



# Chinese Mainland and Hong Kong IPO markets

2023 Q3 review

9 October 2023

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# Global IPO landscape

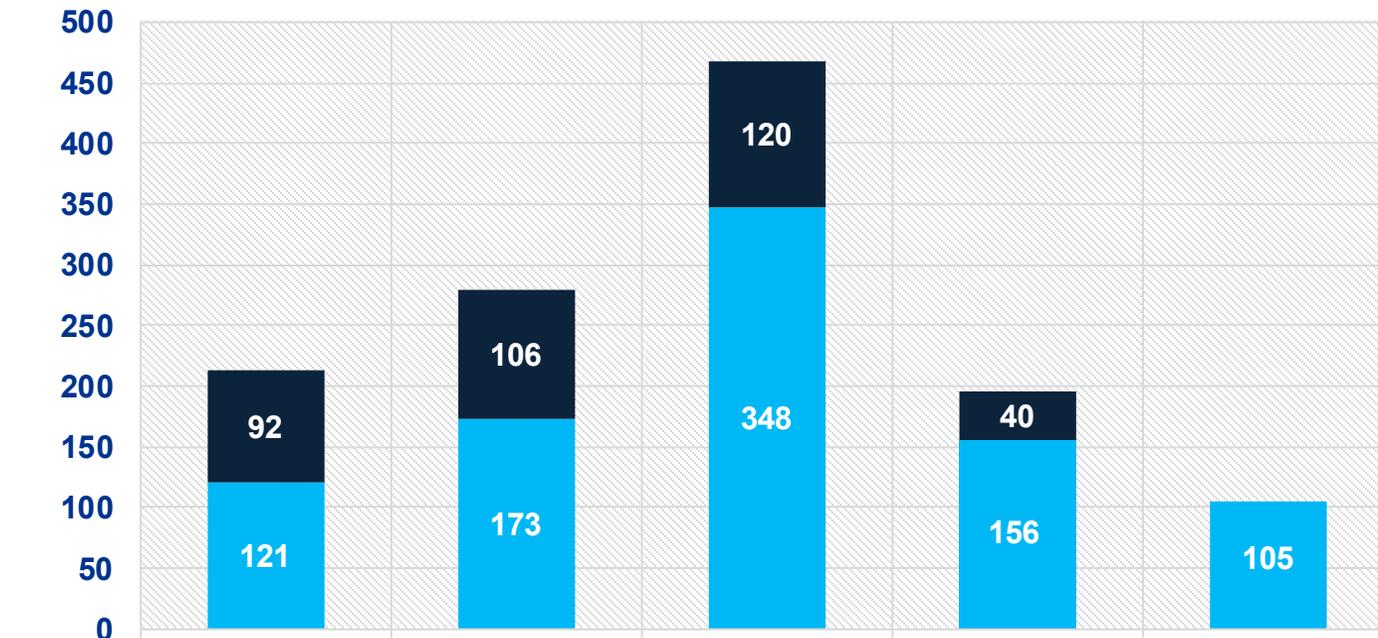
# 2023 Q3 Global IPO market overview



## Global IPO activity<sup>(1)</sup> (2019 – 2023 Q3)

Funds raised  
(USD'B)

■ Q3 YTD Funds raised ■ Q4 Funds raised



No. of deals	Q3 YTD (% of full year)	2019	2020	2021	2022	2023
		789 (66%)	943 (63%)	1,776 (71%)	1,088 (72%)	1,004 (N/A)
	Full year	1,191	1,493	2,510	1,520	(N/A)

## Market activity remains slow

- Number of deals: ~ 10%
- Funds raised: ~ 35%

compared to 2022 Q3

## Global landscape



Geopolitical uncertainties



Economy recovery



Interest rate hikes



Inflation easing

(1) Analysis based on data as at 30 September 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 Q3 YTD	Rank	Stock exchange	IPO proceeds (USD billion) <sup>1</sup>
	1	Shanghai Stock Exchange	28.7
	2	Shenzhen Stock Exchange	19.8
	3	NASDAQ Stock Exchange	10.9
	4	New York Stock Exchange	7.8
	5	National Stock Exchange of India	4.0

2022 Q3 YTD	Rank	Stock exchange	IPO proceeds (USD billion)
	1	Shanghai Stock Exchange	49.2
	2	Shenzhen Stock Exchange	25.8
	3	Korea Stock Exchange	11.2
	4	Frankfurt Stock Exchange	9.1
	5	HKEX	9.0

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) Analysis based on actual data as at 30 September 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.



