



Chinese Mainland and Hong Kong IPO markets

2022 review and 2023 outlook



Contents



Global IPO landscape



A-share IPO market



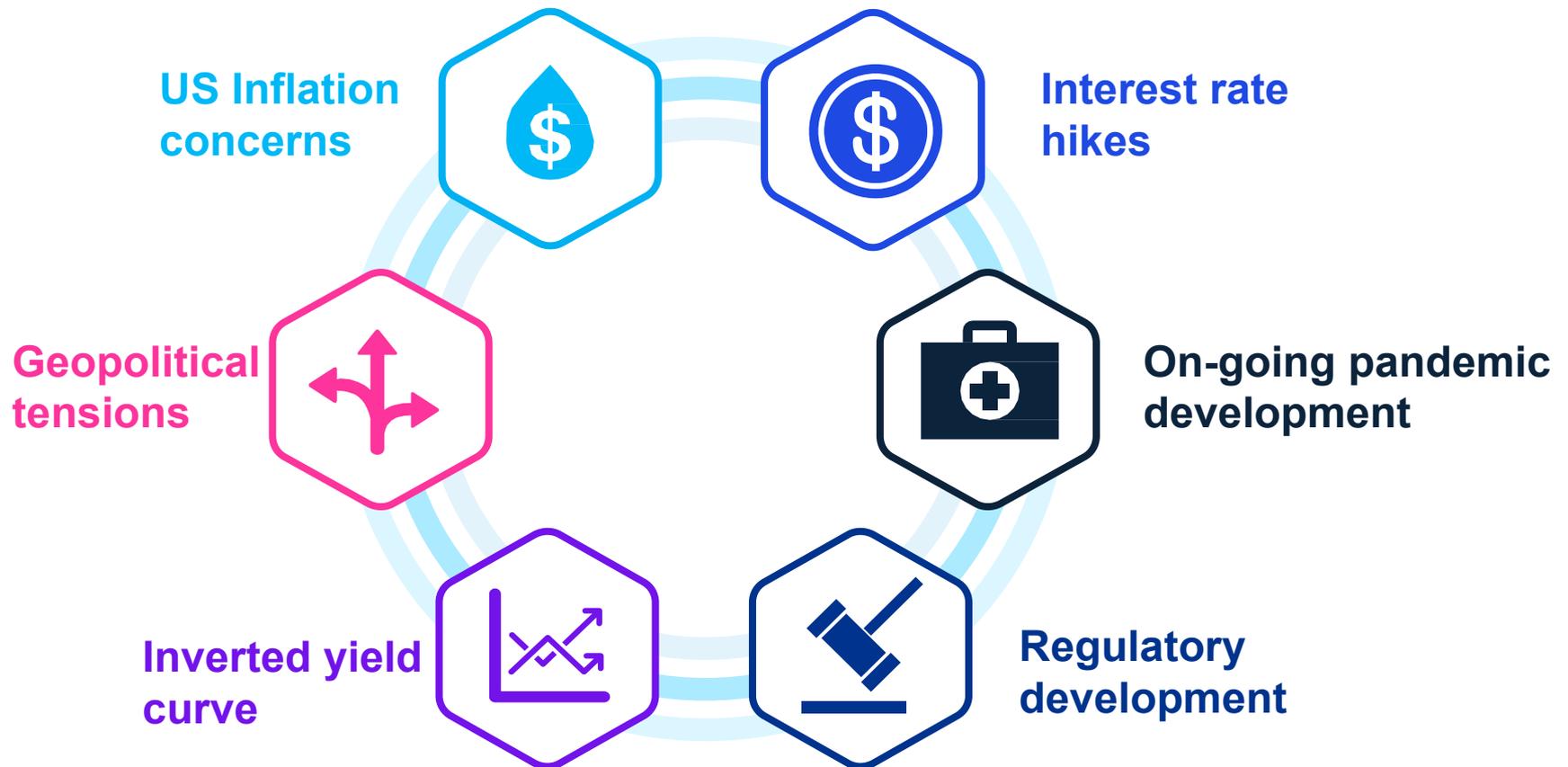
Hong Kong IPO market



Global IPO landscape

Global landscape

2022 is a challenging year for IPOs amid market uncertainties

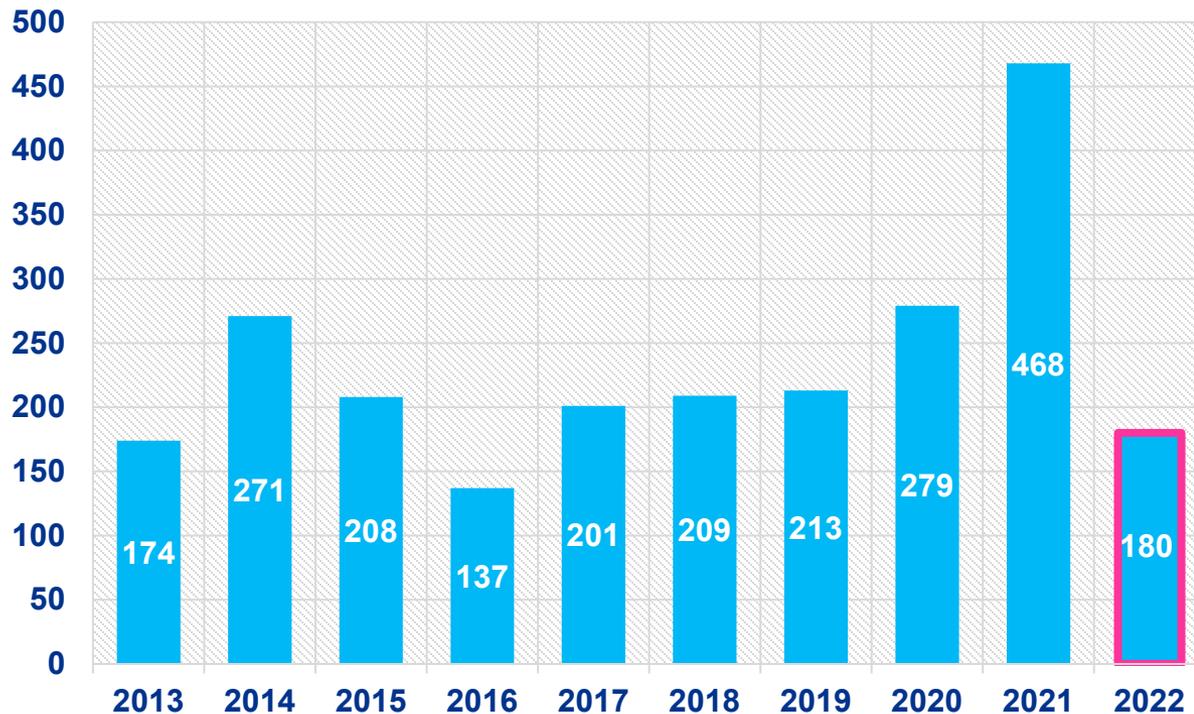


2022 Global IPO market overview



Global IPO activity⁽¹⁾ (2013 – 2022)

Funds raised
(USD'B)



No. of deals	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 Nov YTD
	1,153	1,486	1,578	1,324	1,837	1,485	1,191	1,493	2,510	1,338

Challenging year for IPOs

- Number of deals: ↓ ~50%
- Funds raised: ↓ ~60%

- Funds raised in the US dropped by **>90%**. In line with the trend, Hong Kong market have recorded a **>70%** drop in terms of total proceeds.
- The A-share market is the **key driver for the global IPO market**, accounted for **nearly half** of global total proceeds in 2022.

