



# Mainland China and Hong Kong IPO markets

2022 Q3 review



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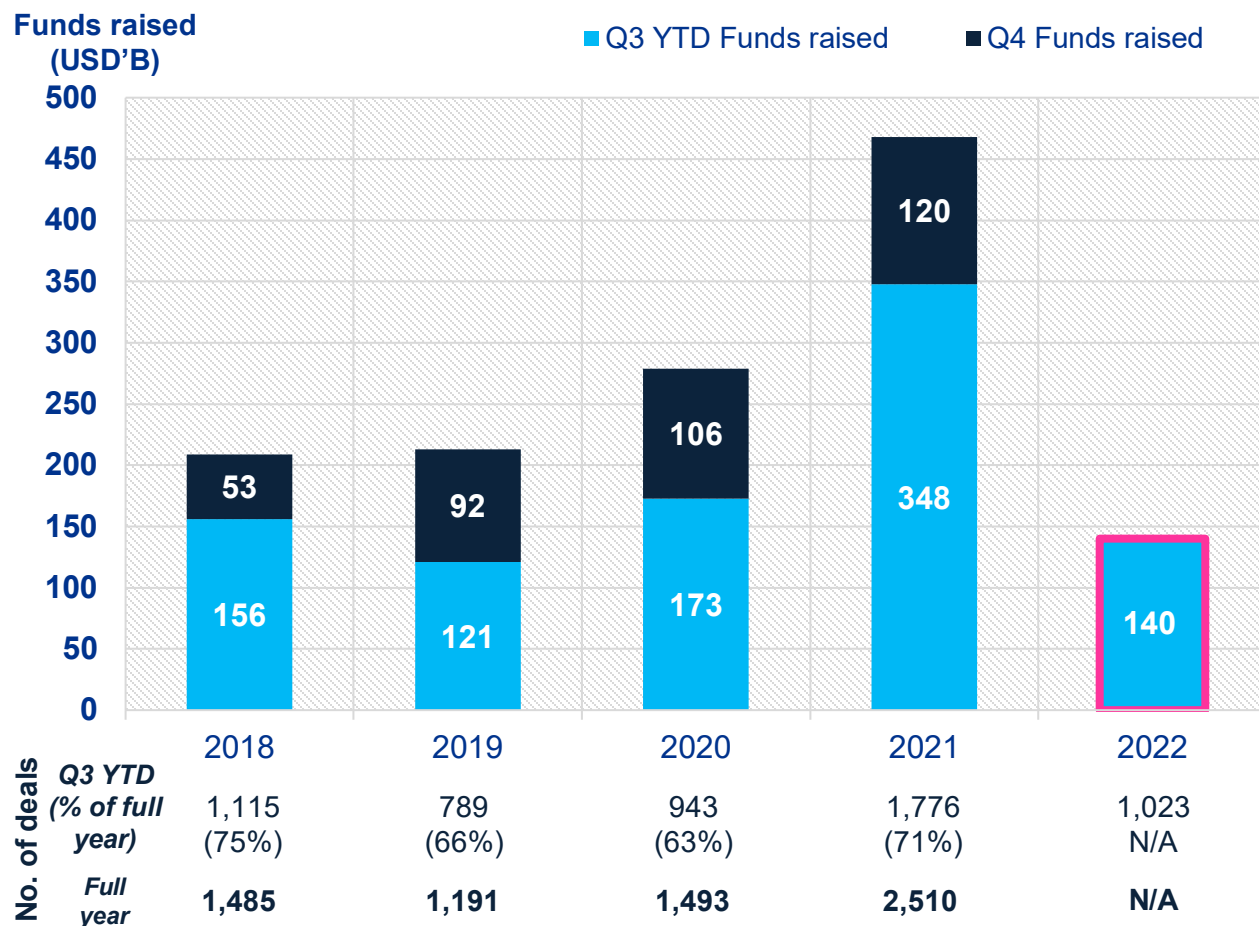
# Global IPO landscape



# Global landscape



## Global IPO activity<sup>(1)</sup> (2018 – 2022)



Geopolitical and economic uncertainties continue to taint global IPO market sentiment. Thus, number of deals globally has decreased by 42%, whereas the amount of funds raised has decreased by 60% in 2022 Q3 YTD compared with the corresponding period last year.

Asia-Pacific was the only region to see an increase in funds raised, mainly due to sizeable deals in the A-share market.

