



Mainland China and Hong Kong IPO markets

2022 mid-year review



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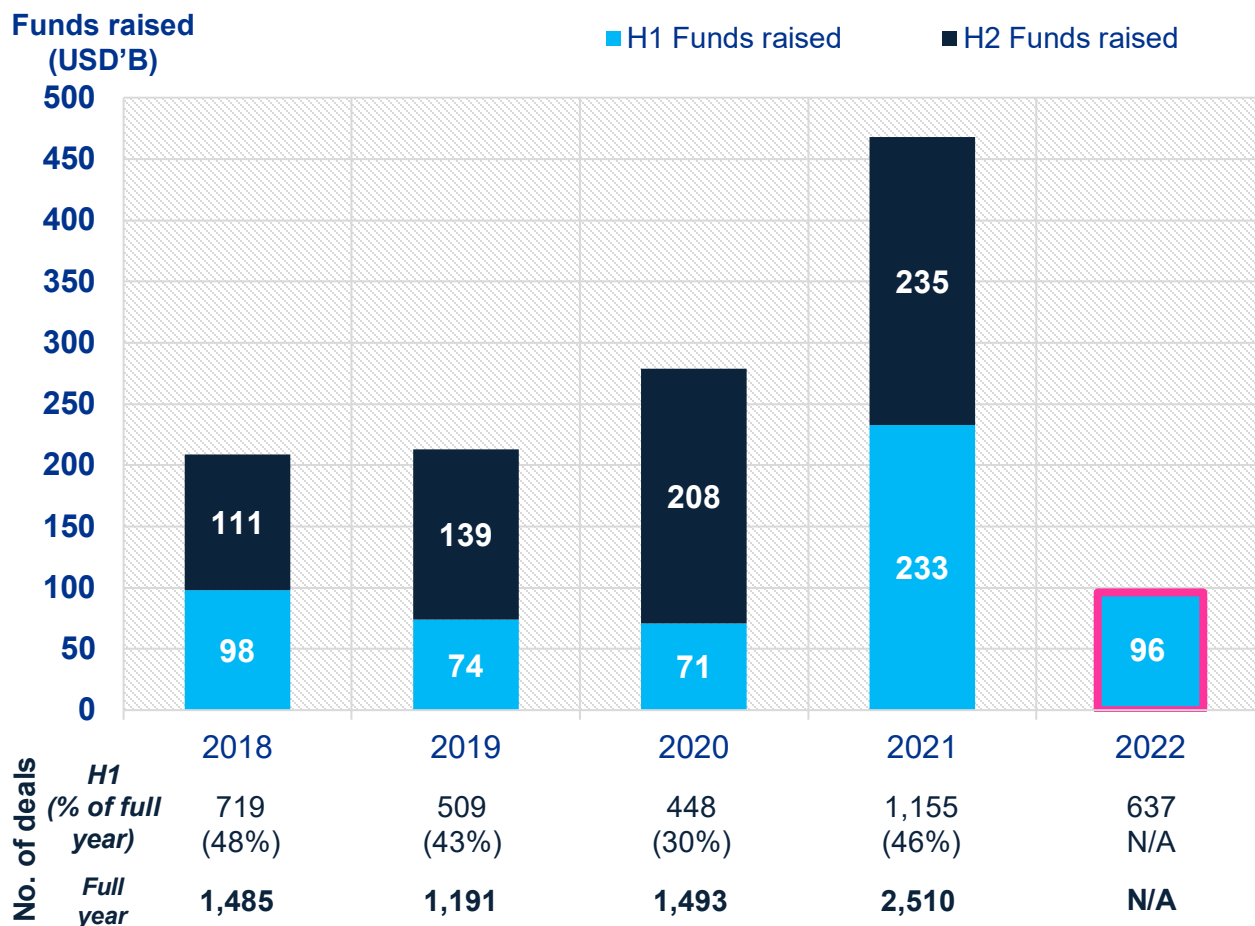


Global IPO landscape

Global landscape



Global IPO activity⁽¹⁾ (2018 – 2022)



Geopolitical and economic uncertainties continue to taint global IPO market sentiment, resulting in a notable decrease in fund-raising activities as compared with 2021 H1. Nevertheless, IPO activities in terms of number of deals and funds raised in the first half still remained comparable over the past five years.

