Asia Investment Research
Tracking Global Investment Flows Into China & Asia

· February 2022 Issue ·

Q4 2021 Inbound Investment Data Into China & Asia Sources, Amounts and Industry Sectors.
RCEP Influential On Asian Investment Flows, Latest On Singapore SPACS & Crypto.

AIR

2021 Q4 ASIA INBOUND INVESTMENT REPORT

Tracking where the money is heading is an excellent way to find new investment trends and where the best and fastest returns are likely to be found. In our latest Q4 report, Asia Investment Research looks at where capital has been flowing from the United States, EU, and UK into China and Asia - the volumes, companies, and the projects involved.

Featuring investment data involving Australia, Bangladesh, China, Hong Kong, India, Indonesia, Japan, Laos, Malaysia, Oman, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, Turkey, & Vietnam.

A Publication From China Investment Research Ltd.

Asia Investment Research

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INTRODUCTION

RCEP Makes A Huge Impact On Asian Inbound Investment

Financial Data & Analysis: Henry Tillman, China Investment Research

In the latest issue of Asia Investment Research, we focus on both Chinese outbound investments throughout Asia as well as Asian investment into China. In Q4, China outbound investment into Asia was US$6 billion or 48.0% of the global outbound total while announced Asia inbound was US$10.1 billion, the highest since 2017.

To recap as to why inbound surpassed outbound, President Xi fast forwarded the proposed 2020 inbound investment China law in 2018, then launched China's dual circulation policy in Q4 2020. These two major policy changes led to Chinese inbound FDI (included in our data) rising by 20% in dollar terms in 2021 to US$181 billion after being stagnant at around US$135 billion for much of the previous decade.

The Q4 2021 figures have been heavily influenced by foreign investors preparing for the commencement of the Regional Comprehensive Economic Partnership (RCEP) free trade agreement, which came into effect on January 1st 2022. We expect these investment trends to continue into opportunities this new trade bloc provides - 30% of global GDP and 30% of the global consumer market.

In this issue we also begin to include selected Asia tech hub activity as well as country coverage including investments made into and by Australia, Bangladesh, China, Hong Kong, India, Indonesia, Japan, Laos, Malaysia, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand & Vietnam, together with an overview of the quarters multi-lateral, non-Covid bank loans and a specific overview of Singapore's new liberalism, legalizing SPACs ahead of Hong Kong, and immediately attracting prospective issuers from China, Asia, and the EU.

Q4 2021 CHINA-ASIA OUTBOUND INVESTMENTS

Q4 Summary

China led the way with over 100 investments into Asia/Australia; 46 into Hong Kong, 25 into Southeast Asia (Singapore, Indonesia, Vietnam, and Thailand), 17 into East Asia (Taiwan, Japan, and South Korea), 6 into South Asia (India and Pakistan) and 7 into Australia.

The RCEP Impact

The Regional Comprehensive Economic Partnership (RCEP) is the world's largest free trade area, and includes all ten ASEAN nations (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam) together with China, Japan, South Korea, Australia, and New Zealand. The agreement came into effect on January 1st this year. RCEP collectively possesses a market with 30% of global GDP, and 30% of the global consumer population.

Except for the investments into Taiwan, India, and Pakistan, all these investments were made into countries part of the new RCEP free trade agreement. However, both India and Pakistan possess individual free trade agreements with specific members of the RCEP trade bloc meaning there is some leverage for their investors to access the RCEP via the backdoor by establishing subsidiaries in an RCEP member - a trend we can see developing in the Q4 figures.

China

Chinese outbound investments into Asia (and Australia) totaled 101 or circa 40% of Q4 total volume of outbound investments and approximately 50% of total Q4 global outbound. *

This percentage of volume has remained flat over the past few quarters, although China's Asian outbound investments as a percent of its global aggregate has increased.

** In Q4 2021, BAIC declared that it had purchased an additional 5% of Daimler in 2019 for an amount we calculate at US$3 billion. Since the purchase did not occur in 2021, we have not included this in our 2021 figures.*

Hong Kong

Hong Kong had significant volumes and across industries (we describe further below), although there were only 5 investments over US$100 million in value and only 1 over US$200 million; the StarChase Motorsports acquisition by China MeiDong Auto Holdings for US$581.1 million.

Relative to industries, Financial (including crypto) saw 14 investments, tech (which includes blockchain, semiconductors and software) saw 10 investments, consumer (including games) saw 6, including the largest Hong Kong deal. Logistics/transportation saw 4 investment deals, including two over US$100 million.

