



Mainland China and Hong Kong IPO markets

2022 Q1 review

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Contents



Global IPO landscape



A-share IPO market



Hong Kong IPO market



Global IPO landscape

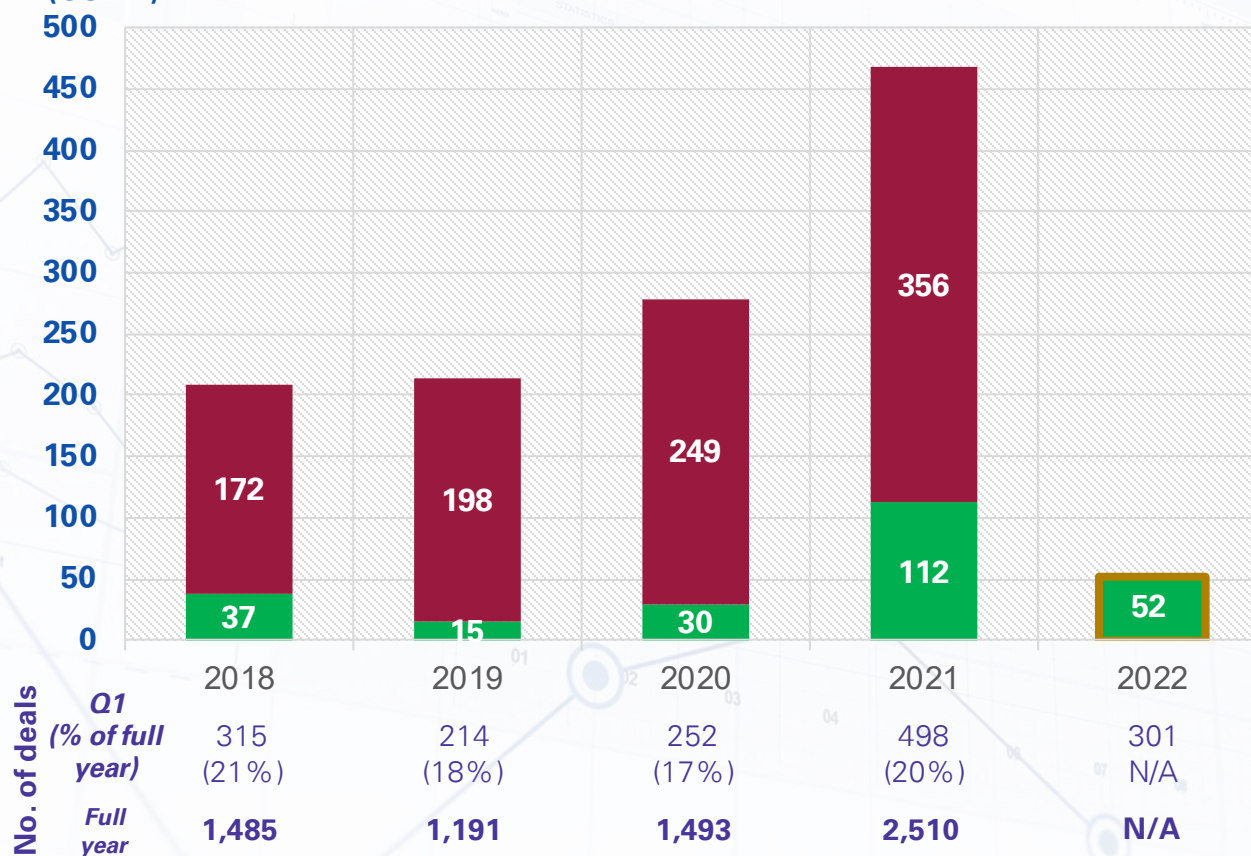
Global landscape



Global IPO activity⁽¹⁾ (2018 – 2022)

Funds raised
(USD'B)

■ Q1 Funds raised ■ Q2 - Q4 Funds raised



Following the extraordinary year of 2021, this year has begun with a cautious start amid geopolitical issues and economical uncertainties worldwide. Total funds raised have dropped compared with the previous year but still have remained at a high level over the past five years.

