



Mainland China and Hong Kong IPO markets

2021 Q3 review

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Global IPO landscape

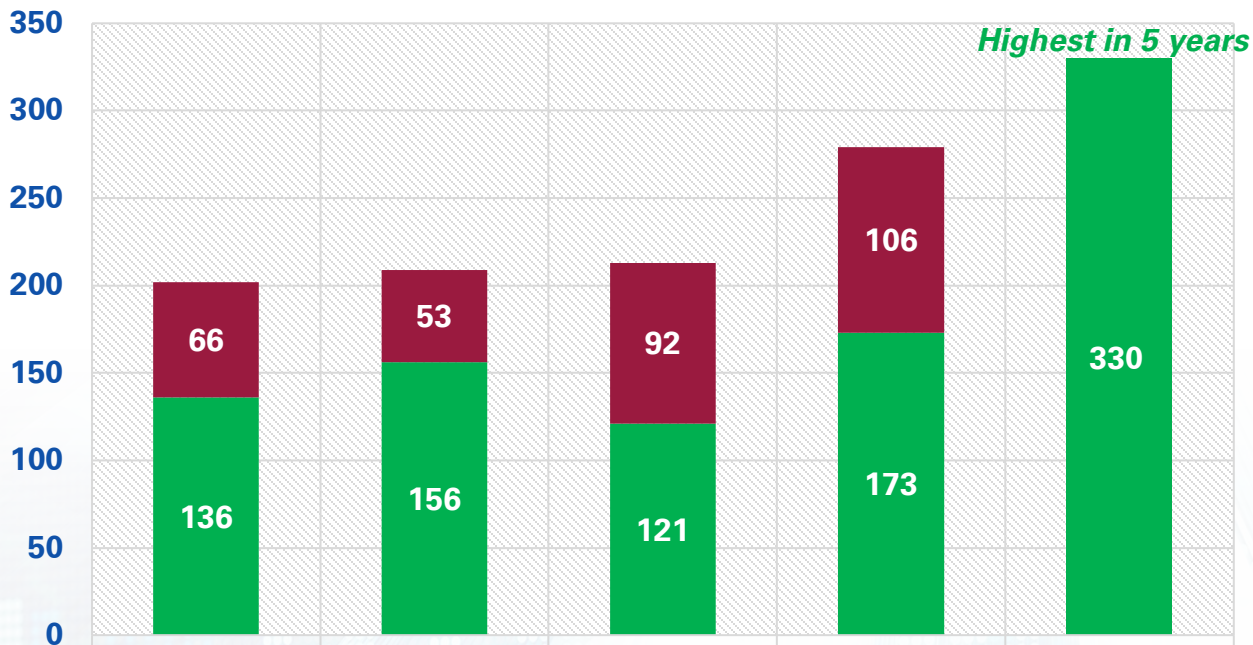




Global IPO activity (2017 – 2021)

Funds raised (USD'B)

■ Q3 YTD Funds raised ■ Q4 Funds raised



No. of deals	2017		2018		2019		2020		2021	
	Q3 (% of full year)	Full year	Q3 (% of full year)	Full year	Q3 (% of full year)	Full year	Q3 (% of full year)	Full year	Q3 (% of full year)	Full year
	1,286 (70%)	1,837	1,115 (75%)	1,485	789 (66%)	1,191	943 (63%)	1,493	1,694	N/A

Amid low interest rates and high demand for IPOs, the global IPO market delivered strong results this year. Total funds raised and the number of listings increased by 91% and 80% respectively compared with the same period last year.

Sizable TMT companies continue to be a key driver of the global IPO market. The sector represents 6 out of the top 10 largest IPOs in terms of funds raised during 2021 Q3 YTD.

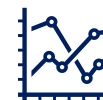
(1) Analysis based on data as at 22 September 2021

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

Global landscape



2021 Q3	Rank	Stock exchange	IPO proceeds (USD billion) ¹
	1	NASDAQ	67.1
	2	New York Stock Exchange	48.7
	3	Shanghai Stock Exchange	42.7
	4	HKEX	35.7
	5	Shenzhen Stock Exchange	17.2



The US, HK and A-share markets continue to lead the market, raising over a total of USD211.4B by the end of 2021 Q3.