**11** sizeable IPO deals raising over **US\$1 billion** in 2023 Q3 YTD compared to **21** such deals in 2022 Q3 YTD



**A-share stock exchanges** contributed ~ **50%** of global proceeds ~ **20%** of no. of deals in 2023 Q3 YTD



**NASDAQ Stock Exchange** rose to **third place globally** in terms of total proceeds so far in 2023, following the IPO of a mega-sized semiconductor and software design company.



## Key factors to revitalise the global IPO markets



“ The global IPO landscape continues to face significant headwinds amidst ongoing challenges, and uncertainty is impacting investor sentiment. However, the recent successful listing of a prominent technology firm has attracted substantial attention from investors worldwide, providing a glimmer of hope that IPO activity globally can be revitalised and investor confidence reignited.

”



**Paul Lau**  
Partner  
Head of Capital Markets and Professional Practice  
KPMG China



# A-share IPO market

990.5  
Vol 814.85

# A-share IPO market: 2023 Q3 YTD highlights

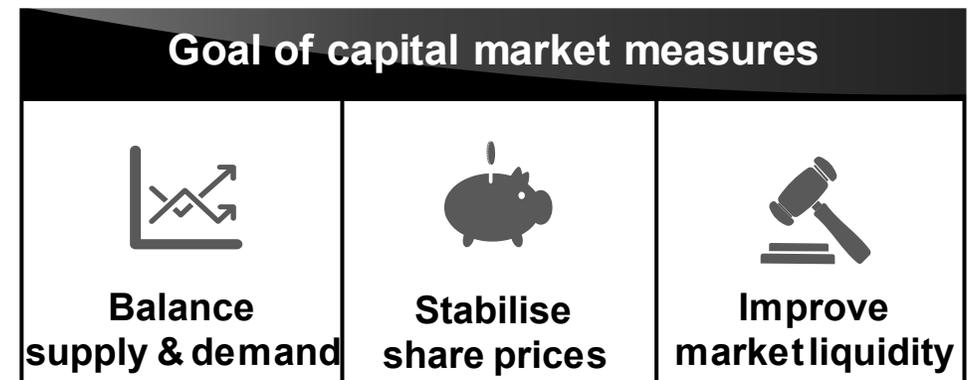


## A-share IPO activities continue to slow

- The A-share IPO market recorded reductions in both the number of deals and total proceeds as compared to 2022 Q3, due to a slowdown in the domestic economic recovery in recent months and a lack of mega-sized deals.
- Yet, the Shanghai Stock Exchange and Shenzhen Stock Exchange continue to rank first and second respectively in terms of both funds raised and number of deals among all listing venues across the globe.
- The top three in terms of funds raised are companies involved in the production of semiconductors, which is a key focus area for the Chinese Mainland.

## Measures to boost capital market investor confidence

- In order to stimulate capital market activities and shore up investor confidence, the Ministry of Financial and the China Securities Regulatory Commission (CSRC) have implemented a series of measures, including:
  - reducing stamp duty on securities transactions
  - restricting shareholding dilution
  - adjustments to the pace of IPOs and refinancing deals



Note: All analysis is based on WIND data and included REIT deals as of 30 September 2023, unless otherwise stated



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# A-share IPO market activity



	SSE - Traditional	SZSE - Traditional	SSE - STAR*	SZSE - ChiNext*	BSE	Total
2023 Q3 YTD	RMB 53.7B 31 deals	RMB 21.4B 17 deals	RMB 139.6B 62 deals	RMB 112.0B 98 deals	RMB 11.3B 60 deals	<b>RMB 338.0B</b> <b>268 deals</b>
2022 Q3 YTD	RMB 121.4B 28 deals	RMB 27.9B 32 deals	RMB 210.2B 95 deals	RMB 145.8B 116 deals	RMB 6.7B 35 deals	<b>RMB 512.0B</b> <b>306 deals</b>
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	<b>RMB 633.9B</b> <b>437 deals</b>

