



# Chinese Mainland and Hong Kong IPO markets

2023 mid-year review

3 July 2023

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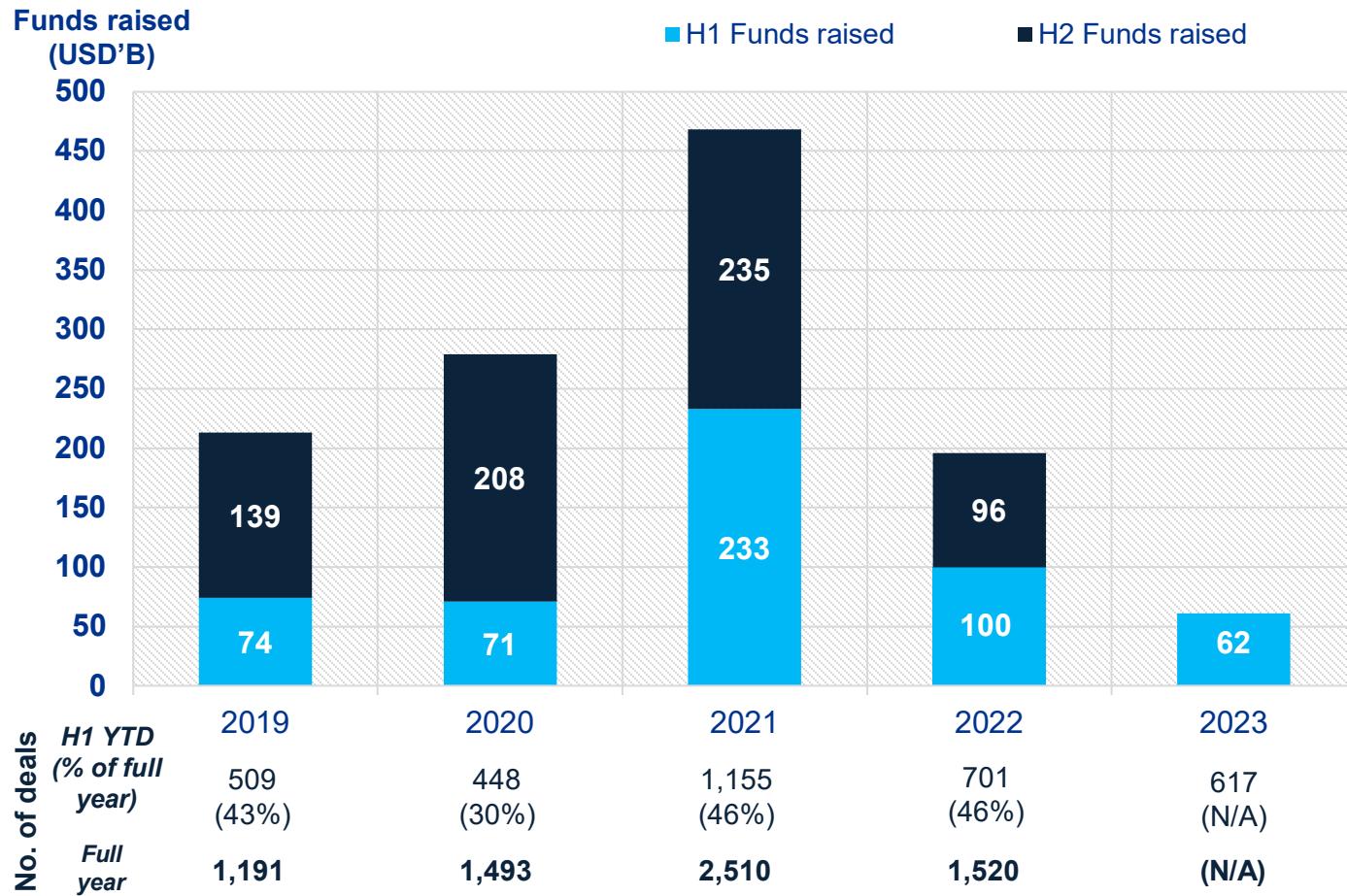
# Global IPO landscape