Only Asia-Pacific region marked an increase in terms of funds raised comparing the same period last year, mainly due to several sizable deals in the A-share market.

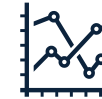
(1) Analysis based on data as at 23 June 2022

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

Global landscape



2022 H1	Rank	Stock exchange	IPO proceeds (USD billion) ¹
	1	Shanghai Stock Exchange	31.9
	2	Shenzhen Stock Exchange	14.4
	3	Korea Stock Exchange	10.9
	4	Dubai Financial Market	6.1
	5	National Stock Exchange of India	5.2



The Shanghai Stock Exchange and the Shenzhen Stock Exchange raised a total of USD 46.3B, representing more than 48% of the global IPO proceeds as of 23 June 2022.

2021 H1	Rank	Stock exchange	IPO proceeds (USD billion)
	1	NASDAQ	50.7
	2	New York Stock Exchange	37.2
	3	HKEX	27.7
	4	Shanghai Stock Exchange	24.0
	5	London Stock Exchange	13.7

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



Three out of the Top 10 IPOs in terms of funds raised are contributed by the ENR sector.

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

2022 global IPO market overview



Global IPO markets faced challenges

IPO market sentiment has been continually affected by the difficult market conditions. This resulted in reduced market activities, including cross-border deals and mega IPO deals. As such, the global IPO markets have slowed down both in terms of number of deals and funds raised comparing with the same period last year.

“ The global IPO market will continue to be influenced by economic and geopolitical uncertainties in the near term. Nevertheless, strong pipelines in the major IPO markets indicate that there remains strong demand for fund raisings. We expect more sizable deals getting done over the coming months as sentiment improves. ”



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A-share IPO market

A-share IPO market: 2022 H1 highlights



Steady A-share market activities

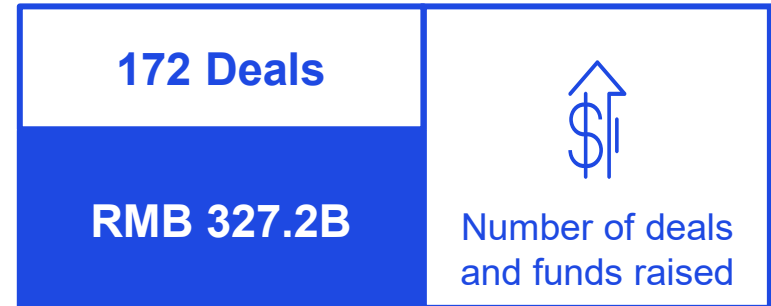
Countering the global trend, the A-share market is recording an increase in funds raised attributable to a number of sizeable listings. The Shanghai Stock Exchange and Shenzhen Stock Exchange have accounted for close to half of the global IPO proceeds during the first half of the year.

Sizeable listing of a oil giant during 2022 H1

One of China's three oil giants which is listed in Hong Kong had completed its listing on the A-share market in April this year, benefiting from the program for domestic listings of red chip enterprises. Funds raised from the deal totaled RMB 32.3 billion, making it the 2nd largest IPO in the A-share market in 2022 H1.

Continuously contributed by STAR and ChiNext

The STAR Market and ChiNext continued to show their importance in the A-share market during 2022 H1, contributing seven out of the Top 10 A-share IPOs by size. Supported by a healthy pipeline, these markets are expected to remain as a key driver for the A-share IPO market for the rest of the year.



Sources : All analysis is based on WIND data as of 23 June 2022, adjusted to number of confirmed listings up to 30 June 2022, unless otherwise stated

A-share IPO market activity



	SSE - Traditional	SZSE - Traditional	SSE - STAR	SZSE - ChiNext	BSE#	Total
2022 H1	RMB 108.3B 17 deals	RMB 12.0B 14 deals	RMB 115.6B 53 deals	RMB 88.4B 69 deals	RMB 2.9B 19 deals	RMB 327.2B 172 deals
2021 H1	RMB 91.1B 59 deals	RMB 27.7B 24 deals	RMB 70.8B 86 deals	RMB 52.8B 85 deals	N/A	RMB 242.4B 254 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 23 June 2022, adjusted to number of confirmed listings up to 30 June 2022, unless otherwise stated

Beijing Stock Exchange began to trade on 15 November 2021. The above statistics excluded companies transferred from NEEQ Select to BSE.