Renewables/environmental science/energy saw 3 deals, including the second largest Hong Kong based deal. There were also investments in biotech/biopharma (a decrease from previous quarters), industrial, media (including social media) and chemicals.

Taiwan

Taiwan saw 5 deals/investments; with the island leading in volumes with US$1.76 billion in value, including the largest, a US$1.4 billion semiconductor deal, followed by a US$326 million NEV/batteries investment. There were also investments in crypto, an e-wallet bank and in specialty consumer (innovative drinks).

Japan

Japan saw 6 investments, with the largest deal a 7% stake in a leading media company for US$263 million. There was an additional US$75 million raised for a Japanese logistics fund, the acquisition of a games company (not disclosed), sale of Bridgestone's anti-vibration rubber business (not disclosed and likely not small), acquisition of an 11% stake in a pharma company and the acquisition of the Chinese business of a Japanese industrial company.

South Korea

South Korea realized 5 investments, with the largest with disclosed values being the US$80 million acquisition of a consumer group. However, Easpring and SK agreed to establish a 49/51% JV in South Korea to develop a lithium-ion CAM business as well as a Chinese JV where ownership percentages were reversed. These JVs are highly likely to require significant amounts of capital (not disclosed). There was a small AgTech investment and a less than US$10 million industrial acquisition. Swissport (Switzerland) acquired the remaining shares in its South Korean JV as another step in building an RCEP / Pan Asian aviation services presence.

Southeast Asia (ASEAN)

Southeast Asia saw 25 investments/acquisitions by China in Q4; Singapore led with 15, followed by 6 in Indonesia and 2 in Thailand and 1 each in Vietnam and the Philippines.

Indonesia led in aggregate amounts with US$730.2 million.

Relative to Singapore, none of the 15 investments/acquisitions were over US$50 million, although 4 were US$40 million or more (averaging US$14.8 million). Eight of the 15 investments in Singapore were TMT / crypto/ blockchain. There were 3 in biotech/healthcare (Sinopharm amount was not disclosed), one each in

EdTech, transportation, industrial and consumer. In Indonesia, 5 of the 6 investments were in consumer/e-commerce, with only one (the largest one for US$250 million) in coking/mining. The average investment size was circa US$100 million. Two of these investments were focused on GoJek, which raised US$1.3 billion ahead of its IPO, while one represented a minority stake in an Indonesian film production company by Tencent and a minority investment in a retail coffee chain.

Elsewhere in ASEAN, the largest (US$50.1 million) was a Thailand deal being the acquisition of a controlling interest in the local platform of an international player while the smaller one was a small stake investment in a high growth e-commerce company. The Vietnamese deal was also a small stake in a gaming/blockchain company while the Philippines deal was a stake in a high growth regional cloud kitchen.

SOUTH ASIA

India

As recently as 2019, Chinese investors provided US$3-4 billion dollars of growth capital to young India based tech firms. This flow was completely stopped during 2020 following Indian Government security concerns, and only began to slightly reopen as 2021- mostly to Chinese funds which were already in India based vehicles, and then only in minority positions.

There were 4 India based investments involving Chinese investors during Q4 2021; all were tech/TMT/e-commerce. In 3 of these investments, China based investors invested US$6 million or less. The largest investment by a single Chinese company was US$19 million as part of a US$115 million AdTech capital raise.

Pakistan

Pakistan more than doubled in inbound investment amounts in 2021, including many new western investors but a slow down by Chinese investors.

In Q4, Pakistan saw 2 investments by a Chinese investor, with MSA investing circa US$1 million in Pakistan's grocery startup Krave Mart's December US$6 million pre-seed, and a smaller amount in PostEx's US$1.5 million seed round.

While Chinese investors were relatively silent in Q4, Pakistan startups continued their 2021 success with over US$350 million raised in 2021 (although 4 deals represented in excess of US$150 million of the US$350 million) including US$71 million in Q4 on 19 deals. In 2021, Kleiner Perkins and Buckley Ventures (USA), and Addition and 20VC (UK) all made their first investments into Pakistan.