# 2023 H1 Global IPO market overview



## Global IPO activity<sup>(1)</sup> (2019 – 2023 H1)



(1) Analysis based on data as at 30 June 2023

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



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## Market sentiment remains weak

- Number of deals: ~ 10%
- Funds raised: ~ 40%

compared to 2022 H1



# Global top 5 stock exchanges



2023 H1 YTD	Rank	Stock exchange	IPO proceeds (USD billion) <sup>1</sup>
	1	Shanghai Stock Exchange	19.2
	2	Shenzhen Stock Exchange	12.8
	3	New York Stock Exchange	7.1
	4	Abu Dhabi Securities Exchange	3.7
	5	NASDAQ Stock Exchange	2.9

2022 H1 YTD	Rank	Stock exchange	IPO proceeds (USD billion)
	1	Shanghai Stock Exchange	33.2
	2	Shenzhen Stock Exchange	14.6
	3	Korea Stock Exchange	10.9
	4	Dubai Financial Market	6.1
	5	National Stock Exchange of India	5.2

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 June 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.



**7** sizeable IPO deals raising over **US\$1 billion** in 2023 H1 compared to **12** such deals in 2022 H1



**A-share stock exchanges** contributed **~ 50%** of global proceeds **~ 30%** of no. of deals in 2023 H1



The **New York Stock Exchange** returned to the **top 5 stock exchanges** after a long hiatus, largely due to posting the **largest global IPO deal by funds raised during 2023 H1.**

# 2023 H2 global IPO market outlook



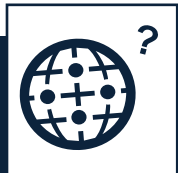
## Factors affecting 2023 H2 global IPO market



**Economic  
recovery**



**Easing inflationary  
pressures**



**Ongoing geopolitical  
uncertainties**



**Financial market  
uncertainties**

“ Global IPO activity slowed significantly towards the end of 2022, and has remained sluggish in 2023. This trend is attributed to factors including inflationary pressures and rising interest rates, which have been further exacerbated by the emergence of financial market instability in early 2023.

However, there are indications that the situation may be improving. The U.S. Federal Reserve's recent announcement to halt its rate hike is expected to reduce monetary uncertainty, which could motivate IPO applicants to pick up their pace in the second half of 2023.

”



**Paul Lau**

Partner

Head of Capital Markets and Professional Practice  
KPMG China



# A-share IPO market

2.95%

6.28%

▲ 9.34%

▲ 10.8%

▲ 3.45%



8.245

8.912

9.421

9.988

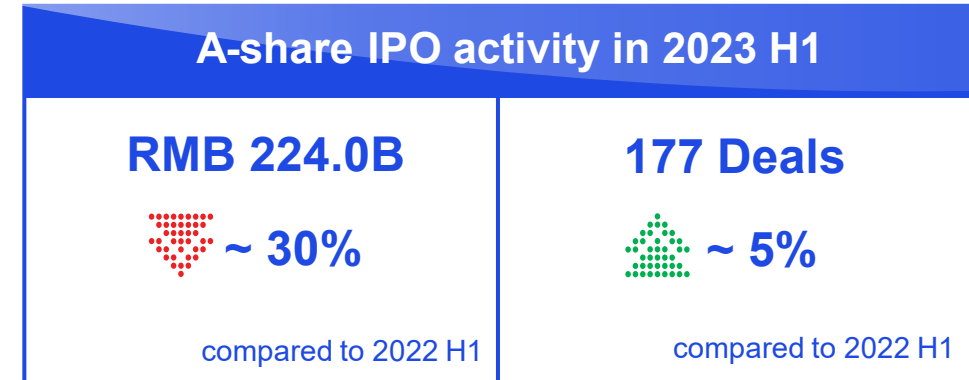
Chinese Mainland and Hong Kong IPO markets

