

Greater China IPO Watch 2014

*Greater China IPO Watch
surveys stock market
listings in Greater China
and provides a comparison
with the world's major
markets*





This Greater China IPO Watch provides an overview of the initial public offerings (IPOs) and listing activities on Greater China's principal stock markets, including Hong Kong, Shanghai, Shenzhen and Taiwan. The analysis covers companies which were listed on these markets from 1 January to 31 December 2014. For comparability purposes, all figures in this report have been translated into United States Dollars (USD) at the applicable closing exchange rate at the end of each year.

Initial public offering in this publication is defined to include all share listings on a platform where the entity's shares have not been listed previously.

This report has been prepared by the China/Hong Kong Capital Market Services practice of PricewaterhouseCoopers.

Introduction to the four stock markets

The Hong Kong stock market consists of two separate boards: the Main Board (MB) and the Growth Enterprise Market (GEM). The MB facilitates fund raising by companies with track records of certain minimum profit, revenue, operating cash flow and/or market capitalisation levels as set out in the Hong Kong listing rules. The GEM focuses on companies which do not fulfil the profitability/track record requirements of the Main Board but have growth potential and a minimum level of positive operating cash flow. Companies established in Mainland China (the People's Republic of China) that are listed in Hong Kong are referred to as H-share companies. Companies owned by Mainland China nationals or enterprises which are listed in Hong Kong through Hong Kong or overseas incorporated holding companies are referred to as Red Chip companies.

Both the Shanghai and Shenzhen Stock Exchanges consist of A-Share and B-Share listing platforms on which companies established in Mainland China can list. The Shenzhen Stock Exchange has a Small and Medium Enterprise (SME) Board and a ChiNext Board to facilitate fund-raising of small and medium-sized enterprises and growing venture enterprises. Shanghai

and Shenzhen A-Share, and shares listed on SME and ChiNext can only be traded by Mainland China nationals and enterprises, while B-Share can only be traded by overseas investors.

National Equities Exchange and Quotation system, which serves as a national share transfer system for SMEs to transfer shares and raise funds is not covered within this review as it relates to smaller enterprises.

The Taiwan Stock Exchange (TSEC) facilitates capital raising by companies (both Taiwan and foreign companies) with track records of certain minimum profit and capital base. Technology-based companies without track records but with a certain minimum amount of paid-in capital and projected net worth can also be listed. Most of the companies in Taiwan have to list their shares for a minimum of six months on the over-the-counter market, Emerging Stock on the Greta Securities Market (GTSM) before listing on TSEC. This review does not include data from the GTSM.

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Foreword

In 2014, the Greater China stock exchanges rebounded to IPO volumes not seen post 2011. This was primarily driven by the reopening of the Mainland China IPO markets following a period of closure to accommodate regulatory reform. The Greater China stock exchanges had 268 IPOs, with total funds raised of USD43.4 billion.

The positive momentum that started in the second half of 2013 carried through to 2014. Although the IPO market slowed in the second quarter because of geopolitical and other concerns, it bounced back in the second half of the year. The reopening of the Mainland China IPO market combined with steady economic data from the US and China gave a further boost to new listings in the second half. A number of mega-sized IPOs – those raising over USD 1 billion each – were also successfully launched.

Despite the reopening of the Mainland China capital markets, briefly in January and then again in June, the Hong Kong Stock Exchange was the primary capital raising centre, accounting for almost 69% of IPOs by value and 45% by number.

In November, the long-awaited Shanghai-Hong Kong Stock Connect pilot programme was launched, allowing Mainland investors to access Hong Kong equities and vice-versa. This pilot programme represents an important step in the Greater China markets and its impact will be watched with great interest.

The ongoing pronouncements by Mainland China regulatory bodies regarding the internationalisation of the Yuan, combined with the sustained interest in the region from global investors searching for yield, is likely to continue to drive mainland-based small and medium-sized enterprises to seek listings in Hong Kong especially given the relaxation of the H-share listing requirements and closer collaboration between the Hong Kong and Mainland regulators.

China is undoubtedly adjusting to a ‘new normal’. But even with moderate growth, China will continue to enjoy a significantly higher growth than other major markets. We believe there is an appetite among investors in companies that will benefit from the continued growth of China’s economy.

The Hong Kong Stock Exchange is expected to remain popular with mainland enterprises as it has a proven platform to raise funds and is highly transparent, supported by a good track record, and is well regulated.

The long term fundamentals in the region remain attractive with GDP growth and urbanisation forecast to continue and, with US and Chinese economic indicators remaining positive, the region’s capital markets are expected to strengthen in 2015, following a period of regulatory reform and a continued clear pro-growth strategy by the leadership in China creating a supportive environment for IPOs.

However, the global investment backdrop remains uncertain with inevitable interest rate rises expected in the medium term and geopolitical concerns remaining. This emphasises the need for companies to be confident in their chosen strategy and for listing applicants to be IPO ready in order to take advantage of the continued short IPO windows.