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

(1) Analysis based on data as at 24 March 2022

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



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Global landscape



2022
Q1

| Rank | Stock exchange | IPO proceeds (USD billion) ¹ |
|------|-------------------------|---|
| 1 | Shanghai Stock Exchange | 17.3 |
| 2 | Korea Stock Exchange | 10.8 |
| 3 | Shenzhen Stock Exchange | 8.1 |
| 4 | Saudi Stock Exchange | 3.5 |
| 5 | NASDAQ | 2.6 |



The US, Hong Kong and A-share markets raised a total of USD29.7B, which represents over 57% of the global IPO proceeds as of 24 March 2022.

2021
Q1

| Rank | Stock exchange | IPO proceeds (USD billion) |
|------|-------------------------|----------------------------|
| 1 | NASDAQ | 25.5 |
| 2 | New York Stock Exchange | 17.2 |
| 3 | HKEX | 17.1 |
| 4 | Shanghai Stock Exchange | 8.1 |
| 5 | London Stock Exchange | 7.8 |



TMT, Healthcare / Life Sciences and Industrial Markets were the top sectors, contributing over 89% of total funds raised in the US, HK and the A-share IPO markets.

2021
(Full year)

| Rank | Stock exchange | IPO proceeds (USD billion) |
|------|-------------------------|----------------------------|
| 1 | NASDAQ | 100.6 |
| 2 | New York Stock Exchange | 61.2 |
| 3 | Shanghai Stock Exchange | 58.1 |
| 4 | HKEX | 43.1 |
| 5 | Shenzhen Stock Exchange | 27.6 |

(1) Analysis based on data as at 24 March 2022.

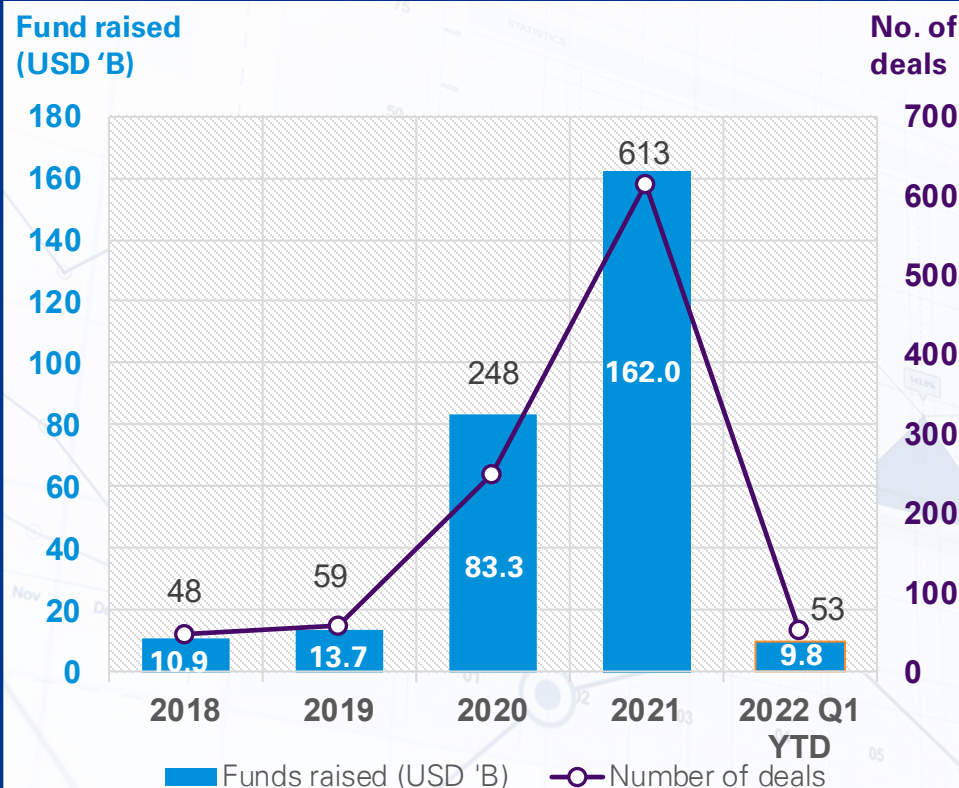
(2) The exchange rate for USD/HKD is 7.75.