# A-share IPO market: 2023 H1 highlights



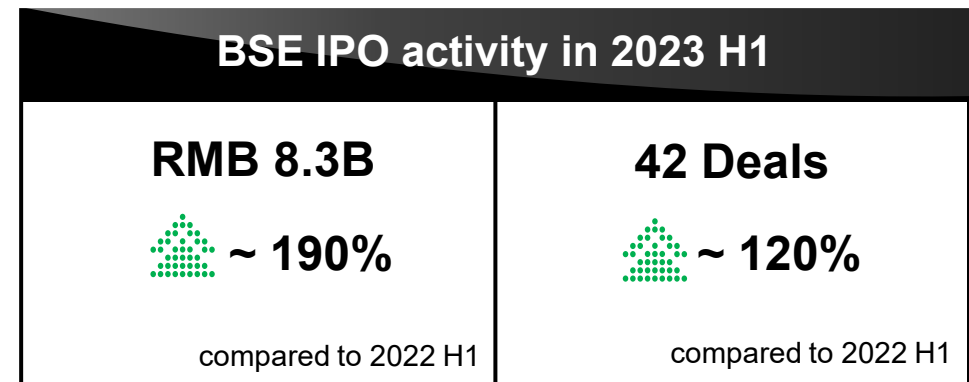
## A-share IPO activity remained steady

- The A-share IPO market recorded a slight growth in the number of deals, but the lack of mega-sized deals meant that total funds raised decreased by 30% as compared to 2022 H1.
- Despite the decrease in total funds raised, the Shanghai Stock Exchange and Shenzhen Stock Exchange continue to outpace its global peers in terms of both funds raised and number of deals, ranked 1<sup>st</sup> and 2<sup>nd</sup> respectively among all listing venues across the globe.



## Beijing Stock Exchange leaping forward

- The Beijing Stock Exchange (“BSE”) made steady improvements since it began trading in November 2021, but leaped forward in 2023 H1, more than doubling its number of deals and total funds raised as compared to 2022 H1. The Beijing Stock Exchange’s success is important to the overall development of a healthy, multi-layered capital market in the Chinese Mainland.



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



# A-share IPO market activity



	SSE - Traditional	SZSE - Traditional	SSE - STAR*	SZSE - ChiNext*	BSE	Total
2023 H1	RMB 41.8B 25 deals	RMB 21.4B 17 deals	RMB 87.7B 41 deals	RMB 64.8B 52 deals	RMB 8.3B 42 deals	<b>RMB 224.0B</b> <b>177 deals</b>
2022 H1	RMB 108.3B 17 deals	RMB 11.5B 13 deals	RMB 115.6B 53 deals	RMB 87.1B 68 deals	RMB 2.9B 19 deals	<b>RMB 325.4B</b> <b>170 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 June 2023, unless otherwise stated

