



Equity Capital Markets Watch

Singapore, 2021 year in review

Overview of initial public offerings and follow-on activities

Global

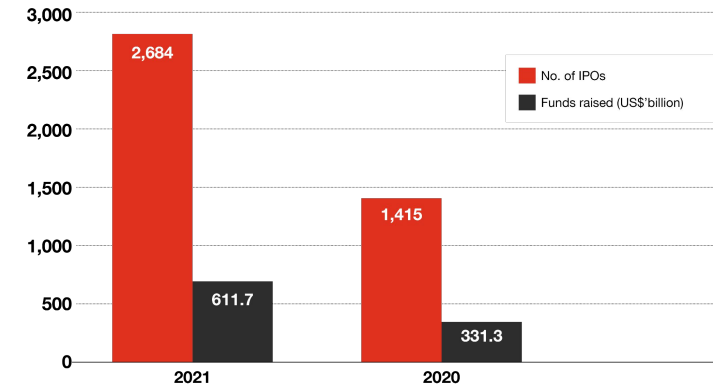
Against the mixed macroeconomic backdrop, initial public offerings (IPOs) remained robust this year. As of 31 December 2021, there were a total of 2,684 IPO globally, raising US\$611.7 billion¹. This is close to twice the number of IPOs and total funds raised globally in 2020. (Exhibit 1).

United States, China and Hong Kong continued to dominate the global IPO market during this period, accounting for approximately 70% of the total global IPO proceeds raised this year. (Exhibit 2).

The listing momentum from Special Purpose Acquisition Companies (SPACs) continue to accelerate in 2021, with more than 600 SPAC IPOs completed in the United States, raising total proceeds of approximately US\$162 billion².

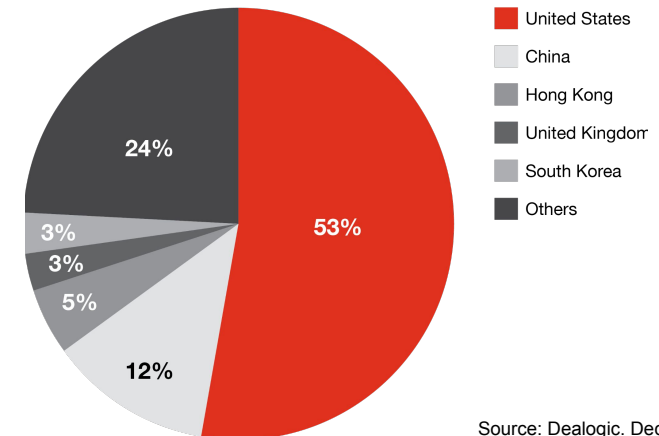
The number of SPAC IPOs and the proceeds raised in 2021 was more than the combined SPAC IPOs and proceeds raised for the last 5 years. With the surge in investors' interest, SPAC IPOs accounted for more than 50% of United States IPO activities in both 2020 and 2021. This clearly demonstrates SPACs' increased acceptance by investors in the recent years.

Exhibit 1:
Number of global IPO deals and funds raised – 2021 vs 2020



Source: Dealogic. Dec 2021

Exhibit 2:
Top contributing countries (IPO) – 2021



Source: Dealogic. Dec 2021

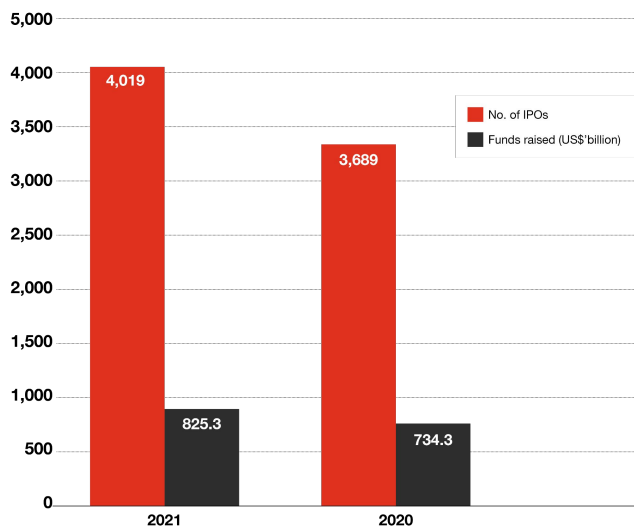
1: IPO and FO data from Dealogic, as at 31 December 2021. Only transactions with a minimum of US\$5 million million money raised included. Proceeds include over allotment option (if exercised). Data excludes PIPOs and transactions on Over -The -Counter exchanges. In case of IPOs on two or more exchanges, the full amount of money raised is attributed to all exchanges. The same applies to countries and regions. This does not apply to two exchanges within the same country or two countries within the same region.