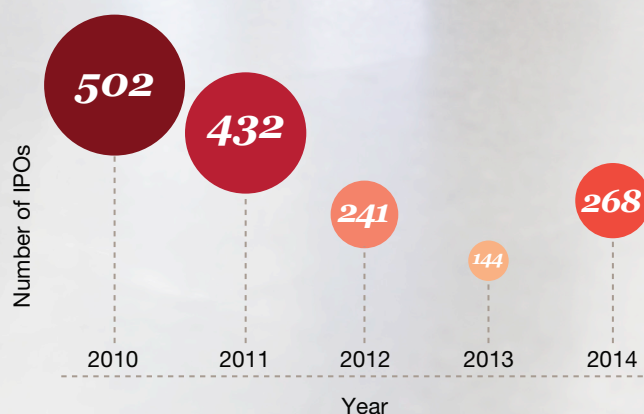


Kennedy Liu
Head of China/Hong Kong
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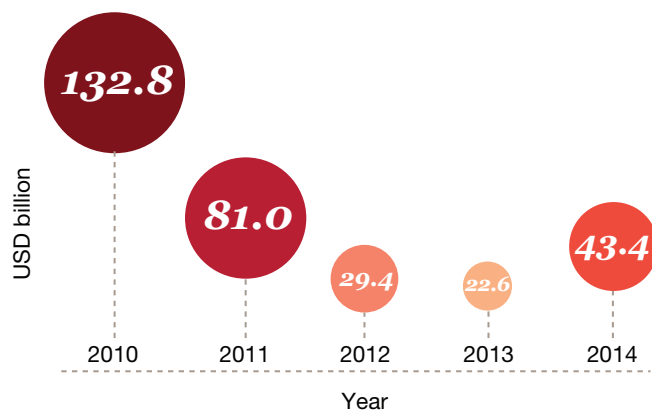
Overview of the IPO markets in Greater China

The number of IPOs in Greater China increased from 144 in 2013 to 268 in 2014. The amount of funds raised from IPOs increased by 92% from USD22.6 billion in 2013 to USD43.4 billion in 2014. This increase in IPO volumes and funds raised was primarily due to the resumption of new listings on the Mainland stock exchanges and an increase in IPO volumes in Hong Kong.

Number of IPOs from 2010 to 2014



Amount of IPO Funds Raised from 2010 to 2014



IPOs by stock exchange

In aggregate, deal volumes increased across the Greater China markets by 86% compared to 2013 primarily due to the resumption of Mainland listings where 125 companies completed IPOs.

Hong Kong also showed an increase in volumes and proceeds indicating improved market sentiment and investor confidence.

The Hong Kong Main Board showed a 16% increase in the number of IPOs, rising to 103, exceeding the 100 mark seen for active years; and an increase in IPO funds raised of 37%, rising to USD29.7 billion.

Hong Kong's GEM Board continued its development attracting 19 new listing applicants in 2014 raising a total of USD0.3 billion.

The Taiwan Stock Exchange was unable to maintain the IPO volumes seen in 2013 with the number of IPOs decreased by 34%, consistent with 2012 levels. However, the IPO funds raised increased by 40%, reflecting larger businesses coming to market.

(Funds raised in USD billion)	Hong Kong Main Board	Hong Kong GEM	Shanghai A	Shenzhen SME Board	Shenzhen ChiNext	Taiwan	Total
2010							
No. of IPOs	107* [#]	7	28 [^]	204	117	39	502
% of Total	21.3%	1.4%	5.6%	40.6%	23.3%	7.8%	100.0%
Funds Raised	57.7	0.1	28.7	30.8	14.6	0.9	132.8
% of Total	43.4%	0.1%	21.6%	23.2%	11.0%	0.7%	100.0%
2011							
No. of IPOs	89* [#]	13	39	115	128	48	432
% of Total	20.6%	3.0%	9.0%	26.6%	29.7%	11.1%	100.0%
Funds Raised	34.9	0.2	16.7	16.2	12.5	0.5	81.0
% of Total	43.1%	0.3%	20.6%	20.0%	15.4%	0.6%	100.0%
2012							
No. of IPOs	52 [#]	12	26	55	74	22	241
% of Total	21.6%	5.0%	10.8%	22.8%	30.7%	9.1%	100.0%
Funds Raised	11.4	0.2	6.1	5.6	5.7	0.4	29.4
% of Total	38.8%	0.7%	20.7%	19.0%	19.4%	1.4%	100.0%
2013							
No. of IPOs	89* [#]	23	-	-	-	32	144
% of Total	61.8%	16.0%	0.0%	0.0%	0.0%	22.2%	100.0%
Funds Raised	21.7	0.4	-	-	-	0.5	22.6
% of Total	96.0%	1.8%	0.0%	0.0%	0.0%	2.2%	100.0%
2014							
No. of IPOs	103 [#]	19	43	31	51	21	268
% of Total	38.4%	7.1%	16.1%	11.6%	19.0%	7.8%	100.0%
Funds Raised	29.7	0.3	5.5	3.6	3.6	0.7	43.4
% of Total	68.4%	0.7%	12.7%	8.3%	8.3%	1.6%	100.0%

