



Mainland China and Hong Kong IPO markets

2021 Q1 review

Contents



Global IPO landscape



A-share IPO market



Hong Kong IPO market



Global IPO landscape

Global landscape

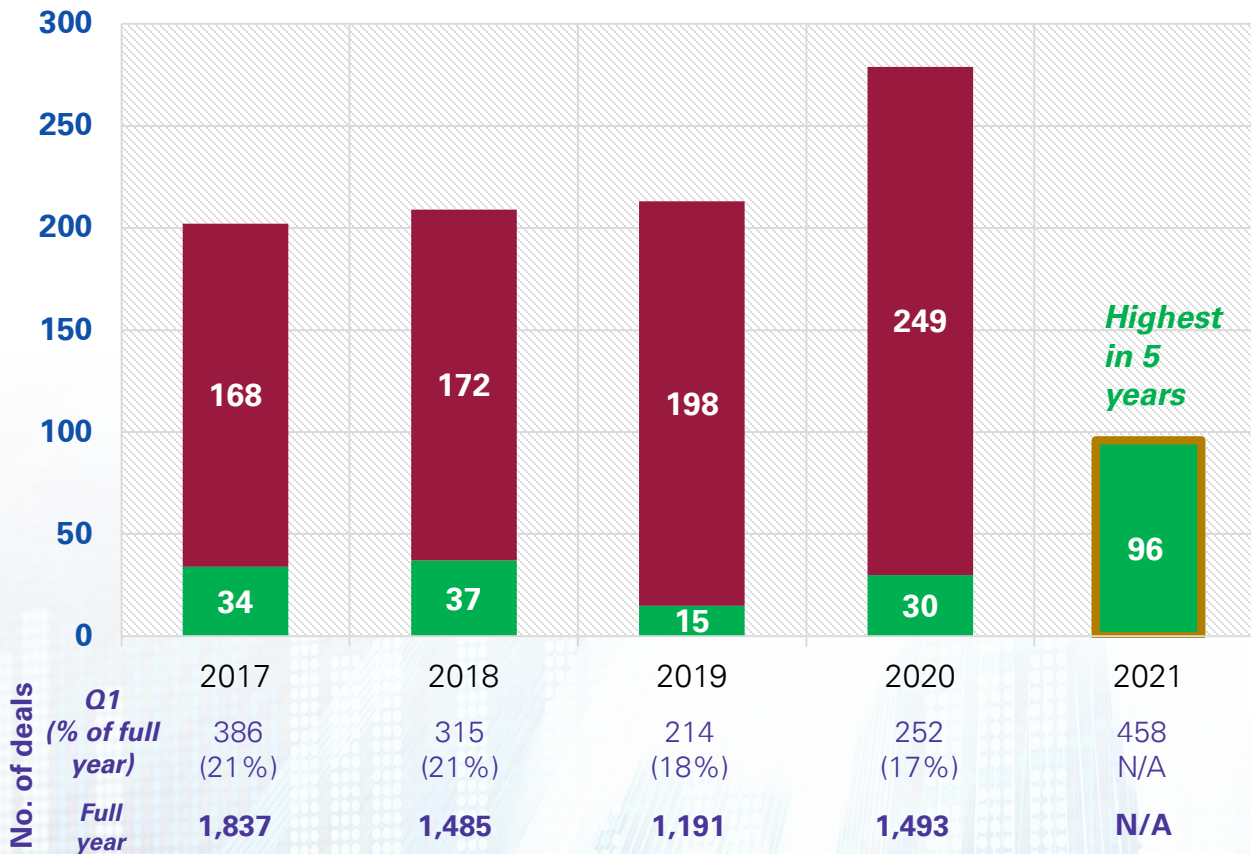


Global IPO activity (2017 – 2021)

Funds raised
(USD'B)

■ Q1 Funds raised

■ Q2 - Q4 Funds raised



The global IPO market remains active, following the continued momentum from 2nd half of last year. Total funds raised is recording over tripled the amount of the same period last year.