2: Data extracted from SPAC Analytics website on 5 January 2022

In 2021, follow-on (FO) funds raised globally increased to US\$825.3 billion from US\$734.3 billion in the same period last year (Exhibit 3). The United States saw the highest amount of FO fund raised (Exhibit 4), representing 36% of total global FO fund raised in 2021. The technology and finance sector accounted for approximately 38% of FO fund raised in 2021¹.

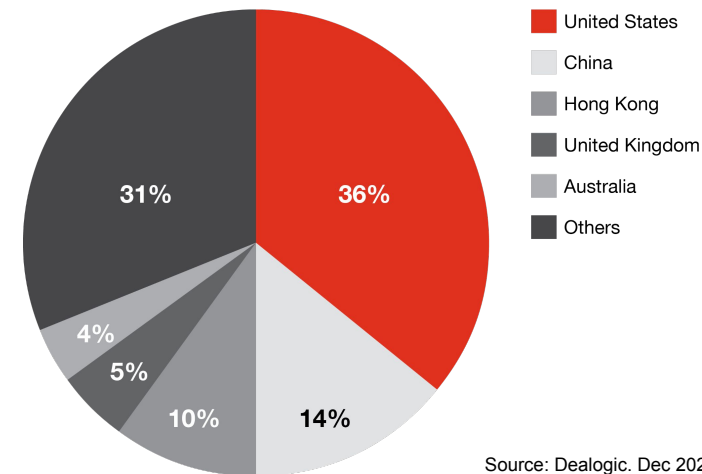
The high volumes of SPAC IPOs in 2021 will likely translate to increased FO activities for 2022 as it is common for SPAC to seek Private Investment in Public Entities (PIPE) funding in order to complete their acquisition of target business.

Exhibit 3:
Number of global FO deals and funds raised – 2021 vs 2020



Source: Dealogic. Dec 2021

Exhibit 4: FO activities: Top contributing countries – 2021



Source: Dealogic. Dec 2021

1: IPO and FO data from Dealogic, as at 31 December 2021. Only transactions with a minimum of US\$5 million million money raised included. Proceeds include over allotment option (if exercised). Data excludes PIPOs and transactions on Over -The -Counter exchanges. In case of IPOs on two or more exchanges, the full amount of money raised is attributed to all exchanges. The same applies to countries and regions. This does not apply to two exchanges within the same country or two countries within the same region.



Singapore

Despite fewer IPOs completed on the Singapore Exchange (SGX) in 2021, 8 compared to 11 in 2020, the total IPO proceeds raised this year was S\$1.7 billion, S\$300 million more than in 2020, indicating Singapore's readily available pool of investors and funds for high quality IPOs. (Exhibit 5).

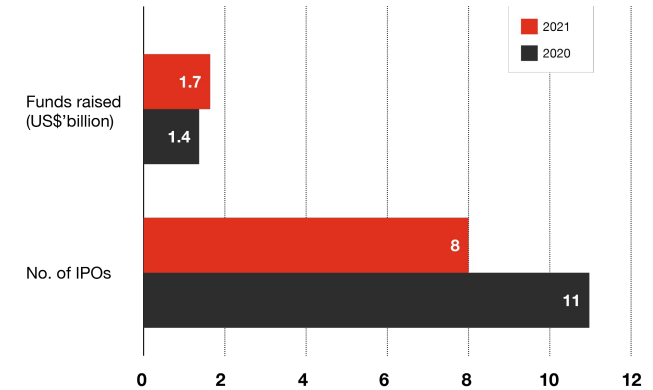
SGX attracted two new REIT listings – Daiwa House Logistics Trust and Digital Core REIT, reinforcing SGX's reputation as the preferred REIT listing destination for foreign property assets in Asia Pacific.

Digital Core REIT IPO in December 2021 was the largest SGX IPO this year. The data center REIT managed to raise around S\$822 million (US\$600 million) as it debuted on SGX Mainboard.

The number of FO deals in Singapore increased from 25 in 2020 to 36 in 2021. However, funds raised through FO deals in the country decreased from US\$9.6 billion in 2020 to US\$6.1 billion in 2021 (Exhibit 6).