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

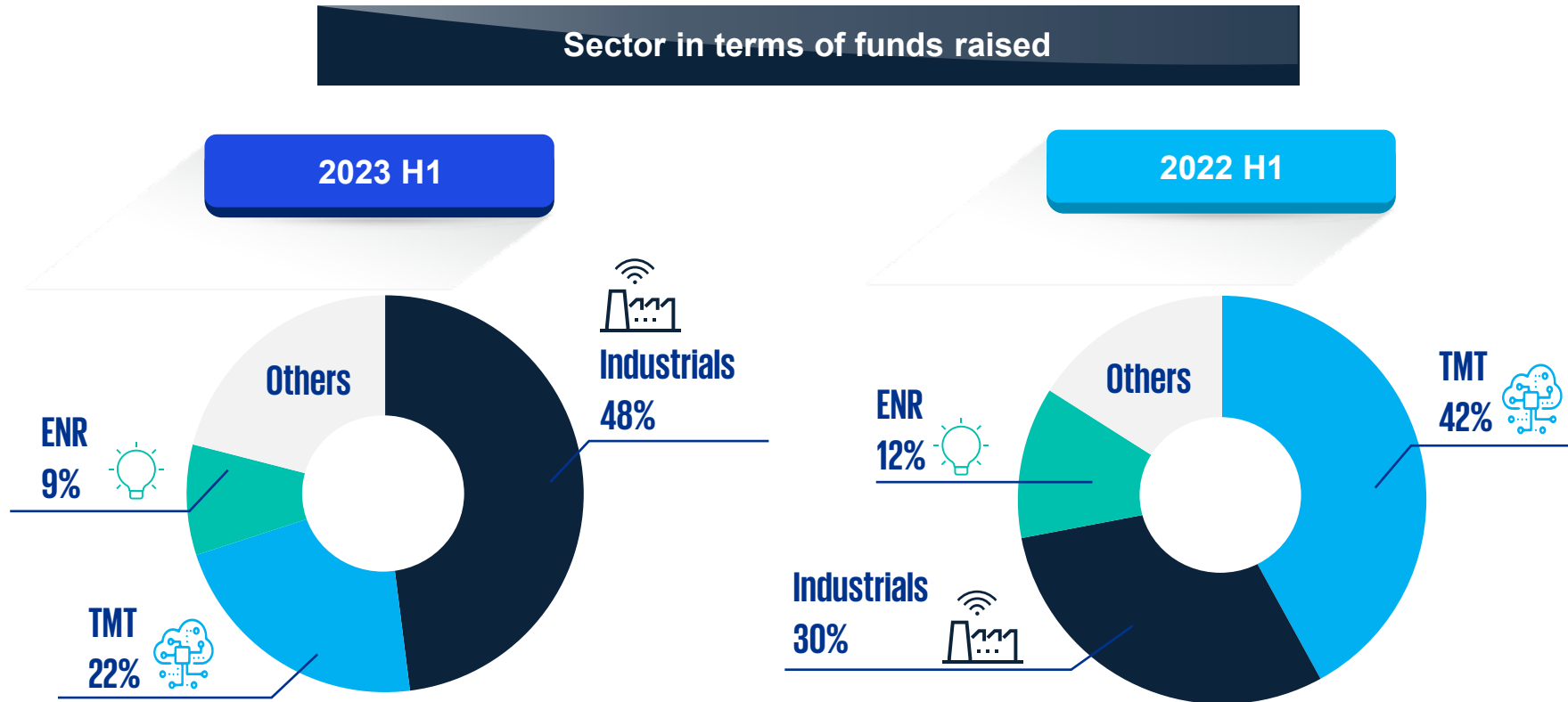
# A-share IPO sector distribution



- **Industrials** was the top contributor in the A-share market during 2023 H1 in terms of both funds raised and number of deals.
- 3 out of the Top 10 largest IPOs came from the **ENR sector**, bumping the sector up to **third** in terms of funds raised in 2023 H1.



## Sector in terms of funds raised



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

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

# Top 10 largest A-share IPOs



2023 H1	Company	Exchange	Proceeds (RMB billion)	Sector
1	Semiconductor Manufacturing Electronics (Shaoxing) Corporation	SSE-STAR	11.1	Industrials
2	Nexchip Semiconductor Corporation	SSE-STAR	10.0	Industrials
3	China Fund Management SPIC New Energy REIT *	SSE	7.8	Infrastructure / Real Estate
4	Shaanxi Energy Investment Co., Ltd.	SZSE	7.2	ENR
5	CSI Solar Co., Ltd.	SSE-STAR	6.9	ENR
6	Hunan Yuneng New Energy Battery Material Co.,Ltd.	SZSE-ChiNext	4.5	Industrials
7	Jiangsu Xukuang Energy Co., Ltd.	SSE	4.3	ENR
8	Shenzhen Intellifusion Technologies Co., Ltd.	SSE-STAR	3.9	TMT
9	Greenworks (Jiangsu) Co.,Ltd.	SZSE-ChiNext	3.7	Industrials
10	Chongqing Genrix Biopharmaceutical Co., Ltd.	SSE-STAR	3.5	Healthcare / Life Sciences