Note: All analysis is based on WIND data and included REIT deals as of 30 September 2023, unless otherwise stated

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

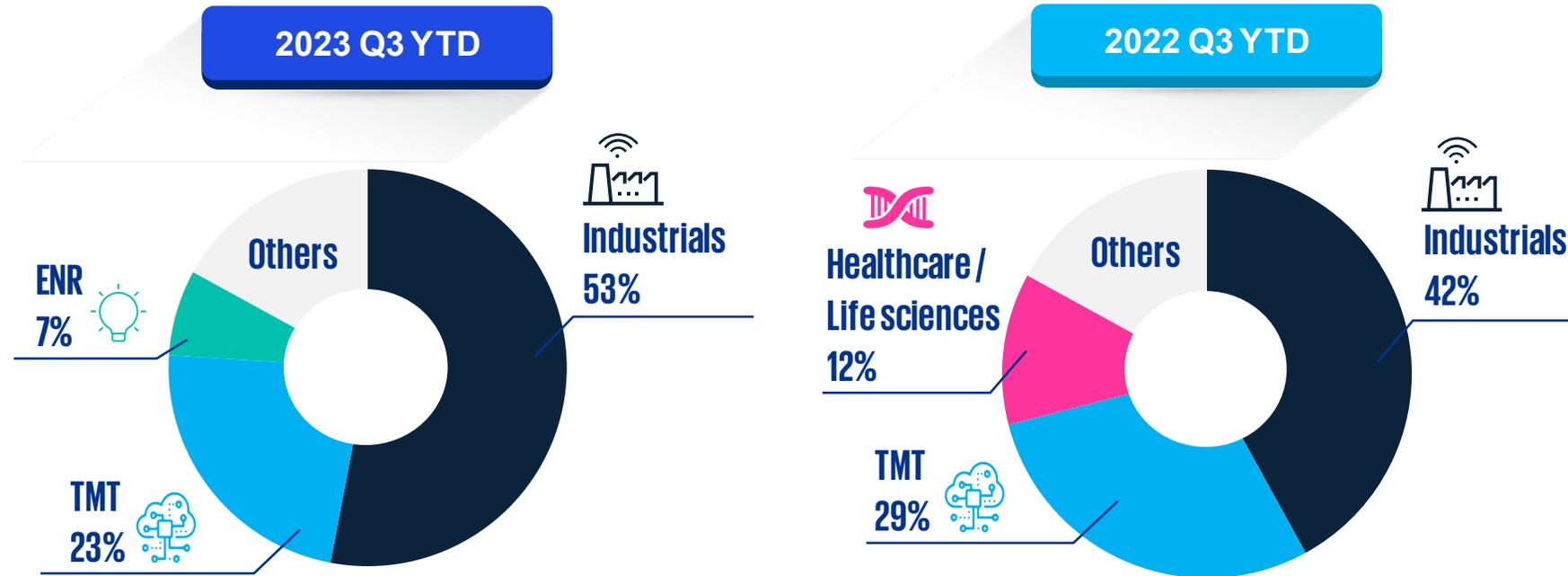
# A-share IPO sector distribution



- **Industrials and TMT remain key drivers** in the A-share market in terms of both funds raised and number of deals.
- Three out of the Top 10 largest IPOs came from the **ENR sector** in 2023 Q3 YTD, propelling the sector into third place in terms of funds raised YTD.



