

Equity Capital Markets Watch

Singapore, H1-2022 Review



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I. Singapore IPO activities

The Singapore IPO market performance for H1-2022 was considerably up compared to the corresponding period last year. The number of new IPO increased from 3 in H1-2021 to 10 in H1-2022. Total funds raised also increased from S\$0.34 billion in H1-2021 to S\$0.57 billion raised in the same period this year (Exhibit 1).

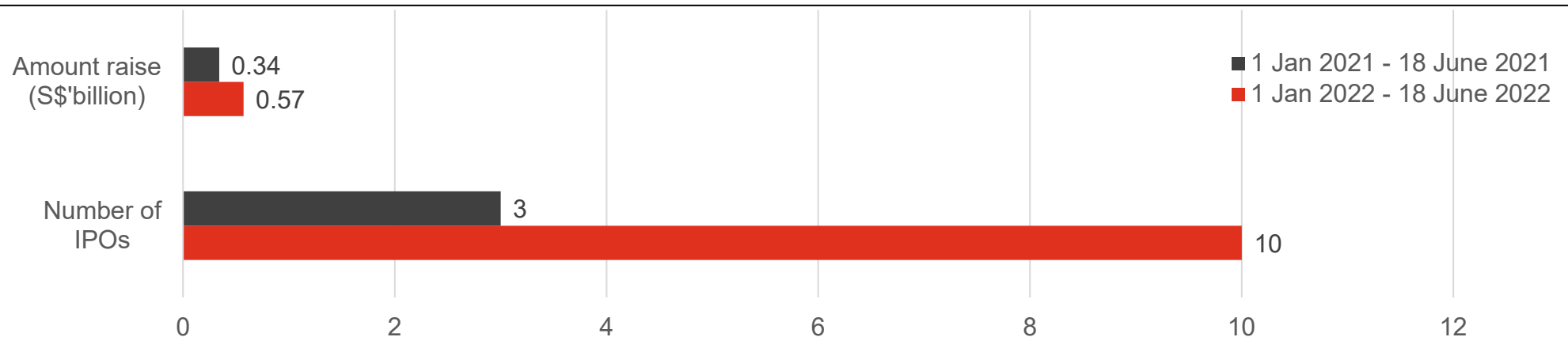
After the launch of the new regulatory framework for SPAC listing on the Singapore Stock Exchange (SGX) effective 3 September 2021, SGX welcomed the listing of the first three Special Purpose Acquisition Companies (SPACs). These newly listed SPACs managed to raise a total IPO proceeds of approximately S\$528 million.

The listing of Vertex Technology Acquisition Corporation on the SGX Mainboard marked the largest local IPO in H1-2022, with the company raising S\$208 million (Exhibit 2). This highlights a positive trend of SPAC IPOs successfully making their debut on the SGX Mainboard.

SGX has also welcome the secondary listing of NIO Inc, a global smart electric vehicle company, and the first company in the world to be listed on three exchanges – United States (US), Hong Kong and Singapore.



Exhibit 1: IPO fund raise and number of IPO (1 Jan 2022 - 18 June 2022)



Source: SGX, as on 18 June 2022, excluding RTO and secondary listing.

I. Singapore IPO activities

Strong H1-2022 Singapore IPO activity despite global economy situation

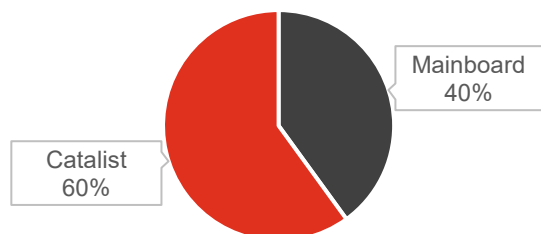
The global economy of the first half year of 2022 has faced diverse negative risks such as the war in Ukraine, supply chain disruptions, a tight labour market, persistently high inflation, central bank tightening and the enduring impacts of the pandemic that impacted ordinary markets and global growth. It is evident that in the last months investors have become more selective and price sensitive, however the Singapore IPO activity in the first half year of 2022 has continued at a strong pace, achieving the busiest half year in the last five years in terms of IPO volume.

