



Chinese Mainland and Hong Kong IPO markets

2023 Q1 review

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Global IPO landscape

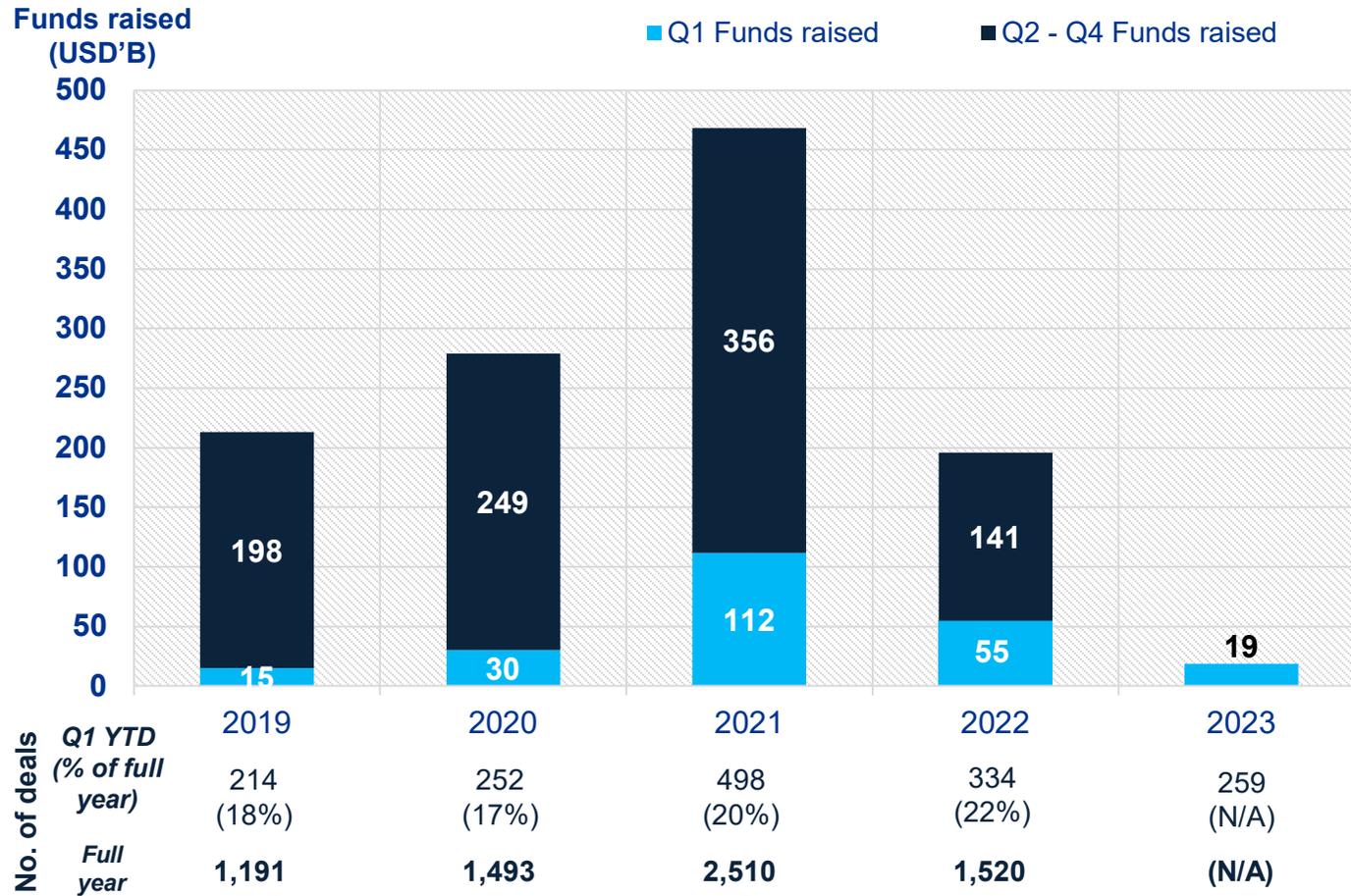


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2023 Q1 Global IPO market overview



Global IPO activity⁽¹⁾ (2019 – 2023 Q1)



Slow start for IPOs in 2023 Q1

- Number of deals: ~20%
 - Funds raised: ~65%
- as compared to 2022 Q1

Global landscape

Persistent inflation



Interest rate hikes



Geopolitical uncertainties



Recovery from pandemic



(1) Analysis based on data as at 23 March 2023

Sources: Bloomberg and KPMG analysis, including REIT deals and excluding special purpose acquisition company ("SPAC" or "blank check") deals.