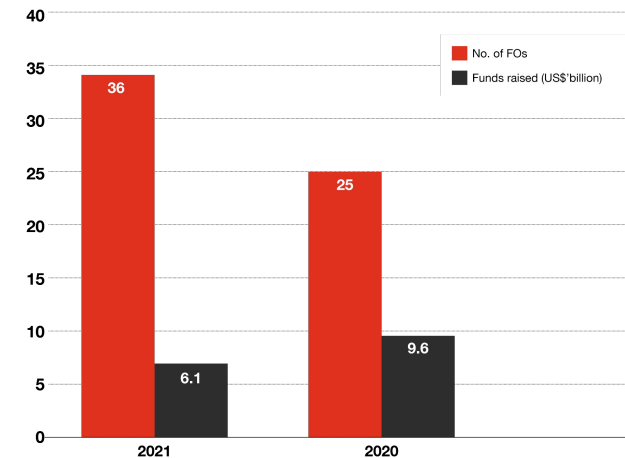
REITs and real estate developers continued to dominate FO activities in Singapore in 2021, accounting for approximately 70% of the total funds raised. It is not an uncommon practice for listed real estate players to leverage on the secondary fund raising market to finance their acquisitions of new assets.

**Exhibit 5:
Number of SGX IPO
deals and funds
raised – 2021 vs
2020**



Source: SGX, as on 31 December 2021, excluding RTO and secondary listing.

**Exhibit 6:
Number of SGX FO
deals and funds
raised – 2021 vs
2020**



Source: Dealogic, Dec 2021

Key regional bourses

In Asia, China and Hong Kong continued to lead the region in terms of IPO proceeds raised and IPO volume. Indonesia led the Southeast Asia's (SEA) region in terms of IPO fund raised, while Thailand recorded the highest IPO deal volume in SEA (Exhibit 7).

IPO activities in China remained robust despite volatility within the Asian stock markets and concerns over liquidity crisis in the Chinese real estate market.

Despite deal volume slowing down in 2021 on the Hong Kong Stock Exchange (HKEX), the total funds raised increased from US\$22.5 billion to US\$27.8 billion in 2021. Led by the IPO of Kuaishou Technology, that raised US\$6.2 billion in January 2021 and emerged as the second largest IPO globally this year.

Indonesia has delivered strong performance among the SEA bourses. The country's first listed tech unicorn, PT Bukalapak.com managed to raise US\$1.5 billion in July 2021. The IPO generated strong investors' interest and was oversubscribed for more than 4 times³. Indonesia's equity market will continue to remain vibrant due to its large pool of technology unicorns lining up to tap the equity market to fund further expansions.

3: Reuters, "Bukalapak surges 25% as Indonesia's largest IPO fuels tech excitement" August 6, 2021

Exhibit 7: IPO fund raised by countries – 2021 vs 2020

Country	Funds raised (US\$'billion) 2021	Funds raised (US\$'billion) 2020	Number of IPOs 2021	Number of IPOs 2020
China	72.9	51.4	473	342
Hong Kong	27.8	22.5	85	115
Thailand	4.0	4.3	36	11
Indonesia	4.6	0.3	29	17
Malaysia	0.6	0.5	16	12
Total	109.9	79.0	639	497

Source: Dealogic, Dec 2021



Performance of newly-listed companies in Singapore

Mainboard new listings

SGX welcomed three new mainboard listings this year, including two new REIT IPOs within a span of two weeks (Exhibit 8).

The IPO of Digital Core REIT was the largest IPO by fund raising in Singapore since the start of COVID-19. Digital Core REIT initial portfolio comprises 10 freehold data centres in the United States and Canada with a total appraised valuation of US\$1.4 billion. The offering garnered strong investors' interest and was subscribed 19.4 times⁴. Daiwa House Logistics Trust, a REIT that invests in logistics and industrial real estate across Asia, also generated strong demand with its IPO subscribed 9.5 times⁵.

The strong investors' interest for both newly listed REITs demonstrated SGX attractiveness for quality REIT listings with diversified portfolios across different asset classes and with strong global footprints.

Catalist board new listings

There were five new IPO on the Catalist this year, raising a total of S\$60.3 million. Trans-China Automotive was the largest IPO on the Catalist this year, managing to raise S\$19.6 million during its debut in November 2021 (Exhibit 8).

Notably, all five new listings on the Catalist were from a wide range of industries and most of these newly listed companies have operations that are predominantly located out of Singapore. This reinforces SGX's position as an international exchange of choice and its ability to attract listings from different sectors.