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

SPAC market update



US SPAC Formation (2018 – 2022 Q1 YTD)



Latest development of SPACs in US

Under the backdrop of continued market volatility, ongoing regulatory scrutiny and expected rate hikes, 2022 Q1 has begun with a subdued amount of SPAC IPOs in the US. While the amount of SPAC IPOs declined compared to the same period in 2021, the volume remained elevated compared to pre-2020 levels.

SPAC developments in Asia

The Singapore Exchange was the first bourse in Asia to introduce a SPAC regime in September 2021, with three SPACs listed on the market so far. Hong Kong followed shortly after, putting its SPAC regime in effect in January 2022. The market has welcomed the new regime with eleven SPACs filing their listing applications in 2022 Q1. The first SPAC listings in Hong Kong were completed on 18 March.

(1) Analysis based on data as at 24 March 2022

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.

2022 global IPO market overview



IPOs have slowed down globally amid market uncertainties

We are seeing a quieter Q1 as compared to last year in terms of both the number of deals and funds raised amid a combination of factors currently impacting capital markets. Despite the challenging environment, the IPO market remains resilient as supported by the completion of certain sizable listings during the quarter.

“The sentiment of the global market continues to be impacted by ongoing geopolitical issues and economic uncertainties, as well as monetary policy normalisation. Despite that, the increasing funding demand for business developments has resulted in strong pipelines in the major IPO markets. With continued growth of companies in the technology and biotech sectors, as well as companies involved in sustainable innovation, we are optimistic about global IPO activities as these uncertainties fade over time.”



Paul Lau

Partner,
Head of Capital Markets and Professional Practice
KPMG China



Sources: Bloomberg and KPMG analysis



A-share IPO market

A-share IPO market: 2022 Q1 highlights



Steady A-share market activity

Under the backdrop of supply chain disruptions as well as ongoing pandemic control measures, the market is recording fewer deals compared with same period last year. However, the total funds raised marked a record high for the first quarter as a result of the listing of a sizeable mobile network operator. As a result, the Shanghai Stock Exchange ranked top among stock exchanges in terms of proceeds.

Mega-sized listing of a state-owned telecommunication carrier

During 2022 Q1, a Chinese state-owned telecommunication carrier completed its listing in the A-share market. Funds raised from the deal totaled RMB 56.0 billion, it is the largest IPO in a decade in the bourse and it represents 31% of total funds raised in the A-share market in 2022 Q1.

Continuously supported by STAR and ChiNext

The STAR Market and ChiNext continued to be the driving force of the A-share market during 2022 Q1. Nine out of the Top 10 A-share IPOs in terms of funds raised came from these markets. Along with the healthy pipeline, the market is expected to be gradually stimulated in the long run.

83 Deals

RMB 181.4B



Number of deals and funds raised

17% reduction
in terms of number of listings

138% increase in
terms of funds raised



Comparison with
2021 Q1

61 Deals

73% of the market

RMB112.4B
62% of the market



STAR & ChiNext

Sources : All analysis is based on WIND data as of 24 March 2022, adjusted to number of confirmed listings up to 31 March 2022, unless otherwise stated

A-share IPO market



| | SSE - Traditional | SZSE - Traditional | SSE STAR | SZSE - ChiNext | BSE | Total |
|-------------------|------------------------|-----------------------|-------------------------|-------------------------|----------------------|---------------------------------|
| 2022 Q1 | RMB 62.0B 10 deals | RMB 5.8B 5 deals | RMB 58.5B 27 deals | RMB 53.9B 34 deals | RMB 1.2B 7 deals | RMB 181.4B 83 deals |
| 2021 Q1 | RMB 19.0B 21 deals | RMB 4.7B 10 deals | RMB 33.4B 36 deals | RMB 19.0B 33 deals | N/A | RMB 76.1B 100 deals |
| 2021 Full year | RMB 188.7B 93 deals | RMB 38.7B 38 deals | RMB 202.9B 162 deals | RMB 147.5B 199 deals | RMB 2.0B 11 deals | RMB 579.8B 503 deals |

