  
Capital Markets  
KPMG China



# Hong Kong IPO market

# Hong Kong IPOs : 2020 Q3 highlights

While global uncertainties including COVID-19 have brought unprecedented challenges, the Hong Kong IPO market has shown strong resilience, ranking third globally in terms of total proceeds in 2020 Q3 YTD. During the period, 99 IPOs are set to be completed, raising a total of HKD 210.6 billion. This represents a 57 percent increase in terms of funds raised compared with the same period last year.

The increase in fundraising is mainly attributable to homecoming IPOs which are a boon for the city's financial industry and IPO market. There is an increasing number of US-listed Chinese-based companies returning for secondary listings in Hong Kong. During the period, seven companies have completed secondary listings, raising a total of HKD 102.0 billion, representing approximately 48 percent of funds raised. These secondary listings single out Hong Kong as an even more important capital-raising venue with a growing ecosystem for innovation and new-economy companies.

With the groundwork laid since the listing reform in 2018, the ecosystem has been cultivating the development and fundraising for healthcare and life sciences companies, and Hong Kong has already become the second-largest biotech IPO market in the world and the largest in Asia. During the year, 13 healthcare/life sciences companies have been listed, raising a total of HKD 42.2 billion, contributing 20 percent of total funds raised. Out of the 13 companies, seven pre-revenue biotech companies were listed under Chapter 18A, raising an aggregate of HKD 19.1 billion.

Alibaba, Xiaomi and Wuxi Biologics were added as constituents of the Heng Seng Index since September this year. Alibaba and Xiaomi are the first companies with WVR to join the Heng Seng Index. The move gives more weight to new-economy companies on the traditionally finance-heavy index.

Note:

(1) All analysis is based on a combination of data as at 22 Sep 2020 and KPMG estimates, unless otherwise stated. Excludes listings by introduction.

# Hong Kong IPOs: overview

- The Main Board recorded 92 new listings during the year for a combined HKD 210.2 billion. While the number of completed Main Board IPOs is very similar to the corresponding period in 2019, total funds raised increased by 57 percent, fortified by several sizeable US-listed, Chinese-based firms completing secondary listings during the year.
- The abovementioned US-listed, China-based companies raised a total of HKD 102.0 billion, representing approximately 48 percent of funds raised for 2020 Q3.

	Main Board						GEM		
	Total funds raised (HKD billion)	No. of IPOs	Average deal size (HKD billion)	No. of IPOs			Total funds raised (HKD billion)	No. of IPOs	Average deal size (HKD billion)
				< HKD 1 billion	HKD 1-5 billion	> HKD 5 billion			
<b>2020 Q3 YTD</b>	<b>210.2</b>	<b>92</b>	<b>2.28</b>	<b>60</b>	<b>21</b>	<b>11</b>	<b>0.4</b>	<b>7</b>	<b>0.06</b>
2019 Q3 YTD	133.3	88	1.51	62	23	3	0.6	8	0.07
2019 full year	313.3	146	2.14	102	34	10	1.0	15	0.07
2018 Q3 YTD	238.2	88	2.71	63	19	6	4.6	67	0.07
2017 Q3 YTD	83.2	51	1.63	38	9	4	4.3	55	0.08
2016 Q3 YTD	134.0	43	3.12	30	6	7	1.9	25	0.08

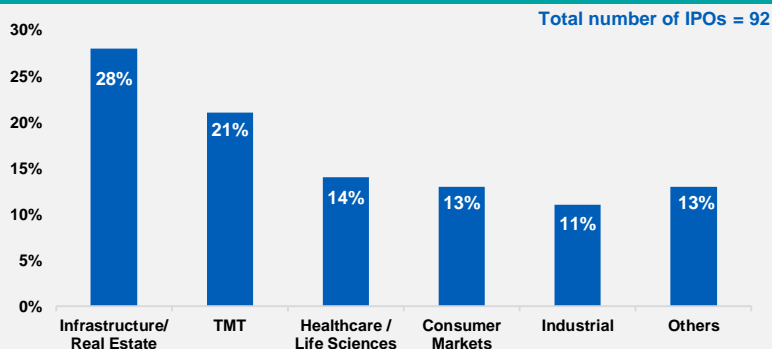
Note: All analysis is based on a combination of data as at 22 Sep 2020 and KPMG estimates, unless otherwise stated.

Excludes listings by introduction.