Exhibit 2: Top 5 IPOs from 1 Jan 2022 to 18 June 2022

Source: SGX, as on 18 June 2022, excluding RTO and secondary listing.



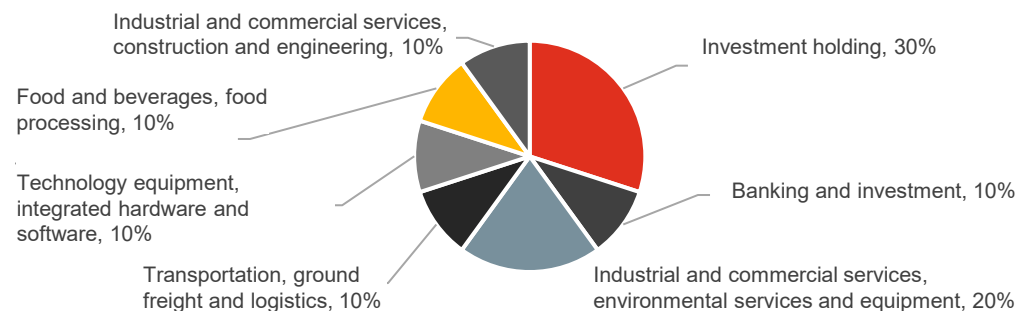
Exhibit 3: Mainboard vs Catalyst - 1 Jan 2022 to 18 June 2022



Source: SGX, as on 18 June 2022, excluding RTO and secondary listing.

Listing on Catalyst continues to remain a positive trend on the SGX, with six out of ten IPOs in H1-2022 listing on Catalyst (Exhibit 3).

Exhibit 4: Singapore newly listed companies' sectors - 1 Jan 2022 to 18 June 2022



Source: SGX, as on 18 June 2022, excluding RTO and secondary listing.

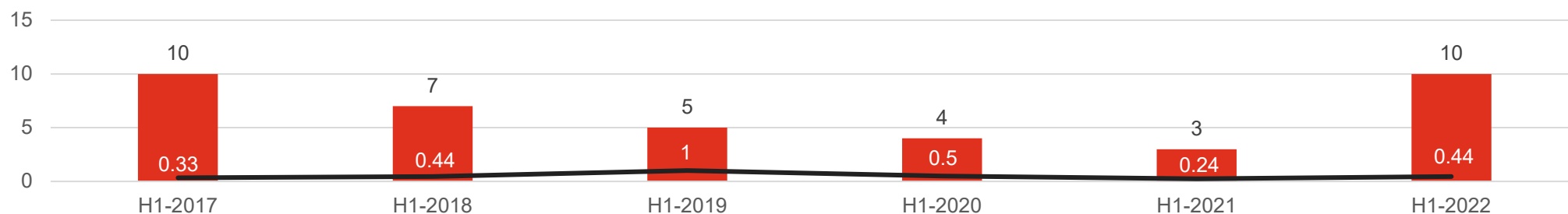
SGX continues to remain one of the listing venue of choice for companies from varying sectors such as investment holding, industrial and commercial Services, technology and logistics (Exhibit 4).

II. Singapore IPO trends

A. Singapore IPO activities since 2017

IPO volume on SGX in H1-2022 was the highest since H1-2017 (Exhibit 5). However, the funds raised by the listings in H1-2022 were lower than those raised in the half year of 2019 and 2020 (Exhibit 5). This is due to higher funds raised by REITs listing in the previous years in those periods, while there aren't any new REIT IPO in H1-2022.

