



Prime Number Weekly Market View:

At the March 2022 market index low Hong Kong stocks fell to a historical low price-to-book ratio of 0.75x. Price-to-book ratios of 1 or lower have marked market lows in previous corrections since the 1990s.

Differentiating private and state-owned companies may be the HFCCA solution. Friday morning after the Hong Kong close, Bloomberg News reported that the CSRC is working with other Chinese regulators "...to give U.S. regulators full access to auditing reports of the majority of the 200-plus Chinese companies listed in New York as soon as mid-this year" according to "people familiar with the process". The plan would differentiate private companies and State-Owned Enterprises (SOEs) as the former has no state secrets/sensitive information while the latter might. Good news though investors will want to see tangible follow through following Vice Premier Liu He's directive to get a deal done. China is closed Monday and Tuesday while Hong Kong is closed Tuesday leading to light volumes. What's interesting? Market shrugged off a weak Caixin Manufacturing PMI release of 48.1 versus expectations of 49.9 and Feb's 50.4. Why? Stimulus coming and effect of covid. Interesting travel related stocks had a good day in China and Hong Kong. Cities with lockdowns won't be traveling but China is a big country so maybe more folks are traveling more than anticipated. Mainland media reported the State Administration of Taxation is accepting VAT refund requests from small/private companies i.e., stimulus.

Despite the impact from the Covid related lockdown in Shanghai, Chinese financial markets are holding steady, suggesting that the economic effects of Covid are already discounted.

The companies with US ADRs believe their stocks are cheap, as we've seen numerous companies announce buybacks. Alibaba increased their buyback plan to \$25B from \$15B while Tencent bought other 799k shares overnight, extending their buying for the 5th day. Vipshop (VIPS US) announced they will buy \$1B of their stock in the next 24 months after announcing a \$500mm buyback last year. Weibo (WB US) announced overnight they would be \$500mm of stock over the next 12 months. The key is the companies' message: the stock is cheap. They are also indicating that the China regulatory cycle is over.

– Michael Longthorne, Co-CEO of Prime Number Capital

Prime Number Weekly Recap:

- Starbucks Workers Voted To Unionize In New York City Flagship Store, So Did Amazon ([Forbes](#))
- Internet Giant GoTo Raises \$1.1 Billion in Jakarta IPO ([Bloomberg](#))
- Huge trade relationship at stake as China and EU meet to discuss Russia ([CNN](#))
- China's WeChat suspends some accounts linked to NFTs ([BBC](#))
- Stocks mixed as EU eyes more sanctions against Russia ([Yahoo Finance](#))
- JPMorgan's Dimon warns of potential \$1 billion loss from Russia exposure ([Reuters](#))



Prime Number Weekly Market Comment:

2022年3月市场指数退到低点，港股净值比率跌至0.75的历史新低。1或更低的市净率是自1990年代股市调整后，市场低点的标志。

区分私营企业和国有企业可能是HFCCA的解决方案。周五上午香港市场收盘后，彭博新闻社报道称，中国证监会正在与其他中国监管机构合作，“……最早在今年中，美国监管机构能够完全接触到在纽约上市的200多家中国公司中的大多数公司的审计报告”，据“知情人士”透露。该计划将区分私营公司和国有企业（SOE），因为前者没有国家机密/敏感信息，而后者可能有。好消息是，投资者将有希望看到刘鹤副总理指示后续实质性的行动。

中国周一和周二休市，而香港周二休市，导致交易量清淡。有什么趣事呢？市场在疲软的财新制造业PMI 48.1中挣扎，相比于预期的49.9以及2月份的50.4。为什么？经济刺激政策的到来和COVID的影响。有趣的一点是，旅游相关股票在中国大陆和香港表现良好。虽然城市封锁不允许旅行，但中国是一个大国，实际旅行的人数可能比预期的要多。大陆媒体报道，国家税务总局正在接受小/私营企业的增值税退税申请，这是一项刺激措施。尽管受到上海与冠状病毒相关的封锁的影响，中国金融市场仍保持稳定，这表明冠状病毒的经济影响已经被考虑了。

拥有美国ADR的公司认为他们的股票很便宜，因为我们已经看到许多公司宣布回购。阿里巴巴将其回购计划从\$15B增加到\$25B，而腾讯隔夜又购买了799,000股，连续第五天继续购买。在去年宣布回购500万美元后，唯品会（VIPS US）宣布将在未来24个月内购买10亿美元的股票。微博（WB US）隔夜宣布，未来12个月股票回购将达到500万美元。这些公司给出的关键信息是：股票很便宜。他们还表示，中国的监管周期已经结束。

— 质数资本 Co-CEO Michael Longthorne

Prime Number Weekly Recap:

- 星巴克员工投票决定在纽约旗舰店成立工会，亚马逊也是如此 ([Forbes](#))
- 互联网巨头GoTo在雅加达IPO融资11亿美元 ([Bloomberg](#))
- 中国和欧盟开会讨论俄罗斯，巨大的贸易关系岌岌可危 ([CNN](#))
- 中国的微信暂停了一些与NFT相关的账户 ([BBC](#))
- 股市涨跌互现，因欧盟关注对俄罗斯实施更多制裁 ([Yahoo Finance](#))
- 摩根大通的戴蒙警告称，俄罗斯的风险敞口可能会损失10亿美元 ([Reuters](#))



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. June 2022 Lead Underwriter	 Leading Wheelchair Manufacturer NASDAQ: ZIYL Exp. June 2022 Lead Underwriter	 Electronics Component Trading Platform NASDAQ: ICZ Exp. June 2022 Lead Underwriter	 Electronics Company in China NASDAQ: RAYA Exp. June 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. June 2022 Lead Underwriter	Project Wealth FinTech Company in China Exp. Aug 2022 Lead Underwriter	\$60M IPO NASDAQ: PNAC Exp. May 2022 Lead Underwriter	\$60M IPO Project Ask SPAC Exp. May 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
Co-CEO

- 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



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COO & Head of Research

- Over 20 years of experience
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