Source: HKEx and KPMG analysis

# Hong Kong IPOs: Main Board - sector analysis

## 2020 Q3 YTD: Top 5 sectors – by number of IPOs



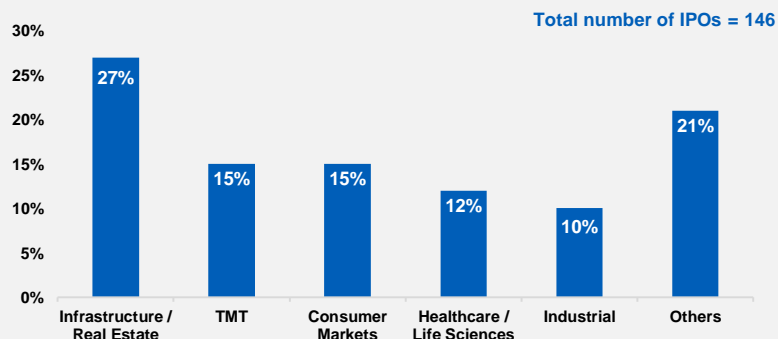
Source: HKEx and KPMG analysis



## Infrastructure/Real Estate

- The sector **led the market in terms of the number of listings**. The sector is expected to remain active in the market for the rest of 2020, as over a quarter of the pipeline is from this sector.
- **Expanded infrastructural needs for Hong Kong and the Greater Bay Area**, including development of the city's Cyberport and Science Park, would furnish the Hong Kong IPO market with more pipeline activities and fundraising from this sector for the coming years.

## 2019: Top 5 sectors – by number of IPOs



Note: All analysis is based on a combination of data as at 22 Sep 2020 and KPMG estimates, unless otherwise stated.

Source: HKEx and KPMG analysis

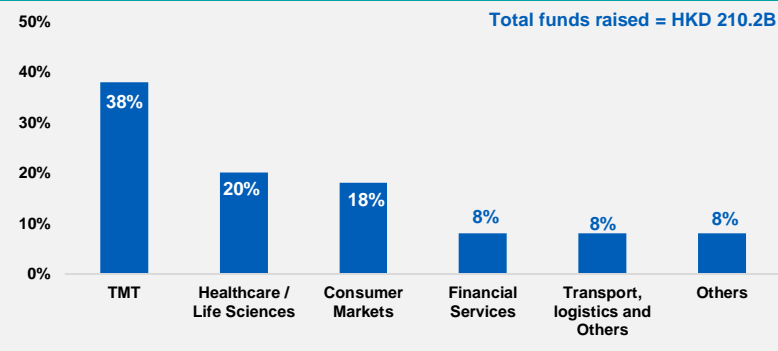


## Technology, Media & Telecoms

- The TMT sector **ranked first in terms of total funds raised and second in the number of new listings**. The top two IPOs by total fundraising for the year to date are TMT companies.
- Three US-listed, China-based TMT companies – NetEase, JD.com and Baozun Inc. – have completed their secondary listings during the period, raising a total of HKD 63 billion, comprising 30 percent of total funds raised in the Hong Kong market.
- Due to the COVID-19 outbreak, market demand for distance-based services have been expanding, this includes teleconferencing, virtual classrooms and online trading platforms. The business opportunities and funding needs for companies specialising in these services are expected to keep growing considerably.

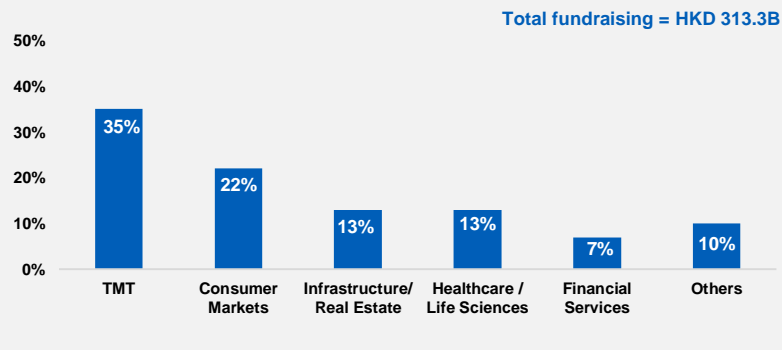
# Hong Kong IPOs: Main Board - sector analysis (Cont'd)

## 2020 Q3 YTD: Top 5 sectors – by total funds raised



Source: HKEx and KPMG analysis

## 2019: Top 5 sectors – by total funds raised



Note: All analysis is based on a combination of data as at 22 Sep 2020 and KPMG estimates, unless otherwise stated. Excludes listings by introduction.