Bangladesh

There were no major corporate investments into Bangladesh in Q4 although in November, Guopu Renewable Energy Technology (Shanxi, China) made a renewables generation capacity proposal to Bangladesh Investment Development Authority. Under this proposal, Goupu (which claimed to have already developed 2GW of solar projects) have suggested an investment of US$50 million in ground-mounted solar and wind projects if Bangladesh sells both the land and water to house the construction at an acceptable price. This proposal came after Bangladesh cancelled two new coal-fired power plants this year and is aggressively building solar power.

However, Bangladesh has over the past year attracted significant overseas investment interest with a view to getting local assets placed on the Dhaka Stock Exchange. We will be covering Bangladesh as a special in-depth feature in next months issue of Asia Investment Research.

Australia

Despite the political noise, investment flows from China and Hong Kong increased both in volume (7) and in total amounts - US$1 billion - during Q4. The two largest deals were in real estate (totaling US$580 million) by Hong Kong based REITs. There were also two lithium deals, one for the acquisition of a Zimbabwe mine owned by Australian shareholders and one for the purchase of a small minority stake in another Australian lithium miner. Finally, there were 3 investments in tech, consumer and games where Chinese investors provided small amounts of growth capital.

Q4 2021 SELECTED IMPORTANT INBOUND INFRASTRUCTURE PROJECTS

In this new section we feature four major Asian infrastructure projects. While the focus is on new commitments during the quarter, we also note progress on existing major projects that have completed, including in this case, port developments in Sri Lanka and Thailand, and rail infrastructure in Indonesia and Laos.

Newly Announced

Sri Lanka Port - US$700 million

In November, Sri Lanka announced its selection of Access Engineering (Sri Lanka) and China Harbour Engineering Company (CHEC), a subsidiary of China Communications Construction Company (CCCC), to construct the second phase of the Colombo Port's East Container Terminal (ECT) which will be "totally operated" by the Sri Lanka Ports Authority. This decision overrode Sri Lanka's port authority which previously signed a preliminary agreement to build the ECT with India and Japan in 2019; however, the Government cancelled that deal earlier in 2021.

The Ministry of Port and Shipping stipulated in its bid criteria that only firms with a domestic majority ownership (over 51%) were eligible to participate in this new tender, which includes construction of an additional 700-metre-long quay wall and infrastructure around it (previously estimated to cost circa US$700 million). CHEC's role in the ECT appears limited to civil works.

In September, Adani group (India) signed a US$700-million+ agreement with the Sri Lanka Ports Authority (SLPA) and local conglomerate John Keells Holdings to build a new deep sea jetty. The three parties signed a 35 year BOT agreement to jointly develop a container terminal at Colombo Port which is expected to add more than 3 million annual TEU capacity.

Thailand Port - US$922 million

In November, the Port Authority of Thailand announced a 30.8 billion baht (US$922 million) a 35 year PPP project to build and operate a new container terminal at the port of Laem Chabang, about 130 km southeast of Bangkok.

The winning bid was a consortium led by two Thai organisations; 40% by Gulf Energy Development (Thai infrastructure), 30% by a subsidiary of PTT Thai SOE oil) and 30% by the Singaporean subsidiary of China Harbour Engineering (CHEC), which has been actively involved in BRI projects globally. The new terminal will have an annual capacity of 4 million TEU, or 20-foot equivalent units, increasing the port's total capacity by almost 40% to 15 million TEU (The Thai government would like to increase this to 18 million TEUs in the future). Construction on the first berth is scheduled begin in 2023 with commercial operations expected to start in 2025.Construction for the second berth is expected to begin in 2027 with commercial operations in starting in 2029.

Under Construction

China - Indonesia High Speed Rail

In Q4, the Jakarta Post reported that a new regulation passed which allows the government to guarantee the Jakarta-Bandung high-speed railway project, better ensuring the completion of the nationally strategic, Chinese-Indonesian infrastructure project. Presidential Regulation No. 93/2021, which came into effect on October 6, allows the government to use the state budget to help finance the project, whether through a loan guarantee or a state capital injection.

The regulatory change comes as the project's budget had overrun by Rp 27.17 trillion (US$1.9 billion) to Rp 113.9 trillion as of September, which the SOE's Ministry acknowledged was due to land acquisition problems, over-optimistic planning and poor project management. The high-speed train is owned by joint venture company KCIC, which is 40% owned by a consortium of Chinese companies and 60% owned by PT Pilar Sinergi BUMN Indonesia (PSBI), a consortium of four Indonesian SOEs. The project is meant to cut travel time between Jakarta and Bandung, West Java, down to around 45 minutes from the current three hours and is expected to be operational by the end of 2022.