Global top 5 stock exchanges



2023 Q1 YTD	Rank	Stock exchange	IPO proceeds (USD billion) ¹
	1	Shanghai Stock Exchange	6.2
	2	Shenzhen Stock Exchange	4.8
	3	Abu Dhabi Securities Exchange	2.6
	4	NASDAQ Stock Exchange	2.1
	5	HKEX	0.9

2022 Q1 YTD	Rank	Stock exchange	IPO proceeds (USD billion)
	1	Shanghai Stock Exchange	17.9
	2	Korea Stock Exchange	10.9
	3	Shenzhen Stock Exchange	9.2
	4	Saudi Stock Exchange	3.8
	5	NASDAQ	2.7

2022 (Full year)	Rank	Stock exchange	IPO proceeds (USD billion)
	1	Shanghai Stock Exchange	56.5
	2	Shenzhen Stock Exchange	31.1
	3	HKEX	12.8
	4	Korea Stock Exchange	11.3
	5	Frankfurt Stock Exchange	9.1



1 sizeable IPO deal raising over **US\$1 billion** in 2023 Q1

compared to **7** of such deals in 2022 Q1



A-share stock exchanges contributed

~ **50%** of global proceeds and

~ **30%** of no. of deals

In 2023 Q1

(1) Analysis based on actual data as at 23 March 2023 and KPMG estimates forecasted to 31 March 2023.

(2) The exchange rate for USD/HKD is 7.75.

(3) Sources: Bloomberg and KPMG analysis, included REIT deals and excluded special purpose acquisition company ("SPAC" or "blank check") deals.



Factors affecting 2023 global IPO market



Regulatory developments



Recovery from pandemic



Inflation concerns



Ongoing geopolitical uncertainties



Change in banking landscape

“ Global IPO market sentiment was weak in the first quarter of 2023, with ongoing economic uncertainties further worsened by the recent financial market instability. The global IPO market will remain challenged in the short term with interest rates predicted to increase further before the Federal Reserve ends its inflation battle. ”



Paul Lau

Partner
Head of Capital Markets and Professional Practice
KPMG China



A-share IPO market

A-share IPO market: 2023 Q1 highlights



Modest start to the year for A-share market

- A-share IPOs slowed down considerably in 2023 Q1 after a record breaking year, posting decreases in deals and funds raised compared to 2022 Q1, largely due to the lingering effects of the pandemic on the economy and the lack of a mega-deal akin to China Mobile's RMB56 billion offering in 2022 Q1.
- The Shanghai Stock Exchange and Shenzhen Stock Exchange continue to outperform their global peers, ranking 1st and 2nd among the global stock exchanges in terms of funds raised.

Registration-based system reform

- Emboldened by the success of the registration-based system on the STAR & ChiNext markets, on 17 February 2023, the China Securities Regulatory Commission expanded the registration-based system to cover all national securities exchanges and public offerings.



Note: All analysis is based on WIND data and included REIT deals as of 23 March 2023, adjusted to number of confirmed listings up to 31 March 2023, unless otherwise stated

A-share IPO market activity



	SSE - Traditional	SZSE - Traditional	SSE - STAR*	SZSE - ChiNext*	BSE	Total
2023 Q1	RMB 29.9B 17 deals	RMB 6.6B 8 deals	RMB 11.7B 9 deals	RMB 25.8B 15 deals	RMB 4.3B 24 deals	RMB 78.3B 73 deals
2022 Q1	RMB 62.1B 10 deals	RMB 5.8B 5 deals	RMB 58.5B 27 deals	RMB 56.3B 36 deals	RMB 1.2B 7 deals	RMB 183.9B 85 deals
2022 full year	RMB 145.1B 40 deals	RMB 39.6B 43 deals	RMB 252.7B 123 deals	RMB 179.6B 148 deals	RMB 16.9B 83 deals	RMB 633.9B 437 deals

Note: All analysis is based on WIND data and included REIT deals as of 23 March 2023, adjusted to number of confirmed listings up to 31 March 2023, unless otherwise stated

* The above statistics excluded companies transferred from BSE to STAR or ChiNext.