2022 H1	Company	Exchange	Proceeds (RMB billion)	Sector
1	China Mobile Limited	SSE	56.0	TMT
2	CNOOC Limited	SSE	32.3	ENR
3	Jinkosolar Co., Ltd.	SSE-STAR	10.0	Industrials
4	Huaxia China Jiaojian Expressway REIT *	SSE	9.4	Infrastructure / Real Estate
5	ASR Microelectronics Co., Ltd.	SSE-STAR	6.9	TMT
6	Suzhou Novosense Microelectronics Co.,Ltd	SSE-STAR	5.8	Industrials
7	Sany Heavy Energy Co., Ltd.	SSE-STAR	5.6	Industrials
8	Ganzhou Teng Yuan Cobalt New Material Co., Ltd.	SZSE-ChiNext	5.5	Industrials
9	Isoftstone Information Technology (Group) Co., Ltd.	SZSE-ChiNext	4.6	TMT
10	Avic (Chengdu) Uas Co., Ltd.	SSE-STAR	4.4	Industrials



## Funds raised by top 10 IPOs

**2023 H1:**  
**RMB 62.9 billion**  
 ~ 30% of total proceeds

**2022 H1:**  
**RMB 140.5 billion**  
 ~ 45% of total proceeds

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

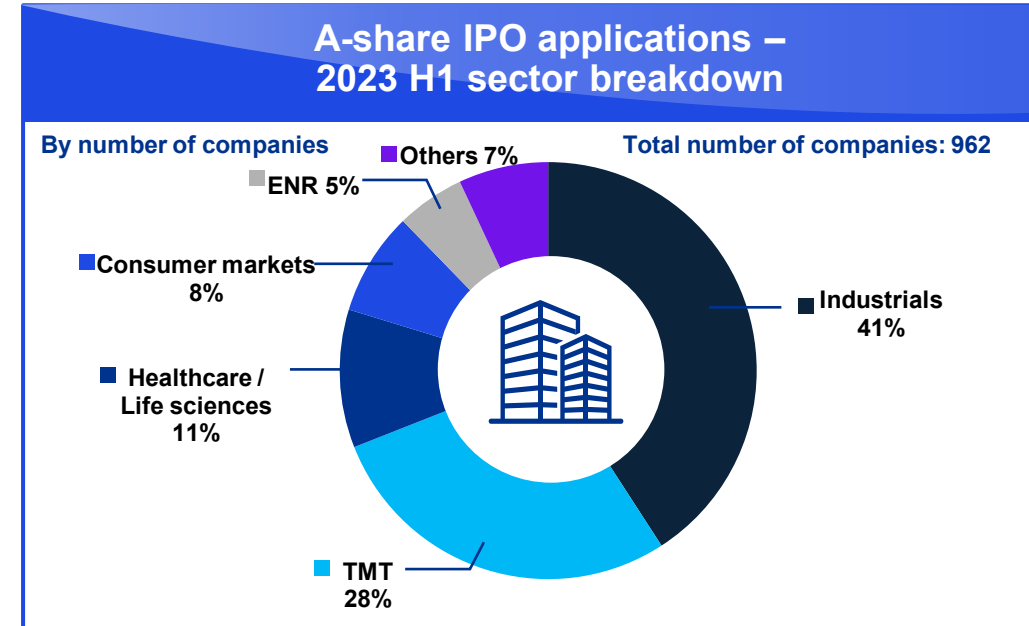
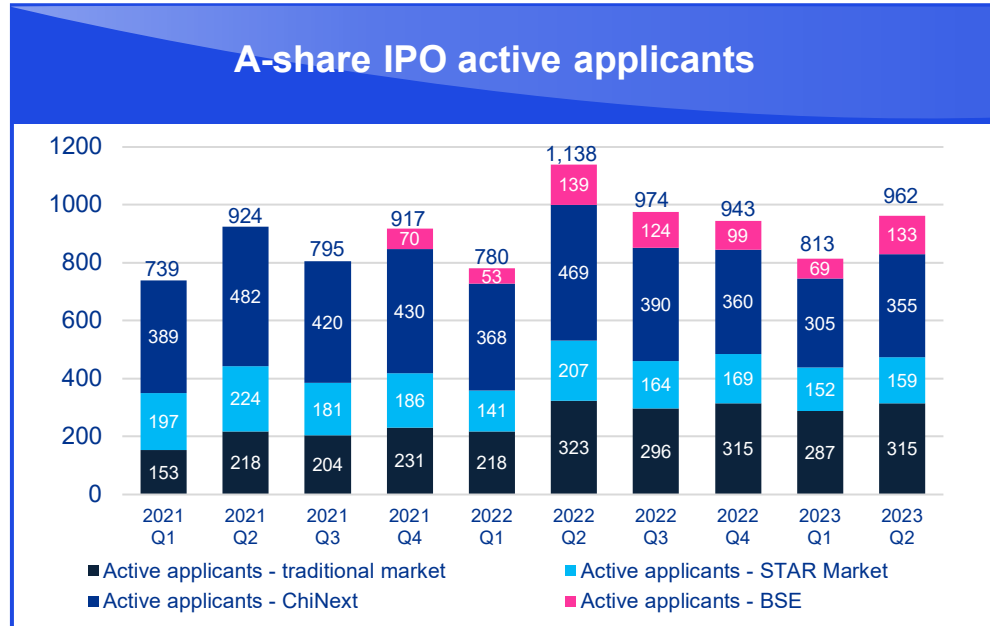
Note: All analysis is based on WIND data and included REIT deals as of 30 June 2023, unless otherwise stated