Note: All analysis is based on WIND data and included REIT deals as of 24 March 2022, adjusted to number of confirmed listings up to 31 March 2022, unless otherwise stated

Sector distribution: A-share top 3



With a sizeable listing of a state-owned TMT company, **TMT is the top contributor** in the A-share market during 2022 Q1.

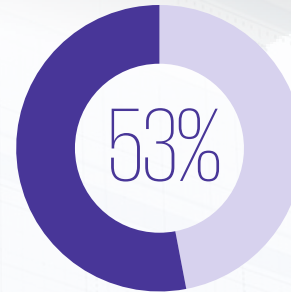
Benefiting from ongoing government support under the 14th Five-Year Plan, **healthcare/life sciences and advanced industrials companies** will continue to grow and remain as a major driving force in the A-share IPO market.

Sources: All analysis is based on WIND data and included REIT deals as of 24 March 2022, adjusted to number of confirmed listings up to 31 March 2022, unless otherwise stated

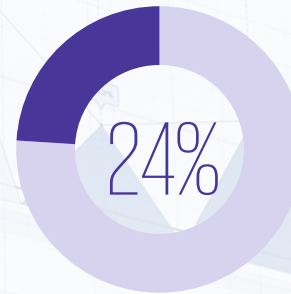
Top 3 sectors of 2022 Q1,
by total funds raised



TMT



Industrials



Industrials



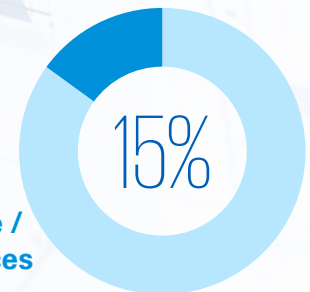
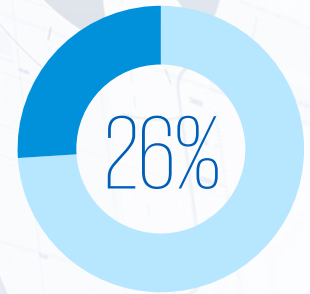
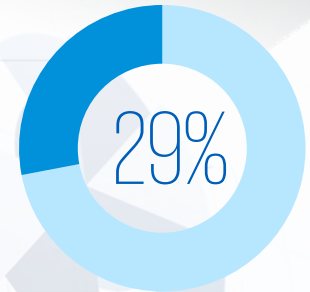
TMT



Healthcare /
Life Sciences



Top 3 sectors of 2021,
by total funds raised



Healthcare /
Life Sciences

Top 10 largest A-share IPOs



| 2022 Q1 | Company | Exchange | Proceeds (RMB billion) | Sector |
|---------|---|--------------|------------------------|----------------------------|
| 1 | China Mobile Limited | SSE | 56.0 | TMT |
| 2 | Jinkosolar Co., Ltd. | SSE-STAR | 10.0 | Industrial manufacturing |
| 3 | ASR Microelectronics Co., Ltd. | SSE-STAR | 6.9 | TMT |
| 4 | Ganzhou Teng Yuan Cobalt New Material Co., Ltd. | SZSE-ChiNext | 5.5 | ENR |
| 5 | Isoftstone Information Technology (Group) Co., Ltd. | SZSE-ChiNext | 4.6 | TMT |
| 6 | Shandong Sanyuan Biotechnology Co., Ltd. | SZSE-ChiNext | 3.7 | Consumer Markets |
| 7 | Anhui Tongguan Copper Foil Group Co., Ltd. | SZSE-ChiNext | 3.6 | Industrial manufacturing |
| 8 | Sicc Co., Ltd. | SSE-STAR | 3.6 | TMT |
| 9 | Mabwell (Shanghai) Bioscience Co., Ltd. | SSE-STAR | 3.5 | Healthcare / Life Sciences |
| 10 | Shenzhen Han's CNC Technology Co., Ltd. | SZSE-ChiNext | 3.2 | TMT |

| 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 |

Note:

All analysis is based on WIND data as of 24 March 2022, adjusted to number of confirmed listings up to 31 March 2022, unless otherwise stated

Source: Wind and KPMG analysis



Funds raised by top 10 IPOs

2022 Q1:
RMB 100.6 billion

~ 55 % of total proceeds

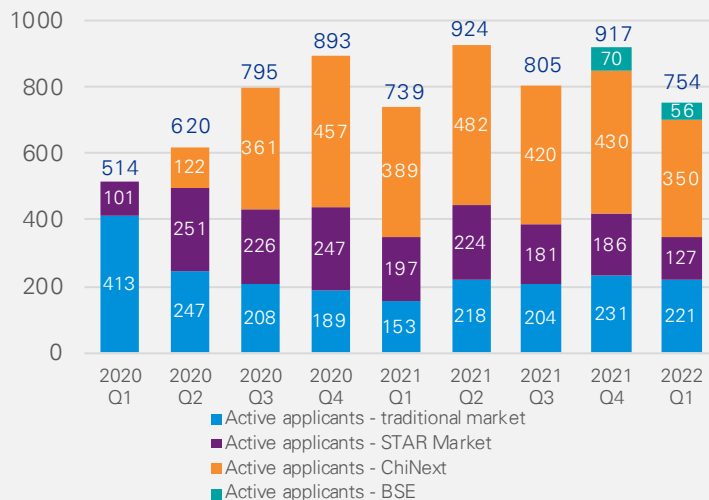
2021 Q1:
RMB 24.6 billion

~ 32 % of total proceeds

A-share IPO pipeline



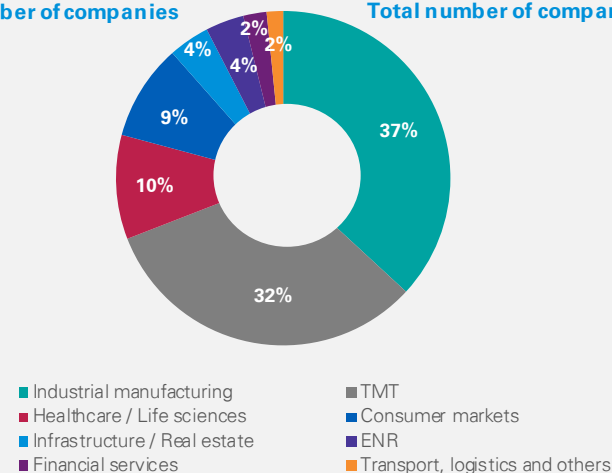
A-share IPO applications



A-share IPO applications – 2022 Q1 sector breakdown

By number of companies

Total number of companies: 754



Note: All figures, and included REIT deals, are as of 24 March 2022, unless otherwise stated. STAR market active applicants included applications suspended due to the expiry of their financial information (中止審查). Historically these applications have been reactivated promptly with updated financial information submitted by the listing applicant.

Source: Wind and KPMG analysis



A-share IPO pipeline remains at high level with 754 active applications currently. Steady demand for fundraising activities is expected in the A-share market.



Industrial manufacturing, consumer markets and infrastructure / real estate are the top sectors – contributing **67%** of the **traditional market pipeline**.



Industrial manufacturing, TMT and Healthcare / Life sciences dominate the STAR and ChiNext pipeline, representing **92%** of the **STAR and ChiNext pipeline**.

