

Hong Kong IPO Review 2021



Hong Kong IPO funds raised decreased by 17% from USD 51.6 billion in 2020 to USD 42.8 billion in 2021. Hong Kong's IPOs accounted for 16% of the region's IPOs with many enterprises viewing it as their first choice of fundraising platform in Asia and worldwide. Following market reforms in 2018, Hong Kong continues to grow its reputation as a global hub for biotech listings which allowed the listing of pre-revenue biotech companies. Hong Kong hosted a further 20 companies listing under the "biotech" regime raising USD 4.8 billion in 2021.

Secondary listings are making Hong Kong an even more important capital-raising venue with a growing ecosystem for innovation and the new economy. Six US-listed Chinese companies have completed their secondary listings in Hong Kong and this trend is expected to continue into 2022.

IPOs by stock exchange

The Hong Kong MB hosted 98 IPOs raising USD 42.8 billion in 2021, compared to 146 in 2020 raising USD 51.5 billion.

Activity on Hong Kong's GEM remained subdued, attracting 1 new listing applicant in 2021, compared to 8 in 2020. IPO funds raised decreased from USD 0.1 billion in 2020 to USD 0.007 billion in 2021.

Hong Kong Main Board

Funds raised in USD Billion	2017	2018	2019	2020	2021
No. of IPOs	94 [#]	143 [#]	169 [#]	146 [#]	98 [#]
Funds Raised	15.7	36.1	40.6	51.5	42.8

[#] - included listing by introduction & switch from GEM to Main Board without raising funds in Hong Kong : 14 in 2017, 13 in 2018, 22 in 2019, 10 in 2020 and 2 in 2021

Hong Kong GEM

Funds raised in USD Billion	2017	2018	2019	2020	2021
No. of IPOs	80	75	15	8	1
Funds Raised	0.7	0.7	0.1	0.1	0.007

IPO vs. Other Equity Fund Raising

There was a relative decrease in the proportion of IPO funds raised in Hong Kong from 54% in 2020 to 43% in 2021 while there was an increase in the relative proportion in Shanghai from 37% in 2020 to 43% in 2021.

Amount in USD Billion	2017	2018	2019	2020	2021
IPO funds raised	16.4	36.8	40.7	51.6	42.8
Other equity funds raised	58	32.7	17.9	44.6	56.7*

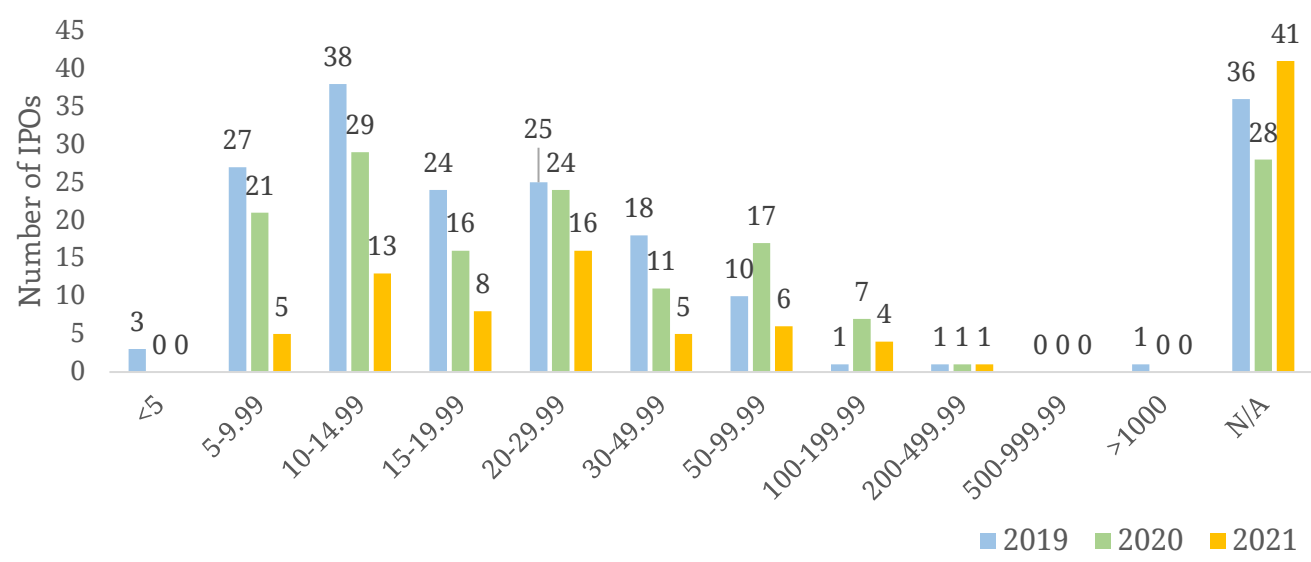
* - included China REITs : 6 in Shanghai raised USD3.1 billion and 5 in Shenzhen raised USD2.6 billion



IPOs by P/E multiples

P/E multiples in Hong Kong remained stable, with 28% of IPOs offered at P/E multiples of above 30 in 2021, compared to 29% in 2020.