4: Business Times, "Digital Core Reit jumps 15% to close at US\$1.01 in SGX mainboard debut", December 6, 2021
5: Business Times, "Daiwa House Logistics Trust IPO sees public offer 9.5 times subscribed", November 25, 2021

Exhibit 8: Performance of newly listed companies on SGX

Issuer	Sector	Listing date	Fund raise S\$m	Offer price S\$	First day closing price	Last close* S\$	% Change First day closing vs IPO	% Change last close vs IPO
Mainboard:								
Aztech Global Ltd	Electrical component and Equipment	12 Mar 2021	314.4	1.28	1.29	0.859	1.0%	-32.8%
Daiwa House Logistic Trust	REIT	26 Nov 2021	464.4	0.800	0.800	0.810	-	1.3%
Digital Core REIT	REIT	6 Dec 2021	822.0 [^]	US\$0.88	US\$1.01	US\$1.14	14.8%	29.5%
Sub-total			1,600.8					
Catalist:								
Econ Healthcare (Asia) Limited	Healthcare	19 Apr 2021	14.0	0.280	0.290	0.310	4.0%	10.7%
OTS Holdings Ltd	Food and Beverages	17 Jun 2021	9.4	0.230	0.290	0.255	26.0%	10.9%
Audience Analytics Limited	Consumer Publishing	30 Sep 2021	7.8	0.300	0.300	0.220	-	-26.7%
Trans-China Automotive	Automotive	11 Nov 2021	19.6	0.230	0.245	0.265	6.5%	15.2%
Mooreast Holdings	Oil & Gas Services	24 Nov 2021	9.5	0.220	0.250	0.183	13.6%	-16.7%
Sub-total			60.3					
Total			1,661.1					

Source: SGX

*Last Close as on 17 December 2021

[^] Fund raised denominated in US\$ and amounted to US\$600 million.

Growing interest in Asia for SPACs

SPAC waves have hit Asia

SGX announced the new SPAC Listing Rules on its Mainboard, effective 3 September 2021. It follows the public consultation paper released in March 2021 that received feedback from over 80 respondents, which according to SGX is possibly the highest response rate to any of its consultations in recent years.

The new listing framework enhances the reputation of SGX as one of the most progressive bourses in the Asia Pacific region and is expected to add the much needed vibrancy to Singapore's capital markets. Being an early adopter of this alternative capital raising route within the Asian time zone provides SGX with the necessary ingredients to act as a platform for fast growing Asian companies. On 29 December 2021, European asset manager, Tikehau Capital has received an eligibility-to-list (ETL) for its SPAC from the SGX. This came a few days after venture capital firm, Vertex Venture has announced that it has received an ETL for the listing of its SPAC from the SGX⁶.

HKEX has also followed suit and on 17 December 2021 announced the finalisation of its new regime for SPAC that will take effect on 1 January 2022. It has also been reported that Indonesia and Japan bourses are considering allowing SPAC listing to boost growth⁷.

The advancement of the listing regime, allowing for SPAC listings on key Asian bourses, will provide target companies more options to choose from as they evaluate destinations to raise funds.

However, the US exchanges will continue to be a strong competitor. High growth companies typically favour the US as a listing destination of choice given the perception that it attracts best valuation. With the spike in SPAC listings in the US, we believe there will be more de-SPAC activities over the next 12-24 months as these US-listed SPACs have up to two years to complete their target acquisitions. Asia will definitely be a key focus market for these US listed SPACs for mergers and acquisitions (M&As), given the rich pool of fast growing companies based here.



6: Business Times, "Regional exchanges revamp rule books in battle for S-E Asia's listing hopefuls", January 3, 2022

7: Reuters, "Asian SPAC listings face stern test as regulators consider rule changes", March 30, 2021

SPACs on SGX

Key features of the SPAC listing rules

Market capitalisation	Minimum of S\$150 million
Timeframe for de-SPAC	Must take place within 24 months of SPAC IPO, with an extension of 12 months subject to fulfilment of prescribed conditions
Moratorium	Moratorium on Sponsors' shares from IPO to de-SPAC, a 6-month moratorium after de-SPAC and for applicable resulting issuers, a further 6-month moratorium thereafter on 50% of shareholding
Minimum equity participation by Sponsors	Sponsors must subscribe to at least 2.5% to 3.5% of the SPAC's IPO shares depending on the market capitalisation of the SPAC, with aggregate shareholding not exceeding 20% of the SPAC's issued share capital at IPO
Approval of de-SPAC	De-SPAC can proceed if more than 50% of the SPAC independent directors approve the transaction and more than 50% of the shareholders vote in support of the transaction
Warrants	Warrants issued to shareholders will be detachable and maximum percentage dilution to shareholders arising from the conversion of warrants issued at IPO is capped at 50%
Redemption rights	All independent shareholders are entitled to redemption rights

