

**IPOs**

## China IPO fundraising doubles US total to top global ranks

Government officials camped out at Shanghai bourse to ensure steady flow of listings during lockdown



Officials in Shanghai ensured that despite the lockdown, there was a steady flow of new listings © Aly Song/Reuters

**Hudson Lockett** and **Cheng Leng** in Hong Kong 16 HOURS AGO

New listings in China this year have raked in more than double the amount raised on Wall Street, after officials camped out at Shanghai's stock exchange during the city's strict lockdown to ensure a steady flow of deals.

Total fundraising from initial public offerings in China has hit almost \$35bn this year, compared with just \$16bn on Wall Street, according to data from Dealogic.

The strong showing for China's IPO market came as authorities in Shanghai reacted swiftly after the city of 26mn entered a two-month lockdown, dispatching a squad of cadres to safeguard what is one of the most precious resources in China's financial capital.

As residents flooded social media with complaints about life under house arrest, China's securities regulator sent officials to camp out at Shanghai's stock exchange for the duration — by day, grilling listings applicants via videoconference before signing off on share sales, and by night sleeping on cots and inflatable mattresses, according to people familiar with the matter.

The Shanghai Stock Exchange did not immediately respond to a request for comment.

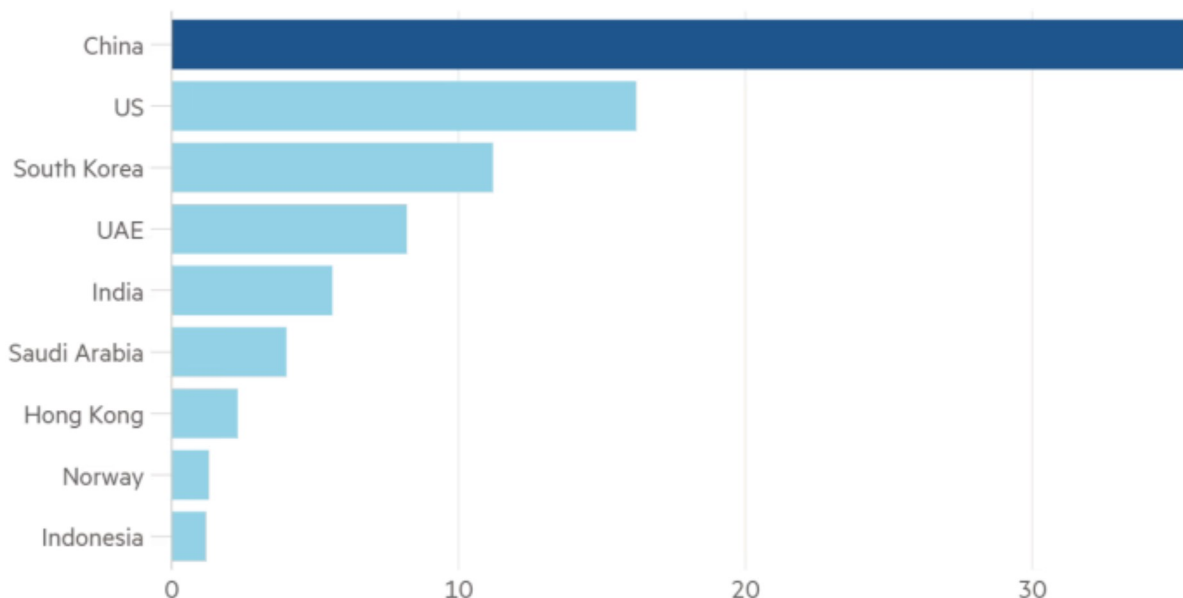
China's equity fundraising haul, up 7 per cent from a year ago, puts the country at the top of global rankings and stands in stark contrast to the rest of the world, [where IPO](#)

[proceeds have fallen](#) 80 per cent as the war in Ukraine, surging inflation and central bank rate rises have rattled markets and delayed companies' plans to go public.

Bankers said the rush of Chinese listings was driven in part by Beijing's desire to achieve "technological self-reliance", with a special focus on sectors considered vital to economic growth and competition with the west including renewables, semiconductors and other high-end manufacturing.

## China takes the lead in global IPOs

Funds raised by new listings in 2022 (\$bn)



Source: Dealogic  
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One equity capital markets banker based in Shanghai said policymakers' push for share offers by companies in "advanced technologies" had "prompted companies to pursue listings with higher valuations amid the market recovery, so they can raise more funds to expand production and grab more market share".