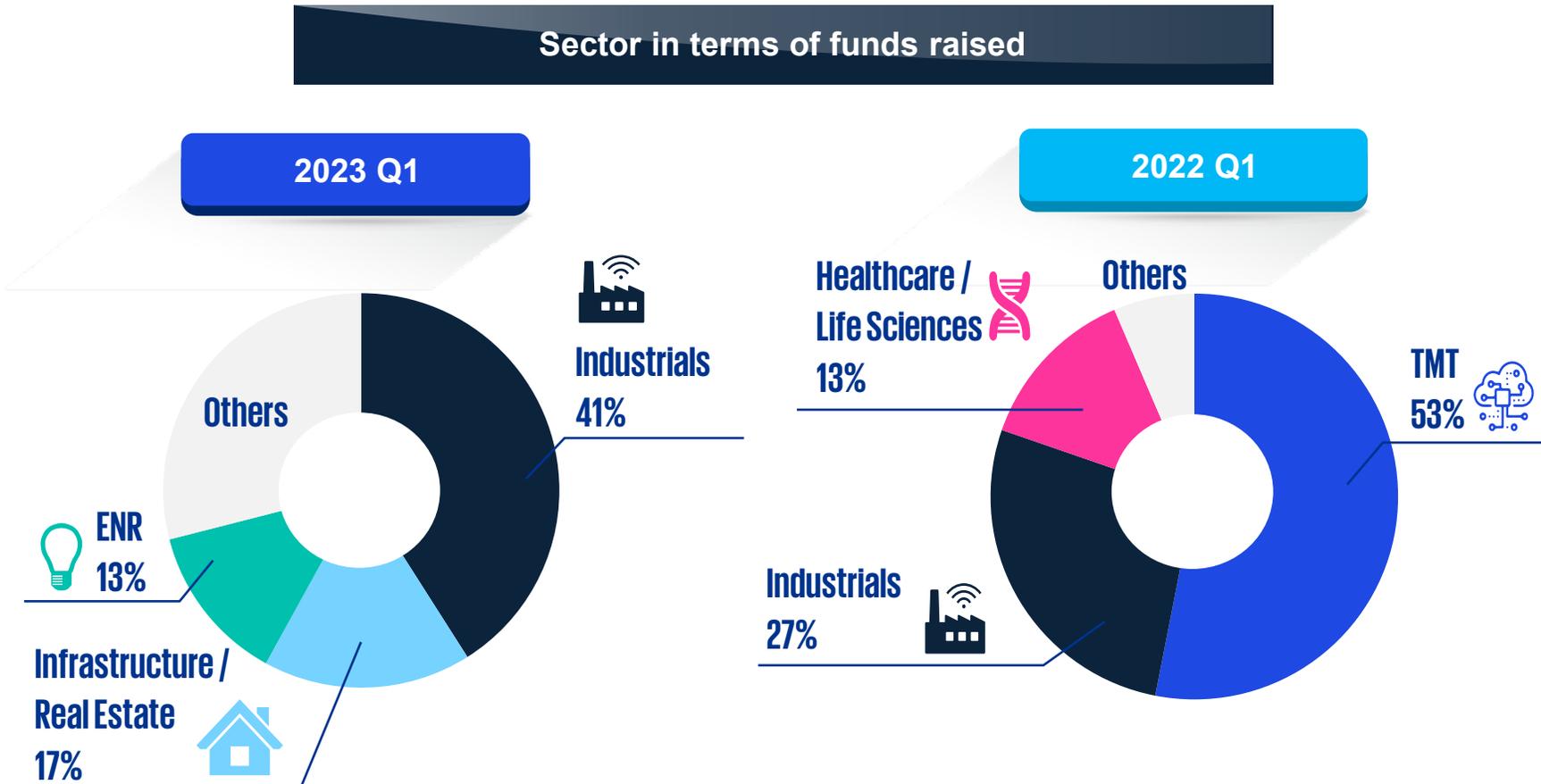
A-share IPO sector distribution



TMT dropped out of top 3 sectors by total proceeds in 2023 Q1, in contrast to the top ranking in the same quarter last year which contributed over 50% of total proceeds as there was a mega-sized telecommunications carrier listed in 2022 Q1.