Source: Wind and KPMG analysis



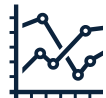
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# A-share IPO pipeline



Note: All analysis is based on WIND data and included REIT deals as of 30 June 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 have **decreased as compared to prior periods**, but **around 50% of active applicants** still belong to these two markets.



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

# 2023 H2 outlook: A-share market



## IPO pipeline remains healthy

IPO pipeline remains healthy with around 1,000 active applicants, and the full implementation of a registration-based system is expected to help facilitate the listing process.



## Supportive government policies

The Chinese Government has committed to implementing policy measures that aim to propel economic recovery in the Chinese Mainland.

“ The Chinese Mainland is expected to continue implementing accommodative policies to support economic recovery, including enhancement of the A-share fundraising environment through regulatory reforms, which is expected to further boost momentum for the A-share markets in the coming quarters. ”



**Louis Lau**  
Partner  
Capital Markets  
KPMG China





# Hong Kong IPO market



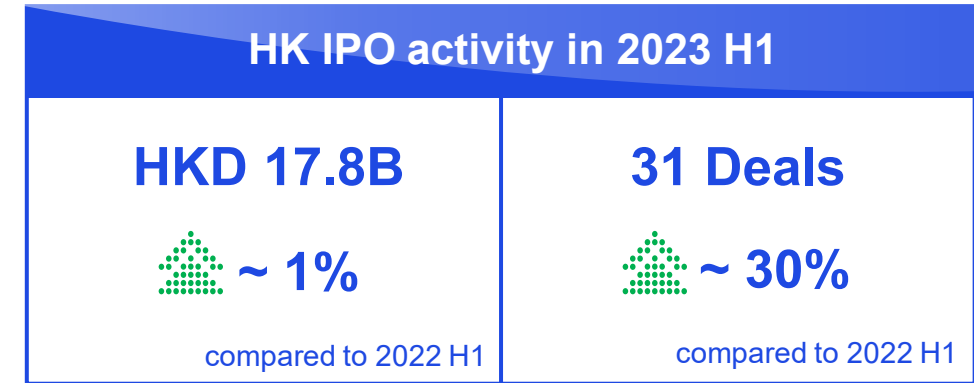
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# Hong Kong IPO market: 2023 H1 highlights