P/E ratio by stock exchange 2019-2021





Turnover Value and Market Capitalisation

The market capitalisation of the China capital markets increased by 10% to USD 21.9 billion, exceeding 2020 levels with a net increase in the number of listed companies to 8,306.

The turnover value of the China capital markets increased by 32% to USD 49.3 billion in 2021. This was primarily driven by increase of 40% in Shanghai, 21% in Shenzhen and 28% in Hong Kong.

Turnover in the China capital markets for 2021 was 225% of its closing market capitalisation (2020: 188%); while it was 40% (2020: 52%) in the United Kingdom and 109% (2020: 113%) in the United States.

Market data as of 31 Dec (Amount in USD billion)

2021	Number of Listed Companies	Turnover Value	Market Capitalisation
Hong Kong Main Board	2,219	5,269.2	5,421.3
Hong Kong GEM	353	12.3	13.9
Shanghai A [#]	2,032	17,951.5	8,172.4
Shanghai B	47	6.5	14.1
Shenzhen A [#]	2,571	22,675	6,235.9
Shenzhen B	43	4.3	8.2
Beijing	82	25.4	42.9
Taiwan	959	3,334.9	2,033.8
Total	8,306	49,279.1	21,942.5

2020	Number of Listed Companies	Turnover Value	Market Capitalisation
Hong Kong Main Board	2,710	4,131	6,113.5
Hong Kong GEM	368	11.1	16.9
Shanghai A [#]	1,795	12,834	6,950.7
Shanghai B	48	6	10.4
Shenzhen A [#]	2,345	18,776.4	5,219.1
Shenzhen B	45	3.5	8.2
Beijing	-	-	-
Taiwan	948	1,625.1	1,598.3
Total	8,259	37,387.1	19,917.1

2019	Number of Listed Companies	Turnover Value	Market Capitalisation
Hong Kong Main Board	2,071	2,747	4,887.6
Hong Kong GEM	378	24.4	13.7
Shanghai A [#]	1,565	7,808.5	5,096.8
Shanghai B	50	5.5	11.3
Shenzhen A [#]	2,195	10,490.2	3,403.7
Shenzhen B	47	3	7.5
Beijing	-	-	-
Taiwan	942	885.2	1,217.9
Total	7,248	21,963.8	14,638.5

* Included Shanghai Main Board, Shenzhen Main Board and Shenzhen ChiNext

Included Shanghai Main Board and STAR Board



Top Ten IPOs in China from 2017 to 2021

The top ten IPOs in China accounted for 29% of the total funds from IPOs in 2021 (2020: 28%).

Over the last five years, Hong Kong and Shanghai have consistently hosted the largest IPOs in China. The ability of these two markets to absorb large IPOs demonstrates the significant capital pool available in China. In 2021, 6 IPOs each raised over USD 3 billion, compared to 5 in 2020 and 3 in 2019.

Average deal sizes of the top ten IPOs were USD 3.7 billion, 10% higher than 2020 and 9% higher than 2019. Shanghai led the way for larger IPOs, hosting the secondary listing of China Telecom Corporation Limited, which raised USD 8.5 billion alone.

2017

Company	Funds Raised (USD Million)	Stock Exchange
Guotai Junan Securities Co Ltd	2,207	Hong Kong
Zhongan Online P & C Insurance Co Ltd	1,750	Hong Kong
China Literature Ltd	1,225	Hong Kong
Zhongyuan Bank Co Ltd	1,190	Hong Kong
Guangzhou Rural Commercial Bank Co Ltd	1,188	Hong Kong
Yixin Group Ltd	866	Hong Kong
China Galaxy Securities Co Ltd	628	Shanghai
Caitong Securities Co Ltd	628	Shanghai
Razer Inc	607	Hong Kong
Huaneng Lancang River Hydropower Inc	600	Shanghai
Total	10,889 (21%)	

2018

Company	Funds Raised (USD Million)	Stock Exchange
China Tower Corporation Ltd	7,507	Hong Kong
Xiaomi Corporation	5,441	Hong Kong
Meituan Dianping	4,232	Hong Kong
Foxconn Industrial Internet Co Ltd	3,943	Shanghai
Ping An Healthcare and Technology Co Ltd	1,120	Hong Kong
Jiangxi Bank Co Ltd	1,098	Hong Kong
WuXi AppTec Co Ltd	1,057	Hong Kong
Haidilao International Holding Ltd	965	Hong Kong
BeiGene Ltd	905	Hong Kong
The People's Insurance Company (Group) of China Ltd	874	Shanghai
Total	27,142 (47%)	