Exhibit 5: Singapore IPO activity of the first half years since 2017

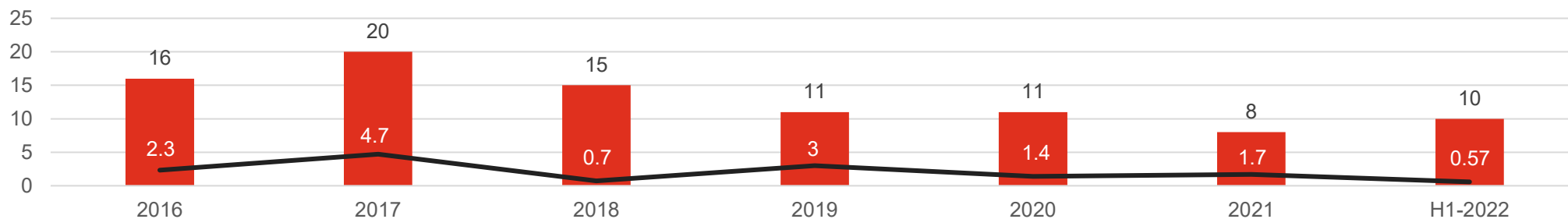


Source: Dealogic for data from H1-2017 to H1-2021 and SGX for data of H1-2022 as on 18 June 2022, excluding RTO and secondary listing.

■ No of IPO — Fund Raised (US\$'billion)

Increased IPO volume in H1-2022 indicates a positive market trend in Singapore for the entire year when compared to the full period of the previous year (Exhibit 6). However, the funds raised by a larger number of IPOs in H1-2022 are lower than total raised funds by the smaller number of IPOs in 2021. Besides the larger SPAC IPOs in H1-2022, the rest of the listings were overall smaller deal sizes.

Exhibit 6: Singapore IPO activity since 2017



Source: SGX, as on 18 June 2022, excluding RTO and secondary listing.

■ No of IPO — Fund Raised (S\$'billion)

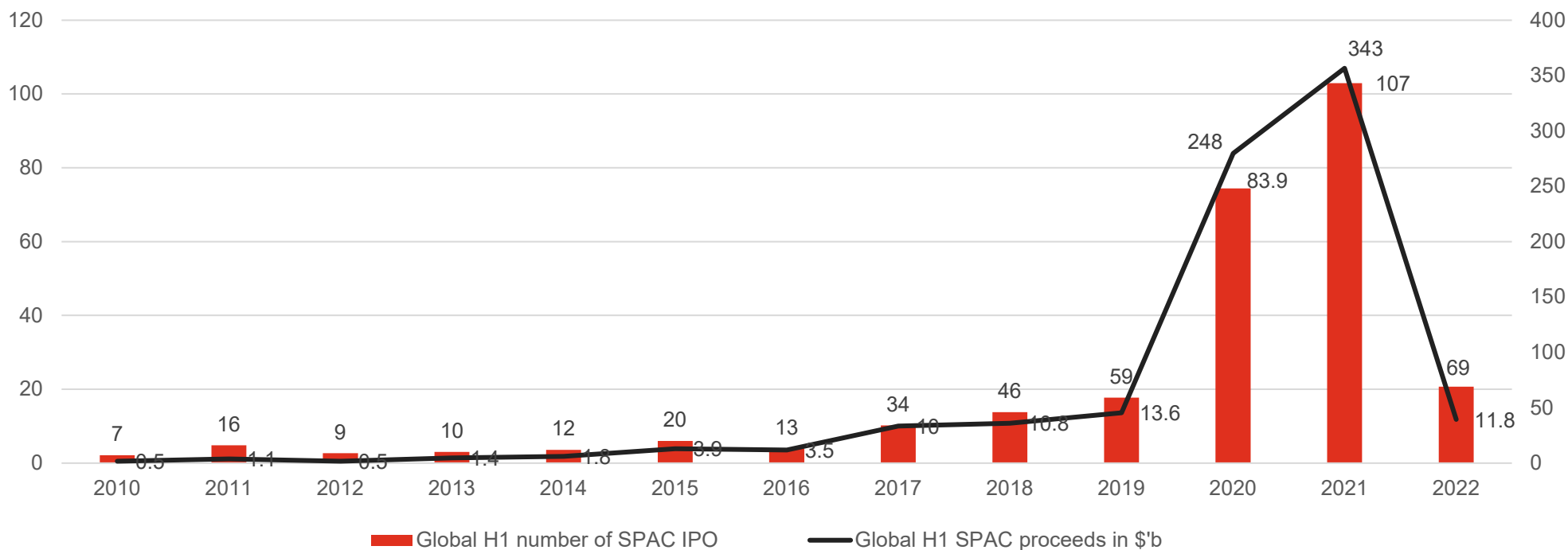
II. Singapore IPO trends

B. Emerging SPAC market in Singapore

SPAC IPOs stalled globally in the first half year of 2022. SPACs are facing increased challenges due to declining investor sentiment and proposed new regulations, particularly from the U.S. Securities and Exchange Commission (SEC) which announced at the end of the first quarter 2022 rules to enhance disclosure and investor protection ¹.