Launched During Q4

China - Laos Railway

In early December, the US$6 billion China-Laos Railway, which runs more than 1,035 kilometres from Kunming in Southwest China to the Laos capital Vientiane, was officially launched (on the 46th anniversary of Lao PDR). With a designed speed of 160 kms / hour, the railway will shorten travel between Vientiane and the China-Laos border from 2 days to 3 hours. Construction of the railway commenced in December 2016 and was completed on schedule. The railway link could reduce transport costs between Kunming and Vientiane by 40-50%, a reduction of about US$30 per metric ton, according to a report released by the World Bank last year. The reduction of domestic transport costs within Laos is expected to be around 20-40%.

The Lao-China Railway is a landmark project within the BRI as evidenced by the leaders of both countries attending the launch (virtually). The railway connecting Laos (and later Thailand, Malaysia, and Singapore) to the BRI network could potentially increase aggregate income in Laos by as much as 20+% percent over the long term, with growth focused in agriculture and tourism. The new rail link features Huawei Smart Railway Solutions. Huawei has worked closely with Laotian telecom operators to build a high-speed network along the high-speed line. The stable connection it provides will benefit passengers, as well as rural residents along the way.

MULTILATERAL BANK LOANS - NON COVID RELATED - Q4 2021

Overview

Following the outset of the Covid pandemic, both multi-lateral banks in which China has an equity interest (26% in AIIB and 20% in NDB) were forced to substantially alter their prior business models to focus on COVID relief loans, both related to healthcare infrastructure and to SME relief in specific countries, substantially reducing new commitments to infrastructure projects.

Over the last two quarters of 2021, both have been returning to their core business models; Q4 showed a substantial increase in both the number of total approved projects as well as the percentage of those related to infrastructure.

Also in Q4, The New Development Bank (NDB) – established by BRICS (Brazil, Russia, India, China and South Africa) in 2015, admitted Egypt, following the September 2021 additions of Bangladesh, United Arab Emirates (UAE) and Uruguay. We view this as a significant addition.

In light of these changing conditions, and in light of our decision to expand coverage of these important inbound investments into Asia, we now include both AIIB and NBD new infrastructure commitments information in our quarterly AIR summary.

We have *excluded* Q4 2021 COVID related loans to Egypt, Bangladesh and the Philippines, an ICT related loan to Rwanda as well as equity investments into regional infrastructure funds, a subject we plan to cover in a future publication.

It is interesting to note that West Asian projects led in overall new commitments in Q4, followed by South Asia. Southeast Asian projects saw the least activity. India and China each received 2 new commitments from AIIB and 1 new commitment from NBD.

AIIB APPROVED PROJECTS

ASIAN INFRASTRUCTURE INVESTMENT BANK

WEST ASIA

Oman

Oman Broadband/ICT (OBC) with AIIB funding US$46 million out of the total US$151 million Project Cost (PC) in December. This is an extension facility where AIIB has previously (2017) provided financing to OBC for the initial high-speed broadband network rollout focusing mainly on urban areas in Muscat (Phase 1 AIIB) worth US$239.2 million.

Following the completion of Phase 1, AIIB is financing the next phase of the network roll out (Phase 2), which is expected to complete by 2025.

The total home passed target under Phase 2 deployment until 2025 amounts to 226,000 where 77% of the home passed is outside Muscat area and the majority (83%) of the home passed roll-out targeting the high dense population across urban areas.

Turkey

OEDAS

OEDAS is an energy investment, with AIIB funding in December a US$75 million loan from of the US$400 million total. This involves the provision of a senior loan in Turkish lira (TRY) to support the capex program of Osmangzi Elektrik Dagitim A.S (OEDAŞ), the incumbent operator of the medium-/low-voltage network in the Osmangazi region. OEDAŞ serves around 2.79 million consumers in across 191 urban centers and 1,596 villages within a 49,344 km2 area located in western Anatolia that encompasses the provinces of Afyonkarahisar, Bilecik, Eskisehir, Kutahya and Usak.

The Ispartakule-Cerkezkoy Railway

In November 2021, AIIB funded US$352.6 million of this US$840.3 million project. This will finance the construction of 67 kilometres of new high-speed railway from Ispartakule station to a location adjacent to the east of Cerkezkoy Station (approximately 1km from the center of Cerkezkoy). The construction of this new HSR line covers the 200km/h max speed, double track, electrified railway, and the required systems, including ERTMS Level 1, power supply and auxiliaries; as well as the construction supervision contract. Multiple banks are involved.