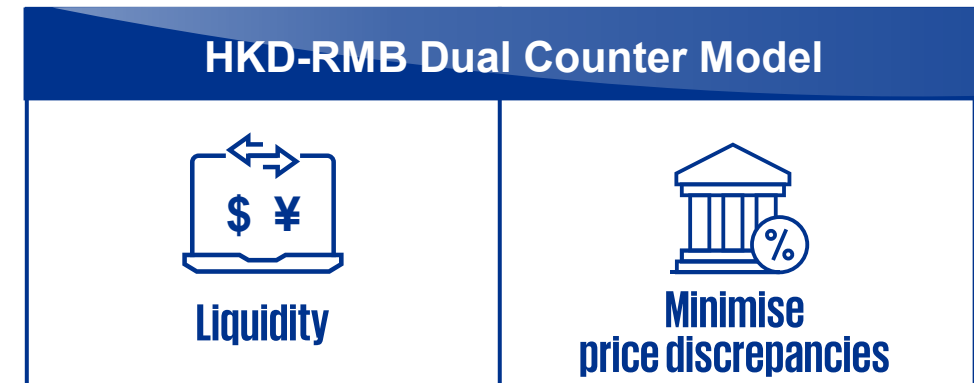
## Funds raised was able to keep up

- Hong Kong IPO activities started the year off slowly, but were able to recover their footing in 2023 Q2 by completing IPO deals with average deal sizes more than double those of 2023 Q1. There were slight increases in both the number of deals and total funds raised as compared to 2022 H1.
- The Specialist Technology Companies regime became effective on 31 March 2023, and the first IPO application under the regime was filed in the second quarter.



## Introduction of the HKD-RMB Dual Counter Model

- The Hong Kong Dollar (HKD)-Renminbi (RMB) Dual Counter Model was launched during the quarter, allowing investors to trade securities issued by the same issuer in both HKD or RMB.
- The new Dual Counter Model enhances the liquidity of dual counter securities and minimises the price discrepancies between the two counters, further strengthening Hong Kong as the leading offshore RMB hub.



Note: All figures are as of 30 June 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 H1	HKD 17.8B 31 deals	-	HKD 17.8B 31 deals
2022 H1	HKD 17.7B 24 deals	-	HKD 17.7B 24 deals
2022 full year	HKD 99.6B 84 deals	-	HKD 99.6B 84 deals



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



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# Hong Kong IPO sector distribution



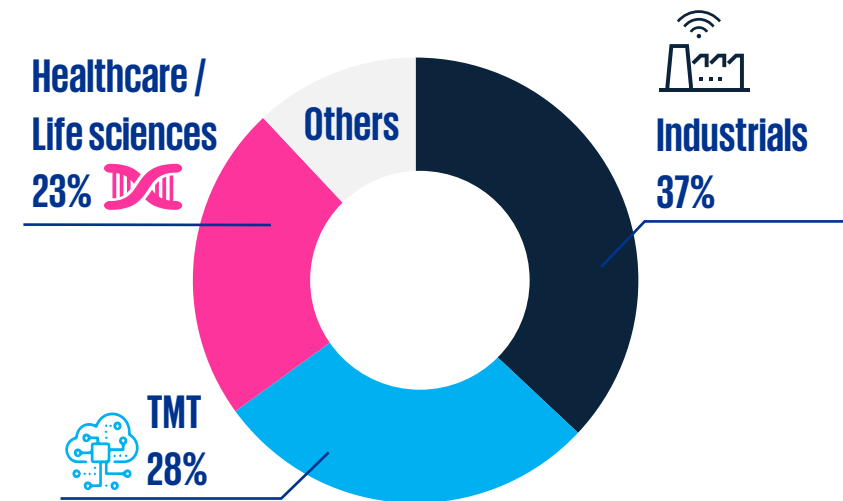
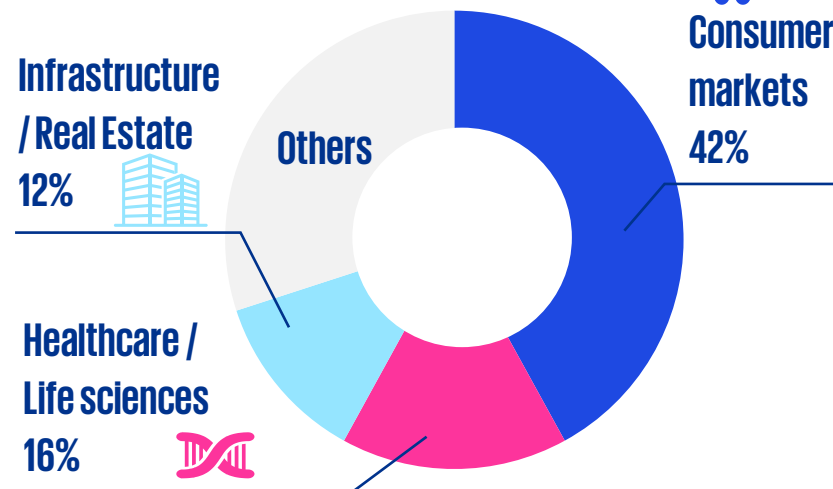
**3 out of the top 10 IPO deals** in 2023 H1 were in the **consumer market** sector, with one being the **largest deal**, helping to launch the consumer market sector to the **top** in terms of funds raised in the first half of the year.