The TMT sector continue to drive the global IPO market. The sector represents 5 out of the top 10 largest IPOs in terms of funds raised during the quarter.

(1) Analysis based on data as at 24 March 2021

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

Global landscape



2021
Q1

Rank	Stock exchange	IPO proceeds (USD billion) ¹
1	NASDAQ	22.1
2	New York Stock Exchange	15.6
3	HKEX	13.9
4	Shanghai Stock Exchange	6.9
5	London Stock Exchange	5.5



The US, HK and A-share markets continues to lead the market, raising a total of USD61.4B, which represents over 63% of the global IPO proceeds as of 24 March 2021

2020
Q1

Rank	Stock exchange	IPO proceeds (USD billion)
1	Shanghai Stock Exchange	10.2
2	NASDAQ	5.5
3	Stock Exchange of Thailand	2.4
4	NYSE	2.2
5	HKEX	1.9



TMT, Healthcare / Lifesciences and Industrial Markets are the top sectors, contributing over 75% of total funds raised in the US, HK and the A-share IPO market.

2020
(Full
year)

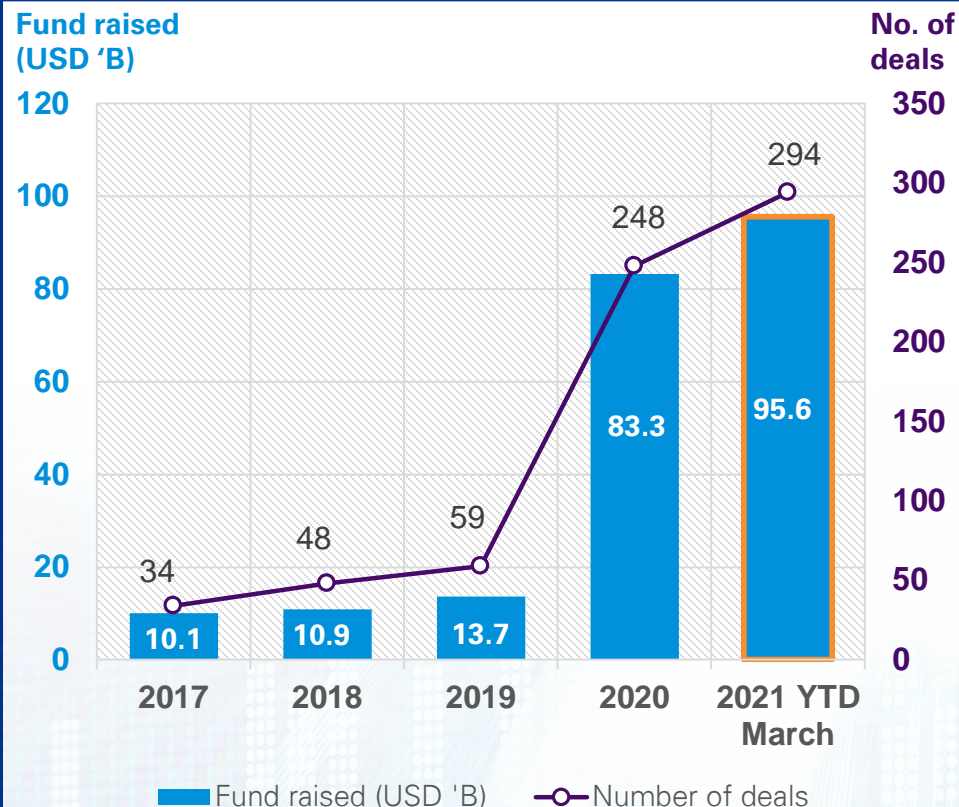
Rank	Stock exchange	IPO proceeds (USD billion)
1	NASDAQ	57.8
2	HKEX	51.2
3	Shanghai Stock Exchange	51.0
4	New York Stock Exchange	34.4
5	Shenzhen Stock Exchange	18.8