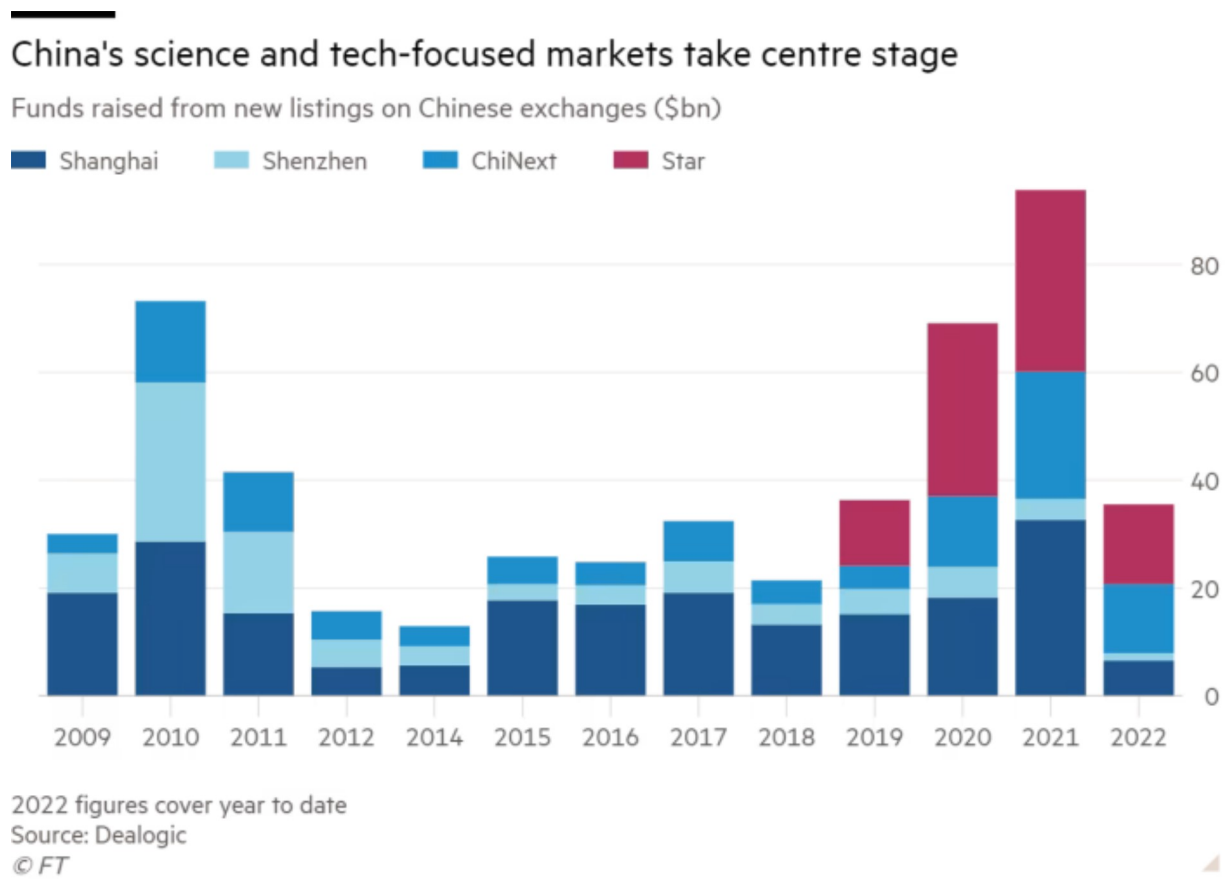
That focus on strategic sectors has accelerated a shift in the domestic flow of Chinese [IPOs](#). Only two dozen out of more than 130 new listings this year went to the main markets of the Shanghai and Shenzhen stock exchanges with almost 80 per cent of funds raised instead on Shanghai's science and technology-focused Star Market and Shenzhen's tech-driven ChiNext Market.

On the Star Market, launched in 2019 with the backing of President [Xi Jinping](#), semiconductor-related companies have already raised more than \$6.6bn in 2022. China's largest IPO this year, JikeSolar, brought in almost \$1.6bn on Star in

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Yet the steady flow of listings would not have been possible had the city's financial sector not worked double-time during the lockdown. Financiers in Shanghai said [investment banks stationed staff at the offices](#) of clients for months at a time this year so they would not be trapped in quarantine and prevented from conducting on-site due diligence.

Such efforts ensured a furious pace of dealmaking despite the restrictions, with China averaging more than one IPO per trading day during lockdown. In total, investment banks priced 47 offerings and raised more than \$8.7bn from the start of April to the end of May.



Because IPO regulations in China lock in the date of a stock's trading debut well in advance, some companies that received approval to go public just before or during lockdown had little choice but to forge ahead despite a sell-off that at one point pushed the benchmark CSI 300 index as much as 24 per cent lower for the year.

"If some of these companies were already at the last stage [of the IPO process] the lockdown doesn't really affect their listing plans," said Dickie Wong, head of research at Kingston Securities in Hong Kong.

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The rise in domestic share sales this year also followed a regulatory crackdown on the country's tech and internet sector launched by Beijing almost 12 months ago, which [has disrupted a pipeline of deals](#) previously slated for New York or Hong Kong.

Investment banks are waiting for officials to finalise foreign listings rules for groups with large amounts of user data, resulting in about 95 per cent of IPO fundraising by Chinese companies this year being carried out domestically.

“There is a trend among pre-IPO private companies that previously were quite definitively seeking to get listed offshore in Hong Kong or the US – some of them are now looking more seriously at mainland listings”, said an IPO lawyer at one international firm based in Shanghai.

Heading into the third quarter, bankers said improving sentiment would encourage larger listings, which require more personnel to pull off. Valuations for Chinese equities have rebounded in recent weeks as lockdown restrictions have eased, with the CSI 300 up more than 14 per cent from its low in late April.

“With big IPOs, you have to delay since you need to get the paperwork filed and do the groundwork first,” said a banker at one medium-sized brokerage.

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