* included Real Estate Investment Trusts (REITs): 1 in 2010, 1 in 2011 and 2 in 2013

⁺ included Hong Kong Depositary Receipts (HDR): 1 in 2010 and 2 in 2011

[#] included listing by introduction & switch from GEM to Main Board without raising funds in Hong Kong: 20 in 2010, 20 in 2011, 4 in 2012, 13 in 2013 and 13 in 2014

[^] included listing companies by shares swap, without raising funds: 2 in Shanghai A-share in 2010

Source: PwC Research

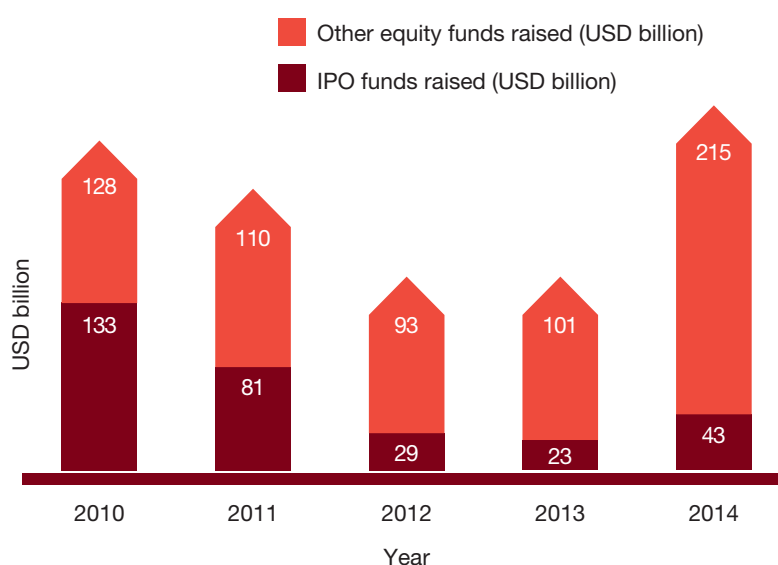
IPO vs. other equity fund raising

The relative proportion of funds raised from IPOs in Greater China versus total equity funds raised decreased from 18% in 2013 to 17% in 2014. This was primarily due to the increase in volume of further offerings in Hong Kong and Shenzhen.

The amount of other equity funds raised in Shanghai in 2014 was USD58.8 billion, as larger companies continued to recapitalise and strengthen their balance sheets. In Shenzhen, which hosts a greater number of emerging and growth companies, other equity funds raised increased from USD29.1 billion in 2013 to USD62.4 billion, reflecting a number of maturing businesses entering the next stage in their growth cycle.

In Hong Kong, the relative proportion of other equity funds raised increased from 55% in 2013 to 75% in 2014, totalling USD91.3 billion, reflecting a period of sustained recapitalisation by listed companies.

Total Equity Funds Raised from 2010 to 2014



(Amounts in USD billion)	Hong Kong		Shanghai		Shenzhen		Taiwan		Greater China Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
2010										
IPO funds raised	57.8	52%	28.7	34%	45.4	73%	0.9	24%	132.8	51%
Other equity funds raised	52.8	48%	55.2	66%	16.6	27%	2.9	76%	127.5	49%
Total equity funds raised	110.6	100%	83.9	100%	62.0	100%	3.8	100%	260.3	100%
2011										
IPO funds raised	35.1	54%	16.7	32%	28.7	40%	0.5	13%	81.0	42%
Other equity funds raised	29.5	46%	34.7	68%	42.4	60%	3.5	88%	110.1	58%
Total equity funds raised	64.6	100%	51.4	100%	71.1	100%	4.0	100%	191.1	100%
2012										
IPO funds raised	11.6	30%	6.1	13%	11.3	34%	0.4	15%	29.4	24%
Other equity funds raised	27.7	70%	41.0	87%	21.6	66%	2.3	85%	92.6	76%
Total equity funds raised	39.3	100%	47.1	100%	32.9	100%	2.7	100%	122.0	100%
2013										
IPO funds raised	22.1	45%	0.0	0%	0.0	0%	0.5	13%	22.6	18%
Other equity funds raised	26.8	55%	41.5	100%	29.1	100%	3.4	87%	100.8	82%
Total equity funds raised	48.9	100%	41.5	100%	29.1	100%	3.9	100%	123.4	100%
2014										
IPO funds raised	30.0	25%	5.5	9%	7.2	10%	0.7	21%	43.4	17%
Other equity funds raised	91.3	75%	58.8	91%	62.4	90%	2.6	79%	215.1	83%
Total equity funds raised	121.3	100%	64.3	100%	69.6	100%	3.3	100%	258.5	100%