(1) Analysis based on data as at 25 September 2022

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

# Global landscape



2022 Q3 YTD	Rank	Stock exchange	IPO proceeds (USD billion) <sup>1</sup>
	1	Shanghai Stock Exchange	46.8
	2	Shenzhen Stock Exchange	24.8
	3	Korea Stock Exchange	11.2
	4	Frankfurt Stock Exchange <sup>2</sup>	9.4
	5	HKEX	7.4

2021 Q3 YTD	Rank	Stock exchange	IPO proceeds (USD billion)
	1	NASDAQ	71.4
	2	New York Stock Exchange	51.3
	3	Shanghai Stock Exchange	42.8
	4	HKEX	37.2
	5	London Stock Exchange	17.1

2021 (Full year)	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



The Shanghai Stock Exchange and the Shenzhen Stock Exchange are the top exchanges, raising a total of USD 71.6B, representing 51% of the global IPO proceeds as of 25 September 2022.



6 out of the Top 10 IPOs in terms of funds raised are contributed by the ENR and industrials sectors.

(1) Analysis based on data as at 25 September 2022  
 (2) Adjusted for the expected listing of Dr. Ing. h.c. F. Porsche AG on 29 September 2022 for USD 9.4 billion. Funds raised estimated is based on announced price and before over allotment.  
 (3) The exchange rate for USD/HKD is 7.75.  
 (4) Sources: Bloomberg and KPMG analysis, included REIT deals and excluded special purpose acquisition company (“SPAC” or “blank check”) deals.

# 2022 global IPO market overview



## Global IPO market faced challenges, while A-shares market outperformed

Amid market uncertainties, IPO proceeds in the US and Hong Kong have plunged by over 94% and 76% respectively during the first nine months of the year compared to the same period in 2021. Attributable to number of sizable listings, the A-share market outperformed the rest of the world, with mainland China fundraisings accounting for over half of global proceeds. On the back of further government support and a pick-up in business activities, the IPO market in China is expected to develop further.

“ Inflation, interest rate hikes and geopolitical uncertainty all contributed to the slowdown in the global IPO market, and these market uncertainties are likely to remain in the short term. Many companies are taking a wait-and-see approach to their listing plan, resulting in the postponement of some IPOs. ”



**Paul Lau**  
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Sources: KPMG analysis

## U.S. and Chinese regulators reached an agreement on cross-border inspection

In August, the Public Company Accounting Oversight Board (PCAOB) signed a Statement of Protocol with the China Securities Regulatory Commission (CSRC) and the Ministry of Finance of the People's Republic of China on audit inspection in China. It is a first and an important step toward a constructive resolution of the regulatory matter and sends a positive sign to the market.





# A-share IPO market

# A-share IPO market: 2022 Q3 highlights



## Active A-share market activities

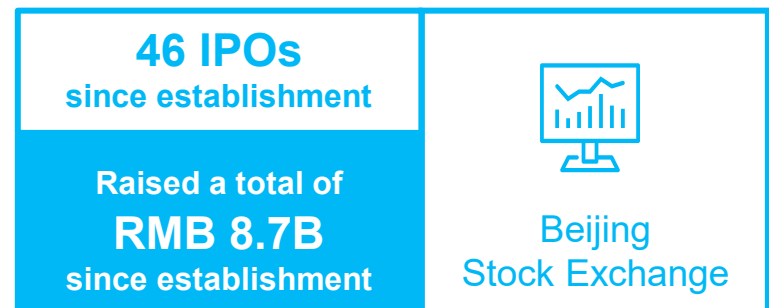
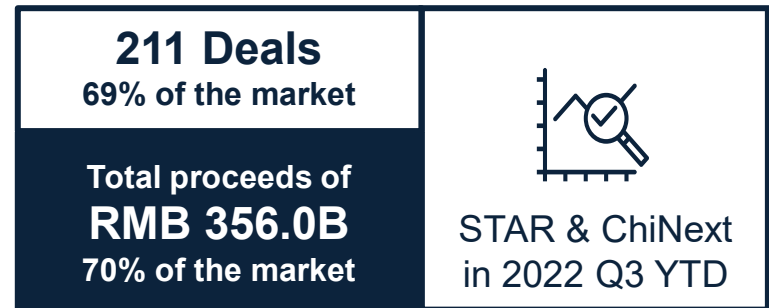
In contrast to the global market trend, total proceeds from the A-share market have increased by over 25% compared to the same period last year, reaching a record high for the same period historically. This is attributable to a number of sizeable listings.