Globally, there were 69 SPAC IPOs, raising a total proceeds at \$11.8 billion during the first half of 2022. Locally, the 3 newly listed SPAC managed to raise a total proceeds of S\$528 million - Vertex Technology Acquisition Corporation (VTAC), Pegasus Asia and Novo Tellus Alpha Acquisition with deal value of S\$208m, S\$170m and S\$150m respectively.

Exhibit 7: Global SPAC IPO activities



Source: SPAC Analytics as per 18 June 2022.

1: <https://www.sec.gov/rules/proposed/2022/33-11048.pdf> . PwC US article about SPACs new regulation: <https://www.pwc.com/us/en/services/consulting/deals/library/spac-regulations.html>.


II. Singapore IPO trends

B. Emerging SPAC market in Singapore

SPACs largely target digital-driven companies with resilient business models and fast growth potential in the new world. Announcements of SPAC merger process with a target company have not been made by any of the listed SPAC IPOs on Mainboard yet. The table below summarises the target acquisition sectors of the three newly listed SPAC on SGX.

Exhibit 8: Target acquisition sectors of Singapore SPAC IPOs

Sector	VTAC	Pegasus Asia	Novo Tellus Alpha Acquisition
Cyber security and enterprise solutions	✓		
Artificial intelligence	✓		
Consumer internet and technologies	✓	✓	
Financial technologies	✓	✓	
Autonomous driving + new-energy vehicles	✓		
Biomedical technologies and digital healthcare	✓	✓	✓
Property technologies		✓	
Insurance technologies		✓	
Industry 4.0			✓
Next-generation semiconductors			✓
Cloud and edge computing			✓
Supply chain resiliency (advanced engineering)			✓



Source: VTAC, Pegasus Asia and Novo Tellus Alpha Acquisition prospectuses.

II. Singapore IPO trends

C. Spin-offs on SGX

The Singapore market of H1-2022 was characterised by newly publicly traded companies that were spin-off from their existing listed parent group.

- **Oiltek International Limited**

The company is a spin-off from KOH Brothers Eco Engineering. Oiltek is an integrated process technology and renewable energy solutions provider with three key businesses – edible and non-edible oil refinery, renewable energy, and product sales and trading.

- **LHN Logistics Limited**

The company is a spin-off from LHN Group. LHN Logistics is a Singapore-based logistics services group with two principal business segments – transportation business and container depot services business.

- **Yangzijiang Financial Holding Ltd**

The company is a spin-off from Yangzijiang Shipbuilding (Holdings), and with principal businesses comprising investment management and debt investment.



The motivation behind the spin-off are different for each company, however a number of critical business and financial objectives can be achieved both for the parent company and the new separate company, such as:

- higher valuation multiple by focussing on separate business segments;
- investors decisions focused on the separate investment characteristics of each company;
- focus of management teams in separate companies leading to higher performance and results; and
- distinct capital allocation strategies per company based on respective business needs and priorities.



II. Singapore IPO trends

D. HCFA Act and its implications



Based on Capital IQ, 220 companies with significant Chinese operations are currently listed on the US stock exchanges. These companies may face significant risks due to higher scrutiny and new measures adopted by the SEC to implement the Holding Foreign Companies Accountable (HFCA) Act.

The HFCA Act² came into force in 2020 to address concerns about the inability of the Public Company Accounting Oversight Board (PCAOB) to conduct inspections of PRC-based auditors of companies listed on US stock exchanges. Based on the China Securities Regulatory Commission (CSRC) rule issued in 2009, audit work papers involving any state secrets cannot be transmitted outside China, and overseas securities regulatory authorities cannot conduct inspections of Chinese auditing firms, without its prior approval. The HFCA Act requires the SEC to prohibit that company's securities from being traded on any US securities exchange.