2020 Q3	Rank	Stock exchange	IPO proceeds (USD billion)
	1	Shanghai Stock Exchange	40.8
	2	NASDAQ	34.3
	3	HKEX	27.9
	4	NYSE	24.3
	5	Shenzhen Stock Exchange	12.0



TMT, Industrials and Healthcare / Life Sciences are the top sectors, contributing over 69% of total funds raised in the US, HK and A-share IPO market.

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

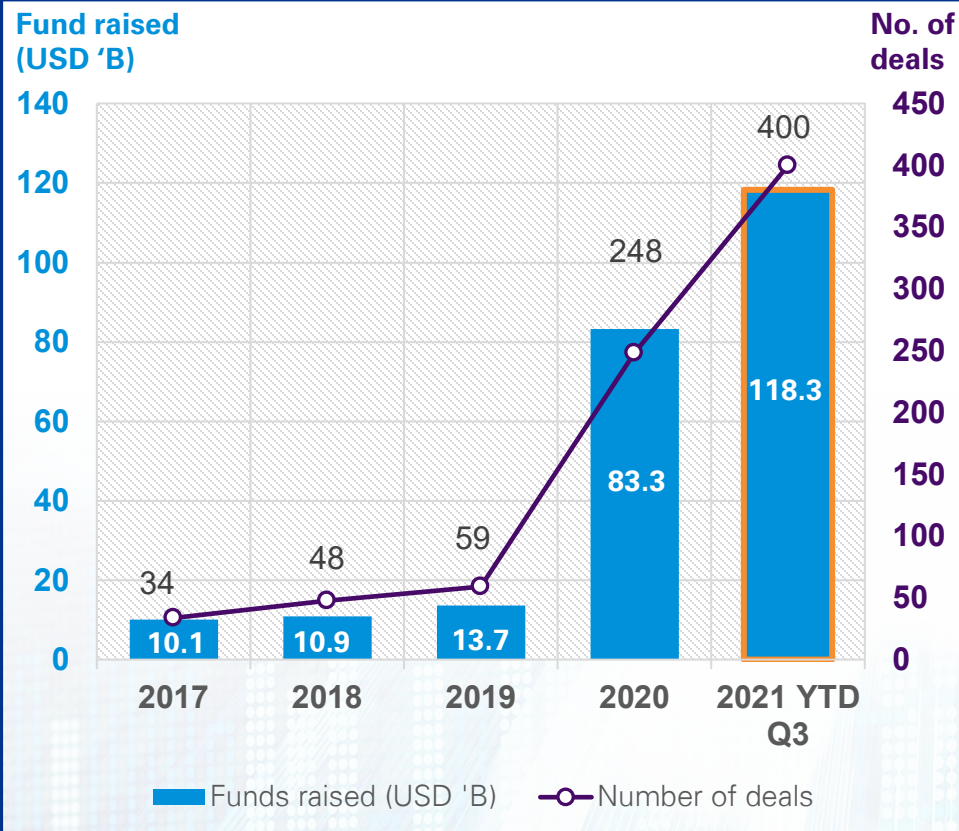
(1) Analysis based on data as at 22 September 2021.

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

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



US SPAC Formation (2017 – 2021 Q3 YTD)



Latest development of SPACs in US

With the increased scrutiny of SPACs by regulators and cooling investor interest, SPAC deals have slowed in recent months, raising a total of US\$23.1B since April 2021. However, with the strong performance in 2021Q1, the SPAC market still hit a record high of US\$118.3B in Q3 YTD.

Asia opens door to SPACs

SPAC companies were allowed to go public on the Singapore bourse starting from 3 September 2021, providing more investment choices and opportunities in the market. In Hong Kong, consultation paper was issued on 17 September, in an attempt to create a listing regime for SPACs in Hong Kong.