(1) Analysis based on data as at 30 November 2022

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



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Global top 5 stock exchanges



2022
Nov YTD

Rank	Stock exchange	IPO proceeds (USD billion) ¹
1	Shanghai Stock Exchange	52.7
2	Shenzhen Stock Exchange	28.8
3	Korea Stock Exchange	11.3
4	HKEX	10.8
5	Frankfurt Stock Exchange	9.1



Funds raised of A-share stock exchanges this year are comparable to 2021, leading SSE and SZSE to rank top for 2022.

2021

Rank	Stock exchange	IPO proceeds (USD billion)
1	NASDAQ	100.6
2	New York Stock Exchange	61.2
3	Shanghai Stock Exchange	58.1
4	HKEX	43.1
5	Shenzhen Stock Exchange	27.6



HKEX returned to the top 5 global stock exchanges in the second half, and is set to regain top-three IPO ranking in 2022 full year.



NASDAQ and NYSE are out of top 5 IPO venue (ranked 9th and 11th respectively) in terms of total funds raised, which is the first time in the past decade.

(1) Analysis based on data as at 30 November 2022
 (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.

2023 global IPO market outlook



“ Looking forward to the start of 2023, the global IPO market will continue to be influenced by economic and geopolitical uncertainties. On the upside, inflation may gradually be brought under control, thereby allowing a slower pace of interest rate hikes, and providing a more favourable environment for fundraising. Companies that have postponed their IPOs may return, supporting a recovery in the global IPO market in the coming year. ”



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

Signs of
slower
inflation

Slower
expected
pace of rate
rises

Gradual
easing of
pandemic

Heightened
geopolitical
stability



A-share IPO market

A-share IPO market: 2022 highlights



A-share market demonstrates its resilience

- The Chinese Mainland has been comparatively less affected by global volatility. With relatively low inflation environment and the policy measures to stabilize the economy, the A-share IPO market remained resilient.
- Total proceeds from A-share IPOs would increase slightly but remain at historic high.

Two sizeable SOEs listed on the SSE

- A telecommunications state-owned enterprise (“SOE”) and an energy producer SOE completed their listings during 2022 H1, raising RMB 56.0 billion and RMB 32.3 billion respectively.

STAR and ChiNext remain key contributors

- STAR and ChiNext contributed more than two-thirds of the total proceeds and number of deals.
- To enhance the multi-level capital market, Beijing Stock Exchange (“BSE”), which is targeting on SMEs, was launched in November 2021 to complement STAR and ChiNext. In its first year of operation, BSE recorded 68 listings.

Historical high in funds raised

RMB 610.3B (↑ ~5% vs 2021)
410 Deals (↓ ~20% vs 2021)

Two sizeable SOE listings

Represented ~**15%** of the total
A-share proceeds

raised **RMB 88.3B**

STAR and ChiNext

RMB 413.6B (~70% of the market)
261 Deals (~65% of the market)

Sources : All analysis is based on WIND data and included REIT deals as of 4 December 2022, adjusted to number of confirmed listings up to 31 December 2022, unless otherwise stated

A-share IPO market activity



	SSE - Traditional	SZSE - Traditional	SSE - STAR*	SZSE – ChiNext*	BSE#	Total
2022	RMB 143.9B 39 deals	RMB 38.2B 42 deals	RMB 238.0B 117 deals	RMB 175.6B 144 deals	RMB 14.6B 68 deals	RMB 610.3B 410 deals
2021	RMB 188.7B 93 deals	RMB 38.7B 38 deals	RMB 202.9B 162 deals	RMB 147.5B 199 deals	RMB 2.0B 11 deals	RMB 579.8B 503 deals
2020	RMB 120.8B 88 deals	RMB 60.6B 98 deals	RMB 222.6B 145 deals	RMB 66.0B 63 deals	N/A	RMB 470.0B 394 deals

Note: All analysis is based on WIND data and included REIT deals as of 4 December 2022, adjusted to number of confirmed listings up to 31 December 2022, unless otherwise stated