Sector distribution: A-share top 3

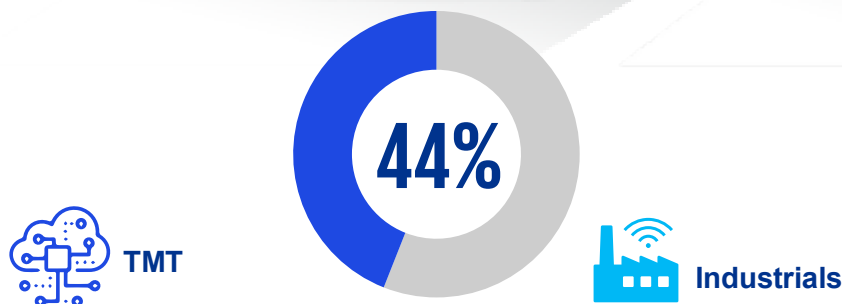


With a sizeable listing of a state-owned TMT company, **TMT is the top contributor** in the A-share market during 2022 H1.

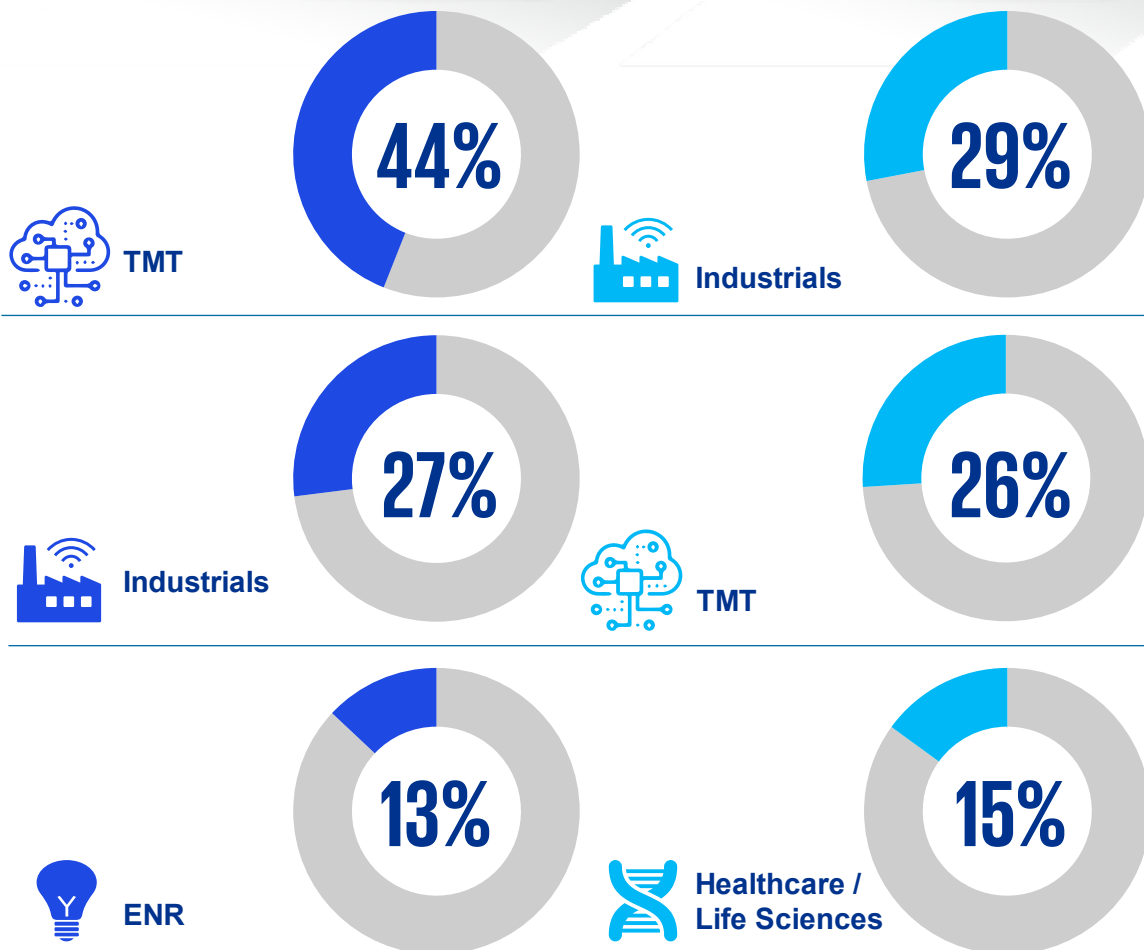
The 2022 Government Work Report puts forward the goal to promote **green and low-carbon development**. With measures stimulating new energy consumption as well as accelerating application of green low-carbon technologies, funding demand will be boosted for R&D in the renewable energy sector.