(1) Analysis based on data as at 22 September 2021

Sources: Bloomberg and KPMG analysis, SPAC is required by its charter to complete an acquisition ("De-SPAC transaction") normally within 24 months, or liquidate and return the proceeds raised in the offering to the SPAC shareholders. For this reason, the funds raised through SPAC listings are not counted in the global or U.S. IPO tally.

2021 global IPO market overview



Favorable market sentiment prevails

Alongside the improving global economy, high liquidity and the reopening of major economies boosted by the ongoing COVID-19 vaccine rollout, investor confidence remains strong. The US, Hong Kong and mainland China continued to be the key drivers of the global IPO market. Global IPO funds raised recorded a 91% increase compared with the same period last year.

“ Market sentiment stayed strong amid an improving economic outlook in major economies and ample liquidity. With healthy pipelines in the US, HK and A-share IPO markets, we believe the global IPO market will remain active for the rest of the year. ”



Paul Lau

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Sources: Bloomberg and KPMG analysis



A-share IPO market: 2021 Q3 highlights



A-share market grows continuously

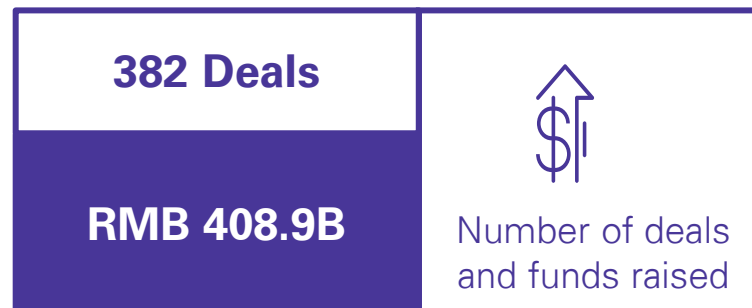
Amid the gradual recovery of China's economy and the impetus provided by the registration-based listing platforms, the A-share IPO market remained active. During the period, a Chinese telecommunications company was successfully listed on the Shanghai Stock Exchange, raising a total of RMB54.2B. The deal was the largest IPO globally in terms of funds raised in 2021 Q3 YTD. With the continued popularity of STAR and ChiNext boards, the A-share market has achieved record high funds raised.

1st anniversary of registration-based ChiNext

Since the first registration-based ChiNext listings in August 2020 until now, 209 companies have listed on the board, raising a total of RMB153.7B, representing approximately 25% of funds raised of the A-share market since August 2020.

The establishment of the Beijing Stock Exchange

China continues to support innovation-oriented small and medium-sized enterprises ("SMEs"). A deepened reform of the New Third Board and the setting up of a Beijing stock exchange, which would implement the registration-based public offering system, were announced in September 2021. The measures would provide more financing opportunities to Chinese SMEs and also optimize the development layout of the multi-level capital market, integrating different parts of the Chinese capital market.



Sources : All analysis is based on WIND data and included REIT deals as at 22 September 2021 adjusted to number of confirmed listings up to 30 September 2021, unless otherwise stated

A-share IPO market



	SSE - Traditional	SZSE - Traditional	SSE STAR	SZSE - ChiNext*	Total
2021 Q3	RMB 172.8B 79 deals	RMB 33.2B 31 deals	RMB 115.3B 126 deals	RMB 87.6B 146 deals	RMB 408.9B 382 deals
2020 Q3	RMB 87.5B 66 deals	RMB 46.5B* 80 deals	RMB 187.2B 113 deals	RMB 34.5B 35 deals	RMB 355.7B 294 deals
2020 Full year	RMB 120.8B 88 deals	RMB 60.6B* 98 deals	RMB 222.6B 145 deals	RMB 66.0B 63 deals	RMB 470.0B 394 deals

Note: All analysis is based on WIND data and included REIT deals as at 22 September 2021 adjusted to number of confirmed listings up to 30 September 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