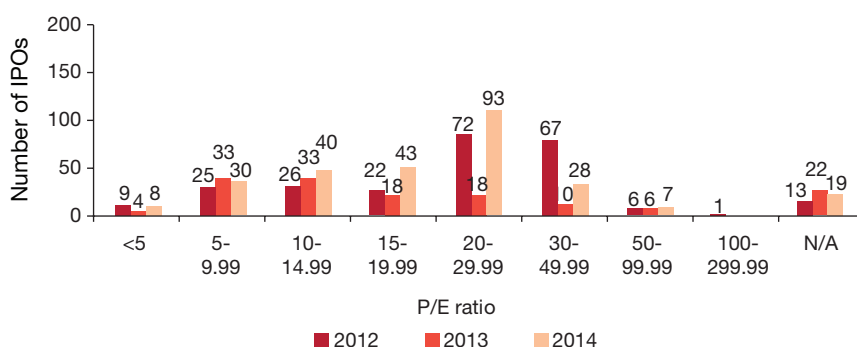
Source: PwC Research

IPOs by P/E multiples

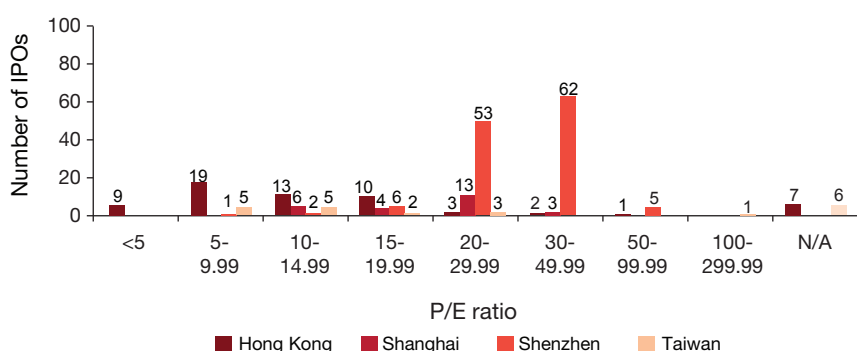
In 2014, there was an overall increase in P/E multiples in the Greater China for IPOs, reflecting the reopening of the Mainland IPO markets which generally command higher multiples due to high demand and limited supply. The percentage of IPOs offered at a P/E multiple of over 20 times increased from 28% to 51%.

Hong Kong showed a slight increase in P/E multiples with 49% of IPOs offered at P/E multiples of above 15, compared to 45% in 2013. In Taiwan, P/E multiples remained consistent with those seen in 2013 with around a third of IPOs with a P/E greater than 15 times.

