



Prime Number Weekly Market View:

Chinese stocks were declining on Monday and Tuesday last week by the most since the 2008 global financial crisis. Investors were worried China would be penalized for its ties with Russia and there were renewed fears about regulatory crackdowns as US regulators identified Chinese ADRs that would be delisted from US exchanges due to non-compliance with the Holding Foreign Companies Accountable Act (HFCAA). JP Morgan characterized the once high-flying Chinese internet sector as “uninvest-able”.

Then on Wednesday Vice-Premier Liu He made positive statements on internet regulations pertaining to platform companies, working with the US SEC to allow audit inspections, and the country’s COVID policies. The CSI Overseas China Internet Index surged nearly 40%. The Governor of the PBOC and the CSRC also followed with comments supporting stabilization of markets.

By Friday it was a quiet end to a wild week as President Biden had a 2-hour call with President Xi Jin Ping on the Russia situation (and other issues). During the course of the week commodity prices (oil and metals) had significant declines from peak levels, the US Federal Reserve raised official interest rates 25bps, and signaled that rate increases and quantitative tightening would continue until 2023, meanwhile global equity markets rallied strongly from depressed levels at the beginning of the week.

Bottom-line the markets are dealing with a lot of conflicting cross-currents – COVID in some places, reopening trade in other places, supply-chain disruptions, rising inflation trends, labor market tightness, spiking energy, food, and metal prices, Ukraine-Russia war, central bank tightening in Europe and USA.

Overall, it is a lot to digest, and it is difficult for markets to progress against these headwinds. In my opinion, even after this week’s move Chinese internet equities offer an attractive combination of low valuations and potential for negative fundamentals to improve.

– Michael Longthorne, Co-CEO of Prime Number Capital

Prime Number Weekly Recap:

- Ukraine Update: Mariupol Refuses Russia Ultimatum, US Officials Discuss Impact of Sanctions ([Bloomberg](#))
- EU Foreign ministers to discuss more Russian sanctions ([DW](#))
- Saudi Aramco ramps up investment to boost production after reporting a doubling of profits in 2021. ([BBC](#))
- China locks down millions as new COVID-19 cases arise ([ABC News](#)), prompting concerns on how it will affect the already strained supply chain ([FP](#))
- Chinese tech giants’ layoffs vary by sector, with some seeing greater-than-expected numbers, largely due to competition. ([Asia Times](#))
- Chinese footwear and fashion brand Belle is looking to go public on the Hong Kong markets with an initial public offering that could be worth \$1 billion. ([PYMNTS](#))
- Equinor, Chevron invest in renewables. State-owned firm Equinor predicting renewables to account for 10% of its energy output ([Reuters](#)), while Chevron announces its acquisition of Renewable Energy Group, causing an increase in the stock price of both firms ([Barrons](#))



Prime Number Weekly Market Comment:

上周周一和周二，中国股市创下 2008 年全球金融危机以来的最大跌幅。投资者担心由于中国与俄罗斯的关系，中国恐受制裁。另外，美国监管机构裁定中概股将因未遵守《Holding Foreign Companies Accountable Act》(HFCAA) 而从美国交易所退市，因此再次引发了对监管打击的担忧。JP Morgan 称中国曾经著名的互联网行业评为“不可投资”等级。

周三，中国国务院副总理刘鹤就平台公司的互联网监管与美国证券交易委员会合作配合审计检查以及该国的 COVID 政策发表了积极声明，中证海外中国互联网指数大涨近 40%。中国人民银行行长和中国证监会随后发表评论，支持稳定市场。

周五，疯狂的一周趋于平静，拜登总统和习近平主席进行了两小时通话，涉及俄罗斯和其他问题。大宗商品价格（石油和金属）从本周的高点大幅下跌，美联储将官方利率上调 25 基点，并暗示加息和量化紧缩政策将持续到 2023 年，全球股市从本周初的低迷水平强劲反弹。

市场正在应对许多矛盾的因素 – 某些地方的 Covid-19 疫情，部分地区的贸易重新开放，供应链中断，通胀趋势上升，劳动力市场紧张，能源、食品和金属价格飙升，乌克兰-俄罗斯战争，欧洲和美国央行收紧政策。