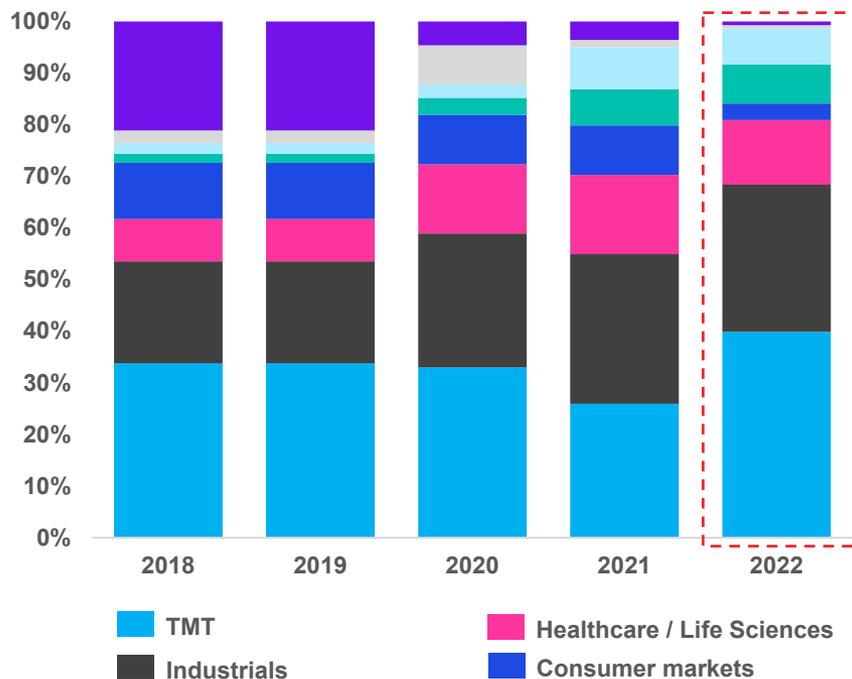
* The above statistics excluded companies transferred from BSE to STAR or ChiNext.

Beijing Stock Exchange began to trade on 15 November 2021. The above statistics excluded companies transferred from NEEQ Select to BSE.

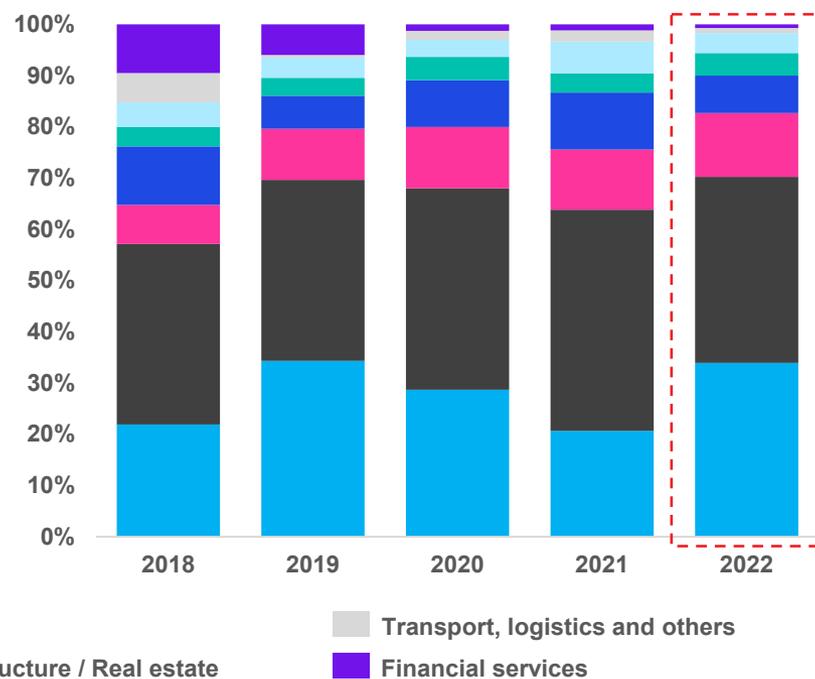
A-share IPO sector distribution



Sector in terms of funds raised



Sector in terms of number of deals



TMT, industrials, and healthcare/life sciences are the top 3 sectors in terms of both funds raising and number of deals, accounting for **over 80%** of the A-share market in 2022.