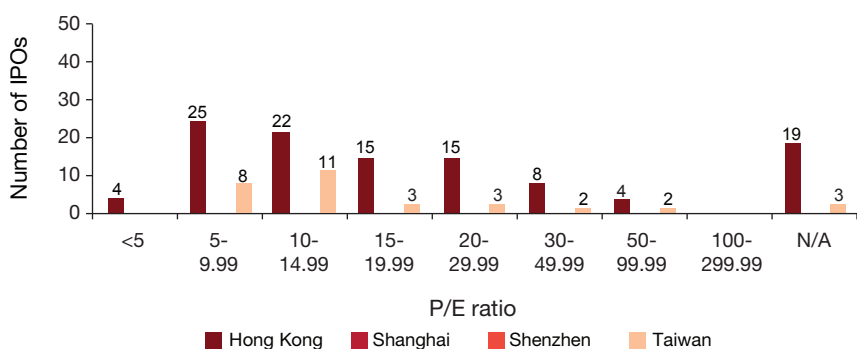
P/E ratio



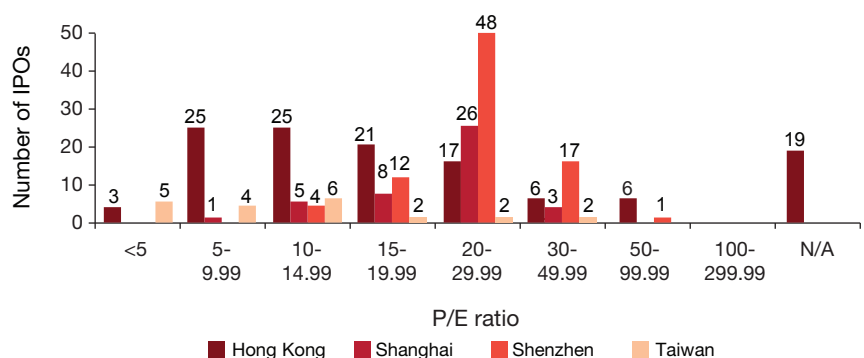
P/E Ratio by Stock Exchange 2012



P/E Ratio by Stock Exchange 2013



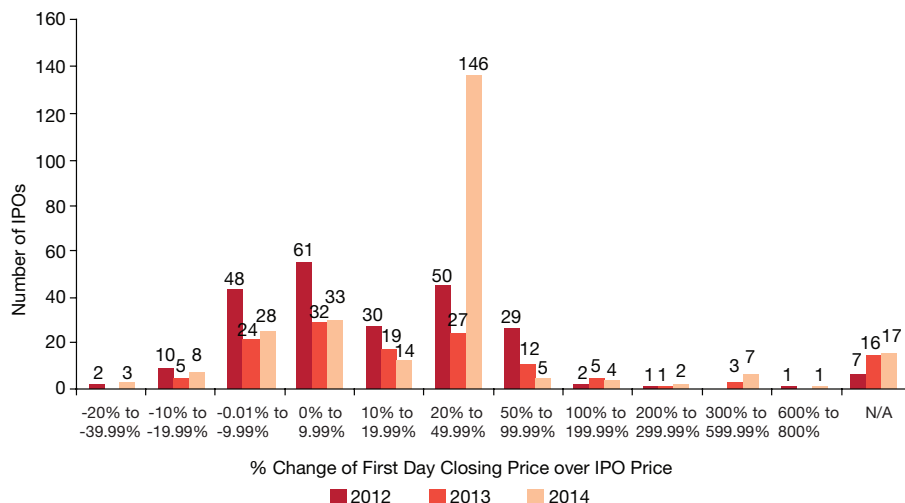
P/E Ratio by Stock Exchange 2014



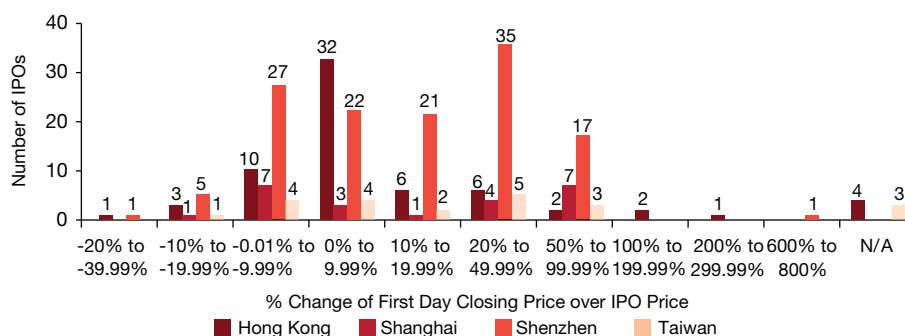
IPOs by share price performance on the first day of listing

Around 84% of new listings in 2014 closed their first day of trading with a price above the IPO issue price indicating continued favourable pricing for IPO investors. In 2014, 8% of IPOs enabled investors to have a first day gain of more than 50% compared to 15% in 2013, including 17% of IPOs in Hong Kong.

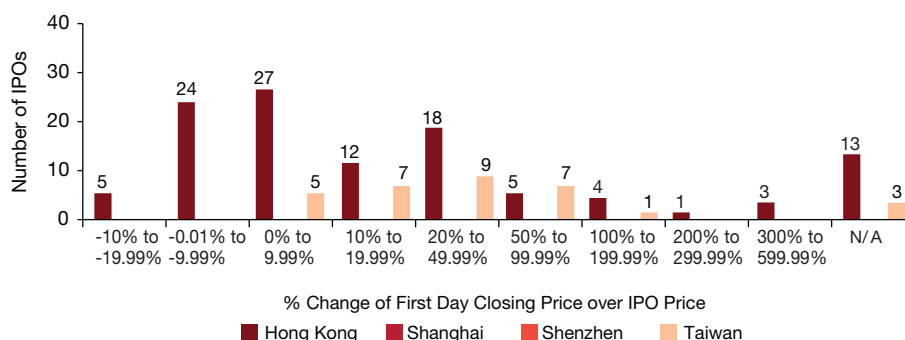
**Share Price Performance by Year —
% Change of First Day Closing Price over IPO Price**



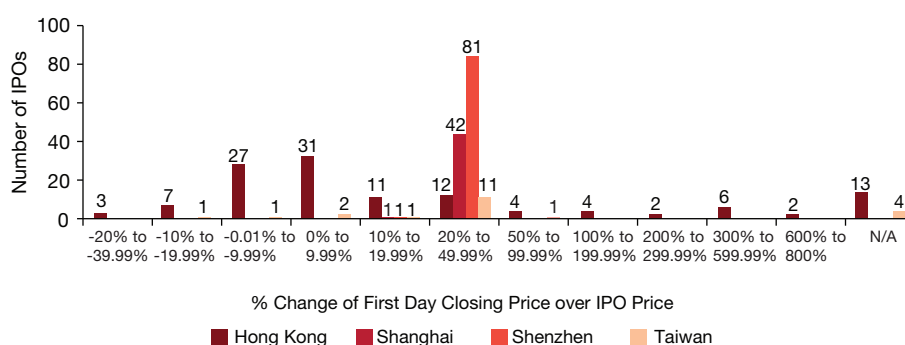
% Change of First Day Closing Price over IPO Price 2012