Istanbul Waste to Energy

In October, AIIB funded € 100 million of the €466 million, involving the construction of a Waste to Energy Generation (WtE) facility, developed by Istanbul Metropolitan Municipality (IMM). The WtE facility is located about 20 km north of Istanbul in the Eyüp district. When completed it would be the largest facility in Europe with an annual capacity of 1 million tons (about 15% of Istanbul's waste), generating 630 GWh of net electricity - sufficient for 400,000 households.

SOUTH ASIA

Pakistan

The Khyber-Pakhtunkhwa Cities

In December, AIIB funded US$200 million out of US$650 million (PC). This will support the Government of Khyber Pakhtunkhwa to construct, rehabilitate and revitalize core urban infrastructure, including water supply, sewerage, solid waste management and green urban spaces in five provincial cities: Peshawar, Abbottabad, Kohat, Mardan, and Mingora.

India

Gujarat Education

AIIB funding US$250 million out of a US$1.07 billion PC (World Bank led) education program in December, implementing comprehensive reforms in this sector, based on a decentralized stakeholder-owned planning and management approach. This will upgrade the physical learning environment as well as digital infrastructure of participating schools. The investments also finance soft activities which will ensure the efficiency of the upgraded school infrastructure to bring the intended educational outcomes.

Tamil Nadu Urban Services

AIIB funded US$150 million out of US$701 million PC in November 2021. The Program is envisioned as a first-phase engagement and a building block for AIIB's long-term partnership by supporting the government's program of expenditures. As a subset of the overall government scheme, the program supported by this financing will cover the core urban services, including water resource management, water supply and sewerage, urban mobility, solid waste management, and public health.

EAST ASIA

China

Henan Province Flood Prevention

In December, AIIB funded US$1 billion of the US$1.4 billion PC for an emergency operation in response to the urgent need of the government for post-flood disaster recovery and reconstruction. The project will comprise activities in the municipalities of Zhengzhou, Xinxiang and Jiaozuo, which are among the most severely impacted by the flood. Interventions will focus on rehabilitation and reconstruction of damaged infrastructure. The project will support post-disaster recovery in sectors of water resources and flood management, urban, and transport, which are critical to social and economic recovery of the project municipalities and the province.

Liaoning Public Transport

AIIB funded US$150 million of the US$214.3 million PC to substitute modern battery electric buses (1,285 BEBs) for existing diesel-fueled or gas-fueled buses in five small/medium cities in Liaoning, including Fuxin City, Hu'ludao City, Jinzhou City, Panjin City and Yingkou City. Public transport management systems in these cities will be upgraded using smart digitalized platforms.

Vietnam

Dakdrinh Hydropower Power

AIIB is funding a US$47.5 million loan (US$95 million total) involving the refinancing of the existing debt of the 125MW Dakdrinh Hydropower Plant majority-owned by PV Power. The hydropower plant has been operational since 2014. The total project cost in 2011 was VND 5,921 billion (US$280 million); partially funded by a US$178 million loan with cover from an export credit agency and a guarantee by the Government of Vietnam. The refinancing of this involves removal of the sovereign guarantee from the Government and insurance cover in support of the existing debt financing by mobilizing private capital.

NDB APPROVED PROJECTS

New Development Bank

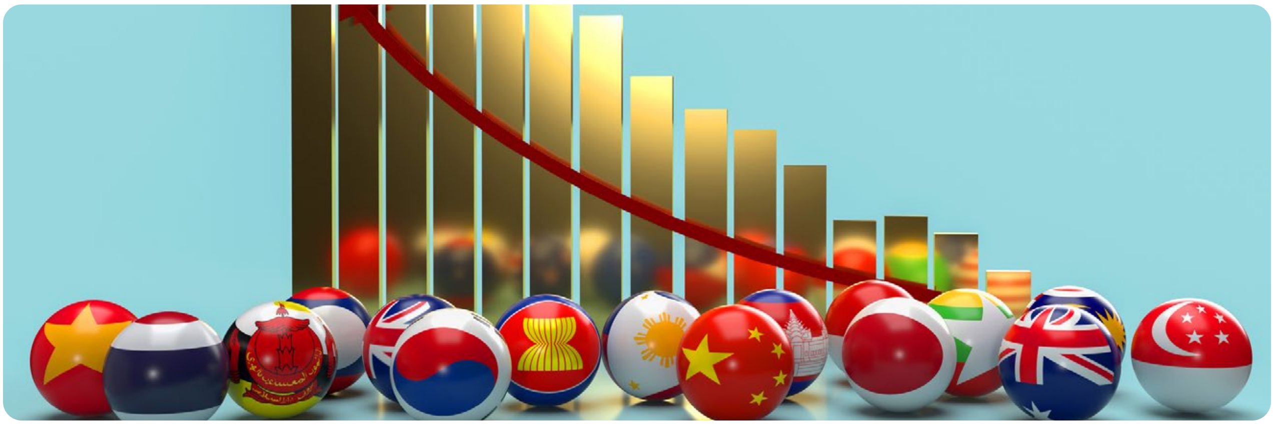
India - Himachal Pradesh Rural Water Supply

