



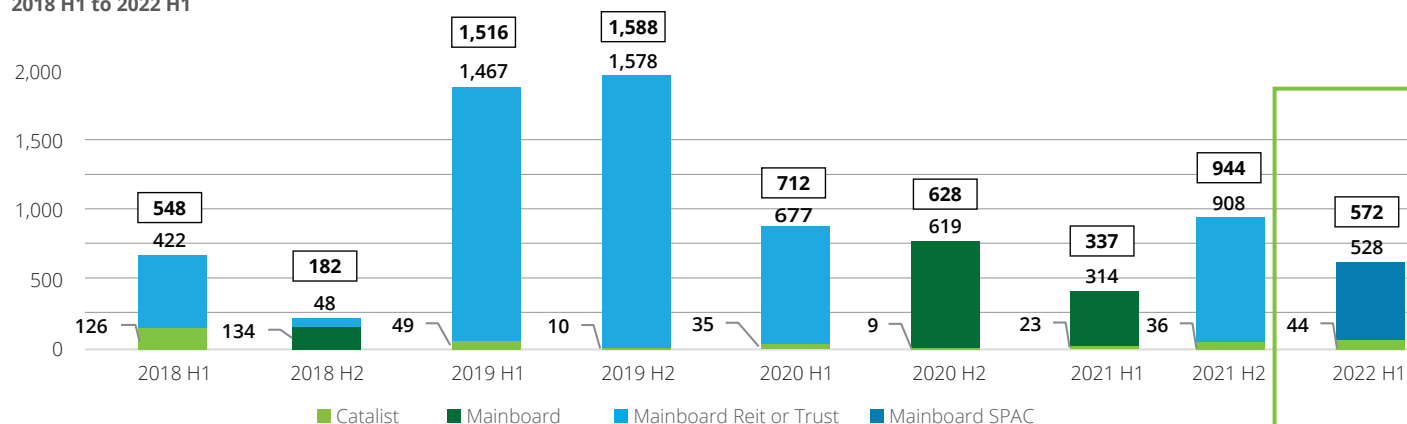
Singapore IPO Capital Market 2022 Mid-Year Report

July 2022

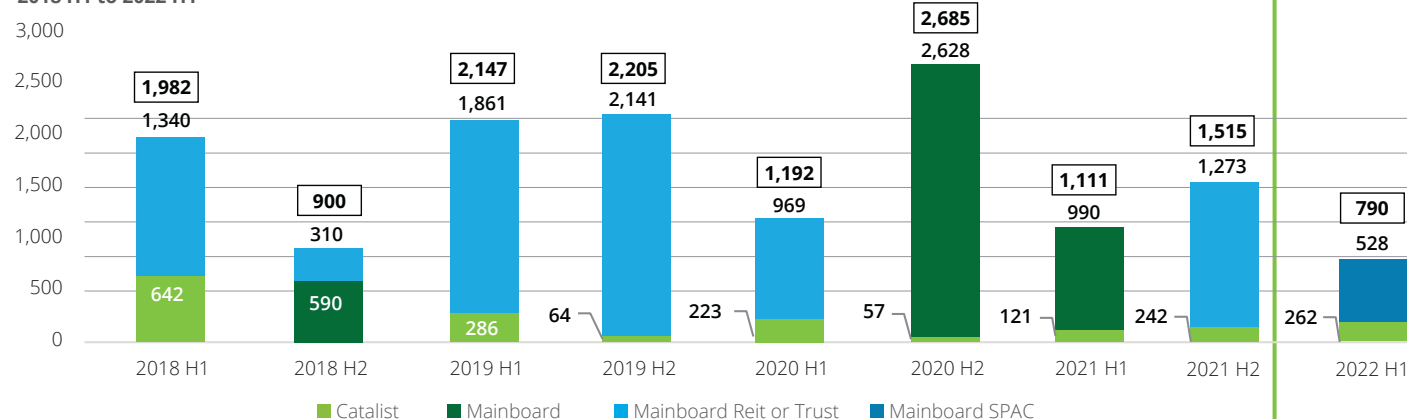
Overview of 2022 H1: IPOs on SGX

Singapore saw **9¹** IPOs in 2022 H1, raising **S\$572 million** in proceeds, and registering an IPO market capitalisation of **S\$790 million**. This represents a **70%** increase in proceeds raised from the 3 IPOs in 2021 H1, which saw a total of S\$337 million in proceeds raised with an IPO market capitalisation of S\$1.1 billion.