## STAR and ChiNext are the key drivers

China's ongoing reform of its capital markets has yielded fruit as evidenced by its vibrant fund raising activities. For the year to date, more than two-thirds of the total proceeds in the A-share market were contributed by the STAR Market and ChiNext which have a focus on high growth and technology companies. In terms of funds raised, these markets accounted for 7 out of the top 10 listings on the mainland stock exchanges.

## First anniversary of Beijing Stock Exchange

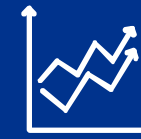
Since the establishment of the Beijing Stock Exchange in September 2021, 71 companies were transferred from the New Third Board and 46 companies had an initial public offering. The exchange has now become a key listing venue for innovative small and medium-sized enterprises in China, fostering the development of the country's multi-level capital market.



Sources : All analysis is based on WIND data as of 25 September 2022, adjusted to number of confirmed listings up to 30 September 2022, unless otherwise stated



# A-share IPO market activity



	SSE - Traditional	SZSE - Traditional	SSE - STAR	SZSE - ChiNext	BSE#	Total
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>
2021 Q3 YTD	RMB 172.7B 79 deals	RMB 33.2B 31 deals	RMB 115.3B 126 deals	RMB 87.0B 145 deals	N/A	<b>RMB 408.2B</b> <b>381 deals</b>
2021 Full year	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	<b>RMB 579.8B</b> <b>503 deals</b>

Note: All analysis is based on WIND data and included REIT deals as of 25 September 2022, adjusted to number of confirmed listings up to 30 September 2022, unless otherwise stated

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

# Sector distribution: A-share top 3

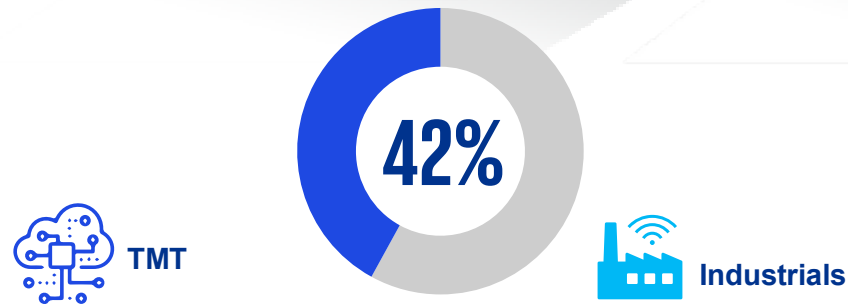


**TMT continues to be the key contributor** with a sizeable listing of a state-owned TMT company during the year.

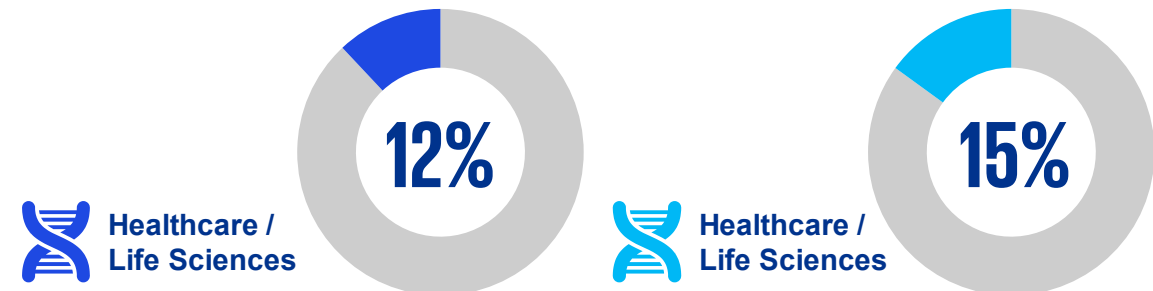
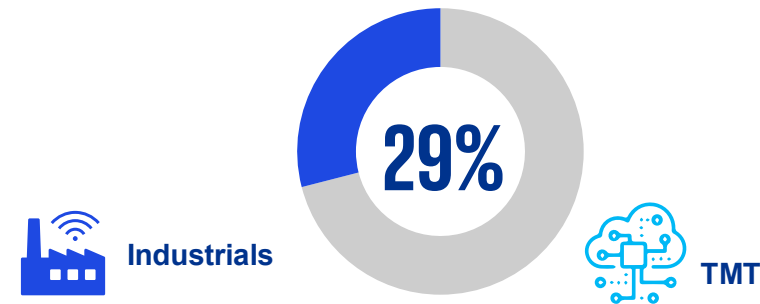
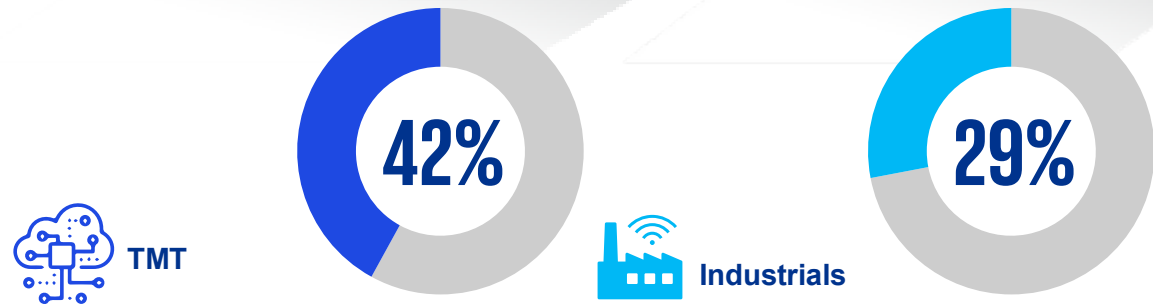
**Healthcare / life sciences and industrials companies will continue to be the key driving force** in the A-share IPO market, supported by continuing support from the government.