Source: HKEx and KPMG analysis



## Healthcare/Life Sciences

- The sector ranked second in terms of funds raised and third in terms of the number of IPOs. Listings from the healthcare/life sciences sector have contributed 20 percent of funds raised for the year to date, including seven companies listed under Chapter 18A, raising an aggregate of HKD 19.1 billion, representing 9 percent of total funds raised during the period.
- There are currently 17 companies in the pipeline applying for a Hong Kong listing, this includes companies engaged in the development of drugs and biological products, hospitality services, operation of clinics and dental services, etc.
- With the healthcare/life sciences industry continuously working to develop new vaccines or at least improved treatment for COVID-19 as well as other diseases, business opportunities and funding needs are expected to expand.



## Consumer Markets

- The sector ranked third in terms of funds raised and fourth in terms of the number of IPOs. Fast food franchise operator Yum China Holdings completed a secondary listing and raised a total of HKD 17.3 billion in September this year. The deal is the third largest IPOs in Hong Kong by funds raised for the year to date.
- Other sizable listings from the sector include Nongfu Spring Co., Ltd., raising a total of HKD 8.3 billion and Smoore International Holdings Ltd., raising a total of HKD 8.2 billion.

# Top 10 largest Hong Kong IPOs

2020 YTD	Company	Proceeds (HKD billion)	Sector
1	JD.com - SW	34.6	TMT
2	NetEase, Inc. - S	24.3	TMT
3	Yum China Holdings, Inc. - S	17.3	Consumer Markets
4	China Bohai Bank Co., Ltd.	15.9	Financial Services
5	Hangzhou Tigermed Consulting Co., Ltd. - H Shares	12.3	Healthcare / Life Sciences
6	ZTO Express (Cayman) Inc – SW #	9.8	Transport, logistics and others
7	Nongfu Spring Co., Ltd.	8.3	Consumer Markets
8	Smooere International Holdings Limited	8.2	Consumer Markets
9	Huazhu Group Limited - S	6.1	Transport, logistics and others
10	Zai Lab Limited – SB	5.9	Healthcare / Life Sciences

# Expected to list by the end of 2020Q3

Source: HKEx and KPMG analysis

2019 YTD	Company	Proceeds (HKD billion)	Sector
1	Budweiser Brewing Company APAC Limited	45.1	Consumer Markets
2	Shenwan Hongyuan Group Co., Ltd.	9.1	Financial Services
3	Hansoh Pharmaceutical Group Company Limited	9.0	Healthcare / Life Sciences
4	China East Education Holdings Limited	5.0	Education
5	Xinyi Energy Holdings Limited	3.9	ENR
6	Jinshang Bank Co., Ltd. - H Shares	3.7	Financial Services
7	Jinxin Fertility Group Limited	3.5	Healthcare / Life Sciences
8	Shanghai Henlius Biotech, Inc. - B - H Shares	3.4	Healthcare / Life Sciences
9	Zhongliang Holdings Group Company Limited	3.2	Infrastructure / Real Estate
10	Cstone Pharmaceuticals - B	2.6	Healthcare / Life Sciences

Note: All analysis is based on a combination of data as at 22 Sep 2020 and KPMG estimates, unless otherwise stated. Excludes listings by introduction.

Source: HKEx and KPMG analysis



## Funds raised by top 10 IPOs

2020 Q3 YTD:  
**HKD 142.7 billion**  
 ~ 68% of total proceeds

2019 Q3 YTD:  
**HKD 88.5 billion**  
 ~ 66% of total proceeds

# Hong Kong IPOs: 2020 outlook

- Market sentiment for the rest of the year is likely to be driven by political, social and economic uncertainties including COVID-19. Amid these uncertainties, Hong Kong is expected to continue as one of the top exchanges globally in terms of IPO proceeds at the end of the year due to the emergence of secondary listings and biotech listings, backed by improved market sentiment and the bourse's solid fundamentals. The healthcare/life sciences industry is expected to remain one of the major contributors to the Hong Kong IPO market as the pandemic has created a need for robust healthcare services and capital investments. Moreover, with the A+H listing of Ant Group expected to be completed within the year, we expect fundraisings in the bourse to overtake the full-year record last year and rank among the top three exchanges globally by total proceeds at the end of 2020.
- The influx of overseas-listed Chinese companies coming to Hong Kong was apparent during the year, evidenced by secondary listings for NetEase, JD.com, Yum China, ZTO Express, Zai Lab, Huazhu Group and Baozun Inc. This showed solid market interest from issuers and investors. These successes further enhance the ecosystem for overseas-listed, innovation and new economy companies, making Hong Kong an even more important fund-raising centre. As such, we expect there will be additional US-listed, China-based companies to follow suit for the rest of the year.
- The HKEX issued a consultation paper in January soliciting public response on a proposal to allow corporate entities to benefit from WVR. Market feedback was collected by the end of May and if corporate shareholders with WVR are deemed qualified for listings in the near future, more technology firms would be eligible for listing in Hong Kong. This will spur more China-based tech companies to list in Hong Kong and widen their funding options amid the global uncertainties.