## Sector in terms of funds raised



Note: All analysis is based on WIND data and included REIT deals as of 30 September 2023, unless otherwise stated

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

# Top 10 largest A-share IPOs



Funds raised by top 10 IPOs

**2023 Q3 YTD:**  
**RMB 86.0 billion**  
 ~ **25%** of total proceeds

**2022 Q3 YTD:**  
**RMB 154.4 billion**  
 ~ **30%** of total proceeds

2023 Q3	Company	Exchange	Proceeds (RMB billion)	Sector
1	Hua Hong Semiconductor Limited	SSE-STAR	21.2	Industrials
2	Semiconductor Manufacturing Electronics (Shaoxing) Corporation	SSE-STAR	11.1	Industrials
3	Nexchip Semiconductor Corporation	SSE-STAR	10.0	Industrials
4	China Fund Management SPIC New Energy REIT *	SSE	7.8	Infrastructure / Real Estate
5	Shaanxi Energy Investment Co., Ltd.	SZSE	7.2	ENR
6	Baimtec Material Co., Ltd.	SSE-STAR	7.1	Industrials
7	CSI Solar Co., Ltd.	SSE-STAR	6.9	ENR
8	Huaqin Technology Co., Ltd.	SSE	5.9	TMT
9	Hunan Yuneng New Energy Battery Material Co., Ltd.	SZSE-ChiNext	4.5	Industrials
10	Jiangsu Xukuang Energy Co., Ltd.	SSE	4.3	ENR

2022 Q3	Company	Exchange	Proceeds (RMB billion)	Sector
1	China Mobile Limited	SSE	56.0	TMT
2	CNOOC Limited	SSE	32.3	ENR
3	Shanghai United Imaging Healthcare Co., Ltd.	SSE-STAR	11.0	Healthcare / Life Sciences
4	Hygon Information Technology Co., Ltd.	SSE-STAR	10.8	TMT
5	Jinkosolar Co., Ltd.	SSE-STAR	10.0	Industrials
6	Huaxia China Jiaojian Expressway REIT *	SSE	9.4	Infrastructure / Real Estate
7	ASR Microelectronics Co., Ltd.	SSE-STAR	6.9	TMT
8	Hubei Wanrun New Energy Technology Co., Ltd.	SSE-STAR	6.4	Industrials
9	Shenzhen Hello Tech Energy Co., Ltd.	SZSE-ChiNext	5.8	Industrials
10	Suzhou Novosense Microelectronics Co., Ltd.	SSE-STAR	5.8	Industrials

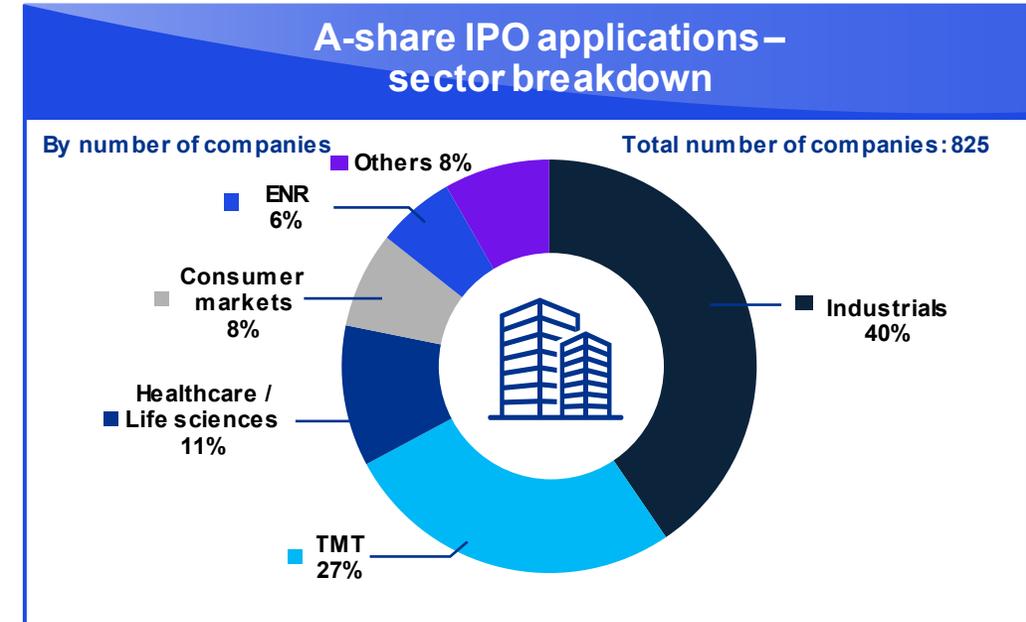
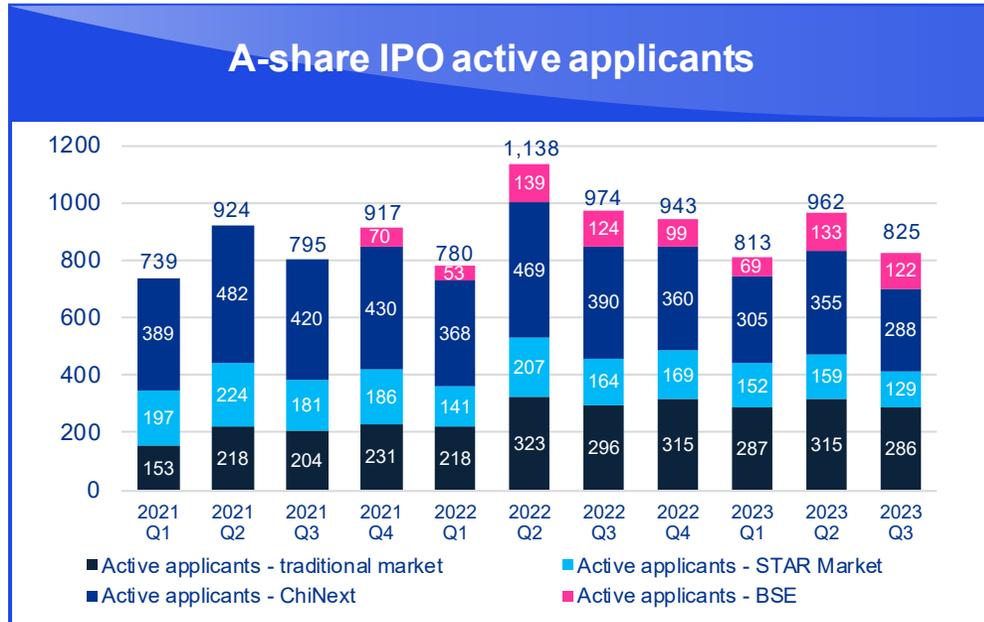
\* Refers to real estate investment trusts listings ("REITs")