Sources: All analysis is based on WIND data and included REIT deals as of 23 June 2022, adjusted to number of confirmed listings up to 30 June 2022, unless otherwise stated

Top 3 sectors of 2022 H1, by total funds raised



Top 3 sectors of 2021, by total funds raised



Top 10 largest A-share IPOs



Funds raised by top 10 IPOs

2022 H1:

RMB 139.8 billion

~ 43% of total proceeds

2021 H1:

RMB 70.4 billion

~ 29% of total proceeds

2022 H1	Company	Exchange	Proceeds (RMB billion)	Sector
1	China Mobile Limited	SSE	56.0	TMT
2	CNOOC Limited	SSE	32.3	ENR
3	Jinkosolar Co., Ltd.	SSE-STAR	10.0	Industrial Manufacturing
4	Huaxia China Jiaojian Expressway*	SSE	9.4	Infrastructure / Real Estate
5	ASR Microelectronics Co., Ltd.	SSE-STAR	6.9	TMT
6	Suzhou Novosense Microelectronics Co., Ltd	SSE-STAR	5.8	TMT
7	Sany Renewable Energy Co., Ltd	SSE-STAR	5.6	Industrial Manufacturing
8	Ganzhou Teng Yuan Cobalt New Material Co., Ltd.	SZSE-ChiNext	5.5	ENR
9	Isoftstone Information Technology (Group) Co., Ltd.	SZSE-ChiNext	4.6	TMT
10	Shandong Sanyuan Biotechnology Co.,Ltd.	SZSE-ChiNext	3.7	Consumer Markets

2021 H1	Company	Exchange	Proceeds (RMB billion)	Sector
1	China Three Gorges Renewables (Group) Co., Ltd.	SSE	22.7	ENR
2	Ping An Guangzhou Comm Invest Guanghe Expressway*	SZSE	9.1	Infrastructure / Real Estate
3	Everdisplay Optronics (Shanghai) Co., Ltd.	SSE-STAR	8.2	TMT
4	CICC GLP Warehouse Logistics*	SSE	5.8	Infrastructure / Real Estate
5	Tianneng Battery Group Co., Ltd.	SSE-STAR	4.9	Industrials
6	Zheshang Securities Zhejiang Expressway*	SSE	4.3	Infrastructure / Real Estate
7	China Railway Construction Heavy Industry Corporation Limited	SSE-STAR	4.2	Industrials
8	Huali Industrial Group Company Limited	SZSE-ChiNext	3.9	Consumer Markets
9	Bank of Chongqing Co., Ltd.	SSE	3.8	Financial Services
10	Soochow Suzhou Industrial Park Expressway*	SSE	3.5	Infrastructure / Real Estate