Total proceeds and number of deals from **consumer markets** have recorded a YOY decrease by 65% and 46% respectively as market sentiment was affected by more conservative spending and continued movement restrictions.



Note: All analysis is based on WIND data and included REIT deals as of 4 December 2022, adjusted to number of confirmed listings up to 31 December 2022, unless otherwise stated.

Top 10 largest A-share IPOs



Funds raised by top 10 IPOs

2022:
RMB 159.5 billion
 ~ **26%** of total proceeds

2021:
RMB 150.5 billion
 ~ **26%** of total proceeds

2022	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	CICC Anhui Traffic Control Expressway*	SSE	10.9	Infrastructure / Real Estate
5	Hygon Information Technology Co., Ltd.	SSE-STAR	10.8	TMT
6	Jinkosolar Co., Ltd.	SSE-STAR	10.0	Industrials
7	Huaxia China Jiaojian Expressway*	SSE	9.4	Infrastructure / Real Estate
8	ASR Microelectronics Co., Ltd.	SSE-STAR	6.9	TMT
9	Hubei Wanrun New Energy Technology Co.,Ltd.	SSE-STAR	6.4	Industrials
10	Shenzhen Hello Tech Energy Co.,Ltd	SZSE-ChiNext	5.8	Industrials

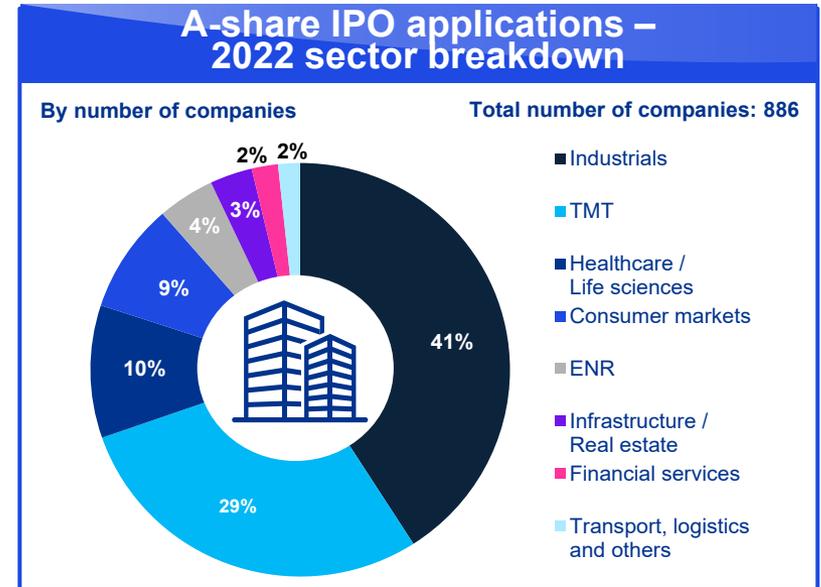
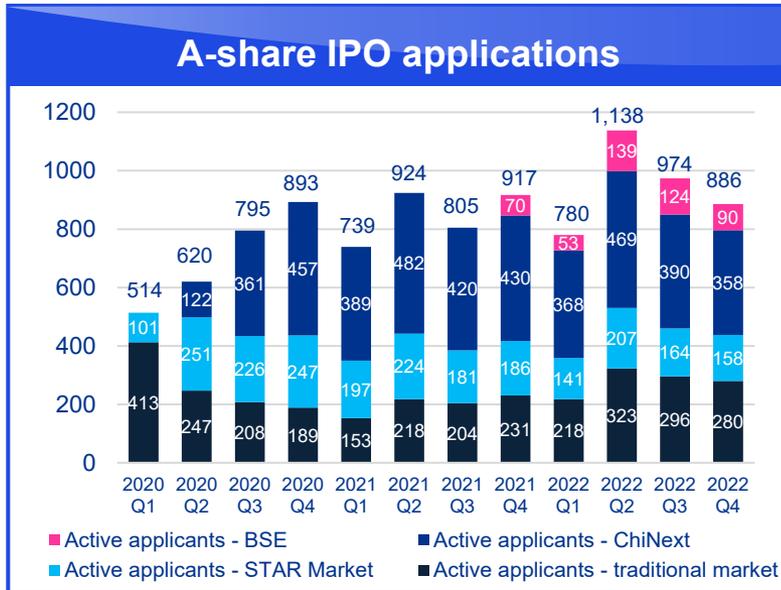
2021	Company	Exchange	Proceeds (RMB billion)	Sector
1	China Telecom Corporation Limited	SSE	54.2	TMT
2	China Three Gorges Renewables (Group) Co.,Ltd.	SSE	22.7	ENR
3	BeiGene, Ltd	SSE-STAR	22.2	Healthcare / Life sciences
4	Ping An Guangzhou Comm Invest Guanghe Expressway*	SZSE	9.1	Infrastructure / Real Estate
5	Shanghai Rural Commercial Bank Co., Ltd.	SSE	8.6	Financial services
6	Everdisplay Optronics (Shanghai) Co., Ltd.	SSE-STAR	8.2	TMT
7	Zhuzhou CRRC Times Electric Co. Ltd.	SSE-STAR	7.6	Industrial manufacturing
8	Xinjiang Daqo New Energy Co.,Ltd.	SSE-STAR	6.5	Industrial manufacturing
9	CICC GLP Warehouse Logistics*	SSE	5.8	Infrastructure / Real Estate
10	Hoymiles Power Electronics Inc.	SSE-STAR	5.6	Industrial manufacturing