IPO Amount Raised (S\$m)
2018 H1 to 2022 H1



IPO Market Capitalisation (S\$m)
2018 H1 to 2022 H1



In 2022 H1, six Catalyst IPOs and three Mainboard SPAC listings raised a total of S\$44 million and S\$528 million, respectively.

In contrast to 2021 H1, there were only two Catalyst IPOs and a Mainboard IPO, which raised S\$23 million and S\$314 million, respectively.

¹ This excludes the listing of Yangzijiang Financial Holding Ltd, a spin-off from Yangzijiang Shipbuilding (Holdings), and with principal businesses comprising investment management and debt investment, which listed by introduction on the Mainboard on 28 April 2022.

Overview of 2022 H1: IPOs on SGX

Positive start to SGX SPAC framework

Following the introduction of the special purpose acquisition companies (SPACs) listing framework on 3 September 2021, the Singapore Exchange (SGX) welcomed three Mainboard SPAC listings in January 2022.

	2018 H1	2018 H2	2019 H1	2019 H2	2020 H1	2020 H2	2021 H1	2021 H2	2022 H1
Catalist	6	6	6	1	4	2	2	3	6
Mainboard	-	2	-	-	-	3	1	-	-
REIT or Trust	1	-	2	2	2	-	-	2	-
SPAC	-	-	-	-	-	-	-	-	3

#	Company	Listing Platform	Date of Listing	Amount raised (\$'m)	Market cap (\$'m)	Offer price (\$)
1	Vertex Technology Acquisition Corporation Ltd	Mainboard SPAC	20-Jan-22	208.0	208.0	5.00
2	Pegasus Asia SPAC	Mainboard SPAC	21-Jan-22	170.0	170.0	5.00
3	Novo Tellus Alpha SPAC	Mainboard SPAC	27-Jan-22	150.0	150.0	5.00
Total				528.0	528.0	

Uniqueness of SPAC

Unlike a REIT or a traditional equity company, a SPAC is a shell company that will not pay any dividend in the short or regular term. Therefore, a SPAC is geared for investors who seek longer term return and growth.

Proceeds raised at a SPAC listing

While it is mandated that at least 90% of the gross proceeds raised at a SPAC listing must be placed in escrow, it is observed that the first 3 SPAC listings have held 100% of the proceeds raised in escrow.

The target

The three new SPACs in Singapore are targeting disruptive technology-enabled and industrial sectors, and are all incorporated in Cayman Islands.

A target company may find the SPAC transaction option more attractive than the traditional IPO route because it can provide de-risked up-front pricing, accelerated listing time, as well as other advantages. However, SPACs come with unique regulatory oversight and carry with them different challenges at each stage of the SPAC life cycle. One of the most significant challenges would be the time pressure and strain on existing resources, coupled with its high growth target and limited amount of time to prepare to become a public company. Therefore, when planning for a SPAC transaction, it is imperative that the target company makes a focused effort to identify areas that need to be reinforced and elevate people, processes, and technology to support the demanding reporting schedule of a public company. Some key characteristics of a "good" SPAC target would include having a strong management team, a robust financial system and timely financial reporting, a proven track record of growth and a strategic plan for the sustainable future.

Overview of 2022 H1: IPOs on SGX

Catalist listings back to pre-pandemic levels

Fast-growing companies remain attracted to the Singapore Exchange as a listing venue for growth and capital raising, as evidenced by the six Catalist listings in 2022 H1, surpassing the whole of 2021 with five Catalist listings, and outperforming each of the previous five half-year periods with four or fewer Catalist listings.