总体而言，有很多东西需要消化，市场很难克服这些不利因素。在我看来，尽管这周发生的事，中国互联网股票提供了低估值和负面基本面改善潜力的有吸引力的组合。

– 质数资本 Co-CEO Michael Longthorne

Prime Number Weekly Recap:

- 乌克兰更新：马里乌波尔拒绝俄罗斯的最后通牒，美国官员讨论制裁的影响 ([Bloomberg](#))
- 欧盟外长讨论对俄罗斯实施更多制裁 ([DW](#))
- 沙特阿美在报告 2021 年利润翻番后加大投资以提高产量。([BBC](#))
- 随着新的 COVID-19 病例的出现，中国追踪了数百万人 ([ABC News](#))，引发对其将如何影响本已紧张的供应链的担忧 ([FP](#))
- 中国科技巨头的裁员因行业而异，一些公司报告的裁员人数超过预期，主要是由于竞争。([Asia Times](#))
- 中国鞋履和时尚品牌百丽正寻求在香港上市，IPO 价值可能达到 10 亿美元。([PYMNTS](#))
- Equinor、雪佛龙投资可再生能源。国有公司 Equinor 预测可再生能源将占其能源输出的 10% ([Reuters](#))，而雪佛龙宣布收购可再生能源集团，导致两家公司股价上涨([Barrons](#))

PRIME NUMBER CAPITAL

OUR CASES

	\$36M IPO  NASDAQ: MHUA Feb 2022 Lead Underwriter	\$30M IPO  NASDAQ: AIH Oct 2019 Joint Book Runner	\$85M IPO  NASDAQ: BLCT Jul 2020 Joint Book Runner	\$45M IPO  NASDAQ: LIZI Jan 2020 Joint Book Runner	\$100M IPO  NASDAQ: EBON Jun 2020 Joint Book Runner
\$46M IPO  NASDAQ: QK Nov 2019 Joint Book Runner	\$40M IPO  NASDAQ: EH Dec 2019 Co-Manager	\$256M IPO  NASDAQ: GTH Jun 2020 Syndicate Member	De-SPAC  NASDAQ: UK Nov 2020 De-SPAC FA	De-SPAC  NASDAQ: CLNN Dec 2020 De-SPAC FA	De-SPAC  NASDAQ: LGHL Jun 2020 IPO Advisor
Private Placement  Ayla Networks FA to Investors	Private Placement  Magic Leap FA to Investors	Private Placement  Circle FA to Investors	Private Placement  Palantir FA to Investors	Private Placement  Pinterest FA to Investors	Private Placement  Automation Anywhere FA to Investors

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UPCOMING TRANSACTIONS

 Supplier Of Display Modules And Polarizers NASDAQ: OST Exp. May 2022 Lead Underwriter	 Leading Wheelchair Manufacturer NASDAQ: ZIYL Exp. May 2022 Lead Underwriter	 Electronics Component Trading Platform NASDAQ: ICZ Exp. May 2022 Lead Underwriter	 Electronics Company in China NASDAQ: RAYA Exp. Jul 2022 Lead Underwriter	 Industry Pioneer Developing Consumer and Commercial EVs NASDAQ: PEV Exp. April 2022 Lead Underwriter	Project Star Manufacturing Company in China Exp. Sep 2022 Lead Underwriter
Project Smart Developer of IoT Connectivity Related Products and solutions Exp. May 2022 Lead Underwriter	Project Wealth FinTech Company in China Exp. Aug 2022 Lead Underwriter	\$60M IPO  NASDAQ: PNAC Exp. Mar 2022 Lead Underwriter	\$60M IPO Project Ask SPAC Exp. Apr 2022 Lead Underwriter	\$75M IPO Pomelo Acquisition Ltd. NASDAQ: PACL Exp. Jun 2022 Lead Underwriter	\$75M IPO Project Evolving SPAC Exp. Sep 2022 Lead Underwriter

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- Philanthropist



Michael Longthorne
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- Global financial markets executive
- Founding member of Mizuho Securities USA Equity Department
- Extensive equity research experience in Asian-related Securities
- Decker Co., Mizuho, Daiwa Securities Capital Markets, ING Baring, Salomon Brothers



Yang Pu, CFA, MBA
Equity Research

- 6 years of equity research experience
- Mainly covering US/China TMT industry
- Worked at DeMatteo Research, Trillium Asset Management