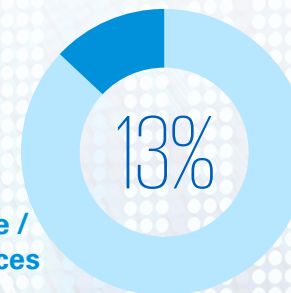
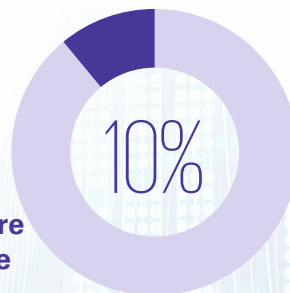
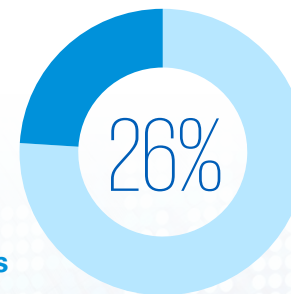
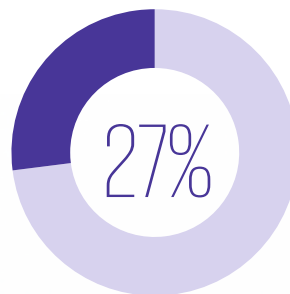
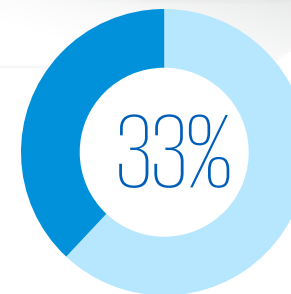
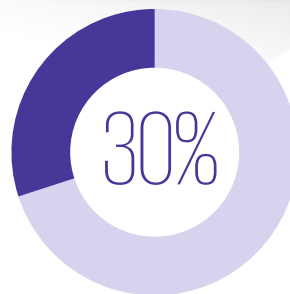
With further growth of the digital economy and advanced industrials in China, the listing momentum of **TMT and industrials companies** kept up.

The successful listings of nine new **Chinese infrastructure real estate investment trusts** widen financing channel for infrastructure projects. These listings raised RMB31.4B in total, represented 8% of funds raised during the period.

Sources: All analysis is based on WIND data and included REIT deals as at 22 September 2021 adjusted to number of confirmed listings up to 30 September 2021, unless otherwise stated

Top 3 sectors of 2021 Q3 YTD, by total funds raised

Top 3 sectors of 2020, by total funds raised



Top 10 largest A-share IPOs



2021 Q3 YTD	Company	Exchange	Proceeds (RMB billion)	Sector
1	China Telecom Corporation Limited	SSE	54.2	TMT
2	China Three Gorges Renewables (Group) Co.,Ltd.	SSE	22.7	ENR
3	Ping An Guangzhou Comm Invest Guanghe Expressway*	SZSE	9.1	Infrastructure / Real Estate
4	Shanghai Rural Commercial Bank Co., Ltd.	SSE	8.6	Financial services
5	Everdisplay Optronics (Shanghai) Co., Ltd.	SSE-STAR	8.2	TMT
6	Zhuzhou CRRC Times Electric Co. Ltd.	SSE-STAR	7.6	Industrial manufacturing
7	Xinjiang Daqo New Energy Co.,Ltd.	SSE-STAR	6.5	TMT
8	CICC GLP Warehouse Logistics*	SSE	5.8	Infrastructure / Real Estate
9	Sino Biological Inc.	SZSE-ChiNext	5.0	Healthcare / Life sciences
10	Tianneng Battery Group Co.,Ltd.	SSE-STAR	4.9	Industrial manufacturing

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

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

Note:

All analysis is based on WIND data as at 22 September 2021 adjusted to number of confirmed listings up to 30 September 2021, unless otherwise stated