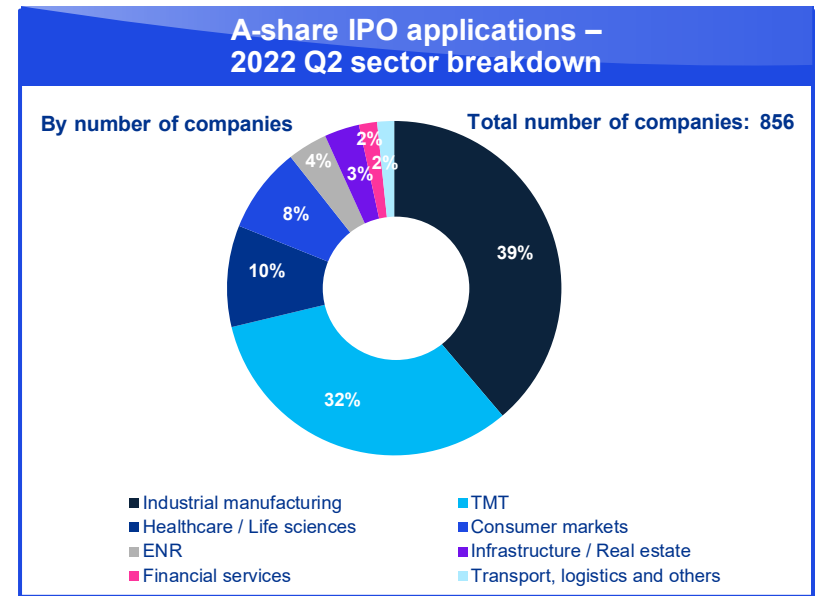
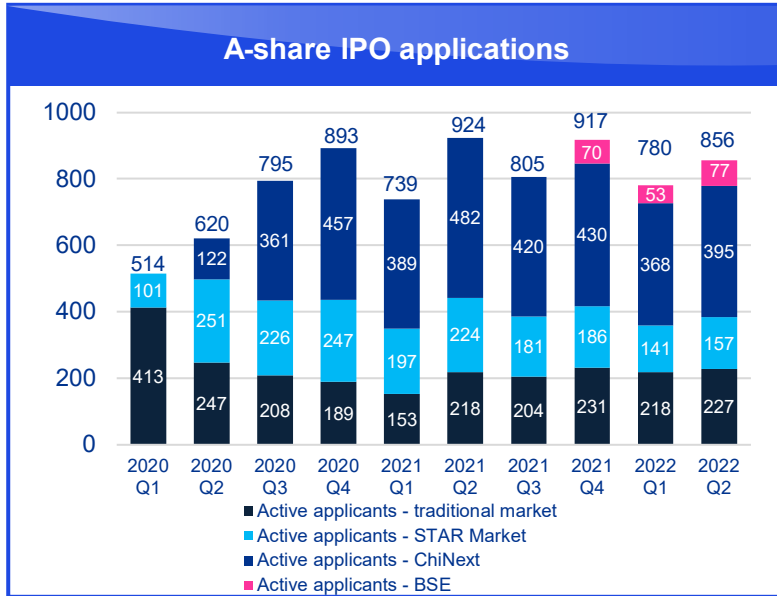
* Refers to real estate investment trusts listings ("REITs")

Note: All analysis is based on WIND data as of 23 June 2022, adjusted to number of confirmed listings up to 30 June 2022, unless otherwise stated

Source: Wind and KPMG analysis



A-share IPO pipeline



Note: All figures, and included REIT deals, are as of 23 June 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 856 active applications currently. Steady demand for fund-raising activities is expected in the A-share market.



Industrial manufacturing, consumer markets and infrastructure / real estate are the top sectors – contributing **69%** of the **traditional market pipeline**.



Industrial manufacturing, TMT and healthcare / life sciences dominate the STAR and ChiNext pipeline, representing **93%** of the **STAR and ChiNext pipeline**.

2022 H2 outlook: A-share market



While uncertainties continue to impact the global economic environment, China's State Council has rolled out **detailed policy measures** to control the COVID-19 pandemic while continuing to promote high quality economic development. These measures are expected to aid the country in achieving sustained growth of the domestic economy, **creating a favourable environment for fund-raising in A-share markets.**

The IPO pipeline remained robust with about 856 applicants. This is mainly attributable 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 71% of the pipeline and **they are expected to remain the key drivers of IPOs on A-share markets.**

“ With the country's effective control of the pandemic, combined with fiscal and monetary measures to support growth, the economy in mainland China is expected to gradually improve over the rest of year, creating a favourable environment for fund-raising. The registration-based IPO system is expected to be adopted throughout A-share markets this year, further stimulating IPO activities in mainland China's capital market. ”