Sector in terms of funds raised



Note: All analysis is based on WIND data and included REIT deals as of 23 March 2023, adjusted to number of confirmed listings up to 31 March 2023, unless otherwise stated

Top 10 largest A-share IPOs



Funds raised by top 10 IPOs

2023 Q1:
RMB 36.0 billion

~ **45%** of total proceeds

2022 Q1:
RMB 100.6 billion

~ **55%** of total proceeds

2023 Q1	Company	Exchange	Proceeds (RMB billion)	Sector
1	China Fund Management SPIC New Energy REIT *	SSE	7.8	Infrastructure / Real Estate
2	Hunan Yuneng New Energy Battery Material Co.,Ltd.	SZSE-ChiNext	4.5	Industrials
3	Jiangsu Xukuang Energy Co., Ltd.#	SSE	4.3	ENR
4	Greenworks (Jiangsu) Co.,Ltd.	SZSE-ChiNext	3.7	Industrials
5	Wuxi Unicom Technology Co., Ltd.#	SSE-STAR	3.0	Industrials
6	Beijing Energy International Solar Power REIT*	SSE	2.9	Infrastructure / Real Estate
7	Cinda Securities Co., Ltd.	SSE	2.7	Financial Services
8	Hubei Jiangnan New Materials Co., Ltd.	SSE	2.4	Industrials
9	Hubei Hongyuan Pharmaceutical Technology Co.Ltd.	SZSE-ChiNext	2.4	Healthcare / Life Sciences
10	Guangdong Lvtong New Energy Electric Vehicle Technology Co.,Ltd	SZSE-ChiNext	2.3	Industrials

2022 Q1	Company	Exchange	Proceeds (RMB billion)	Sector
1	China Mobile Limited	SSE	56.0	TMT
2	Jinkosolar Co., Ltd.	SSE-STAR	10.0	Industrials
3	ASR Microelectronics Co., Ltd.	SSE-STAR	6.9	TMT
4	Ganzhou Teng Yuan Cobalt New Material Co., Ltd.	SZSE-ChiNext	5.5	Industrials
5	Isoftstone Information Technology (Group) Co., Ltd.	SZSE-ChiNext	4.6	TMT
6	Shandong Sanyuan Biotechnology Co., Ltd.	SZSE-ChiNext	3.7	Consumer Markets
7	Anhui Tongguan Copper Foil Group Co., Ltd.	SZSE-ChiNext	3.6	Industrials
8	Sicc Co., Ltd.	SSE-STAR	3.6	TMT
9	Mabwell (Shanghai) Bioscience Co., Ltd.	SSE-STAR	3.5	Healthcare / Life Sciences
10	Shenzhen Han's CNC Technology Co., Ltd.	SZSE-ChiNext	3.2	TMT

* Refers to real estate investment trusts listings ("REITs")

Expected to list on or before 31 March 2023. Funds raised estimated is based on announced listing price.