As first measure with respect to HCFA Act, the PCAOB issued a list³ of public accounting firms in Mainland China and Hong Kong that cannot be inspected or investigated completely. Secondly, the SEC started with the identification of US listed companies audited by uninspected audit firms.

The result is that US listed companies with significant operations in China may face potential list of delisting from the US capital markets, unless they comply with the HFCA Act's additional disclosure requirements.

III. Other regional bourses

IPO activities of regional markets, such as Thailand, Malaysia, Indonesia and Philippines made a strong showing in H1-2022, with Indonesia and Thailand leading in terms of IPO proceeds raised and IPO volume (Exhibit 9).

The listing of GoTo Gojek Tokopedia Tbk (GoTo) on the Indonesian Stock Exchange (IDX) was the largest IPO on these regional markets, raising US\$0.95 billion. GoTo is a technology company formed in 2021 between Indonesia’s two most valuable start-ups, ride-hailing giant Gojek and e-commerce firm Tokopedia.

The second biggest IPO on these regional markets, raising proceeds of US\$0.24 billion, were the IPO of Farm Fresh Bhd on Bursa Malaysia. Farm Fresh is in the business of farming, manufacturing, and distributing various dairy products and plant-based products.

The IPO market in the Philippines saw a slight increase in IPO volume, however the funds raised in H1-2022 were considerably lower than in H1-2021. Citicore Energy REIT Corp was the largest IPO in the Philippines, raising US\$0.1 billion.

Exhibit 9: IPO fund raised by countries (Jan 2022 - May 2022)

Country	Fund raise (US\$'billion) Jan 2022 – May 2022	Fund raise (US\$'billion) Jan 2021 – May 2021	Number of IPO Jan 2022 – May 2022	Number of IPO Jan 2022 – May 202
Indonesia	1.27	0.15	21	8
Singapore	0.44	0.24	10	3
Malaysia	0.41	0.03	9	2
Thailand	0.22 ⁴	2.70	11	8
Philippines	0.19	1.37	3	2

Source: Official stock exchanges websites, May 2022

4: Fund raise (US\$'billion) Jan 2022 – March 2022

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IV. Performance of newly-listed companies in Singapore

The local Straits Times Index (STI) has become one of the region's top performers. The STI finished Q1-2022 with 9.6% gain. This was the leading and strongest performing benchmark in the Asia-Pacific region for the first quarter (Q1) of 2022⁵.

Exhibit 8: Performance of newly listed companies

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:								
Yangzijiang Financial Holding Ltd	Banking and investment services	28 Apr 2022	-	-	0.63	0.45	-	-
Novo Tellus Alpha Acquisition	Investment holding	27 Jan 2022	150	5.0	4.86	4.69	-2.88%	-6.8%
Pegasus Asia	Investment holding	21 Jan 2022	170	5.0	5.02	4.7	0.39%	-6.3%
Vertex Technology Acquisition Corp Ltd	Investment holding	20 Jan 2022	208	5.0	5.05	4.75	0.99%	-5.2%
Sub-total			528					
Catalist:								
5E Resources Limited	Industrial and commercial services, environmental services and equipment	12 May 2022	10.01	0.260	0.265	0.24	1.88%	-8.3%
LHN Logistics Limited	Transportation, ground freight and logistics	29 Apr 2022	5.05	0.2	0.18	0.146	-7.25%	-36.9%
IWOW Technology Limited	Technology equipment, integrated hardware and software	14 Apr 2022	6.5	0.25	0.26	0.23	3.84%	-8.6%
Oiltek International Limited	Food and beverages, food processing	3 Mar 2022	5.18	0.23	0.26	0.205	11.5%	-12.1%
LS 2 Holdings Limited	Industrial and commercial services, environmental services and equipment	24 Feb 2022	5.55	0.2	0.88	0.33	77.2%	39.3%
Alpina Holdings Limited	Industrial and commercial services, construction and engineering	28 Jan 2022	11.47	0.31	0.32	0.20	3.1%	-55%
Sub-total			43.76					
Total			571.76					