## Sector in terms of funds raised

2023 H1

2022 H1



Note: All figures are as of 30 June 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 H1:**  
**HKD 13.1 billion**  
~ 75% of total proceeds

**2022 H1:**  
**HKD 15.0 billion**  
~ 85% of total proceeds

2023 H1	Company	Proceeds (HKD billion)	Sector
1	ZJLD Group Inc	5.3	Consumer Markets
2	Horizon Construction Development Limited	1.7	Infrastructure / Real Estate
3	Beijing SinoHytec Co., Ltd.	1.1	Industrials
4	JF Wealth Holdings Ltd	1.0	Financial Services
5	Beauty Farm Medical and Health Industry Inc.	0.9	Consumer Markets
6	Laekna, Inc. - B	0.8	Healthcare / Life Sciences
7	DPC Dash Ltd.	0.6	Consumer Markets
8	MedSci Healthcare Holdings Limited	0.6	Healthcare / Life Sciences
9	Edianyun Limited	0.6	TMT
10	YH Entertainment Group	0.5	TMT

2022 H1	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	Yunkang Group Limited	1.2	Healthcare / Life Sciences
6	Lepu Biopharma Co., Ltd. - B	0.9	Healthcare / Life Sciences
7	Jiangsu Recbio Technology Co., Ltd. – B	0.9	Healthcare / Life Sciences
8	Jinmao Property Services Co., Limited	0.8	Infrastructure / Real Estate
9	Zhihu Inc. - W	0.8	TMT
10	Arrail Group Limited	0.7	Healthcare / Life Sciences

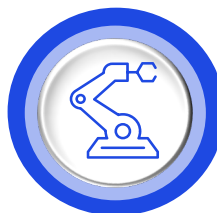
Note: All figures are as of 30 June 2023, included listing by introduction, and excluded SPAC deals and GEM transfer  
Source: HKEx and KPMG analysis

# 2023 H2 outlook: Hong Kong IPO market



## A stable IPO pipeline

The IPO pipeline continues to be stable of over 110 active applicants, which is more than enough to fuel a rebound in the second half of 2023.



## Specialist Technology Companies

We anticipate more Specialist Technology Companies to appear in the second half of 2023.

“ The new Chapter 18C is designed to help companies with Specialist Technology (such as artificial intelligence, robotics and automation, as well as semiconductors) gain access to Hong Kong's deep pool of capital, in order to develop and commercialise their technology to a wide-spread audience. In the long term, we are hopeful about major growth in the IPO markets driven by new technologies. ”



**Irene Chu**  
Partner  
Head of New Economy and Life Sciences  
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