	2018 H1	2018 H2	2019 H1	2019 H2	2020 H1	2020 H2	2021 H1	2021 H2	2022 H1
Catalist	6	6	6	1	4	2	2	3	6
Mainboard	-	2	-	-	-	3	1	-	-
REIT or Trust	1	-	2	2	2	-	-	2	-
SPAC	-	-	-	-	-	-	-	-	3

#	Company	Listing Platform	Date of Listing	P/E ratio	Amount raised (\$'m)	Market cap (\$'m)	Offer price (\$)	Nature of business	Country of main operations
1	Alpina Holdings Limited	Catalist	28-Jan-22	11.30	11.5	57.2	0.31	Industrial Products	Singapore
2	LS 2 Holdings Limited	Catalist	24-Feb-22	4.29	5.6	37.0	0.20	Consumer Business	Singapore
3	Oiltek International Limited	Catalist	03-Mar-22	8.30	5.2	32.9	0.23	Energy & Resources	Malaysia
4	iWOW Technology Limited	Catalist	14-Apr-22	15.20	6.5	62.6	0.25	Technology	Singapore
5	LHN Logistics Limited	Catalist	29-Apr-22	10.10	5.1	33.5	0.20	Consumer Business	Singapore, Malaysia, Thailand
6	5E Resources Limited	Catalist	12-May-22	10.74	10.0	38.3	0.26	Consumer Business	Malaysia
Total					43.9	261.5			

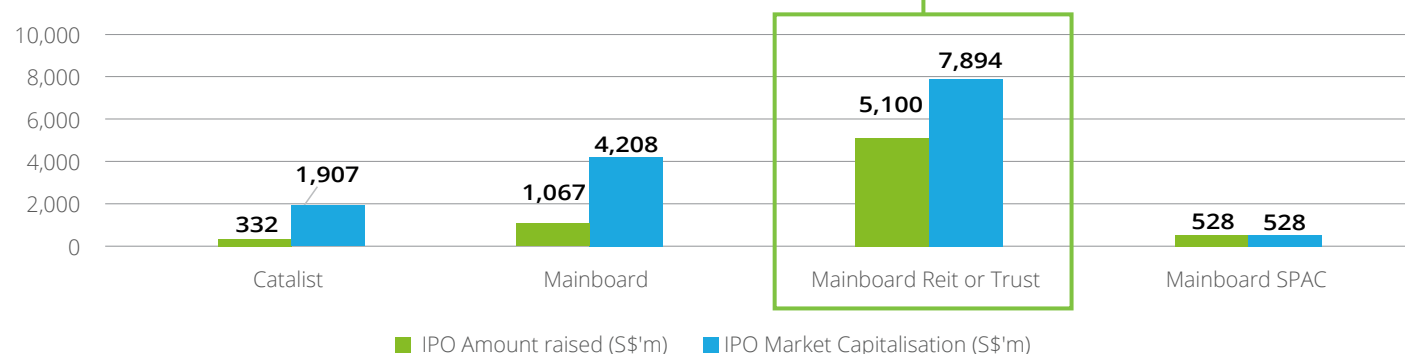
REIT listings on SGX

While we observe an absence of Real Estate Investment Trusts (REITs) or Business Trusts (Trusts) listings since the start of the pandemic, this category remains the most significant type of listing on SGX. Since 2018, Mainboard REIT or Trust listings raised **\$5.1 billion** in proceeds and contributed **\$7.9 billion** to the IPO market capitalisation, representing 73% of the total funds raised and 54% of the IPO market capitalisation in the last four and a half years.