- (1) Analysis based on data as at 24 March 2021. As NYSE and HKEX are very close in terms of total proceeds, the actual ranking for 31 March 2021 may change.
 (2) The exchange rate for USD/HKD is 7.75.
 (3) Sources: Bloomberg and KPMG analysis, excludes special purpose acquisition company ("SPAC" or "blank check") deals

SPAC Market update



SPAC Formation (2017 – 2021 YTD Mar)



Recent Popularity of SPACs

The Special purpose acquisition company ("SPAC") momentum shows no signs of slowing down in 2021 with a record breaking US\$95.6B raised in the first quarter alone, surpassing the total amount raised in full year 2020 of US\$83.3B. 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.

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.

(1) Analysis based on data as at 24 March 2021
Sources: Bloomberg and KPMG analysis

2021 Global IPO market overview



Strong investor confidence remains

Strong IPO market sentiment continued into 2021. Despite market uncertainty driven by the ongoing COVID-19 pandemic and other social and economic concerns, high liquid market and investor enthusiasm remain. Boosted by the increase in fundraising in the US and Hong Kong markets, especially in new economy companies, global IPO funds raised is recording over tripled the amount of the same period last year.

“As COVID-19 vaccines become more readily available globally in 2021, a resurgence of the global economy is expected. Low interest rates, a high level of market liquidity and solid investor sentiment remain. As such, we are expecting another active year of IPOs globally.”



Paul Lau

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Sources: Bloomberg and KPMG analysis



A-share IPO market

A-share IPO market: 2021 Q1 highlights



A-share market remains strong

On the back of the strong recovery of China's local economy and the implementation of the registration-based listing platforms, the A-share IPO market continued to be active during the first quarter of the year.

Number of listings have nearly doubled compared with 2020Q1, including the contribution by the increasing deals in ChiNext. Total funds raised however, have recorded 3% year-on-year decrease, mainly due to the lack of sizeable listings (Beijing-Shanghai High Speed Railway raised RMB 30.7B in 2020 Q1).

Supported by further activities in the STAR Market

The STAR Market further showed its significance this quarter – it recorded 35 deals in Q1 2021 raising a total of RMB33.2B. Six out of the Top 10 A-share IPOs in terms of funds raised were in the STAR market.

Increasing number of ChiNext listings

The ChiNext reform is an expansion of the approach taken in the STAR Market, with a focus on serving innovative growth companies and start-ups. A total of 33 deals were completed this quarter raising RMB19.0B. With a strong pipeline, the market is expected to remain active in this year.

99 Deals

RMB 75.9B



Number of deals
and funds raised

94% up
in terms of listings

**3% down in terms of
funds raised, due to lack
of sizeable listings**



Comparison with
2020 Q1

68 Deals
69% of the market

RMB52.2B
69% of the market



STAR & ChiNext
presence

Sources: All analysis is based on WIND data as at 24 Mar 2021 adjusted to number of confirmed listings up to 31 March 2021, unless otherwise stated

A-share IPO market



	SSE - Traditional	SZSE - Traditional	SSE STAR	SZSE - ChiNext*	Total
2021 Q1	RMB 19.0B 21 deals	RMB 4.7B 10 deals	RMB 33.2B 35 deals	RMB 19.0B 33 deals	RMB 75.9B 99 deals
2020 Q1	RMB 39.6B 10 deals	RMB 9.6B 17 deals	RMB 29.4B 24 deals	N/A	RMB 78.6B 51 deals
2020 Full year	RMB 120.8B 88 deals	RMB 60.8B* 99 deals	RMB 222.6B 145 deals	RMB 65.8B 62 deals	RMB 470.0B 394 deals

Note: All analysis is based on WIND data as at 24 Mar 2021 adjusted to number of confirmed listings up to 31 March 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 prevailed**, as digital economy and advanced industrials further expand in China.