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Funds raised by top 10 IPOs

2021 Q3 YTD:

RMB 132.6 billion

~ 32% of total proceeds

2020 Q3 YTD:

RMB 121.2 billion

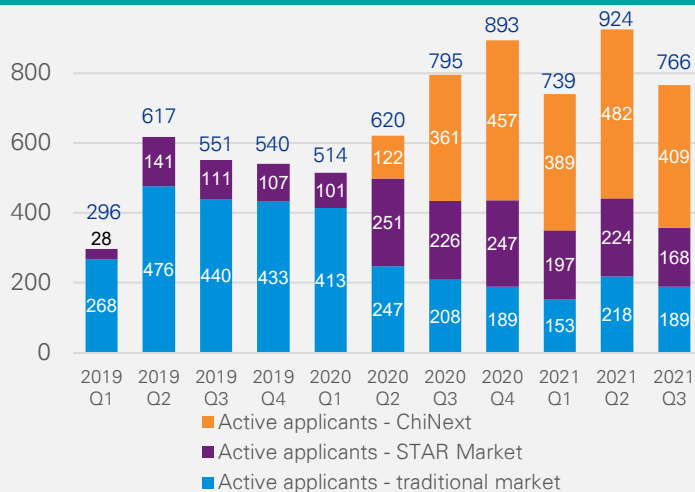
~ 34% of total proceeds

Source: Wind and KPMG analysis

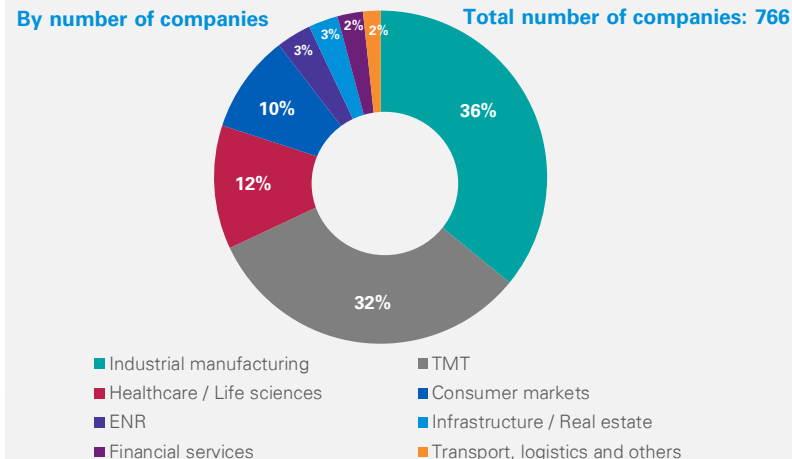
A-share IPO pipeline



A-share IPO applications



A-share IPO applications – 2021 Q3 sector breakdown



Note: All figures are as at 22 September 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



With the continuously expanding STAR Market and ChiNext, pipeline numbers have been increasing. The A-share IPO pipeline remains strong and is expected to witness record highs in terms of the number of IPOs and fund-raising amounts.

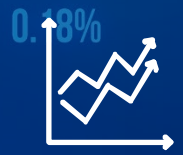


Industrials, consumer markets and infrastructure / real estate are the top sectors – contributing **66%** of the **traditional market pipeline**.



Advanced industrials, TMT and Healthcare / Life sciences dominate the STAR and ChiNext pipeline, representing **91%** of the **STAR and ChiNext pipeline**.

2021 outlook: A-share market



It has been the focus of mainland China to enhance capital market functions, so that capital markets could better serve the real economy, which in turn supports the development of the capital market. Under the backdrop of the gradual recovery of China's economy and with another sizeable Chinese state-owned telecoms company currently in the pipeline, **the A-share market is expected to continue its strong run and remain among the top listing markets globally.**

Pipeline activities remained at a high level of around 766 applicants. This is mainly driven by the number of applicants in the STAR Market and the ChiNext board, indicating solid confidence and market recognition. **TMT and advanced industrials** comprised 68% of the pipeline and **are expected to remain the key driver of the A-share IPO market.**

“

By deepening the reform of the New Third Board and setting up the Beijing Stock Exchange as the primary platform serving innovation-oriented SMEs, China has shown its commitment to the on-going enhancement of the multi-level capital market in mainland China. ”