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

Note: All analysis is based on WIND data as of 4 December 2022, adjusted to number of confirmed listings up to 31 December 2022, unless otherwise stated

Source: Wind and KPMG analysis

A-share IPO pipeline



Note: All figures, and included REIT deals, are as of 4 December 2022, unless otherwise stated. STAR market 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 A-share IPO pipeline remains at a **high level of over 880 active applications.**



58% of applications are from STAR Market and ChiNext, which focus on high-tech and strategic emerging industries and growth-oriented innovative and start-up enterprises, respectively.



Industrials, TMT and Healthcare / Life Sciences are the top sectors – among A-share IPO applications, contributing 80% of the pipeline.

2023 outlook: A-share market



Policy measures aimed at stabilising the economy are paving the way for steady recovery

- The Chinese Mainland will continue to implement policy measures aimed at stabilising the economy and pursuing high quality economic development.
- With supportive government measures taking effect gradually, the country's economy will continue to remain on a steady recovery track, creating a favorable environment for fund-raising.



TMT and industrial manufacturing continue to be key drivers in a robust IPO pipeline

- The IPO pipeline with over 880 applicants indicates steady demand for fund-raising activities.
- TMT and industrial manufacturing comprise 70% of the pipeline.



“ The A-share IPO markets have demonstrated their resilience in 2022. Due to various policies aimed at stimulating economic growth and enhancing the registration system, it is expected that the A-share capital market will remain active despite a challenging macroeconomic environment. ”



Louis Lau
Partner
Capital Markets
KPMG China



Hong Kong IPO market

Hong Kong IPO market: 2022 highlights



Slow start at the beginning with signs of rebound in H2 ⁽¹⁾

- With global sentiment affecting the IPO market in Hong Kong, the number of deals and total proceeds decreased by approximately 25% and 70%, respectively, compared with last year.
- IPO activity increased in 2022 H2, showing early signs of revival.