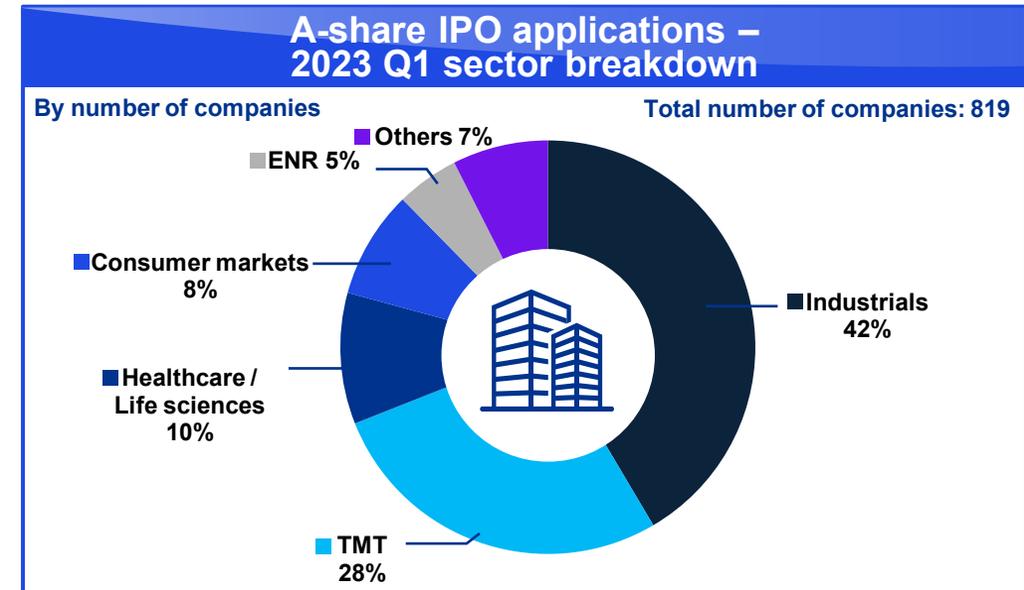
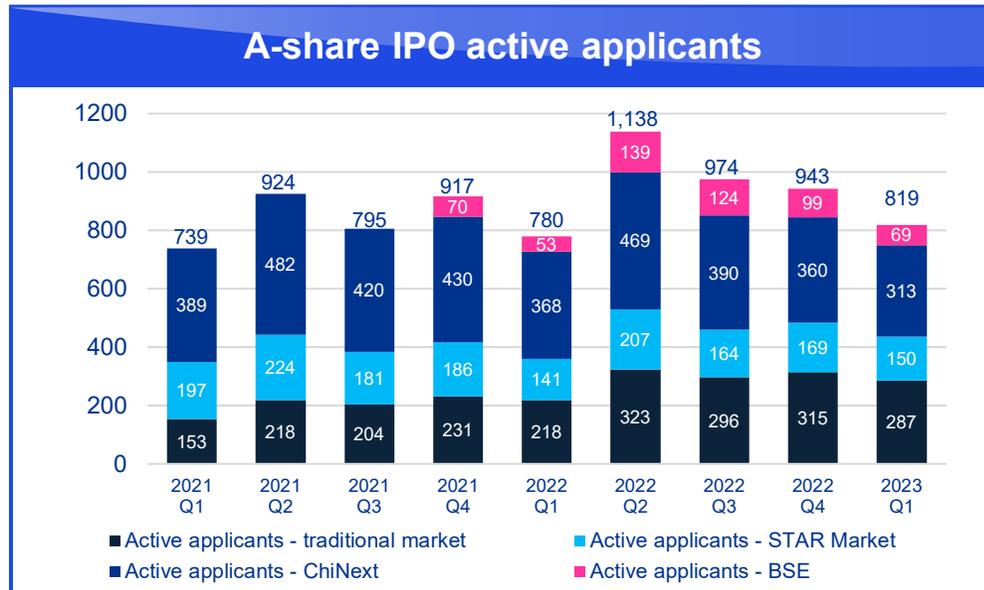
Note: All analysis is based on WIND data and included REIT deals as of 23 March 2023, adjusted to number of confirmed listings up to 31 March 2023, unless otherwise stated

Source: Wind and KPMG analysis



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A-share IPO pipeline



Note: All analysis is based on WIND data and included REIT deals as of 23 March 2023. Active applicants included applications suspended due to the expiry of their financial information (中止審查). Historically these applications have been reactivated promptly with updated financial information submitted by the listing applicant.

Source: Wind and KPMG analysis



57% of active applicants are applying for the **STAR Market and ChiNext**, with a focus on new technologies, new industries and outstanding innovation capabilities.



Industrials and TMT remain the top sectors among A-share IPO applicants, representing approximately 70% of the active IPO pipeline.



Post-pandemic recovery



- Post-pandemic reopening and favourable economic policies support the economic recovery.
- Backed by a healthy pipeline of over 810 active applicants, IPO activities are expected to gradually pick up.

Registration-based system unified markets nationwide



- Unifying the listing procedures across all boards helps improve the facilitation of a multi-level capital market.
- It will continue to elevate A-share market's openness and vitality, solidifying the market's competitiveness among other global listing venues.

“ The A-share markets have demonstrated a commitment to improving their system and are well-positioned to take advantage of the government's economic stimulus to revive its IPO activities. We remain cautiously optimistic for the A-share IPO markets for the rest of the year. ”



Louis Lau
Partner
Capital Markets
KPMG China



Hong Kong IPO market

Hong Kong IPO market: 2023 Q1 highlights



Another resilient start to the year

- Hong Kong posted an increase in the number of deals despite being heavily impacted by global IPO sentiment, which is a testament to the city's resilience as an international financial centre.
- Similar to its global peers, Hong Kong did not complete any major sizeable deals during 2023 Q1, leading to a significant decrease in funds raised.