Louis Lau
Partner
Capital Markets
KPMG China



Hong Kong IPO market



Hong Kong IPO market: 2021 Q3 highlights



Strongest Q3 YTD in terms of total proceeds

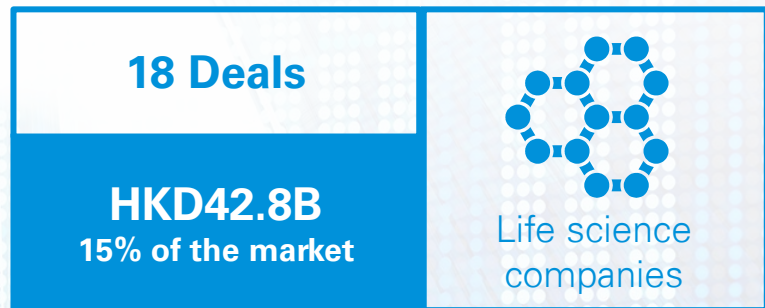
The gradual recovery of China's economy, a low interest rate environment and positive market sentiment provided an ideal backdrop for IPO issuance in Hong Kong to continue a strong showing. Two US-listed Chinese electric-vehicle makers have completed dual primary listings in Hong Kong this quarter, raising a total of HKD29.5B, representing 10% of total funds raised for 2021 Q3 YTD. Overall market sentiment remains strong as the main board achieved a record pipeline of approximately 200 active IPO applicants.

Continued to be the natural choice for homecomings

The dual primary listings of two US-listed Chinese electric-vehicle makers set the precedent for other similar companies to follow, suggesting an alternative listing route for homecoming listings to secondary listings. Hong Kong is in an advantageous position to attract more homecomings, reinforcing its role as the fundraising hub since these listings will allow issuers to expand their investor base and also to mitigate market risks.

Flourishing biotech IPOs in Hong Kong

The biotech sector expanded rapidly since new listing chapter was added in 2018. Solid market sentiment and investor appetite are present in the biotech sector. As of 22 September, there are 56 active healthcare or life sciences applicants in the pipeline, of which 27 are pre-revenue biotech companies.



Note: All figures are as at 22 September 2021, adjusted to number of confirmed listings up to 30 September 2021, includes REIT deals and excludes listing by introduction
Source: HKEx and KPMG analysis



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Hong Kong IPO market activity



Main Board

GEM

Total

2021 Q3 YTD

HKD 288.4B
72 deals

HKD 0.1B
1 deal

HKD 288.5B
73 deals

2020 Q3 YTD

HKD 215.5B
92 deals

HKD 0.4B
7 deals

HKD 215.9B
99 deals

2020 Full year

HKD 396.0B
136 deals

HKD 0.6B
8 deals

HKD 396.6B
144 deals

All figures are as at 22 September 2021, adjusted to number of confirmed listings up to 30 September 2021, includes REIT deals and excludes listing by introduction

Source: HKEx and KPMG analysis



Sector distribution: HK top 3



Chinese technology companies continue to be the top contributor in terms of funds raised –

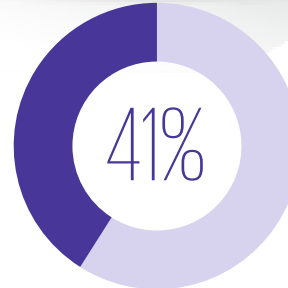
representing four out of the top 10 IPOs in terms of proceeds for Q3 YTD.