Sources: All analysis is based on WIND data and included REIT deals as of 25 September 2022, adjusted to number of confirmed listings up to 30 September 2022, unless otherwise stated

Top 3 sectors of 2022 Q3 YTD, by total funds raised



Top 3 sectors of 2021, by total funds raised



# Top 10 largest A-share IPOs



2022 Q3 YTD	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*	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

# Expected to list as at 30 September 2022. Funds raised estimated is based on announced price.

2021 Q3 YTD	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	Ping An Guangzhou Comm Invest Guanghe Expressway*	SZSE	9.1	Infrastructure / Real Estate
4	Shanghai Rural Commercial Bank Co., Ltd.	SSE	8.6	Financial Services
5	Everdisplay Optronics (Shanghai) Co., Ltd.	SSE-STAR	8.2	TMT
6	Zhuzhou CRRC Times Electric Co. Ltd.	SSE-STAR	7.6	Industrials
7	Xinjiang Daqo New Energy Co.,Ltd.	SSE-STAR	6.4	Industrials
8	CICC GLP Warehouse Logistics*	SSE	5.8	Infrastructure / Real Estate
9	Sino Biological Inc.	SZSE-ChiNext	5.0	Healthcare / Life Science
10	Tianneng Battery Group Co., Ltd.	SSE-STAR	4.9	Industrials

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

Note: All analysis is based on WIND data as of 25 September 2022, adjusted to number of confirmed listings up to 30 September 2022, unless otherwise stated

Source: Wind and KPMG analysis



Funds raised by top 10 IPOs

2022 Q3 YTD:

**RMB 154.4 billion**

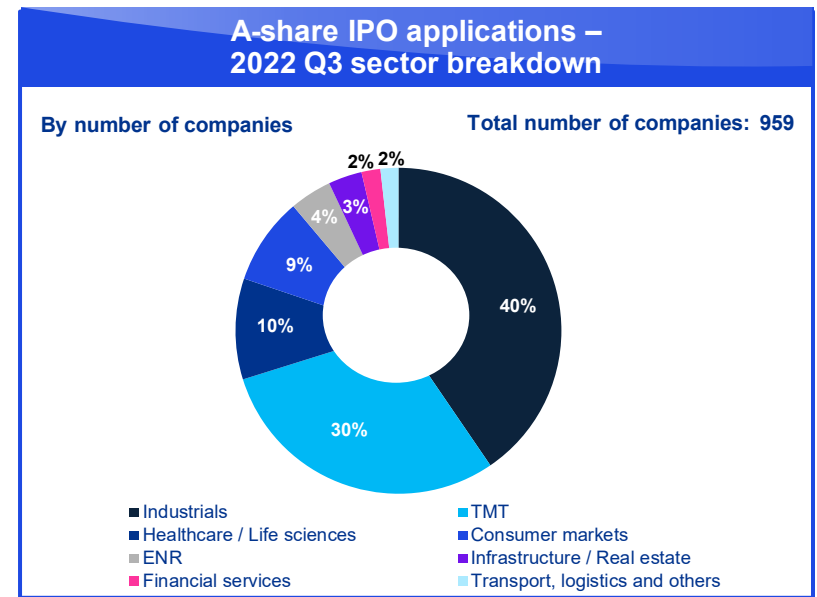
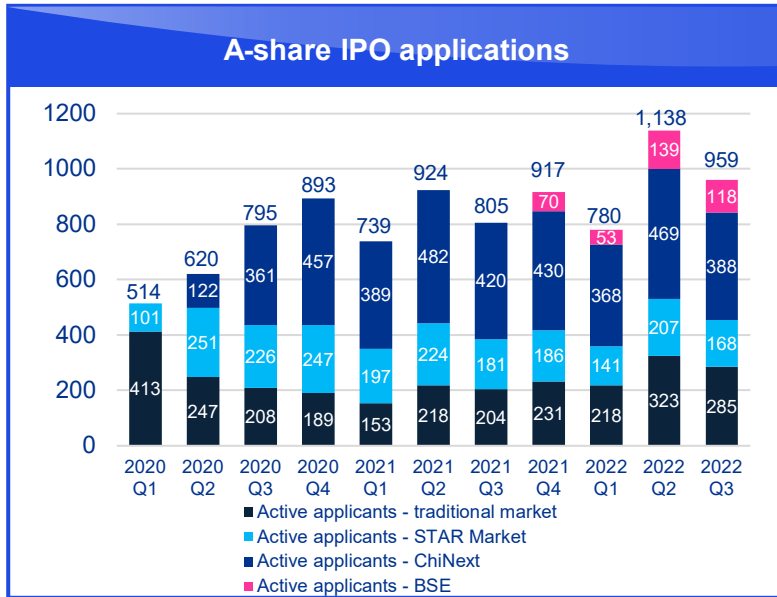
~ 30% of total proceeds