“ IPOs in Hong Kong and mainland China will continue to be driven by new economy companies. As digital transformation has accelerated amid COVID-19, the demand for tech-enabled solutions in areas like telehealth, remote learning, drug development and logistics is growing. This is fueling the need for innovative companies to raise funds especially in the TMT and life sciences sectors.

”



**Irene Chu**

Partner  
New Economy and Life Sciences  
KPMG China



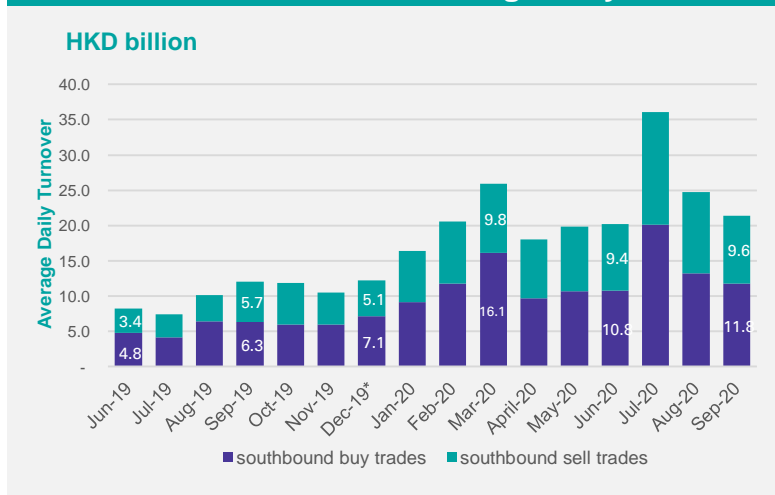


# Stock Connect

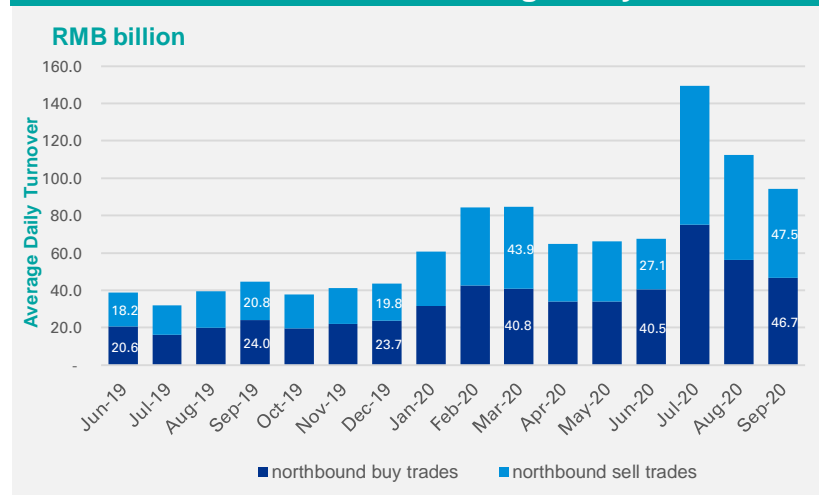
# Stock Connect

- Northbound investments have remained active, highlighting a heightened interest in Chinese securities, as well as confidence in the resilience of the Chinese capital markets amid global uncertainties. In addition, the FTSE Russell began including A-shares in its index; MSCI completed its previously announced phased weighting increase of China A-shares, or yuan-denominated mainland Chinese stocks. These moves are expected to further stimulate northbound trading.
- The Southbound Trading Investor Identification Regime was successfully rolled out in January 2020, facilitating enhanced orderly operation and regulation of Stock Connect.
- The HKEX, SSE and SZSE agreed to northbound connect arrangements for A+H STAR market companies. A+H companies listed on the STAR Market will have their A-shares eligible for northbound trading after relevant business and technical preparations are completed. A date for inclusion will be announced in due course.

## Southbound investment: average daily turnover



## Northbound investment: average daily turnover



\* Analysis is based on data as at 22 Sep 2020.

Source: HKEX

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