

“Hong Kong is back?” Review and outlook of IPO for the 1H2023



According to report from the Hong Kong Stock Exchange, during the 1H2023, there were 31 new listings raising approximately HK\$17.8 billion. Based on the latest assessment and analysis from Big Four accounting firms, notwithstanding the continuing slowdown in Hong Kong's IPO market during 1H2023, it is expected that the total fundraising in 2023 would be HK\$150-180 billion, equivalent to almost 10 times to the total initial public offering (IPO) fundraising of Hong Kong shares in 1H2023.

Accounting firm	Original Forecast on total fundraising for the year (HK\$)	Latest Forecast on total fundraising for the year (HK\$)
PricewaterhouseCoopers (PwC)	180-200 billion	150-170 billion
Deloitte	230 billion	180 billion
Ernst & Young (EY)	200 billion	150 billion
KPMG	180 billion	180 billion

Benson Wong, PwC Hong Kong Entrepreneur Group Leader, said: "In the first half of this year, the full resumption of travel between Hong Kong and Mainland China helped capital markets to rebound. However, strengthening inflation prompted many countries to raise interest rates, which has affected investor sentiment. Going forward to 2H2023, we hope the governments of Hong Kong and Mainland China will expand the scope of Stock Connect, thus providing more opportunities for businesses and investors. This will also help businesses to benefit from closer regional economic and trade cooperation, while boosting the recovery."

Jacky Lai, EY Hong Kong Assurance Partner, says: "Opportunities come with risks. The Hong Kong market will fluctuate due to growth uncertainties faced by global economy, especially the performance in the US market and relevant geopolitical environment. However, as the World Bank revised upward the economic growth forecast for the world and China, along with the introduction of favorable rules by HKEX facilitating Hong Kong's status to remain a key IPO destination for companies from mainland China, IPO activities in Hong Kong are expected to see a pickup in 2H 2023."

The Capital Market Services Group of Deloitte believes that once the US Fed indicates clearly when the interest rate hike cycle will end and China introduces more economic stimulus measures, we expect the Hong Kong IPO market to re-activate, driving a repositioning of funds' investment strategies to Asia's high-growth regions like China.

Louis Lau, Partner, Capital Markets, KPMG China, says it would be difficult to achieve the forecasted fundraising. Currently, it is anticipated that there would be more sub-listing of subsidiaries of the Big Tech, while the second half of year is the traditional peak season for the IPO. If there is improvement in the market sentiment of Hong Kong stock market, there would be strong recovery in Hong Kong's IPO market.

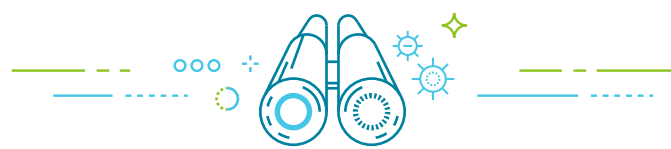
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https://www.ey.com/zh_cn/news/2023/06/hk-market-expects-to-pick-up-in-2h-2023

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