Note: All analysis is based on WIND data and included REIT deals as of 30 September 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 30 September 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



The STAR Market and ChiNext pipelines continue to contribute **approximately 50% of total active applicants**.



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

# 2023 Q4 outlook: A-share market



## Solid IPO pipeline

IPO pipeline remains solid with around 820 active applicants, indicating a steady demand for fundraising activities in the A-share market, especially for sectors such as TMT and advanced industrials.

## Strategies rolled out by CSRC

A slowdown in the number of IPO listings is expected to be seen in the short term, while maintaining a regular pace of new listings would support a healthy long-term development of the capital market.

“ The measures taken by the CSRC to revitalise the A-share capital markets are anticipated to bring about a balance in the pace of IPOs in the short-term, ultimately fostering healthier and sustainable long-term growth of the capital markets. With ongoing positive regulatory developments and a robust pipeline, the A-share stock exchanges are poised to maintain their position at the top of global IPO rankings for years to come. ”



**Louis Lau**  
Partner  
Capital Markets  
KPMG China





# Hong Kong IPO market

# Hong Kong IPO market: 2023 Q3 highlights



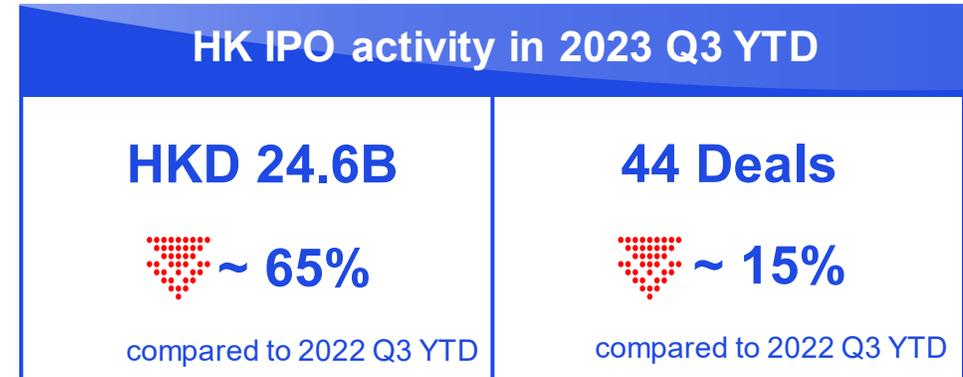
## IPO activity remains tepid

- The Hong Kong IPO market remained slow with only 13 listings raising a mere HKD 6.8 billion in the third quarter. On the other hand, active IPO applicants continue to accumulate, reaching around 110 as of 30 September 2023.
- A De-SPAC merger transaction was announced during the quarter, the first since the launch of SPAC regime back in 2022, providing a market precedent and new milestone for Hong Kong's SPAC regime.

## Biotech listings continue to be a key focus

- The Healthcare/Life Sciences sector has demonstrated its resilience with 6 pre-revenue biotech companies listed in 2023 Q3 YTD, outpacing the 4 listed in the same period last year.
- As of 30 September, there were 20 Healthcare/Life Sciences companies applying to list, including 9 pre-revenue biotech applicants. Despite suboptimal market conditions, pre-revenue biotech company listings in Hong Kong surpassed the figures from the previous year, which exemplified the ongoing success of Hong Kong's listing regime and the market's confidence in the future of the biotech industry.

Note: All figures are as of 30 September 2023, included listing by introduction, and excluded SPAC deals, De-SPAC deals and GEM transfer  
Source: HKEx and KPMG analysis



# Hong Kong IPO market activity



	Main Board	GEM	Total
2023 Q3 YTD	HKD 24.6B 44 deals	-	<b>HKD 24.6B 44 deals</b>
2022 Q3 YTD	HKD 69.7B 51 deals	-	<b>HKD 69.7B 51 deals</b>
2022 full year	HKD 99.6B 84 deals	-	<b>HKD 99.6B 84 deals</b>



Note: All figures are as of 30 September 2023, included listing by introduction, and excluded SPAC deals, De-SPAC deals and GEM transfer  
Source: HKEx and KPMG analysis



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# Hong Kong IPO sector distribution

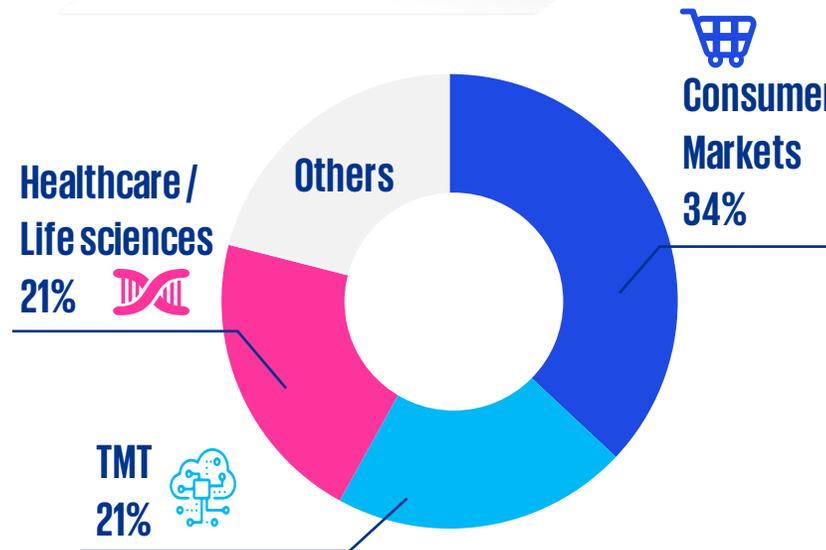


- The **Consumer Markets** sector once again represented the **largest IPO** by funds raised, making it the **overall largest sector** in terms of funds raised.
- The **Healthcare / Life Sciences** sector stands strong amidst an otherwise weak market, aided by the listing of a number of pre-revenue biotech companies.