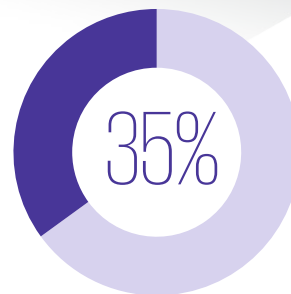
Benefiting from ongoing government support, growing healthcare and biotech business in China and flexibility of pre-profit **biotech companies**, healthcare/life sciences is expected to be one of the driving forces of the A-share IPO market.

Sources: All analysis is based on WIND data as at 24 Mar 2021 adjusted to number of confirmed listings up to 31 March 2021, unless otherwise stated

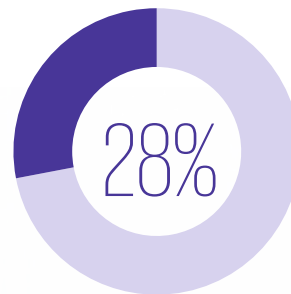
Top 3 sectors of 2021 Q1



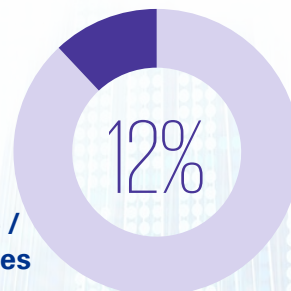
Industrials



TMT

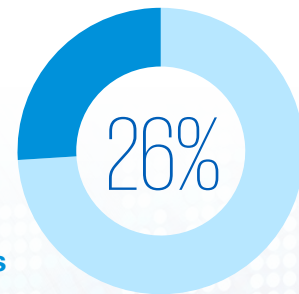
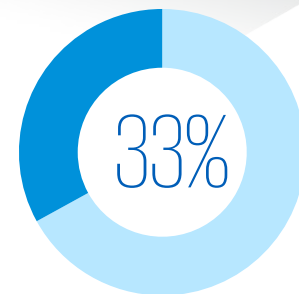


TMT

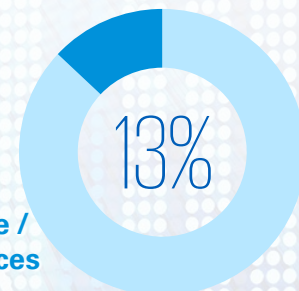


Healthcare /
Life Sciences

Top 3 sectors of 2020



Industrials



Healthcare /
Life Sciences

Top 10 largest A-share IPOs



2021 Q1	Company	Exchange	Proceeds (RMB billion)	Sector
1	Tianneng Battery Group Co.,Ltd.	SSE-STAR	4.9	Industrials
2	Bank of Chongqing Co., Ltd.	SSE	3.8	Financial services
3	Yunnan Botanee Bio-Technology Group Co. LTD	SZSE-ChiNext	3.0	Consumer markets
4	Zwsoft Co., Ltd	SSE-STAR	2.3	TMT
5	Shanghai ZJ Bio-Tech Co., Ltd.	SSE-STAR	2.1	Healthcare/life sciences
6	Shengyi Electronics Co., Ltd.	SSE-STAR	2.1	TMT
7	Hangzhou Alltest Biotech Co., Ltd.	SSE-STAR	1.8	Healthcare/life sciences
8	Chengdu Xgimi Technology Co., Ltd	SSE-STAR	1.7	TMT
9	Zhejiang Huakang Pharmaceutical Co., Ltd.	SSE	1.5	Consumer markets
10	Shenzhen BSC Technology Co.,Ltd.	SZSE-ChiNext	1.5	TMT

Source: Wind and KPMG analysis

2020 Q1	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	Industrials
5	Shandong Dongyue Organosilicon Materials Co., Ltd.	SZSE	2.1	Industrials
6	Suzhou Zelgen Biopharmaceuticals Co., Ltd.	SSE-STAR	2.0	Healthcare/life sciences
7	Bio-Thera Solutions, Ltd.	SSE-STAR	2.0	Healthcare/life sciences
8	UCloud Technology Co., Ltd.	SSE-STAR	1.9	TMT
9	Beijing Huafeng Test & Control Technology Co.,Ltd.	SSE-STAR	1.6	Industrials
10	BOC International (China) Co., Ltd.	SSE	1.5	Financial services