% Change of First Day Closing Price over IPO Price 2013



% Change of First Day Closing Price over IPO Price 2014



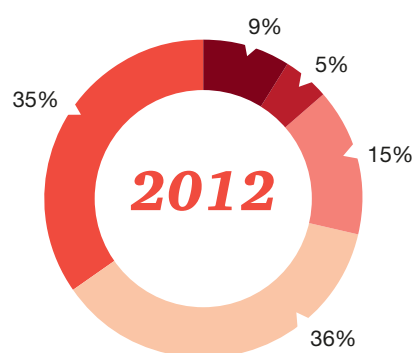
IPOs by industry sector

Most of the IPO candidates in Greater China were from the Retail, Consumer Goods and Services sector, which represented 35%, 47% and 45% of the total number of IPOs in 2012, 2013 and 2014 respectively. The relative proportion of IPOs in the financial sector fell from 19% in 2013 to 7% in 2014, with a corresponding increase in the number of applicants from the industrial sector which increased from 19% in 2013 to 26% in 2014.

The financial sector reported a corresponding decline in funds raised falling from USD11.4 billion to USD9.5 billion in 2014 largely due to the absence of any large IPOs compared to 2013. The amount of funds raised in other industry sectors increased, notably in the Energy & Utilities sector which increased from USD0.8 billion in 2013 to USD9.0 billion in 2014 primarily due to the Hong Kong IPOs of CGN Power and Hong Kong Electric Investments which raised a combined USD6.7 billion.

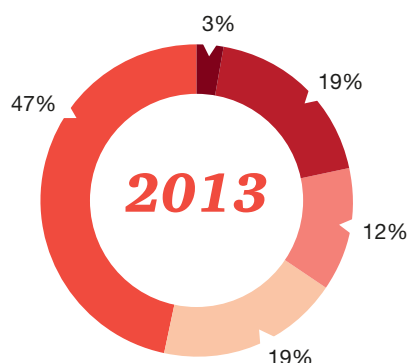
Number of IPO by industry sector in 2012

Total number of IPOs in 2012: 241



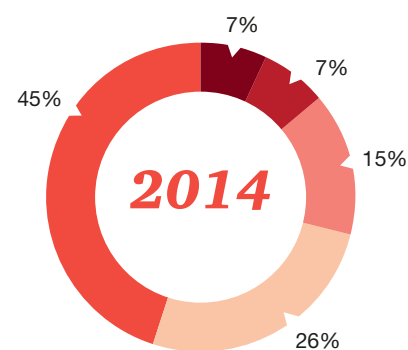
Number of IPO by industry sector in 2013

Total number of IPOs in 2013: 144



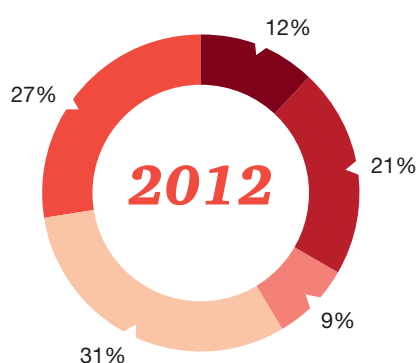
Number of IPO by industry sector in 2014

Total number of IPOs in 2014: 268



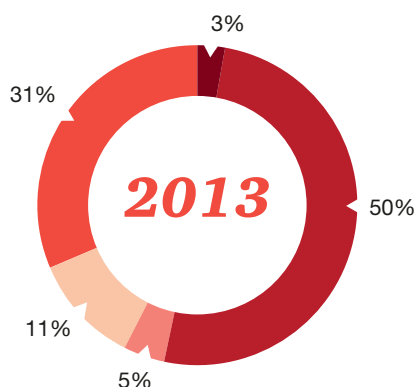
Funds raised by industry sector in 2012

Total IPO funds raised in 2012: USD29.4 billion



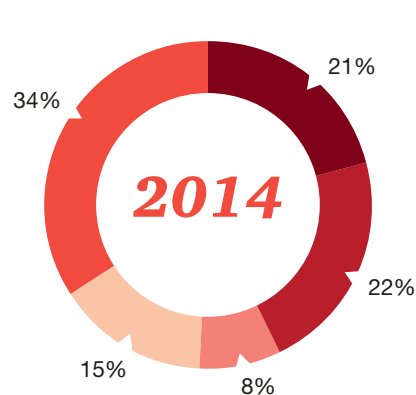
Funds raised by industry sector in 2013

Total IPO funds raised in 2013: USD22.6 billion



Funds raised by industry sector in 2014

Total IPO funds raised in 2014: USD43.4 billion



Energy & utilities

Financials

Information technology & telecommunications

Industrials

Retail, consumer goods & services

Turnover value and market capitalisation

The market capitalisation of the Greater China capital markets increased by 32% in 2014 compared to 2013 with a corresponding 5% net increase in the number of listed companies.