Key criteria to be met prior to completion of de-SPAC:

Fair market value of target	At least 80% of the amount in the SPAC's escrow account at the time of entry into the binding agreement for the business combination
Identifiable core business	The business combination must result in the resulting issuer having an identifiable core business of which it has a majority ownership and/or management control
Financial adviser (FA)	The issuer must appoint a FA, who is an issue manager, to advise on the business combination
Independent valuer	The issuer must appoint a competent and independent valuer to value the business(es) or asset(s) to be acquired under the business combination where (A) a placement or subscription for the issuer's equity securities by institutional and/or accredited investors, is not conducted in contemporaneous with the business combination; or (B) the business(es) or asset(s) to be acquired under the business combination involves a mineral, oil and gas company, or property investment/development company. A summary valuation report must be included in the shareholders' circular in relation to the business combination.
Shareholder circular	The shareholders' circular seeking approval for the business combination must comply with the prospectus disclosure requirements

Source: SGX News Releases, SGX introduces SPAC listing framework, 2 Sep 2021

The road ahead: 2022

Key observations and outlook for 2022

Silver-lining for SGX IPOs: After a slow start to the year, IPO activities in Singapore rebounded and funds raised this year exceeded IPO proceeds in 2020. Although there are concerns over the inflationary trends, interest rate hikes and the tightening of monetary stimulus, the recovery phase of the economic cycle is expected to continue through 2022 albeit at a slower pace⁸.

SGX SPAC listing framework adds in vibrancy to the local capital market:

We may expect quite a few SPACs to be listed next year. In Singapore, we benefit from first-mover advantage and we can maintain our investors' enthusiasm if the SPAC sponsors here are able to build trust, be seen knowledgeable and competent in managing M&A transactions and are able to find good quality high growth and innovative companies from Asia.

Higher inflation, tighter monetary policies and global supply chain disruptions may create further volatility in the equity markets in 2022. Beyond these factors, increasing competition from the regional bourses may also affect local IPO activities next year. We, however, can still be cautiously optimistic about IPO activity in the coming year due to various recent initiatives launched to support our equity markets eco-systems”

Tham Tuck Seng
Capital Markets Leader
PwC Singapore

New initiatives to infuse fresh enthusiasm: There are also other few key initiatives that were recently launched which may boost the activities and liquidity in the SGX and in the longer term, provide fresh enthusiasm for Singapore's IPO market. They may even reshape the SGX's listing mix from traditional business companies to companies-of-the-future, i.e., the new economy companies. These initiatives include the setting up of investment funds namely Anchor Fund@65, Growth IPO Fund and Grant for Equity Market Singapore.

Amid surging competition SGX's niche sectors remain on investors' radar:

Sectors including REITs, business trusts, healthcare, and F&B, are still expected to be the favoured sectors amongst the IPO aspirants. However, SGX will need to continue dealing with the competition from regional bourses - its biggest threat to attracting IPO activities.

The record-breaking momentum of SPAC IPO activities in the US unlikely to be sustainable:

The year 2021 will be remembered as the year of SPAC, given the huge waves of SPAC listings in the US and the launch of SPAC listing regimes on SGX and HKEX. However, this momentum is unlikely to be sustainable. The SPACs in the IPO pipeline, especially in the US, may have a harder time raising IPO capital due to the broad-based decline in the existing SPAC returns and greater regulatory scrutiny from the U.S. Securities and Exchange Commission.

⁸: Ministry of Trade and Industry (MTI) Press Release, "MTI Forecasts GDP Growth of "around 7.0 Per Cent" in 2021 and "3.0 to 5.0 Per Cent" in 2022", November 24, 2021

Contact us



Choo Eng Beng
Assurance Leader
PwC Singapore
eng.beng.choo@pwc.com



Tham Tuck Seng
Capital Markets Leader
PwC Singapore
tuck.seng.tham@pwc.com



Rebekah Khan
Capital Markets Partner
PwC Singapore
rebekah.khan@pwc.com



Alex Toh
Capital Markets Partner
PwC Singapore
alex.wk.toh@pwc.com