Louis Lau
Partner
Capital Markets
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Hong Kong IPO market

Hong Kong IPO market: 2022 H1 highlights



Activity slowed down amid macro-economic uncertainty

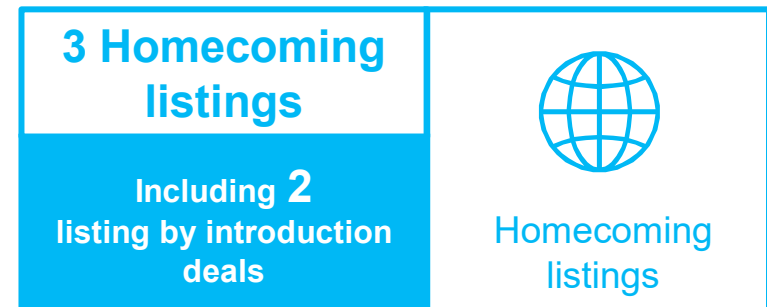
In line with the global market sentiment, Hong Kong's IPO activities have slowed recording a 92% year-on-year decrease during the first six months of the year in terms of total proceeds raised. So far 24 deals have been completed, bringing in HKD 17.8 billion.

The continuing development of SPAC

The SPAC regime in Hong Kong has had a steady start to this year with 13 listing applications being filed and 2 having listed. As market uncertainties fade over time, we expect to see more SPAC listings in the bourse.

Further homecoming listings

Hong Kong continues to be the natural choice for homecoming listings because of the city's geographical proximity and its capital flow mechanisms with mainland China, underpinned by the current uncertainties Chinese issuers are facing in the US market.



Note: All figures are as of 23 June 2022, adjusted to number of confirmed listings up to 30 June 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 H1	HKD 17.8B 24 deals	- -	HKD 17.8B 24 deals
2021 H1	HKD 214.2B 45 deals	HKD 0.1B 1 deal	HKD 214.3B 46 deals
2021 Full year	HKD 333.8B 96 deals	HKD 0.1B 1 deal	HKD 333.9B 97 deals

Note: All figures are as of 23 June 2022, adjusted to number of confirmed listings up to 30 June 2022, included listing by introduction, and excluded SPAC deals and GEM transfer
Source: HKEx and KPMG analysis