	2018 H1	2018 H2	2019 H1	2019 H2	2020 H1	2020 H2	2021 H1	2021 H2	2022 H1
Catalist	6	6	6	1	4	2	2	3	6
Mainboard	-	2	-	-	-	3	1	-	-
REIT or Trust	1	-	2	2	2	-	-	2	-
SPAC	-	-	-	-	-	-	-	-	3

This is unsurprising given that Singapore has often been dubbed Asia's largest global REIT or Trusts platform. Strong governance and regulatory framework, international investor base and activity, diverse offerings, efficient tax regime, political stability and vibrant secondary capital market are key reasons that make Singapore the preferred listing destination for REITs or Trusts.

2018 H1 to 2022 H1



A unique aspect of the Singapore REIT and Trust market (S-REITs) is the dominance of cross-border REIT listings. Singapore has 44 listed S-REITs² as of 30 June 2022. Of these, 39 out of 44 S-REITs (89%) have at least some properties or assets outside of Singapore.

² This includes Eagle Hospitality Trust and RHT Health Trust, which are both suspended as of 30 June 2022.

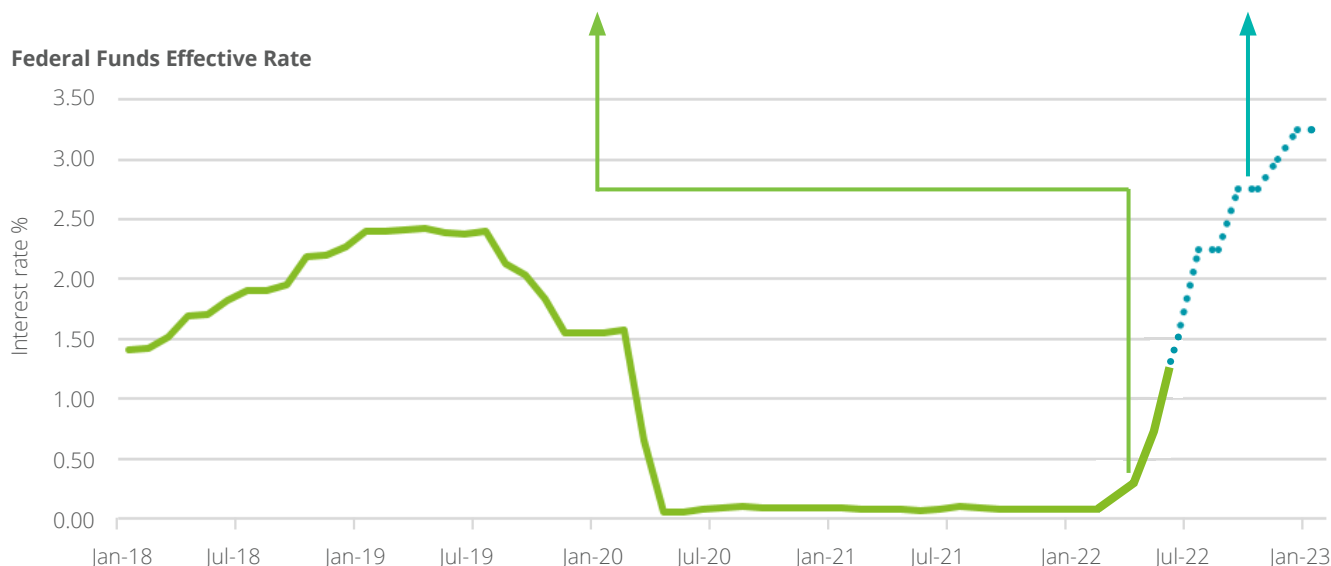
Fed Interest Rate

The Fed's current rate-hike campaign, which began in March 2022, is designed to cool off the worst bout of inflation the U.S. has seen since the early 1980s, brought on by the global pandemic and supply chain bottlenecks.

One big driver of inflation is energy and gas prices, which surged since the Russia-Ukraine conflict started in February 2022. Supply chain issues continue to push up prices for cars, construction materials and food.

Rising interest rates work to cool off an overheated economy by dampening consumer spending, so that demand for goods and services falls, which will in turn bring prices down.