NDB funded US$80million of the US$100 million PC Himachal Pradesh rural water supply, which lacks sustainable infrastructure. Around 42% of the state population have limited access to clean drinking water. This non-availability of reliable water supply also causes the rural population to spend up to 2 hours for water fetching and storing related activities. The Project will construct 24 rural water supply schemes to provide drinking water to 1,255 villages covering eight districts in Himachal Pradesh.

China - Qingdao Metro Line Six

NDB is funding 18% of the RMB 17,914 million PC Qingdao Metro Line Six (Phase I). It is located in the West Coast New Area of Qingdao and has 20 stations planned over the total length of 30.2 km. The project includes interchanges with six other metro lines in Qingdao, and will substantially improve the connectivity and mobility among important economic and residential areas in the West Coast New Area. Upon completion, it will help Qingdao's sustainable development by reducing traffic congestion, increasing productivity of workforce and improving standard of living.

THE IMPACT OF RCEP UPON ASIAN INVESTMENT FLOWS: PAN ASIA AND SINGAPORE



In this final section, we highlight key findings outside the actual Q4 data. We have assembled them into two geographic sections, showcasing the impact of RCEP as global businesses react to the creation of this huge free trade area.

To recap, RCEP (Regional Comprehensive Economic Partnership) is a free trade area that includes China, all ten ASEAN nations, Japan, South Korea, Australia, and New Zealand. Collectively, this includes 30% of the world's population and 30% of its GDP. The agreement came into effect on January 1st this year.

Pan Asia - in which we include already regional businesses that made significant acquisitions and/or investments in multiple Asian countries in Q4. There were in fact extraordinary developments in this region in the quarters before the January 1st RCEP launch.

Singapore – which saw a number of actual and planned changes to its stock exchange, saw a number of leading financial services players form hubs, the formation of a regional COVID vaccine JV launched and its regulators tested in the crypto segment.

PAN ASIA Q4 EXPANSION

Logistics

In December, Moller- Maersk (Denmark) acquired LF Logistics (LFL) owned by Li & Fung (78.3%) and Temasek Holdings (21.7%) for US$3.6billion. While LFL is based in Hong Kong it is primarily focused on logistics for customers in Asia-Pacific. Over the last 22 years, LFL has significantly expanded its geographic presence, now employs 10,000 and has 223 warehouses and fulfilment centres in 14 countries totalling 2.7 million m².

Asia Digital Banking

In early December, WeLab (Hong Kong), a leading pan-Asian fintech platform, announced the acquisition of PT Bank Jasa Jakarta (BJJ), a commercial bank in Indonesia and is also considering expansion into Thailand and Vietnam.

Asia/Africa Digital Banking

GOtyme is a partnership between the Gokongwei Group (Philippines) and digital banking group Tyme (Singapore). JG Summit, the holding company of Gokongwei announced a partnership with Tyme earlier in 2021, investing US$110 million (about P5.3 billion)to expand the Tyme brand in the Philippines, South Africa, and Malaysia.

Real Estate/Asset Management

In October, LaSalle Investment Management (USA) announced that it has raised more than US$1 billion in LaSalle Asia Opportunity VI fund .The fund, with a target of US$1.5 billion, will focus on a mixture of logistics, office, retail and residential properties in Japan, China, Australia, South Korea, and Singapore.

Cloud Kitchens

There are over 25 of these operating in Southeast Asia already including in Indonesia and Malaysia. In October, CloudEats (Philippines) raised US$5 million in an oversubscribed Series A to help fund expansion into 2 new Southeast Asian markets including Vietnam in the next 12 months.