The turnover value of the Greater China capital markets increased by 57% in 2014 compared to 2013, exceeding 2010 levels. This was primarily driven by significant increases in Shanghai (60%) and Shenzhen (92%).

Turnover in the Greater China capital markets was 147% of its market capitalisation in 2014 (2013: 124%); while it was 42% (2013: 50%) in the United Kingdom and 107% (2013: 97%) in the United States.



Market data as of 31 Dec
(Amounts in USD billion)

Stock Exchange	2012			2013			2014		
	Number of listed companies	Turnover value	Market capitalisation	Number of listed companies	Turnover value	Market capitalisation	Number of listed companies	Turnover value	Market capitalisation
Hong Kong Main Board	1,368	1,711.9	2,822.1	1,451	1,958.5	3,084.9	1,548	2,190.8	3,209.7
Hong Kong GEM	179	3.9	10.1	192	10.2	17.3	204	21.3	23.1
Shanghai A	944	2,632.5	2,534.1	944	3,780.3	2,483.8	986	6,045.7	3,917.7
Shanghai B	54	6.6	12.6	53	11.4	12.5	53	7.8	14.0
Shenzhen A*	1,528	2,401.8	1,137.2	1,524	3,080.3	1,187.4	1,606	5,902.0	2,058.3
Shenzhen B	53	7.3	12.8	53	12.4	15.1	51	8.4	13.7
Taiwan	809	696.8	735.2	838	635.0	822.0	854	692.0	849.8
Total	4,935	7,460.8	7,264.1	5,055	9,488.1	7,623.0	5,302	14,868.0	10,086.3

* including Shenzhen SME Board and Shenzhen ChiNext

Top ten IPOs in Greater China from 2010 to 2014

The top ten IPOs in Greater China accounted for 48% of the total funds from IPOs in 2014 (2013: 63%).

Over the last five years, Hong Kong and Shanghai have consistently hosted the largest IPOs in Greater China. The ability of these two markets to absorb large IPOs demonstrates the significant capital pool available in Greater China.

In 2014, 9 IPOs each raised over USD1.0 billion, compared to 4 in 2013 and 7 in 2012. For active years like 2011 and 2010, over 10 IPOs in Greater China raised USD1.0 billion individually.

Average deal sizes of the top ten IPOs increased from USD1.4 billion in 2013 to USD2.1 billion in 2014. Hong Kong again led the way for larger IPOs, notably in the property and industrial sectors, with Dalian Wanda Commercial Properties, CGN Power and HK Electric Investments representing 52% of the top ten IPOs.

2010	Funds raised (USD million)	Stock Exchange
Company		
AIA Group Ltd	20,465	Hong Kong
Agricultural Bank of China Ltd [#]	12,031	Hong Kong
Agricultural Bank of China Ltd [#]	10,399	Shanghai
China Everbright Bank Co Ltd	3,293	Shanghai
Huatai Securities Co Ltd	2,381	Shanghai
United Company RUSAL Ltd	2,237	Hong Kong
Changsha Zoomlion Heavy Industry Science & Technology Development Co Ltd	1,927	Hong Kong
China Rongsheng Heavy Industries Group Holdings Ltd	1,801	Hong Kong
China First Heavy Industries	1,730	Shanghai
Chongqing Rural Commercial Bank Co Ltd	1,698	Hong Kong
	57,962 (44%)	

2011	Funds raised (USD million)	Stock Exchange
Company		
Glencore International plc	10,010 [^]	Hong Kong
PRADA S.p.A.	2,476	Hong Kong
Sinohydro Group Ltd	2,142	Shanghai
Shanghai Pharmaceuticals Holding Co Ltd	2,062	Hong Kong
Chow Tai Fook Jewellery Group Ltd	2,059	Hong Kong
CITIC Securities Co Ltd	1,834	Hong Kong
MGM China Holdings Limited	1,618	Hong Kong
Sinovel Wind Group Co Ltd	1,501	Shanghai
New China Life Insurance Co Ltd	1,325	Hong Kong
Samsonite International S.A.	1,299	Hong Kong
	26,326 (32%)	

2012	Funds raised (USD million)	Stock Exchange
Company		
The People's Insurance Co (Group) of China Ltd	3,562	Hong Kong
Haitong Securities Co Ltd	1,856	Hong Kong
China Communications Construction Co Ltd	1,170	Shanghai
Inner Mongolia Yitai Coal Co Ltd	904	Hong Kong
Sunshine Oilsands Ltd	579	Hong Kong
China Machinery Engineering Corporation	575	Hong Kong
CITIC Heavy Industries Co Ltd	513	Shanghai
Shanghai Fosun Pharmaceutical (Group) Co Ltd	512	Hong Kong
Guangzhou Automobile Group Co Ltd	419	Shanghai
Huadian Fuxin Energy Corporation Ltd	345	Hong Kong
	10,435 (36%)	