According to economists polled by Reuters, the forecasted rate is expected to hit the range of 3.25% to 3.5% at the end of 2022.



Source: The Federal Reserve Bank of St Louis via FRED (up to June 2022)

Higher interest rate impact

Higher interest rates make borrowing more expensive. Investors may hold on to more cash, businesses may cut investments or new hiring which could lead to higher unemployment or reduced economic spending.



Reduced demand for goods and services



Decreasing global trade and exports from ASEAN



Slowing pace of domestic demand just as economies open up further following the easing of Covid-19 restrictions

The move to hike interest rates will make the price of mortgages, auto loans and a wide array of business investments more expensive. Higher domestic interest rates will push up funding costs for businesses looking to borrow for capital expenditure or to refinance their loans.

What is the impact on REITs?

In the market of rising interest rates, REITs will need to offer higher dividend yields to attract investors. This could mean that REITs need to maintain discipline to acquire only distribution per unit-accretive properties.

Among other things, a rising interest rate environment increases the borrowing costs of S-REITs. This means that, all else equal, if S-REITs want to maintain its distributable income year-on-year, they must be able to implement strategies that will allow them to increase rent at least in proportion to the incremental borrowing costs or reduce costs in other areas in the same proportion.

"The outlook for S-REITs remains robust given improving demand, following the easing of the Covid-19 restrictions around the world. S-REITs will offer investors some protection against inflation, as property values and rents are likely to rise in tandem with inflation.

With the world still recovering from the effects of the Covid-19 pandemic, and the ongoing disruptions brought about by the geopolitical tension such as the Russia-Ukraine conflict amid a rising inflation and interest rate environment, some companies are taking a wait-and-see approach, instead of rushing to go public at this juncture, some are preparing for IPO readiness while waiting for the right market conditions and more favourable valuations.

We are also optimistic that managers of foreign assets will continue to find Singapore an attractive destination for a REIT listing, given the city-state's track record as the REIT hub of Asia and its continued improvements to renew the competitive advantages for S-REITs. As the global economy improves and Singapore reopens borders, we expect to see more REIT listings in Singapore. That said, in an environment of rising interest rates, S-REITs may need to offer higher dividend yields in order to better attract investors."

**- Ms Tay Hwee Ling, Disruptive Events Advisory Leader,
Deloitte Southeast Asia and Singapore**

Secondary listing on SGX

NIO Inc. listed on the Mainboard of SGX by secondary listing on 20 May 2022 with an estimated market capitalisation of S\$39 billion



Global smart electric vehicle company founded in 2014



First auto company in the world to be listed on three exchanges – New York Stock Exchange, Stock Exchange of Hong Kong and Singapore Exchange



Singapore secondary shares are fungible with the American depositary shares listed on the New York Stock Exchange



NIO plans to establish a research and development center for artificial intelligence and autonomous driving in Singapore to leverage Singapore's advantageous position as an innovation and technology center.

Emergence of more SEA Unicorns

Tech start-ups in Southeast Asia (SEA) grew rapidly during the Covid-19 pandemic, leading to the emergence of more tech unicorns. Some of these unicorns may seek to list in U.S. due to better liquidity and valuation.

A secondary listing on SGX allows the U.S. listed company to tap on Asian investors who know their names well and also benefit from extended trading hours by trading on more than one exchange with different time zones.



**Trends
leading to more
SGX Secondary/
Dual listings**



US-listed Chinese entities face delisting

As of mid-June 2022, 150 companies that are mainly based in China risk being delisted from the U.S. stock markets due to non-compliance with auditing inspections.

On the other hand, Beijing is stepping up its oversight on the flood of Chinese listings in the U.S., which are overwhelmingly tech companies.

The affected Chinese companies may find dual, secondary or even a primary listing on SGX attractive.