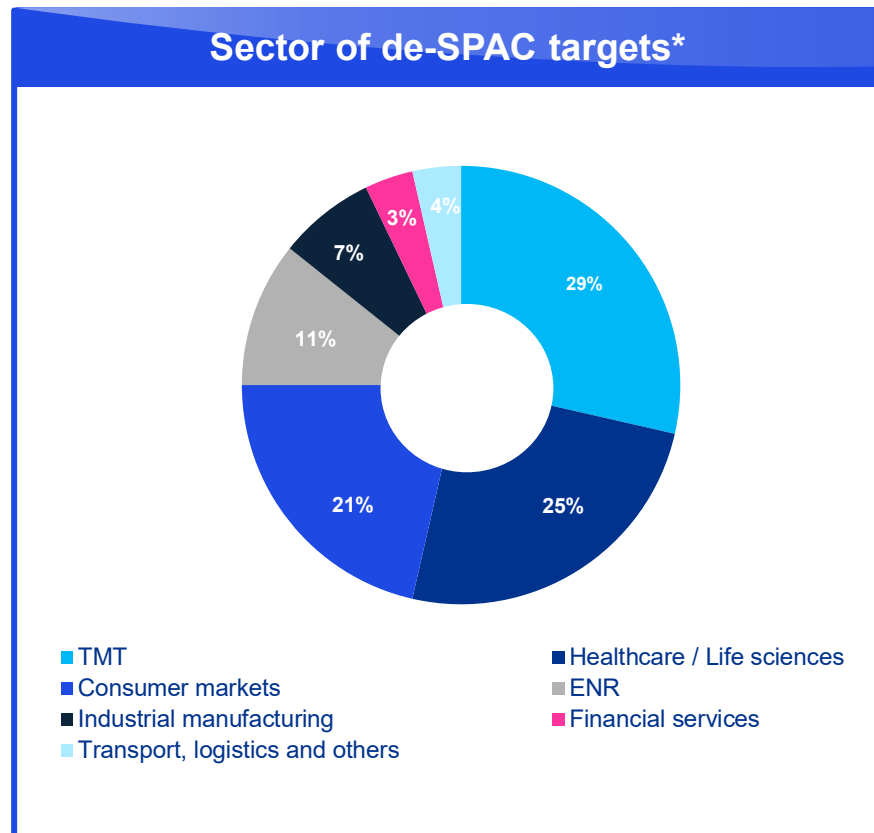
Hong Kong's SPAC listing regime



13 Applications	 SPACs
Of which 2 are listed, raising a total of HKD 2.0B	



The SPAC regime is expected to bring **renewed momentum** to the Hong Kong market this year and beyond, attracting more **New Economy companies**, including new energy, healthcare, biotechnology and green finance firms on the local exchange.



*Each SPAC may have more than one target sector

Note: All figures and analysis are based on all 13 SPAC applications as of 24 June 2022
Source: HKEx and KPMG analysis

Sector distribution: Hong Kong top 3

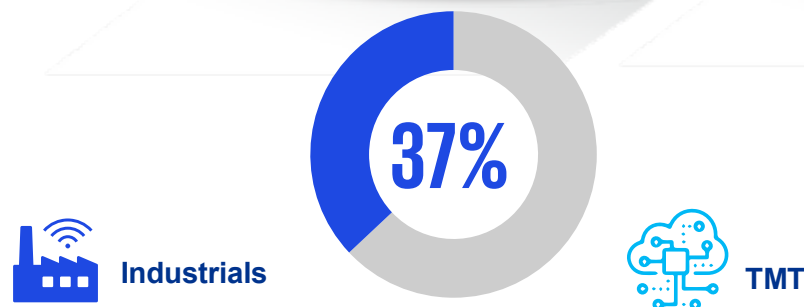


Industrials, TMT and Healthcare / Life sciences rank among the top 3 sectors in both years and continue to be the major contributors in the Hong Kong IPO market.

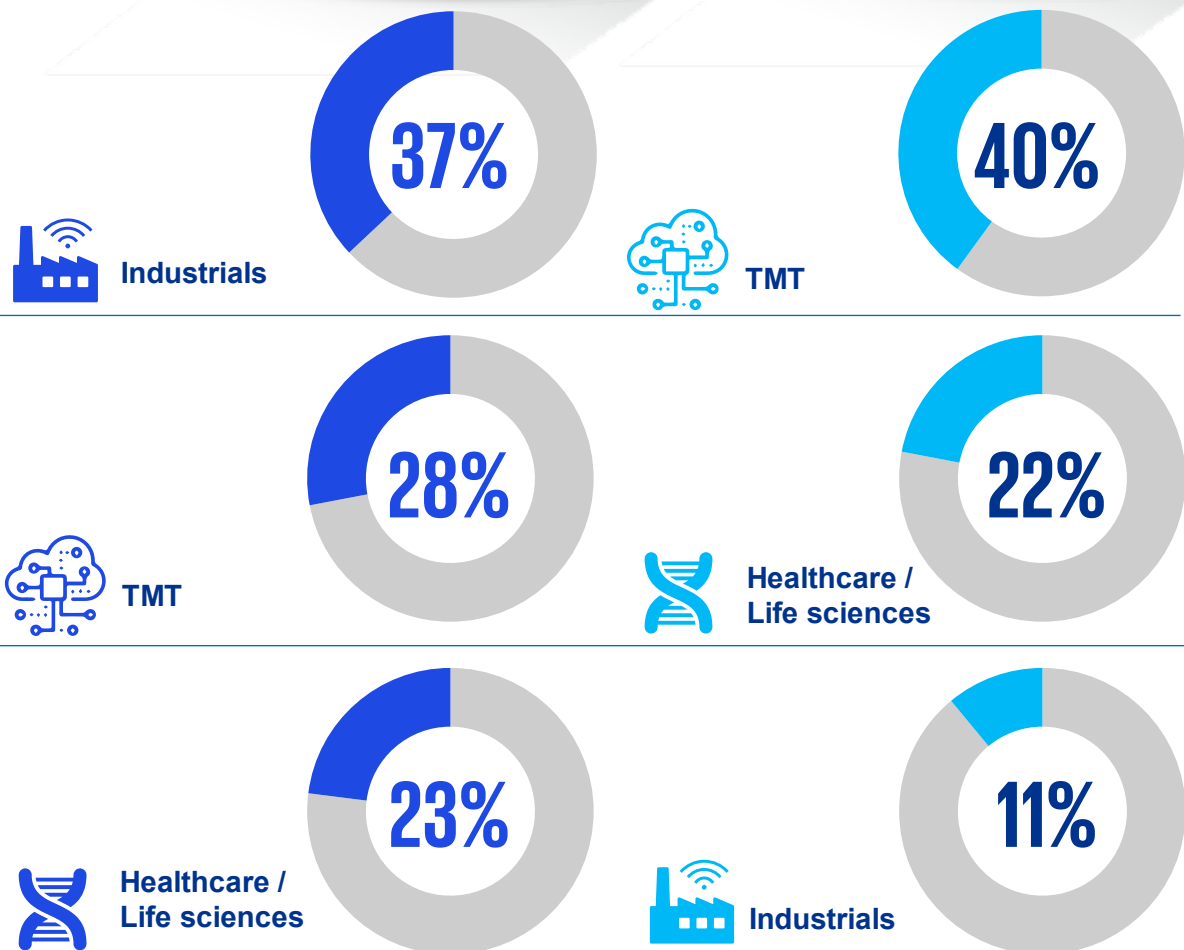
Healthcare / Life sciences listings are expected to remain as one of the top sectors this year with the largest number of applications in the pipeline.