2021 Q3 YTD:

**RMB 132.5 billion**

~ 32% of total proceeds

# A-share IPO pipeline



Note: All figures, and included REIT deals, are as of 25 September 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



**A-share IPO pipeline remains at high level.** The number of 2022Q3 IPO applications is the highest among the Q3 in the past 3 years.



**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.

# 2022 Q4 outlook: A-share market



## Additional policies to stabilise the economy - favourable to A-share IPOs

- China's State Council has announced further policy measures in September to bolster economic recovery, in addition to the policy package announced in May
- Strengthen the foundation for economic recovery and growth

## Robust IPO pipeline with TMT and industrial manufacturing remaining the key drivers

- The IPO pipeline with about 959 applicants indicates steady demand for fund-raising activities.
- TMT and industrial manufacturing comprise 70% of the pipeline

“ A-share IPO activities have reached a historical high in terms of funds raised for the first nine months of the year, and the country's capital markets are expected to remain a global bright spot despite current market conditions. ”



**Louis Lau**  
Partner  
Capital Markets  
KPMG China



# Hong Kong IPO market

# Hong Kong IPO market: 2022 Q3 highlights



## Activities picked up in the third quarter

In line with the prevailing global trend, fund-raising activities slowed in Hong Kong, with proceeds from new listings down 76% from a year earlier. On the upside, Hong Kong saw an increase in IPO activities in the third quarter this year, with 27 IPOs raising a total of HKD 51.3 billion, more than twice that had been raised during the first two quarters of 2022.



## Homecoming trend continues

Homecoming listings remained a pillar of the Hong Kong capital markets this year. Since the start of the year, 8 US-listed Chinese companies have listed in Hong Kong, compared to 9 and 8 in the full years of 2020 and 2021, respectively.



## Ongoing development of SPACs

In spite of market uncertainties, the SPAC regime in Hong Kong has had a steady start this year with 14 applications, of which 4 have listed. These SPACs are seeking to target high growth, innovative and new economy companies, which will add more momentum to the Hong Kong market in the coming year and beyond.



Note: All figures are as of 25 September 2022, adjusted to number of confirmed listings up to 30 September 2022, 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
2022 Q3 YTD	HKD 69.1B 51 deals	- -	HKD 69.1B 51 deals
2021 Q3 YTD	HKD 288.4B 72 deals	HKD 0.1B 1 deal	HKD 288.5B 73 deals
2021 Full year	HKD 333.8B 96 deals	HKD 0.1B 1 deal	HKD 333.9B 97 deals

Note: All figures are as of 25 September 2022, adjusted to number of confirmed listings up to 30 September 2022, included listing by introduction, and excluded SPAC deals and GEM transfer  
Source: HKEx and KPMG analysis



# Sector distribution: Hong Kong top 3



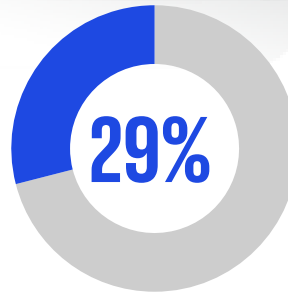
Two sizeable listings (with funds raised exceeding HKD 10 billion), which are in the **consumer markets** and **new energy sectors**, took place during 2022 Q3, placing these industries among the top three sectors for the first three quarters of the year.