Launch of Specialist Technology Companies regime

- Following the successful implementation of the listing regimes for innovative companies and SPAC, the Hong Kong Stock Exchange has further enhanced the capital market by launching the Specialist Technology Companies regime, which becomes effective on 31 March 2023.
- The regime provides an alternative route for high-growth enterprises to list in Hong Kong, providing those companies with access to the city's deep pool of capital, and continuing to bolster Hong Kong's competitiveness and attractiveness.



Note: All figures are as of 23 March 2023, adjusted to number of confirmed listings up to 31 March 2023, included listing by introduction, and excluded SPAC deals and GEM transfer
Source: HKEx and KPMG analysis

Hong Kong IPO market activity



	Main Board	GEM	Total
2023 Q1	HKD 6.7B 18 deals	-	HKD 6.7B 18 deals
2022 Q1	HKD 13.9B 15 deals	-	HKD 13.9B 15 deals
2022 full year	HKD 99.6B 84 deals	-	HKD 99.6B 84 deals



Note: All figures are as of 23 March 2023, adjusted to number of confirmed listings up to 31 March 2023, included listing by introduction, and excluded SPAC deals and GEM transfer
Source: HKEx and KPMG analysis

Hong Kong IPO sector distribution

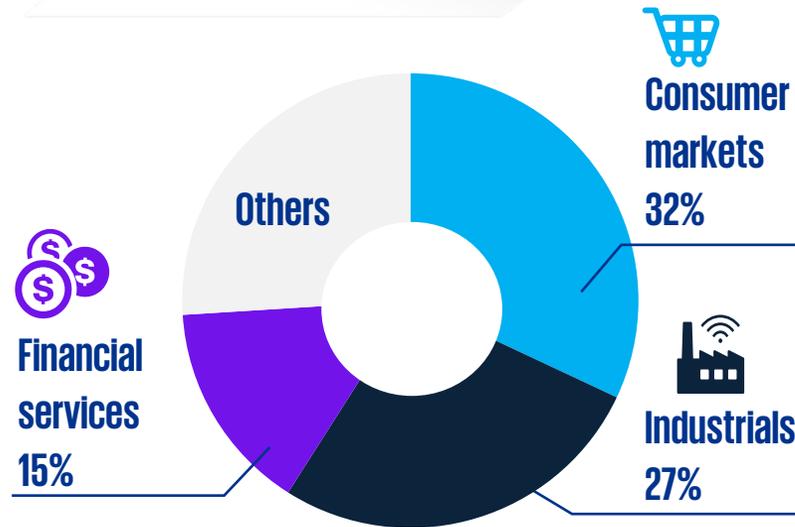


Deals were relatively small to start the year, which resulted in sector funds raised being mostly driven by the number of deals, which is topped by **consumer markets and industrials** in 2023 Q1.

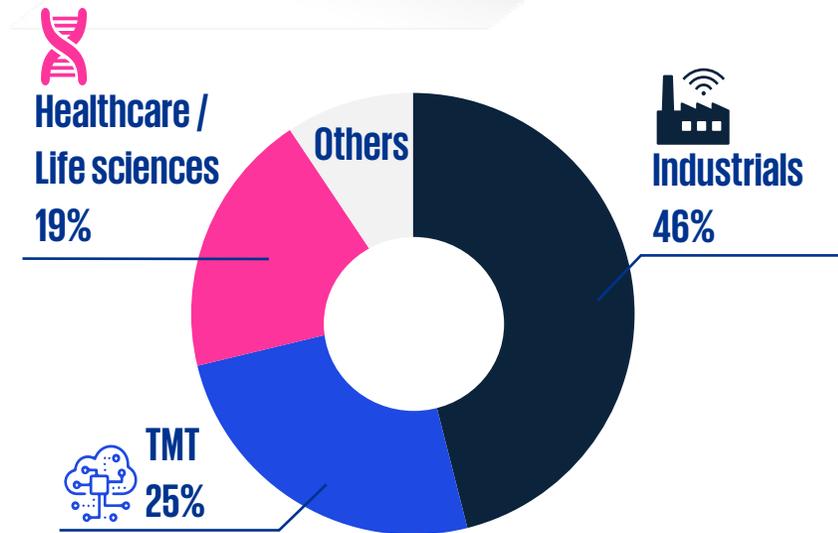


Sector in terms of funds raised

2023 Q1



2022 Q1



Note: All figures are as of 31 March 2023, included listing by introduction, and excluded SPAC deals and GEM transfer
Source: HKEx and KPMG analysis

