Press release

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**Relentless desire for IPOs as pipeline of listings   
continues to build**

***Hong Kong expected to be Top 3 global listing market in 2013***

**HONG KONG, 2 July 2013 –** Hong Kong’s IPO market experienced a revival in the first half of 2013, with a notable increase in total fundraising. Despite the US Federal Reserve’s QE withdrawal plan and credit tightening in the Mainland affecting market sentiment in the near term, PwC expects the city to regain a Top 3 global IPO market position in 2013.

The first half of 2013 saw 23 new listings in Hong Kong, with IPOs particularly higher in the second quarter. This compares to 32 listings in the same period last year. IPO activity in terms of fundraising size reached HK$39.5 billion in the first half of 2013, an increase of 28% from the first half of 2012. This clearly illustrates that despite a decrease in the number of IPOs, there is a strong appetite for new listings with the average size of fundraisings stepping up significantly.

The Hong Kong IPO market and pipeline remain fundamentally strong, with a certain number of companies preparing or awaiting IPOs. The temporary closure of fundraising activities in the Mainland, combined with loosening of listing rules for H-shares, have resulted in many Chinese companies considering Hong Kong as their hub of choice to raise funds, particularly through an IPO.

PwC Hong Kong Assurance Partner Benson Wong says, “Global IPO activity remained healthy and steady in the first half of 2013, despite there being a lack of mega-sized or high profile fundraising cases. It is inevitable that the QE withdrawal plan may damage market sentiment in the near term. However, it is essential to normalise the financial markets and alleviate the bubble-risk, a move that will ultimately benefit the overall fundraising market and economy over the long term.”

In the first half of 2012, retail consumer goods and financial services IPOs accounted for 64% of new listings in terms of number, followed by industrial products, which accounted for 18%, energy and mining-related, accounting for 12%.

Edmond Chan, PwC Hong Kong Capital Market Services Group Partner says, “There are still ample funds in the market, and the IPO pipeline remains strong, as many companies are preparing their IPO filings. However, there are concerns about market volatility as well as investor interest. Therefore, companies are hoping to be listed with better pricing and in healthier market conditions. The fundraising market is likely to gradually improve when market sentiment is expected to revive markedly in the third or fourth quarter, which will create a more favourable environment for medium to mega-sized IPOs.

PwC expects an estimated 70 to 80 IPOs with total fundraising of between HK$120 billion and HK$150 billion in 2013, which will help Hong Kong to regain the Top 3 position for global fundraising. Financial services, retail, consumer goods and services, property-related, technology, pharmaceutical and energy and mining are expected to top the industry listings.

Looking at the Mainland, investors and enterprises are hoping for resumption in their IPO activities. As of June, more than 600 companies are waiting for regulatory approval on their IPO applications. Chinese regulators are actively preparing to restart the country’s stalled fundraising market.

Frank Lyn, PwC China and Hong Kong Managing Partner, says, “We've seen the China Securities Regulatory Commission (CSRC) issue the ‘Opinions on Further Promoting Reform of the System for Issuance of New Shares’ for public review in June. We believe that IPOs will only resume once all relevant opinions have been fully considered. Over the long term, the market has high expectations for reform of the new listing system, but further deepening of this system will be predicated on reform of corresponding securities laws.”

“As the companies in the A-share IPO pipeline are still numerous, turning to other markets, such as the H-share market, is a good alternative. PwC has always supported the development of these two capital markets. If a company is listed on both A-share and H-share markets, we believe that it will help further enhance their internal controls systems and widely help in their company’s growth and expansion on the international front. In the meantime, the company will also be able to take advantage of more efficient professional services,” adds Mr Chan.

In conclusion, Mr Chan points out that emerging economies are committed to developing their capital markets. Enterprises should carefully consider the size, depth, convenience and regulatory standards of each fundraising market. In response to the increasingly diversified international capital markets, Hong Kong and China’s stock exchanges need to constantly innovate and change, such as broadening their capital market platforms and product diversification, so to consolidate and enhance their competitiveness.

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**Note**

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