Top Ten IPOs in China from 2017 to 2021

2019

Company	Funds Raised (USD Million)	Stock Exchange
Alibaba Group Holding Ltd	12,997	Hong Kong
Budweiser Brewing Co APAC Ltd	5,789	Hong Kong
Postal Savings Bank of China Co Ltd	4,700	Shanghai
China Zheshang Bank Co Ltd	1,810	Shanghai
CGN Power Co Ltd	1,807	Shenzhen
ESR Cayman Ltd	1,806	Hong Kong
China Railway Signal & Communication Corporation Ltd	1,513	Shanghai
Chongqing Rural Commercial Bank Co Ltd	1,435	Shanghai
Ningxia Baofeng Energy Group Co Ltd	1,172	Shanghai
Shenwan Hongyuan Group Co Ltd	1,167	Hong Kong
Total	34,196 (44%)	

2020

Company	Funds Raised (USD Million)	Stock Exchange
Semiconductor Manufacturing International Corporation	7,634	Shanghai
JD.com Inc	4,458	Hong Kong
Beijing-Shanghai High Speed Railway Co Ltd	4,438	Shanghai
JD Health International Inc	3,999	Hong Kong
NetEase Inc	3,129	Hong Kong
Yum China Holdings Inc	2,227	Hong Kong
Yihai Kerry Arawana Holdings Co Ltd	2,083	Shenzhen
China Bohai Bank Co Ltd	2,051	Hong Kong
China International Capital Corporation Limited	2,008	Shanghai
GDS Holdings Ltd	1,920	Hong Kong
Total	33,947 (28%)	

2021

Company	Funds Raised (USD Million)	Stock Exchange
China Telecom Corporation Limited	8,531	Shanghai
Kuaishou Technology	6,194	Hong Kong
BeiGene Ltd	4,104	Shanghai
JD Logistics Inc	3,626	Hong Kong
China Three Gorges Renewables (Group) Co Ltd	3,578	Shanghai
Baidu Inc	3,070	Hong Kong
Bilibili Inc	2,979	Hong Kong
XPeng Inc	2,054	Hong Kong
Li Auto Inc	1,723	Hong Kong
Shanghai Rural Commercial Bank Co Ltd	1,352	Shanghai
Total	37,211 (29%)	



Top Ten IPOs in World History

Three of the top four IPOs in world history are based in China.

Alibaba Group, the China-based e-commerce business, completed an IPO on the New York Stock Exchange in 2014 raising USD 25.0 billion, the largest IPO recorded, surpassing the IPO of Agricultural Bank of China Ltd in 2010 which raised a total of USD 22.4 billion. The IPO of Industrial and Commercial Bank of China Ltd is the fourth largest IPO in world history, raising USD 22.0 billion in 2006. In 2018, Softbank Corp raised USD 21.1 billion in Japan.

Rank	Listing Year	Company	Stock Exchange	Country	USD Million
1	2019	Saudi Arabian Oil Co	Saudi	Saudi Arabia	25,601
2	2014	Alibaba Group Holding Ltd	New York	China	25,032
3	2010	Agricultural Bank of China Ltd	Hong Kong & Shanghai	China	22,430
4	2006	Industrial and Commercial Bank of China Ltd	Hong Kong & Shanghai	China	22,041
5	2018	Softbank Corp	Tokyo	Japan	21,140
6	2010	AIA Group Ltd	Hong Kong	China	20,465
7	2008	VISA Inc	New York	United States	19,650
8	1998	NTT Mobile Communications Network Inc	Tokyo	Japan	18,379
9	2010	General Motors Co Ltd	New York	United States	18,140
10	1999	Ente Nazionale per l'Energia Elettrica	Milan	Italy	17,408

Top Ten IPOs in Worldwide in 2021

Six of the top ten IPOs in the world in 2021 was on China stock exchanges, compared to five in 2020. These included the secondary listings of a few TMT companies in Hong Kong or in Shanghai.