Top 10 largest Hong Kong IPOs



Funds raised by top 10 IPOs

2023 Q1:

HKD 5.8 billion

~ **85%** of total proceeds

2022 Q1:

HKD 13.4 billion

~ **97%** of total proceeds

2023 Q1	Company	Proceeds (HKD billion)	Sector
1	Beijing SinoHytec Co., Ltd.	1.1	Industrials
2	JF Wealth Holdings Ltd	1.0	Financial Services
3	Beauty Farm Medical and Health Industry Inc.	0.9	Consumer Markets
4	DPC Dash Ltd #	0.6	Consumer Markets
5	YH Entertainment Group	0.5	TMT
6	Shenzhen Pagoda Industrial (Group) Corporation Limited	0.5	Consumer Markets
7	Seacon Shipping Group Holdings Limited #	0.4	Transport and Logistics
8	China Treasures New Materials Group Ltd. #	0.3	Industrials
9	Sanergy Group Limited	0.3	Industrials
10	Fenbi Ltd.	0.2	Education

2022 Q1	Company	Proceeds (HKD billion)	Sector
1	JL Mag Rare-Earth Co., Ltd.	4.2	Industrials
2	Huitongda Network Co., Ltd.	2.3	TMT
3	Ferretti S.p.A.	2.0	Industrials
4	Qingdao Ainnovation Technology Group Co., Ltd	1.2	TMT
5	Lepu Biopharma Co., Ltd.	0.9	Healthcare / Life Sciences
6	Jiangsu Recbio Technology Co., Ltd.	0.9	Healthcare / Life Sciences
7	Jinmao Property Services Co., Limited	0.8	Infrastructure / Real Estate
8	Arrail Group Limited	0.7	Healthcare / Life Sciences
9	Semk Holdings International Limited	0.2	Consumer Markets
10	Clarity Medical Group Holding Limited	0.2	Healthcare / Life Sciences

Expected to list on or before 31 March 2023. Funds raised estimated is based on announced listing mid-price.

Note: All figures are as of 23 March 2023, adjusted to number of confirmed listings up to 31 March 2023, included listing by introduction, and excluded SPAC deals and GEM transfer (if any)
Source: HKEx and KPMG analysis



A healthy IPO pipeline

The IPO pipeline remains healthy with over 90 applicants waiting for a right window to list in the bourse.



Specialist technology companies

The new regime is expected to further attract listings of emerging and innovative companies.



International companies

The expansion of Stock Connect to foreign companies helps to attract international companies to list in Hong Kong and gain access to Mainland investors.

Note: All figures are as of 23 March 2023
Source: HKEx and KPMG analysis

“ Just as the launch of Chapter 18A led to a new biotech financing ecosystem in Hong Kong, we are confident that the new Specialist Technology Companies regime will help drive growth in talent and investments for specialist technologies in Hong Kong and beyond. In the long run, the development of a specialist technology financing ecosystem will diversify Hong Kong’s capital markets and create a more appealing environment for both issuers and investors. ”



Irene Chu

Partner

Head of New Economy and Life Sciences
KPMG China

Contact us



Paul Lau

Partner,
Head of Capital Markets and Professional Practice
KPMG China
+852 2826 8010
paul.k.lau@kpmg.com



Irene Chu

Partner,
Head of New Economy and Life Sciences
KPMG China
+852 2978 8151
irene.chu@kpmg.com



Louis Lau

Partner,
Capital Markets Group
KPMG China
+852 2143 8876
louis.lau@kpmg.com



Terence Man

Partner,
Capital Markets Group
KPMG China
+86 (10) 8508 5548
terence.man@kpmg.com



Mike Tang

Partner,
Capital Markets Group
KPMG China
+852 2833 1636
mike.tang@kpmg.com



Elton Tam

Director,
Capital Markets Group
KPMG China
+852 2978 8188
elton.tam@kpmg.com



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