Singapore as a global business and innovation hub

Singapore's developed infrastructure, skilled workforce, political stability and stable tax and regulatory system, coupled with the proven track record of pandemic management and being a neutral country have enabled Singapore to be the prime destination for global businesses and investment in Asia. In recent years, we have seen corporations such as Swiss bank UBS, gaming tech firm Razer, tech firm Dyson, the family office of Li Ka-Shing Horizons Ventures, and US-based asset manager BlackRock moving into new offices in Singapore.

"Singapore started 2022 with a **three-fold increase** in the number of IPOs and a **70% increase in funds raised**, compared to the first six months of 2021. This is in spite of strong economic headwinds and intensifying competition for investments as global economies recover from the pandemic.

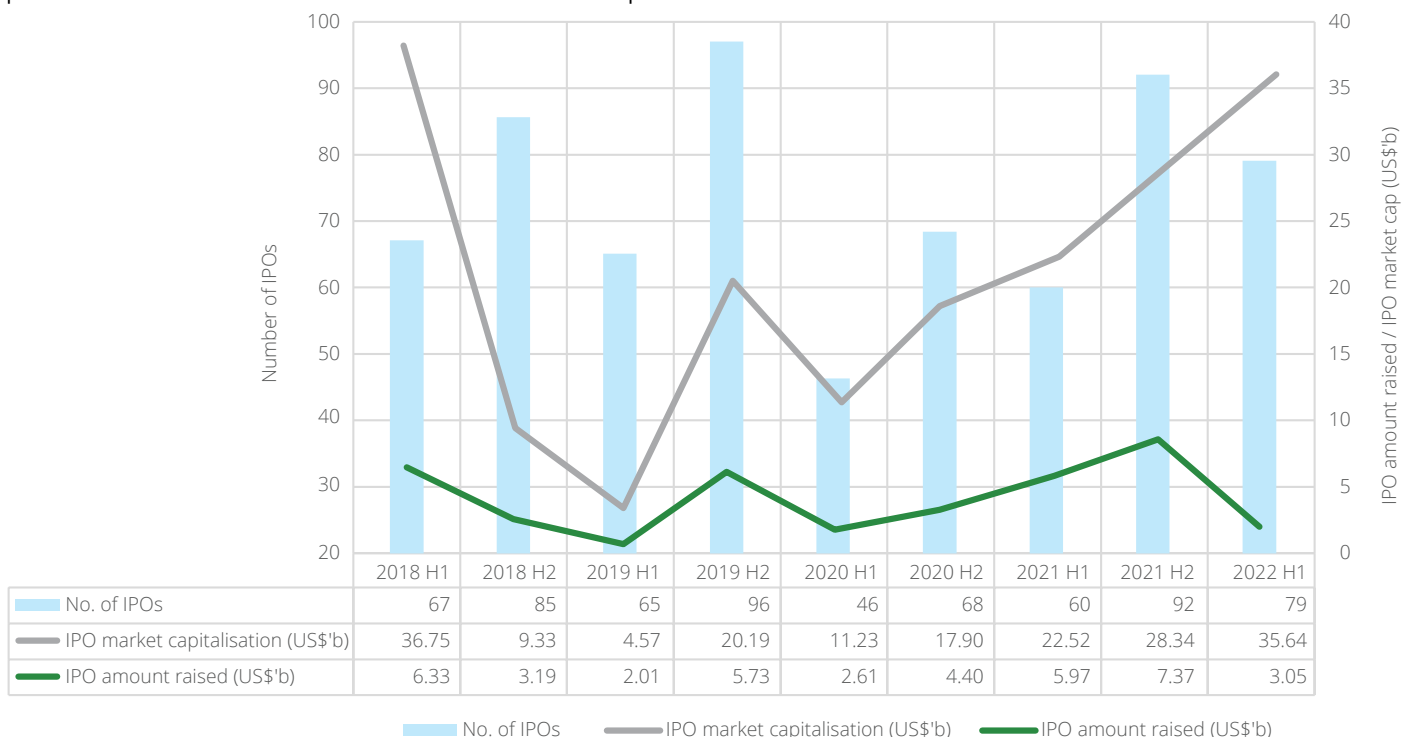
Tech startups in Southeast Asia (SEA) have been growing remarkably, and we see a wave of SEA unicorns going to the U.S. for a listing in search of better liquidity and valuation. This phenomenon may help SGX's secondary listing market breathe new life, with SEA companies listed in the U.S. looking to **move closer to home** to tap into **wider investors familiar with their brands in Asia**, and benefiting from extended trading hours by trading on more than one exchange with different time zones.