2022 outlook: A-share market



The proposal for full implementation of a registration-based IPO system across boards was announced early this year. The mechanism features with market's decisive role to set the price and focuses on quality of information disclosure. The deepened reform will further elevate the openness, vitality and competitiveness of the capital markets in mainland China, **solidifying the market's current position among the top listing venues globally.**

The IPO pipeline remained robust, at around 754 applicants. This is mainly attributed to the number of applicants in the STAR Market and the ChiNext board, indicating solid confidence and market recognition. In terms of sectors, **TMT and industrial manufacturing** comprised 69% of the pipeline and **are expected to remain the key drivers of the A-share IPO market.**

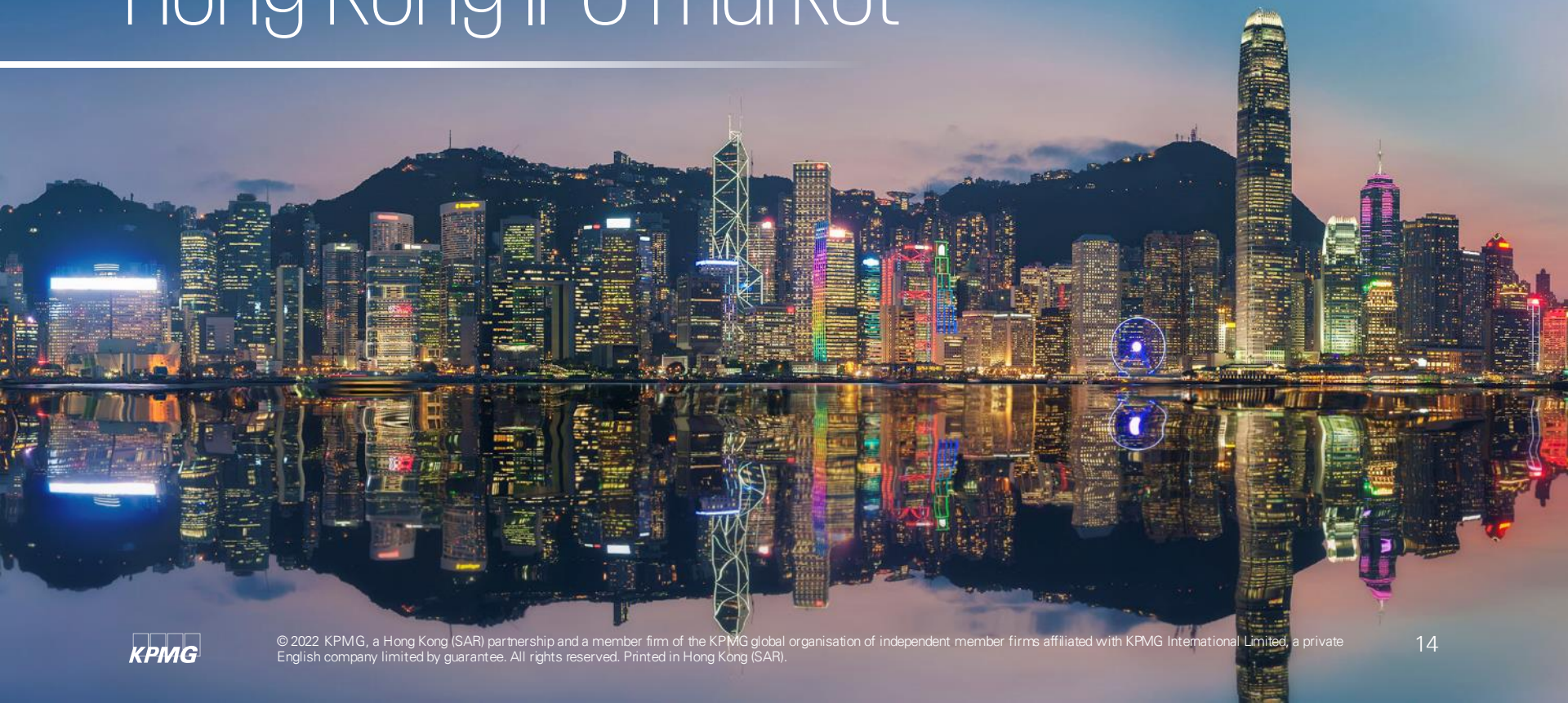
“With deepened capital market reforms providing enhanced diversity of the multi-level capital market, the A-share capital market is now better able to serve high-growth innovation-oriented companies, supporting China's high-quality economic development.”