REITs

Mapletree Logistics Trust (Singapore) agreed to spend S$1.4 billion (US$1 billion) to acquire 17 warehouse assets spanning 1.2 million m^2 in China, Vietnam, and Japan. Mapletree is now present in 9 Asian markets.

SINGAPORE

SGX- SPACs

Historically, the Singapore Stock Exchange (SGX) has been dominated by banking, property, and transportation companies. It has also had difficulties in attracting new listings. By December 2021 there were only 8 new equity offerings, totaling circa $1 billion, the largest of which was a $600 million REIT. It has struggled to attract high-profile tech IPOs, which have chosen other exchanges to list.

Meanwhile, several China and Southeast Asian sponsors of special purpose acquisition companies (SPACs) and their target companies have largely ignored the SGX, instead listing on US stock exchanges, which have seen huge growth in this form of IPO . One example is Vertex, a shareholder of Singapore tech unicorn Grab, which in December listed in the US via a SPAC merger in one of 2021's highest-profile IPOs of a Southeast Asian start-up.

In response, in late 2021, Singapore's financial regulators gave the SGX first-mover advantage as the first major Asian exchange to approve SPACs, including two new government funds to facilitate the growth. Combined with the regulatory uncertainty related to Chinese tech companies, and the delays in approving Hong Kong listed SPACs, this is expected to lead to strong pipeline of SGX IPOs in 2022, a situation that seems to be developing as intended. In December last year, Vertex Holdings, a unit of Singapore's Temasek, European asset manager Tikehau Capital, Vietnamese asset manager VinaCapital and Singapore buyout firm Novo Tellus Capital Partners were in discussions for an IPO via a SPAC on the SGX in 2022. More can be expected.

SINGAPORE AS A REGIONAL RCEP HUB

In October 2021, Love, Bonito (Singapore) raised US$50 million in a Series C round led by China based PE firm Primavera Capital Group. This marks Primavera Capital's first investment into Southeast Asia. The PE firm - which had previously invested in Alibaba, ByteDance, and Yum China - is joined by Japan-based retail giant Adastria, and Chinese venture capital firm Ondine Capital. Current investors include Temasek-backed Openspace Ventures and Japanese online price comparison website Kakaku.com. In December, Primavera opened a Singapore office, with plans to both raise a SPAC as well as to make additional investments in Southeast Asia

SINGAPORE & INTERNATIONAL FINANCIAL INSTITUTIONS

HSBC

In Q3 2021, HSBC Insurance (Asia-Pacific) Holdings Ltd, an indirect wholly-owned subsidiary of HSBC Holdings plc (HSBC), agreed to acquire 100% of the issued share capital of AXA Insurance Pte Limited (AXA Singapore) for US$575m. The proposed acquisition is a key step in achieving HSBC's stated ambition of becoming a leading wealth manager in Asia, by expanding its insurance and wealth franchise in Singapore, a strategically important scale market for HSBC, and a major hub for its ASEAN wealth business.

Standard Chartered

Also in Q3, StanChart agreed a joint venture deal to launch SC Bank Solutions, a digital only bank in Singapore, with BetaPlus, a holding company controlled by NTUC Enterprise, as part of the National Trades Union Congress (NTUC). Under the agreement, SCBSL will hold 60% while BetaPlus will hold 40% of the issued and paid-up share capital of SC Bank Solutions. SCBSL and BetaPlus will contribute a total of S$144 million and S$96 million, respectively, for a total aggregate cash amount of S$240 million.

SINGAPORE AND GLOBAL VACCINES

In November 2021, Pasaca Capital Inc, the private equity firm that owns one of the world's largest COVID-19 test providers, Innova Medical Group, Inc., and Sinopharm's China National together with Merchant Banking Innovation Biotech Group (CNBG), one of the largest vaccine producers in the world, announced the establishment of a global joint venture: Sino-Innovax Biotech Pte Ltd. This is a 49%/51% partnership between Innova Bio-Medical Pte Ltd (Singapore), a subsidiary wholly owned by Pasaca Capital Inc and Sinopharm Biotech Co Ltd (Hong Kong), a wholly owned subsidiary of CNBG.

The joint venture, which is Sinopharm's first investment in Singapore, will initially focus on the manufacturing and global distribution of Sinopharm's virus inactivated COVID19 vaccines and will include other vaccines currently produced or in development by CNBG.