Note: All figures are as of 23 June 2022, adjusted to number of confirmed listings up to 30 June 2022, included listing by introduction, and excluded SPAC deals and GEM transfer
Source: HKEx and KPMG analysis

Top 3 sectors of 2022 H1, by total funds raised



Top 3 sectors of 2021, by total funds raised



Top 10 largest Hong Kong IPOs



2022 H1	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.	2.0	Industrial Markets
4	Qingdao Ainnovation Technology Group Co., Ltd	1.2	TMT
5	Yunkang Group Limited	1.2	Healthcare / Life Sciences
6	Lepu Biopharma Co., Ltd. - B	0.9	Healthcare / Life Sciences
7	Jiangsu Recbio Technology Co., Ltd. - B	0.9	Healthcare / Life Sciences
8	Jinmao Property Services Co., Limited	0.8	Infrastructure / Real Estate
9	Zhihu Inc. - W	0.8	TMT
10	Arrail Group Limited	0.7	Healthcare / Life Sciences

2021 H1	Company	Proceeds (HKD billion)	Sector
1	Kuaishou Technology - W	48.3	TMT
2	JD Logistics, Inc.	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



Funds raised by top 10 IPOs

2022 H1:

HKD 15.0 billion

~ 84% of total proceeds

2021 H1:

HKD 165.4 billion

~ 77% of total proceeds

Note: All figures are as of 23 June 2022, adjusted to number of confirmed listings up to 30 June 2022, included listing by introduction, and excluded SPAC deals and GEM transfer
Source: HKEx and KPMG analysis

2022 H2 outlook: Hong Kong IPO market



Global geopolitical, economic uncertainties and the ongoing pandemic, however, will continue to sully sentiment for the rest of the year in Hong Kong. **Momentum is expected to pick up gradually as these uncertainties fade out**, fuelled by the solid IPO pipeline as more than 170 applicants continue to wait to list on the city's bourse.

In order to encourage the listing of **specialist technology companies**, authorities in Hong Kong are now reviewing the listing rules and considering whether to revise the listing requirements. More details on this matter are expected to be announced during the second half of the year.

Homecoming and life science listings would remain the key focus, as Hong Kong continues to be the natural choice for homecoming listings, and with the relentless development for biotech fund-raising and investment ecosystem in the bourse.

“ Despite the challenging funding environment and global market uncertainties, businesses across different sectors continue to pursue major digital transformation and decarbonisation initiatives. Such demands are creating opportunities for companies involved in digital and sustainable/renewable technologies which would be attractive to strategic and corporate investors. ”



Irene Chu
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