Louis Lau
Partner
Capital Markets
KPMG China



Hong Kong IPO market



Hong Kong IPO market: 2022 Q1 highlights



Slow start amid market uncertainty

Amid the on-going COVID-19 pandemic, geopolitical issues and economic uncertainties, the Hong Kong market recorded 15 deals during the first quarter. As conditions improve, the activities are expected to pick up during the rest of the year with a strong IPO pipeline over 150 companies applying to list across different sectors.

The launch of the SPAC regime in Hong Kong

Since the introduction of the SPAC regime this year, eleven applicants have filed their listing applications, among which one was listed on 18 March. The new regime should enhance Hong Kong's competitiveness by providing more comprehensive funding options and investment opportunities to both issuers and investors.

Homecoming and life science listings remain key focus

Hong Kong continues to be the natural choice for homecoming listings amid the uncertainty Chinese issuers are facing in the US market, with dual-primary listing showing an increasing trend. Also, already the largest biotech fundraising hub in Asia, Hong Kong's biotech fundraising and investment ecosystem has continued to grow. As of 24 March, there were 30 healthcare / life sciences companies applying to list, including 12 pre-revenue biotech applicants, indicating steady market interest.

15 Deals

**Raised a total of
HKD13.8B**



Number of deals
and funds raised

11 Applications

Of which 1 is listed



SPACs

**3 Listings by
introduction**

**Including 1
homecoming listing**



Homecoming
listings

Note: All figures are as of 24 March 2022, adjusted to number of confirmed listings up to 31 March 2022, included listing by introduction, and excluded SPAC deals and GEM transfer
Source: HKEx and KPMG analysis

Hong Kong IPO market activity



Main Board

GEM

Total

2022 Q1

HKD 13.8B
15 deals

-
-

HKD 13.8B
15 deals

2021 Q1

HKD 136.5B
31 deals

HKD 0.1B
1 deals

HKD 136.6B
32 deals

2021 Full year

HKD 333.8B
96 deals

HKD 0.1B
1 deals

HKD 333.9B
97 deals

Note: All figures are as of 24 March 2022, adjusted to number of confirmed listings up to 31 March 2022, included listing by introduction, and excluded SPAC deals and GEM transfer
Source: HKEx and KPMG analysis

Sector distribution: HK top 3



Industrials, TMT and Healthcare / Life sciences

rank among the top 3 sectors in both years and continue to be the key drivers in the Hong Kong IPO market.

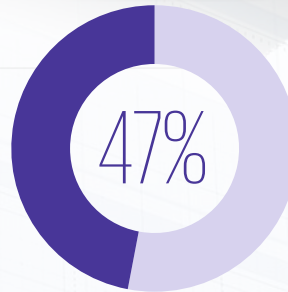
Healthcare / Life sciences listings are expected to be a key contributor this year with the greatest number of applications in the pipeline.

Note: All figures are as of 24 March 2022, adjusted to number of confirmed listings up to 31 March 2022, included listing by introduction, and excluded SPAC deals and GEM transfer
Source: HKEx and KPMG analysis

Top 3 sectors of 2022 Q1,
by total funds raised



Industrials



TMT



TMT

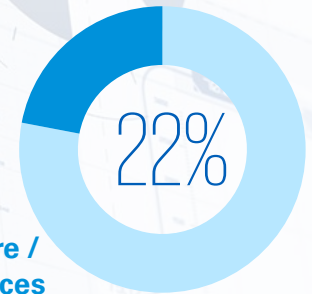
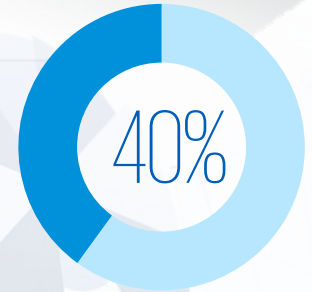