Note:

All analysis is based on WIND data as at 24 Mar 2021 adjusted to number of confirmed listings up to 31 March 2021, unless otherwise stated



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Funds raised by top 10 IPOs

2021 Q1:

RMB 24.7 billion

~ 33% of total proceeds

2020 Q1:

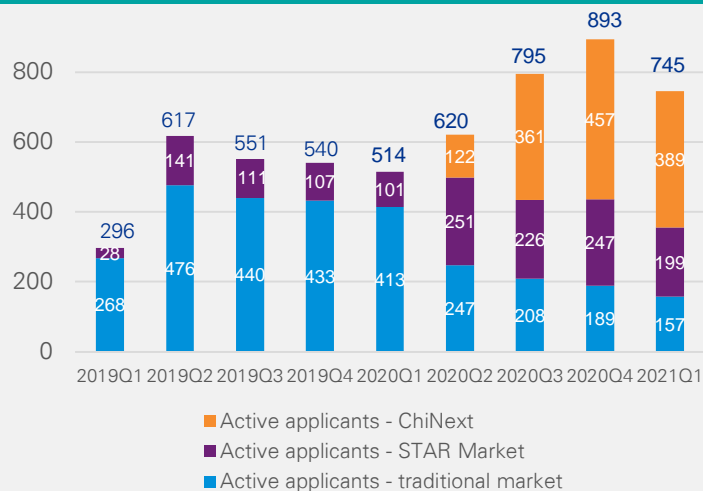
RMB 54.2 billion

~ 69% of total proceeds

A-share IPO pipeline



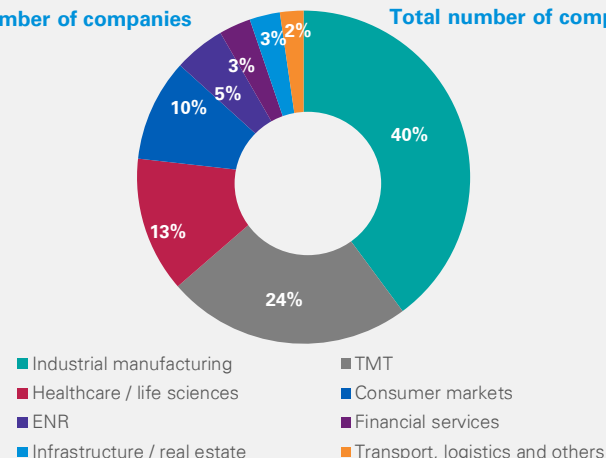
A-share IPO applications



A-share IPO applications – 2021Q1 sector breakdown

By number of companies

Total number of companies: 745



Note: All figures are as at 24 March 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



There is increasing interests in **growth-oriented innovative and start-up enterprises to list on** the A-share market.



Industrials, consumer markets and financial services are the top sectors – contributing **64%** of the **traditional market pipeline**.



Advanced industrials, TMT and life sciences dominated the STAR / ChiNext pipeline, representing **88%** of the **STAR / ChiNext pipeline**.

2021 outlook: A-share market



China's economy continues to recover gradually with the healthy development of multi-layered capital markets, catering to wider funding needs such as virus-hit companies as well as growth-oriented innovative start-up enterprises. **The A-share market is expected to remain active.**

Pipeline activities remained active at over 700 active applicants as at 24 March. This is mainly driven by the number of applicants in the STAR Market and the ChiNext board, indicating solid confidence and market recognition. In regards to sectors, **TMT and advanced industrials** comprised over 60 percent of the pipeline and **are expected to remain the key driving force in the A-share IPO market.**

“Looking forward, the new ‘Dual Circulation’ economic strategy places the domestic market as the mainstay for China's future growth, which benefits innovation sectors such as applied technology firms. At the same time, quality of listings remain as the focus of the regulators, as part of their continuous effort to enhance the quality of capital market to serve high-quality economic development.”