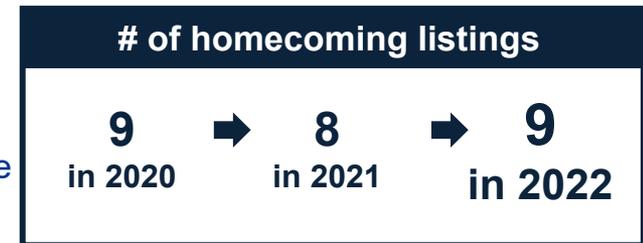
Homecoming listings continues

- The trend of homecoming listings continued its momentum this year. 9 homecoming listings were completed in 2022.
- 4 of these listings were listed by way of introduction without fundraising while the amount raised by other deals were considerably small in scale; resulting in less contribution to total proceeds this year than they had in past two years.

Launch of SPAC regime and new reforms

- In spite of market uncertainty, the SPAC regime has had a steady start.
- Local regulators have proposed a new listing rule for Specialist Technology Companies to list on the Hong Kong market.

Note 1: All figures are as of 4 December 2022, adjusted to number of confirmed listings up to 31 December 2022, included listing by introduction, and excluded SPAC deals and GEM transfer
Source: HKEx and KPMG analysis



“ The proposed rules for Specialist Technology Companies will open the door for high growth innovative enterprises at early stages of development to list in Hong Kong and raise funds for further research and development. ”



Irene Chu
Partner
Head of New Economy
and Life Sciences
KPMG China

Hong Kong IPO market activity



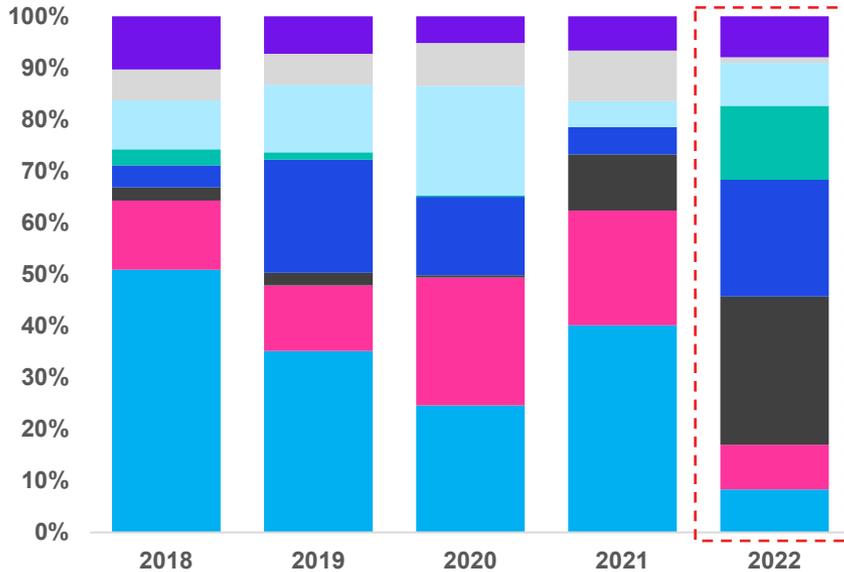
	Main Board	GEM	Total
2022	HKD 97.2B 73 deals	- -	HKD 97.2B 73 deals
2021	HKD 333.8B 96 deals	HKD 0.1B 1 deal	HKD 333.9B 97 deals
2020	HKD 396.0B 136 deals	HKD 0.6B 8 deal	HKD 396.6B 144 deals

Note: All figures are as of 4 December 2022, adjusted to number of confirmed listings up to 31 December 2022, included listing by introduction, and excluded SPAC deals and GEM transfer
Source: HKEx and KPMG analysis