Healthcare /
Life sciences

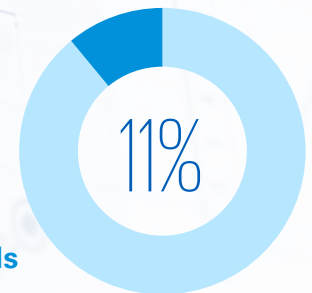


Industrials

Top 3 sectors of 2021,
by total funds raised



Healthcare /
Life sciences



Industrials

Top 10 largest Hong Kong IPOs



| 2022 Q1 | Company | Proceeds (HKD billion) | Sector |
|---------|---|------------------------|------------------------------|
| 1 | JL Mag Rare-Earth Co., Ltd. | 4.2 | Industrial Markets |
| 2 | Huitongda Network Co., Ltd. | 2.3 | TMT |
| 3 | Ferretti S.p.A.# | 2.1 | Industrial Markets |
| 4 | Qingdao Ainnovation Technology Group Co., Ltd | 1.2 | TMT |
| 5 | Lepu Biopharma Co., Ltd. | 0.9 | Healthcare / Life Sciences |
| 6 | Jinmao Property Services Co., Limited | 0.8 | Infrastructure / Real Estate |
| 7 | Jiangsu Recbio Technology Co., Ltd. | 0.7 | Healthcare / Life Sciences |
| 8 | Arrail Group Limited | 0.7 | Healthcare / Life Sciences |
| 9 | Semk Holdings International Limited | 0.2 | Consumer Markets |
| 10 | Redco Healthy Living Company Limited# | 0.2 | Infrastructure / Real Estate |

Expected to list as at 31 March 2022. Funds raised estimated is based on announced listing price of HKD25.03 and HKD4.60 per share for Ferretti S.p.A and Redco Healthy Living Company Limited respectively.

| 2021 Q1 | Company | Proceeds (HKD billion) | Sector |
|---------|--|------------------------|----------------------------|
| 1 | Kuaishou Technology - W | 48.3 | TMT |
| 2 | Baidu Inc - SW | 23.9 | TMT |
| 3 | Bilibili Inc - SW | 23.2 | TMT |
| 4 | JOINN Laboratories (China) Co., Ltd. | 6.5 | Healthcare / Life Sciences |
| 5 | Autohome Inc. - S | 6.1 | 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 |



Funds raised by top 10 IPOs

2022 Q1:
HKD 13.3 billion

~ 96% of total proceeds

2021 Q1:
HKD 124.9 billion

~ 91% of total proceeds

Note: All figures are as of 24 March 2022, adjusted to number of confirmed listings up to 31 March 2022, included listing by introduction, and excluded SPAC deals and GEM transfer
Source: HKEx and KPMG analysis

2022 outlook: HK IPO market



Though the market is still being impacted by the ongoing COVID-19 pandemic and geopolitical and economic uncertainties, the IPO pipeline remains healthy with over 150 applicants waiting for a right window to list in the bourse.

The SPAC regime could bring momentum to the Hong Kong market for 2022 and beyond through SPAC mergers. This may attract more high growth, innovative and New Economy companies from Mainland China and South East Asia to list in Hong Kong.

“Easing the listing requirements, while keeping investor protection in balance, should make Hong Kong's capital markets increasingly attractive to high-growth and innovative companies from China and other regions. Not only would this support Hong Kong's aspiration as an important hub for high-tech development in the Greater Bay Area, but also strengthen the city's value proposition as a global leading IPO market.”



Paul Lau

Partner,
Head of Capital Markets and Professional Practice
KPMG China

“The launch of the SPAC regime underlines the bourse's continued efforts to enhance the city's competitiveness as a fundraising hub. With the first SPAC listing and ample number of SPAC applications in the first quarter, we may be able to see the first batch of SPAC mergers completed towards the end of the year.”



Irene Chu

Partner
Head of New Economy and Life Sciences
KPMG China

Hong Kong rule-makers are reviewing the listing rules and examining the revision of listing requirements for large-scale advanced technology companies that are currently not eligible, to keep pace with market demands and to help these companies meet funding needs.

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