In this context of **more capital shifting to SEA** due to geopolitical tensions and supply chain disruptions, it could set the stage for more IPOs, dual or secondary listings on the Singapore IPO capital market."

- Mr Darren Ng, Disruptive Events Advisory Deputy Leader, Deloitte Singapore

2022 IPO performance in Southeast Asia

The Southeast Asia³ market achieved **79** IPOs in 2022 H1⁴, with **US\$3.05 billion** in proceeds raised and an IPO market capitalisation of **US\$ 35.64 billion**.



As compared to 2021 H1, 2022 H1 saw a **32% increase in the number of new IPOs** in Southeast Asia, representing a **58% increase in market capitalisation**.

Notwithstanding that there were more IPOs in 2022 H1, we observe a **49% decrease in funds raised**. This is largely because there was only one IPO that had raised more than US\$ 1 billion in 2022 H1 (i.e. PT GoTo Gojek Tokopedia Tbk), as compared to three IPOs that had raised US\$ 1 billion or more in 2021 H1 (i.e. Monde Nissin Corporation, PTT Oil and Retail Business Public Company Limited, and Ngern Tid Lor Public Company Limited).

Prominent listings in Southeast Asia in 2022

BBGI PUBLIC COMPANY LIMITED

Listed on Stock Exchange of Thailand on 17 March 2022
Amount raised: US\$ 150 million
Market cap: US\$ 455 million



Citicore Energy REIT Corp

Listed on Philippines Stock Exchange on 22 February 2022
Amount raised: US\$ 124 million
Market cap: US\$ 324 million

Farm Fresh Berhad

Listed on Malaysia Stock Exchange on 22 March 2022
Amount raised: US\$ 238 million
Market cap: US\$ 596 million



PT GoTo Gojek Tokopedia Tbk

Listed on Indonesia Stock Exchange on 11 April 2022
Amount raised: US\$ 1.1 billion
Market cap: US\$ 27.5 billion

³ Southeast Asia countries includes Singapore, Thailand, Malaysia, Indonesia, Vietnam and Philippines.

⁴ Data is accurate as of 30 June 2022.

Outlook for Singapore IPOs

IPOs delayed due to market volatility

Increased volatility and uncertainty in markets have resulted in wider pricing mismatch in terms of valuation expectation between investors and companies, causing some companies to temporarily hold back their IPO plans, as companies wish to avoid undervaluation while investors wish to avoid post-listing share price turbulence.

For instance, Hong Kong's insurer FWD Group, Japan's SBI Sumishin Net Bank Ltd and Singapore-based Olam group have delayed their listing plan.



"With the world still recovering from the effects of the Covid-19 pandemic, and the ongoing disruptions brought about by the geopolitical tension such as the Russia-Ukraine conflict amid a rising inflation and interest rate environment, some companies are taking a wait-and-see approach, instead of rushing to go public at this juncture, some are preparing for IPO readiness while waiting for the right market conditions and more favourable valuations.

Despite these global factors and market volatility, we saw Singapore off to a good start with three SPAC listings since the introduction of the SPAC framework in September 2021, and the number of listings in H1 2022 surpassing the total number of Singapore IPO in 2021. With the resumption of ThaiBev proposed-spin-off that could potentially raise up to S\$1.4 billion and the secondary listing of NIO, we are hopeful that these would stimulate the market to boost IPO activity in Singapore"

- Ms Tay Hwee Ling, Disruptive Events Advisory Leader, Deloitte Southeast Asia and Singapore

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