

Q4 2023 Hong Kong IPO Market Overview and Outlook Strive to Recover Lost Ground



Ernst & Young's review

As of 17 November 2023, it is estimated that there will be only 61 IPOs listed on the Hong Kong stock market this year, with a YOY decrease of 19%; and the proceeds raised amounted to HK\$41.3 billion, with a YOY decrease of 59%, reaching its lowest level in the last 20 years. Among the global IPO fundraising markets, Ernst & Young anticipated that Shanghai Stock Exchange, Shenzhen Stock Exchange and NASDAQ Stock Market will become the top 3 largest markets while Stock Exchange of Hong Kong will probably slide into sixth place.

Global IPO fundraising market ranking 2023 (in terms of proceeds) anticipated by Ernst & Young



Comments from Ringo Choi, EY Asia-Pacific IPO Leader :

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The IPO proceeds to be raised in 2024 will only be approximately HK\$50 billion. He added that in the face of challenges such as U.S. interest rates remaining high for most of next year and other geopolitical factors, even if the interest rates reached their peak and started cutting next year, it would take some time for them to come down to a lower level. Therefore, he predicted that the Hong Kong IPO market next year will be not as booming as it used to be, and may not pick up until 2025.



Comments from John C. Lee,

Vice Chairman and Co-Head of Asia Country Coverage of Global Banking of UBSAG :

In the short term, it will be difficult for the Hong Kong IPO market to return to the peak in 2020. With the impact of the potential cut of interest rates by the U.S. next year and the recovery of China's economy, it is expected that the capital market will be benefited and consequently the investment sentiment will improve, boosting the rebound of the Hong Kong IPO market from the second half of next year. The annual proceeds raised is expected to increase by at least 30% to 40%, particularly including 5 to 10 mega deals raising US\$1 billion or more.

In general, the Hong Kong IPO market faces challenges in the short term, but in the long term, it is expected to pick up gradually with improving investment environment and steady economic recovery. As an international financial center, Hong Kong remains attractive with potential for investment. However, the development of the market is still vulnerable to global economic and political factors and therefore we have to pay close attention to market dynamics and changes.

Source:

<https://ynews.page.link/6TT2U>

https://hk.on.cc/hk/bkn/ent/finance/20231121/bkn-20231121170717626-1121_00842_001.html



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