Source: SGX

*Last Close as on 17 June 2022

5: Singapore Business Review, "STI outpaces APAC benchmarks with 9.6% total returns in Q1", April 30 2022

IV. Performance of newly-listed companies in Singapore

Mainboard new listing performance

The new entrants to the SGX Mainboard during H1-2022 are the three SPAC IPOs which were able to generate strong interest from their IPO as they were the first SPAC IPOs on SGX (Exhibit 8).

VERTEX Technology Acquisition Corporation Ltd (VTAC) is the first SPAC IPO listing on Mainboard and saw the public offer tranche 36.0 times subscribed at the close of its IPO as well as the international placement tranche oversubscribed by approximately 8.8 times⁶.

Pegasus Asia is the second SPAC listed on the SGX Mainboard. Pegasus Asia is sponsored by European asset manager Tikehau Capital as well as Financiere Agache, which is luxury goods company LVMH chief executive Bernard Arnault's family office. The public offer tranche was subscribed 7.8 times and closed 0.4% above offer price the first day of trading⁷.

Novo Tellus Alpha Acquisition is the third SPAC listed on the SGX Mainboard. The public offer tranche was subscribed 7.6 times at the close of its IPO. The international placement tranche was about 3.1 times subscribed⁸.

Catalist board new listings performance

Most of the newly listed Catalist companies have underperformed in term of their last close price as compared to their IPO price. An exception is the trading of LS 2 Holdings Limited above its IPO price as at last close on 18 June 2022. LS 2 Holdings Limited is an integrated environmental services provider, specialising in cleaning services.

Alpina Holdings Limited is the largest IPO on Catalist in H1-2022 in terms of funds raised and it is contractor specialising in providing integrated building services, mechanical and electrical engineering services and alteration and addition works with a long operating history of over 17 years.

The second IPO on Catalist in terms of funds raised and last IPO of H1-2022 is the one of 5E Resources Limited, which is the fifth largest scheduled waste management services provider in Malaysia.

6: The Business Times, "Vertex, Pegasus SPACs begin trading separately as shares and warrants", March 9 2022

7: The Business Times, "Pegasus Asia raises S\$23.4m in Singapore public offer, 7.8 times subscribed", January 20 2022

8: The Business Times, "Novo Tellus Alpha Acquisition SPAC IPO's public tranche 7.6 times subscribed", January 26 2022



IV. The way forward: H2-2022

Key observations in H1-2022

- **Strong Singapore capital market amid geo-political situation**
The geo-political instability has not affected the Singapore IPO market in the short term. Singapore market activity has achieved the busiest first half year of the last five first half years.
- **Regional bourses growing after gradual reopening of the economy**
The gradual reopening of the economies in the first half year of 2022 has increased capital markets activities in the regional bourses. However, we hope the growing momentum continues as investors are becoming more selective and price sensitive due to the geo-political situation.
- SPACs may continue to be a positive investment trend in Singapore.

Outlook for H2-2022

- **Local IPO pipeline contributing to Singapore issuance momentum in H2-2022**
We expect capital markets activities in Singapore to continue growing in H2-2022. We believed SGX will continue to be attractive and a listing destination of choice for companies across niche sectors such as real estates, healthcare and consumer discretionary.
- **Potential delisting of Chinese companies listed in the US to further spur capital market activities in Singapore**
The measures of the SEC and PCAOB to implement the HFCA Act may increase the risk of US listed companies with significant operations in China to exit the US capital markets. This may benefit the Singapore market and other regional stock exchanges as this risk might translate to increase interest of these US listed companies to seek for alternative fund-raising platform.

“Although the geo-political and the rising interest rates environment create uncertainties, we expect IPO activities to further increase in H2-2022. We hope that new SPAC IPOs, de-SPACs, spin-offs and potential delisting of Chinese companies listed in the US will add variety and excitement to the local capital market scene.”

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