Rank	Listing Month	Company	Stock Exchange	Country	USD Million
1	Nov	Rivian Automotive Inc	Nasdaq	United States	13,724
2	Aug	China Telecom Corporation Limited	Shanghai	China	8,531
3	Feb	Kuaishou Technology	Hong Kong	China	6,194
4	Mar	Coupang Inc	New York	South Korea	4,550
5	June	DiDi Global Inc	New York	China	4,435
6	Dec	BeiGene Ltd	Shanghai	China	4,104
7	Jan	Inpost SA	Euronext Amsterdam	Poland	3,916
8	Aug	Krafton Inc	Korea	South Korea	3,850
9	May	JD Logistics Inc	Hong Kong	China	3,626
10	June	China Three Gorges Renewables (Group) Co Ltd	Shanghai	China	3,578

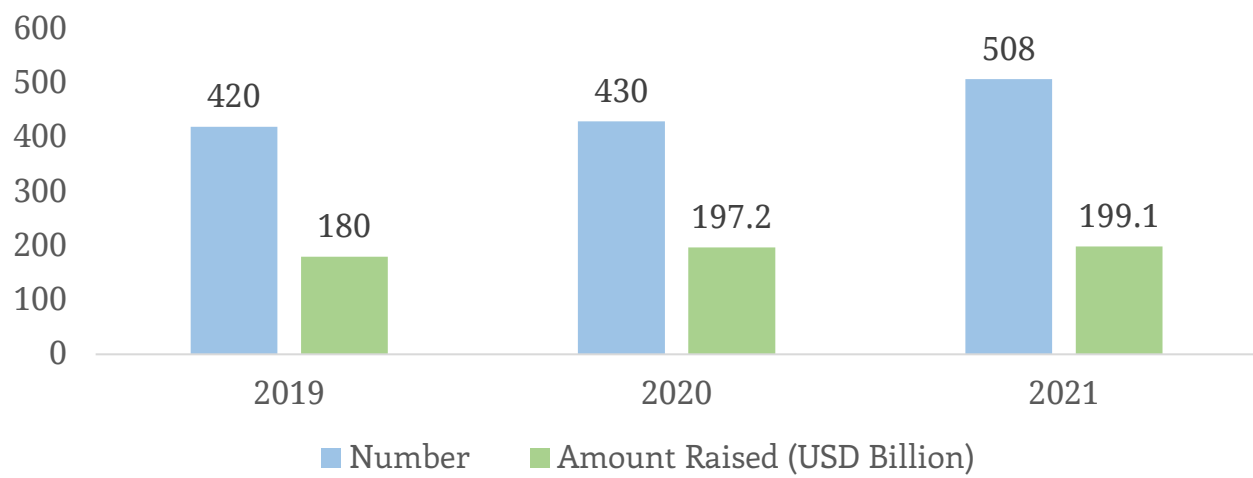


Listed Debt Issued in Hong Kong

Hong Kong is a liberal debt market where international investors are free to invest in debt instruments and there are no restrictions on foreign borrowers. The bond market in Hong Kong has for some time been a significant market place for issuers and investors, in both domestic and foreign currencies. The range of product offerings, the open access for issuers and investors, both domestic and international, and the increasing significance of offshore RMB bond issuances make Hong Kong one of the most frequented international bond markets in Asia. Issuers can select whether they wish to list instruments on the Hong Kong Stock Exchange or issue privately where trading occurs outside stock exchange. Generally, larger issues tend to be completed via a listing. However, a significant number of issuers continue to issue private debt securities which are not listed on an exchange.

There was an 18% increase in the volume of listed debt issues in Hong Kong rising to 508 in 2021. The amount of funds raised increased to USD 199.1 billion, a 1% increase compared to 2020.

Bond Issued in Hong Kong



Source: HKEx



About CityLinkers

CityLinkers Group (“we” or “CityLinkers”), is a group of companies, specialized in providing services of all aspects, including accounting, auditing, tax, company secretarial, compliance, fund raising, corporate finance, financial advisory, internal control, listing consultancy, risk management and trust administration.

Established in 2011, CityLinkers has assisted over 3,000 companies located in Hong Kong, China and other countries to date.

Our team comprises of former executives of multinational companies and listed companies, certified public accountants, chartered tax accountants, appraisers and financial analysts. CityLinkers have teams with a total of over 100 members in Hong Kong and established branch offices established in strategic locations such as Shanghai, Shenzhen, Hangzhou and Singapore.

With our member firms registered under the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Institute of Singapore Chartered Accountants (“ISCA”), we are able to provide auditing services in both locations. We are also accredited by the HKICPA to provide professional training to their members.

We have also established long term cooperation with other professional parties such as lawyers in Hong Kong and the PRC, sponsors and appraisers, in order to offer a comprehensive range of services to our clients in the areas of listing advisory, due diligence, restructuring and corporate finance.

Why CityLinkers

CityLinkers’s support and outsourced expertise allows you to focus on what you do best – driving results and achieving your business objectives.

CityLinkers offers a wide breadth of capabilities and expertise, with bespoke solutions to match client needs and budgets. Our team is made up of well-trained company secretaries, accountants, investor service experts, lawyers and business consultants whose professionalism and integrity are the backbone of our business.

Our clients are served to support, manage and nurture their teams with speed and efficiency. Our applications are also highly scalable, which allows us to serve a diversified portfolio of both local and international organizations, from newly-set up private enterprises, to multi-nationals.

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