Top 3 sectors of 2022 Q3 YTD, by total funds raised

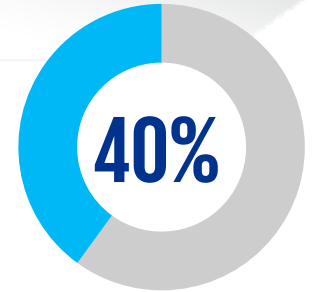
Top 3 sectors of 2021, by total funds raised



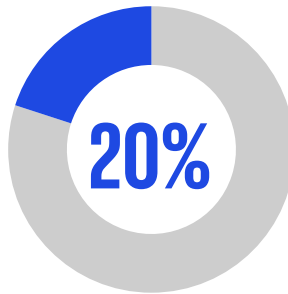
Consumer Markets



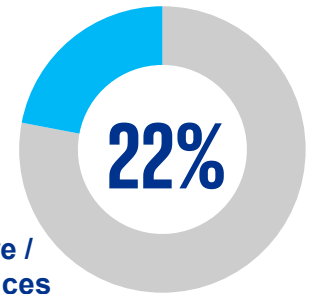
TMT



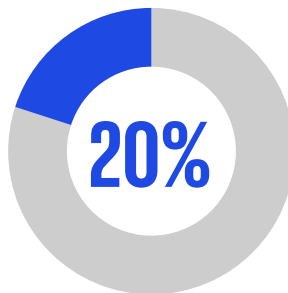
Industrials



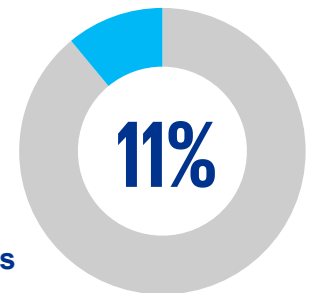
Healthcare / Life sciences



ENR



Industrials



Note: All figures are as of 25 September 2022, adjusted to number of confirmed listings up to 30 September 2022, included listing by introduction, and excluded SPAC deals and GEM transfer  
Source: HKEx and KPMG analysis

# Top 10 largest Hong Kong IPOs



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	Zhejiang Leapmotor Technology Co., Ltd.#	6.3	Industrials
4	Onewo Inc.#	5.8	Infrastructure / Real Estate
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

# Expected to list as at 30 September 2022. Funds raised estimated is based on announced price.

2021 Q3 YTD	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	JOINN Laboratories (China) Co., Ltd	6.5	Healthcare / Life Sciences



**Funds raised by top 10 IPOs**

**2022 Q3 YTD:**

**HKD 56.0 billion**

**~ 81% of total proceeds**

**2021 Q3 YTD:**

**HKD 187.7 billion**

**~ 65% of total proceeds**

Note: All figures are as of 25 September 2022, adjusted to number of confirmed listings up to 30 September 2022, included listing by introduction, and excluded SPAC deals and GEM transfer  
Source: HKEx and KPMG analysis

# 2022 Q4 outlook: Hong Kong IPO market



## Market activity is expected to strengthen when market uncertainties diminish over time

- Healthy IPO pipeline of over 130 applicants
- Building on momentum obtained since Q3 this year

## Life science listings and homecoming listings will remain the main focus

- Hong Kong's prominent position for homecoming listings
- Continuing development of the biotech fund-raising and investment ecosystem

## Specialist technology companies regime to roll out

- Local authorities are now reviewing the listing rules and considering to revise the requirements
- Market consultation of the new regime is expected to be released in the coming weeks

“ Hong Kong continues its efforts to enhance its listing framework and adapt to the latest market developments as an international financial centre. With an ever-increasing focus on technology, regulators are considering adding flexibility to its listing regime in order to better serve specialist technology companies, allowing capital markets to channel much needed funds into these high-growth, innovative firms for further research and development. ”



**Irene Chu**

Partner  
Head of New Economy and Life Sciences  
KPMG China

Note: All figures are as of 25 September 2022 included listing by introduction, and excluded SPAC deals and GEM transfer  
Source: HKEx and KPMG analysis

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