Louis Lau
Partner
Capital Markets
KPMG China



Hong Kong IPO market

Hong Kong IPO market: 2021Q1 highlights



Strongest start in terms of total proceeds

After the lucrative year of 2020, market sentiment continued to improve in 2021Q1. Driven by strong liquidity and post-COVID recovery, investor demand remains solid this quarter. Three sizeable⁽¹⁾ Chinese technology company listings were completed in Q1, making the bourse achieve a historic high in terms of total proceeds. These top three listings in the quarter raised a total of HKD92.4 billion, representing 70% of total funds raised during the quarter.

Hong Kong have again proven to be a popular choice among innovation companies as we see more successful listings of pre-revenue biotech, WVR and secondary listing companies that are permitted to be listed following the reform in 2018. 7 out of the top 10 in Q1 2021 were listings from these issuers.

Trend of homecoming listings continues

The increase in fundraising is mainly attributable to homecoming listings, which benefits the city's financial and capital markets. These secondary listings underline Hong Kong's solid fundamentals and its importance as an international capital-raising venue with a growing ecosystem for innovation and new economy companies.

32 Deals

**Raised a total of
HKD132.7B**



Number of deals
and fund raised

**Increased
>8 times**

in terms of funds raised

**Due to sizeable TMT
listings**



Comparison with
2020 Q1

3 Deals

**HKD49.5B
37% of the market**



Secondary listings

Note: (1) listings of over HKD 10B

All figures are as at 24 March 2021, adjusted to number of confirmed listings up to 31 March 2021, excludes listing by introduction

Source: HKEx and KPMG analysis



Hong Kong IPO market activity



Main Board

GEM

Total

2021 Q1

HKD 132.6B
31 deals

HKD 0.1B
1 deal

HKD 132.7B
32 deals

2020 Q1

HKD 14.3B
35 deals

HKD 0.1B
2 deals

HKD 14.4B
37 deals

2020 Full year

HKD 396.0B
136 deals

HKD 0.6B
8 deals

HKD 396.6B
144 deals

Note: All figures are as at 24 March 2021, adjusted to number of confirmed listings up to 31 March 2021, excludes listing by introduction

Source: HKEx and KPMG analysis



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Sector distribution: HK top 3



Following the heated wave in 2020, **Chinese technology companies continued their leading market position** – representing five out of the top 10 IPOs in terms of proceeds during the quarter.

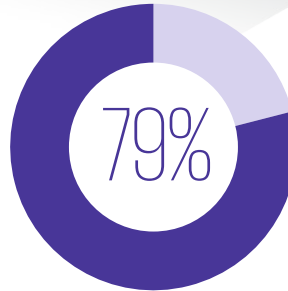
Healthcare / life sciences listings are another bright spot. Eight healthcare / life sciences companies have been listed, raising a total of HKD16.4 billion, contributing 12% of total funds raised.

Note: All figures are as at 24 March 2021, adjusted to number of confirmed listings up to 31 March 2021.
Source: HKEx and KPMG analysis