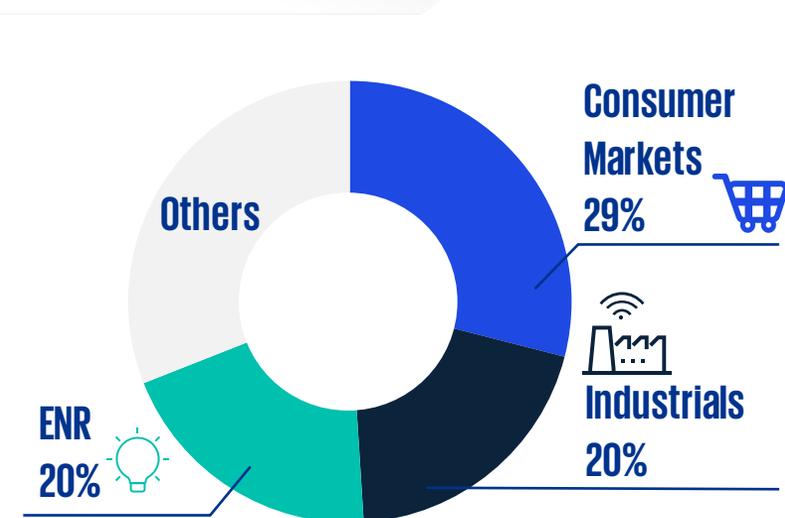


## Sector in terms of funds raised

2023 Q3 YTD



2022 Q3 YTD



Note: All figures are as of 30 September 2023, included listing by introduction, and excluded SPAC deals, De-SPAC deals and GEM transfer  
Source: HKEx and KPMG analysis

# Top 10 largest Hong Kong IPOs



## Funds raised by top 10 IPOs

2023 Q3 YTD:

**HKD 15.1 billion**

~ **60%** of total proceeds

2022 Q3 YTD:

**HKD 56.5 billion**

~ **80%** of total proceeds

2023 Q3 YTD	Company	Proceeds (HKD billion)	Sector
1	ZJLD Group Inc	5.3	Consumer Markets
2	Horizon Construction Development Limited	1.6	Infrastructure / Real Estate
3	Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd. – B	1.6	Healthcare / Life Sciences
4	TUHU Car Inc. – W	1.2	TMT
5	Beijing SinoHytec Co., Ltd.	1.1	Industrials
6	Beijing Fourth Paradigm Technology Co., Ltd.	1.0	TMT
7	JF Wealth Holdings Ltd	1.0	Financial Services
8	Beauty Farm Medical and Health Industry Inc.	0.9	Consumer Markets
9	Laekna, Inc. – B	0.8	Healthcare / Life Sciences
10	Neusoft Xikang Holdings Inc.	0.6	TMT

2022 Q3 YTD	Company	Proceeds (HKD billion)	Sector
1	China Tourism Group Duty Free Corporation Limited	18.4	Consumer Markets
2	Tianqi Lithium Corporation	13.5	ENR
3	Onewo Inc.	6.3	Infrastructure / Real Estate
4	Zhejiang Leapmotor Technology Co., Ltd.	6.3	Industrials
5	JL Mag Rare-Earth Co., Ltd.	4.2	Industrials
6	Huitongda Network Co., Ltd.	2.3	TMT
7	Ferretti S.p.A.	2.0	Industrials
8	Qingdao Ainnovation Technology Group Co., Ltd	1.2	TMT
9	Yunkang Group Limited	1.2	Healthcare / Life Sciences
10	Deewin Tianxia Co., Ltd	1.1	Industrials

Note: All figures are as of 30 September 2023, included listing by introduction, and excluded SPAC deals, De-SPAC deals and GEM transfer  
Source: HKEx and KPMG analysis

# 2023 Q4 outlook: Hong Kong IPO market



## Consultation on GEM reform

The reform of GEM board is expected to enhance the appeal of GEM for small and medium-sized enterprises with high-growth potential.

## Task Force on Enhancing Stock Market Liquidity

The establishment of the task force signals the government's commitment to the continued improvement of Hong Kong's capital markets.

“ Even though IPO activity in Hong Kong remains muted, continuous efforts in broadening the connect program, deepening links with ASPAC, Middle East and global markets and fostering sustainable finance through enhanced climate reporting are strategically important for Hong Kong as it continues to pursue global connectivity and serves as a crucial bridge between the Chinese Mainland and the global markets.

”



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