Healthcare / Life sciences listings

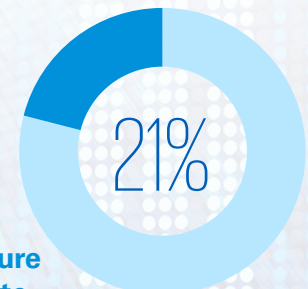
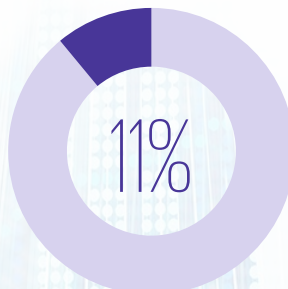
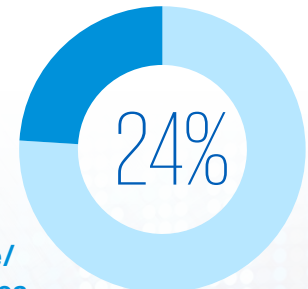
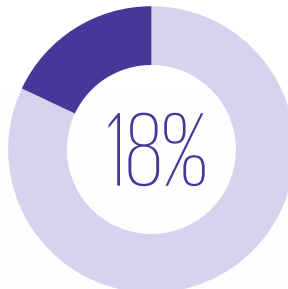
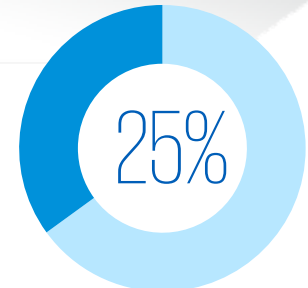
are also on the bright side. 22 healthcare / life sciences companies have been listed, raising a total of HKD53.1 billion, contributing 18% of total funds raised.

Note: All figures are as at 22 September 2021, adjusted to number of confirmed listings up to 30 September 2021.
Source: HKEx and KPMG analysis

Top 3 sectors of 2021 Q3 YTD, by total funds raised



Top 3 sectors of 2020, by total funds raised



Top 10 largest Hong Kong IPOs



2021 Q3 YTD	Company	Proceeds (HKD billion)	Sector
1	Kuaishou Technology – W	48.3	TMT
2	JD Logistics	28.3	Transport, logistics and others
3	Baidu, Inc. – SW	23.9	TMT
4	Bilibili Inc. – SW	23.2	TMT
5	XPeng Inc. – W	16.0	Industrials
6	Li Auto Inc. – W	13.5	Industrials
7	Trip.com Group Ltd. – S	9.8	TMT
8	Dongguan Rural Commercial Bank Co., Ltd. #	9.5	Financial services
9	Linklogis Inc. – W	9.2	Financial services
10	JOINN Laboratories (China) Co., Ltd	6.5	Healthcare / Life sciences

Expected to list as at 30 September 2021. Funds raised estimated is based on announced listing price of HKD8.32 per share

2020 Q3 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.	12.3	Healthcare / Life Sciences
6	ZTO Express (Cayman) Inc – SW	11.3	Transport, logistics and others
7	Nongfu Spring Co., Ltd.	9.6	Consumer Markets
8	Smooere International Holdings Limited	8.2	Consumer Markets
9	Ming Yuan Cloud Group Holdings Limited	7.1	TMT
10	Huazhu Group Limited – S	7.0	Transport, logistics and others



Funds raised by top 10 IPOs

2021 Q3 YTD:

HKD 188.2 billion

~ 65% of total proceeds

2020 Q3 YTD:

HKD 147.6 billion

~ 68% of total proceeds

Note: All figures are as at 22 September 2021, adjusted to number of confirmed listings up to 30 September 2021.
Source: HKEx and KPMG analysis

2021 outlook: HK IPO market



The IPO pipeline in Hong Kong remains robust **with more than 200 companies** seeking listings by the end of Q3. Hong Kong is expected to be among the top listing destinations in 2021. KPMG forecasts Hong Kong to see a record-breaking annual fundraising amount of HKD500 billion over 2021.

With a free, open and highly adaptive capital market, Hong Kong's role as the connector between mainland China and the rest of the world has been strengthening. Homecoming listings provide a wide range of strategic benefits, including mitigating market risks and widening the investor base. As such, it is believed that **more Mainland new economy companies would choose Hong Kong as the listing venue.**

Being a global premier listing market, the bourse has been studying the feasibility of a Hong Kong SPAC framework while balancing between appropriate investor protections, market quality and market attractiveness. HKEX recently published a consultation paper on SPAC listing regime, bringing Hong Kong up to speed with global major exchanges in this arena.

“ The recent market consultation on SPACs underlines the exchange's continued efforts to enhance the competitiveness and attractiveness of the HK capital market. The impending SPAC regime in Hong Kong could become an attractive fundraising channel for high growth, innovative and new economy companies from China and other regions.

”



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