Top 3 sectors of 2021 Q1

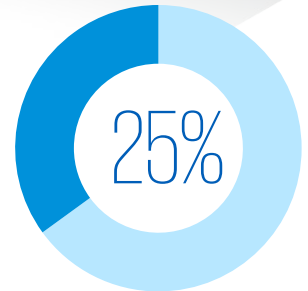


TMT

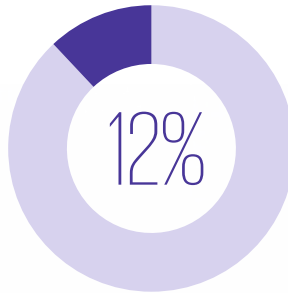


TMT

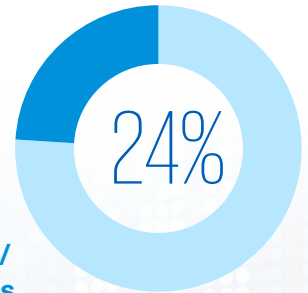
Top 3 sectors of 2020



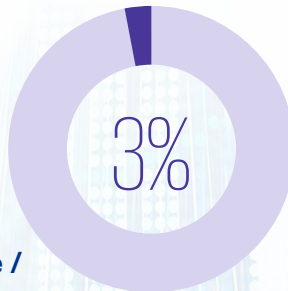
Healthcare /
life sciences



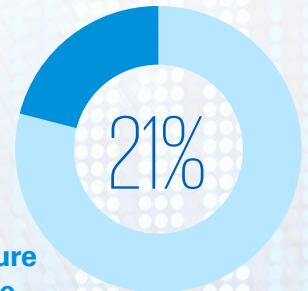
Healthcare/
life sciences



Infrastructure /
real estate



Infrastructure
/ real estate



Top 10 largest Hong Kong IPOs



2021Q1	Company	Proceeds (HKD billion)	Sector
1	Kuaishou Technology - W	48.3	TMT
2	Baidu Inc - SW	23.9	TMT
3	Bilibili Inc - SW	20.2	TMT
4	JOINN Laboratories (China) Co., Ltd.	6.5	Healthcare / life sciences
5	Autohome Inc. - S	5.3	TMT
6	Yidu Tech Inc.	4.7	TMT
7	Bairong Inc. - W #	3.9	Financial services
8	Cheerwin Group Limited	3.1	Consumer markets
9	MicroPort CardioFlow Medtech Corporation - B	2.9	Healthcare / life sciences
10	New Horizon Health Limited - B	2.3	Healthcare / life sciences

Expected to list as at 31 March 2021. Funds raised estimated is based on announced listing price of \$31.8 per share

2020Q1	Company	Proceeds (HKD billion)	Sector
1	InnoCare Pharma Limited	2.6	Healthcare / life sciences
2	Jiumaojiu International Holdings Limited	2.5	Consumer markets
3	Huijing Holdings Company Limited	1.5	Infrastructure / real estate
4	China Bright Culture Group	0.9	TMT
5	Lvji Technology Holdings Inc.	0.7	TMT
6	Shanghai Gench Education Group Limited	0.7	Education
7	Beijing Enterprises Urban Resources Group Limited	0.6	Infrastructure / real estate
8	Zhongguancun Science-Tech Leasing Co., Ltd.	0.5	Financial services
9	Activation Group Holdings Limited	0.4	TMT
10	Jianzhong Construction Development Limited	0.3	Infrastructure / real estate



Funds raised by top 10 IPOs

2021 Q1:

HKD 121.1 billion

~ 91% of total proceeds

2020 Q1:

HKD 10.7 billion

~ 74% of total proceeds

Note: All figures are as at 24 March 2021, adjusted to number of confirmed listings up to 31 March 2021.

Source: HKEx and KPMG analysis

2021 outlook: HK IPO market



Driven by a liquid market and the gradual recovery of the Chinese economy, **we are optimistic about the Hong Kong IPO market** and the bourse continuing to be top listing destinations in 2021.

The bourse is proven to be the natural choice as a listing venue for homecoming listings by **US-listed Chinese-based companies**. With the growing numbers of completed deals we see in recent years, it is **expected more listed Chinese companies will follow suit**.

An evolving investment ecosystem and the city's emergence as a centre for **biotech fundraising** and the continuing **influx of life sciences companies will remain as the key contributors to the bourse's performance in the coming year**.

“Benefitting from the new listing chapter, the investment ecosystem has been evolving for biotech companies and Hong Kong has become the second largest and a leading biotech fundraising hub globally. Moreover, China's continuous effort focusing on the development of strategic emerging industries creates greater need for capital investments for biotech, advanced technology and new energy companies.”



Irene Chu

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