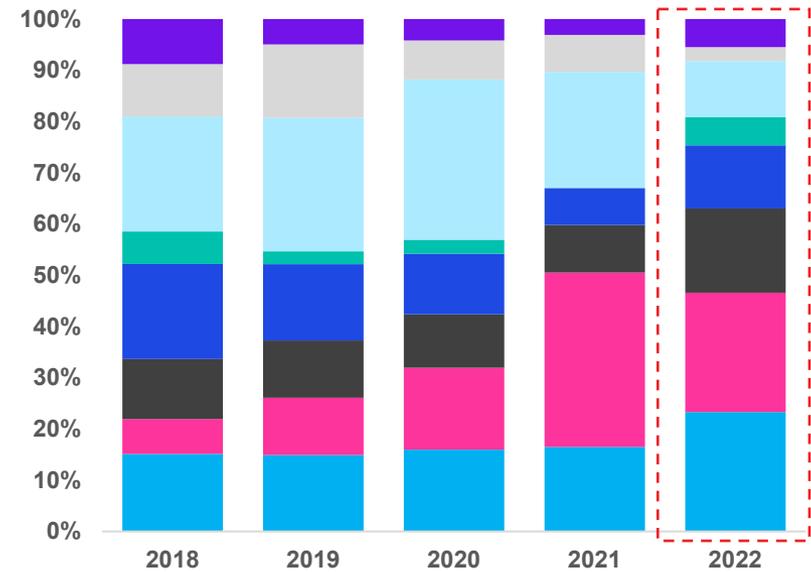
Hong Kong IPO sector distribution



Sector in terms of funds raised



Sector in terms of number of deals



Sizable listings in **industrials, consumer markets, and the ENR sectors** leading these sectors ranked in the top three in terms of funds raised in 2022. 7 out of top 10 largest IPOs are came from these sectors.



There is a rising trend in number of deals in **TMT and healthcare / life sciences** – both of which ranked among the top three sectors in terms of number of completed deals since 2020.



Note: All figures are as of 4 December 2022, adjusted to number of confirmed listings up to 31 December 2022, included listing by introduction, and excluded SPAC deals and GEM transfer
Source: HKEx and KPMG analysis

Top 10 largest Hong Kong IPOs



2022	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	CALB Co., Ltd.	10.1	Industrials
4	Sunshine Insurance Group Company Limited #	7.1	Financial services
5	Onewo Inc.	6.3	Infrastructure / Real Estate
6	Zhejiang Leapmotor Technology Co., Ltd.	6.3	Industrials
7	JL Mag Rare-Earth Co., Ltd.	4.2	Industrials
8	Lygend Resources & Technology Co., Ltd.	3.7	Industrials
9	Huitongda Network Co., Ltd.	2.3	TMT
10	Ferretti S.p.A.	2.0	Industrials

Expected to list on 9 December 2022. Funds raised estimated is based on mid price.

2021	Company	Proceeds (HKD billion)	Sector
1	Kuaishou Technology – W	48.3	TMT
2	JD Logistics	28.3	Transport, Logistics and Others
3	Baidu, Inc. – SW	23.9	TMT
4	Bilibili Inc. – SW	23.2	TMT
5	XPeng Inc. – W	16.0	Industrials
6	Li Auto Inc. – W	13.4	Industrials
7	Trip.com Group Ltd. – S	9.8	TMT
8	Linklogis Inc. – W	9.2	Financial Services
9	Dongguan Rural Commercial Bank Co., Ltd.	9.1	Financial Services
10	Asymchem Laboratories (Tianjin) Co., Ltd	7.6	Healthcare / Life Sciences



Funds raised by top 10 IPOs

2022:
HKD 73.9 billion
 ~ 76% of total proceeds

2021:
HKD 188.8 billion
 ~ 57% of total proceeds

Note: All figures are as of 4 December 2022, adjusted to number of confirmed listings up to 31 December 2022, included listing by introduction, and excluded SPAC deals and GEM transfer
 Source: HKEx and KPMG analysis



IPO activity is expected to rebound in 2023



- Market sentiment is expected to pick up.
- Backed by a solid pipeline with around 120 companies seeking to IPO.
- Hong Kong is expected to remain one of the top listing destinations in the 2023.

Continued reform and enhancement of listing regime



- The Specialist Technology regime is expected to roll out, further enhancing Hong Kong's position as the international financial centre.
- GEM reform

Source: HKEx and KPMG analysis

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