SINGAPORE HESITANT ON CRYPTO EXCHANGE GLOBAL LEADERSHIP

In December, Binance (China) Asia Services (Singapore) announced the acquisition of its 18% stake in Hg Exchange, Southeast Asia's first member-driven private securities exchange, founded by leading financial institutions PhillipCapital, PrimePartners, and Fundnel, powered by Zilliqa's high-performance blockchain.

Binance is the world's largest cryptocurrency exchange with a daily turnover of US$76 billion. This move came after Binance mulled leaving Singapore over its regulatory licence limbo. The plan was for the acquisition to help Binance clear regulatory hurdles, as HGX was recently granted a recognised market operator licence from the Monetary Authority of Singapore. However, by end of December, Binance withdrew its application in Singapore and began talks in the UAE.

INCREASED SINGAPORE LINKAGES WITH CHINESE EXCHANGES

Q4 2021 ended with several new initiatives to expand and strengthen financial cooperation between Singapore and China, particularly in capital markets and green finance, agreed during the 17th Joint Council for Bilateral Cooperation (JCBC) between Singapore and China.

These included ETF Connect – SGX and Shenzhen Stock Exchange signed a MoU to establish an Exchange Traded Funds (ETF) Product Link to enable eligible fund managers to offer ETF products to investors in each other's markets; and collaboration in Commodity derivatives.

Asia Pacific Futures (APF) has become the first Singapore firm to acquire an Overseas Special Brokerage Participant (OSBP) status of the Shanghai International Energy Exchange (INE). This will allow Singapore-based investors to directly trade internationalized onshore commodity products through APF. Discussions continue on bond platform connectivity and greater financing flows to green projects in Asia.

With the exception of the Crypto issue, Singapore is positioning itself as a regional hub to integrate better with and provide services to the RCEP region.

ASIA INVESTMENT RESEARCH

WHO WE ARE & WHAT WE DO

Asia Investment Research is jointly produced by China Investment Research www.chinainvestmentresearch.org

China Investment Research have been providing China financial data since 2008 and are based in London.

Asia Investment Research provides unique, primary source reconciled data related to China and Asian inbound investment on a quarterly basis in addition to specific monthly country profiles. We monitor all Asia inbound investment on a global basis, by country of origin, industry and by type, including both equity and debt. This is combined with pertinent regulatory updates to illustrate where current investment trends are appearing and where future trends will appear.

METHODOLOGY

Our M&A/equity investment numbers are comprised of three components; FDI, below FDI/venture and/or growth capital and announced China inbound.

The FDI component is drawn from data sources which virtually all major consultants, accountants and bankers use. However, we take the extra step of verifying what a reporter states and what actually makes it onto the data run. In Q3, we found one discrepancy of over US$1.3 billion. We also have China based sourcing and verification as sometimes the data is only reported in China and in Mandarin.

Below FDI and venture growth capital – we draw from numerous PE and VC specialty databases – Preqin, Crunchbase, Pitchbook, Traxcn to name a few. We then (systematically) remove all non-Chinese investors from these investments – which can frequently involve syndicates of 5+ non-Chinese investors, to provide data for China only.

China inbound – is built daily globally with input from China and the master data based held in London. It is literally announced deal by deal, JV by JV, day by day. All entries are linked to an specific announcement. For example, the Q3 inbound had 41 pages of backup data and story links.

The combination of these 3 components makes AIR unique among data providers.

We also provide notable regulatory updates that preclude investment. These provide a window into future investment trends are likely to be and include G2G intelligence on bilateral, free trade negotiations, trade impact analysis and track amendments to existing agreements. This is especially important when considering future global and regional trade flows and developments within them. The upcoming RCEP and CPTPP free trade agreements are examples of this ongoing tracking and analysis.

On a G2B basis we track industry-specific regulatory updates pertinent to new market opportunities in addition to where Government policy may discourage investment. This allows our subscribers to take remedial action on negative developments and potential investment action on positive regulatory developments.

Research is conducted from our permanent offices in the United States, European Union, United Kingdom, China, India, Russia, the ASEAN6 (Indonesia, Malaysia, Philippines, Singapore, Thailand & Vietnam) Hong Kong and allied partners within the Middle East (Dubai, Qatar), South Asia (Bangladesh, Sri Lanka, Pakistan) and East Asia (Japan, Mongolia, and South Korea).

ASIA INVESTMENT RESEARCH

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