2013	Funds raised (USD million)	Stock Exchange
Company		
China Everbright Bank Co Ltd	3,205	Hong Kong
China Cinda Asset Management Co Ltd	2,824	Hong Kong
SINOPEC Engineering (Group) Co Ltd	1,798	Hong Kong
China Huishan Dairy Holdings Co Ltd	1,500	Hong Kong
Huishang Bank Corporation Ltd	1,368	Hong Kong
China Galaxy Securities Co Ltd	1,098	Hong Kong
Qinhuangdao Port Co Ltd	562	Hong Kong
Bank of Chongqing Co Ltd	559	Hong Kong
Langham Hospitality Investments and Langham Hospitality Investments Ltd	549	Hong Kong
China Conch Venture Holdings Ltd	533	Hong Kong
	13,996 (63%)	

2014	Funds raised (USD million)	Stock Exchange
Company		
Dalian Wanda Commercial Properties Co Ltd	4,039	Hong Kong
CGN Power Co Ltd	3,638	Hong Kong
HK Electric Investments Ltd	3,111	Hong Kong
WH Group Ltd	2,360	Hong Kong
BAIC Motor Corporation Ltd	1,532	Hong Kong
Shengjing Bank Co Ltd	1,502	Hong Kong
China CNR Corporation Ltd	1,293	Hong Kong
Harbin Bank Co Ltd	1,131	Hong Kong
Guosen Securities Co.,Ltd.	1,127	Shenzhen SME
Luye Pharma Group Ltd	878	Hong Kong
	20,611 (48%)	

[^]include Hong Kong and International offerings

[#]Agricultural Bank of China Ltd were listed in Hong Kong and Shanghai at different time.

Top ten IPOs in world history

The top four IPOs in world history are based in China/Hong Kong.

Greater China stock exchanges account for three out of the top ten IPOs in world history. In 2014, Alibaba Group, the China-based e-commerce business, completed an IPO on the New York Stock Exchange raising USD25.0 billion, the largest IPO recorded, surpassing the IPO of Agricultural Bank of China Limited in 2010 which raised a total of USD22.4 billion. The IPO of Industrial and Commercial Bank of China Ltd is the third largest IPO in world history, raising USD22.0 billion in 2006.

Rank	Listing year	Company	Stock Exchange	Country	USD million
1	2014	Alibaba Group Holding Ltd	New York Stock Exchange	China	25,032
2	2010	Agricultural Bank of China Ltd	Hong Kong Stock Exchange & Shanghai Stock Exchange	China	22,430
3	2006	Industrial and Commercial Bank of China Ltd	Hong Kong Stock Exchange & Shanghai Stock Exchange	China	22,041
4	2010	AIA Group Ltd	Hong Kong Stock Exchange	China (Hong Kong)	20,465
5	2008	VISA Inc	New York Stock Exchange	United States	19,650
6	1998	NTT Mobile Communications Network Inc	Tokyo Stock Exchange	Japan	18,379
7	2010	General Motors Co Ltd	New York Stock Exchange	United States	18,140
8	1999	Ente Nazionale per l'Energia Elettrica	Milan Stock Exchange	Italy	17,408
9	2012	Facebook Inc	Nasdaq Stock Exchange	United States	16,007
10	1996	Deutsche Telekom	Frankfurt Stock Exchange	Germany	13,036

Source: Thomson Financial

Top ten IPOs worldwide in 2014

Four of the top ten IPOs in the world in 2014 were from Greater China. The largest IPO worldwide in 2014 was Alibaba Group as noted above. The largest IPO on Asian stock exchanges in 2014 was Dalian Wanda Commercial Properties which listed on the Hong Kong Stock Exchange raising USD4.0 billion.

Rank	Listing month	Company	Stock Exchange	Country	USD million
1	September	Alibaba Group Holding Ltd	New York Stock Exchange	China	25,032
2	November	National Commercial Bank SJSC	Saudi Arabia Stock Exchange	Saudi Arabia	6,000
3	November	Medibank Private Ltd	Australia Stock Exchange	Australia	4,886
4	December	Dalian Wanda Commercial Properties Co Ltd	Hong Kong Stock Exchange	China	4,039
5	December	CGN Power Co Ltd	Hong Kong Stock Exchange	China	3,638
6	September	Citizens Financial Group Inc	New York Stock Exchange	United States	3,462
7	March	Japan Display Inc	Tokyo Stock Exchange	Japan	3,231
8	January	HK Electric Investments Ltd	Hong Kong Stock Exchange	China	3,111
9	July	Synchrony Financial	New York Stock Exchange	United States	2,955
10	October	Pershing Square Holdings Ltd	Euronext Amsterdam	United States	2,747

Source: Thomson Financial

Comparison with the US markets

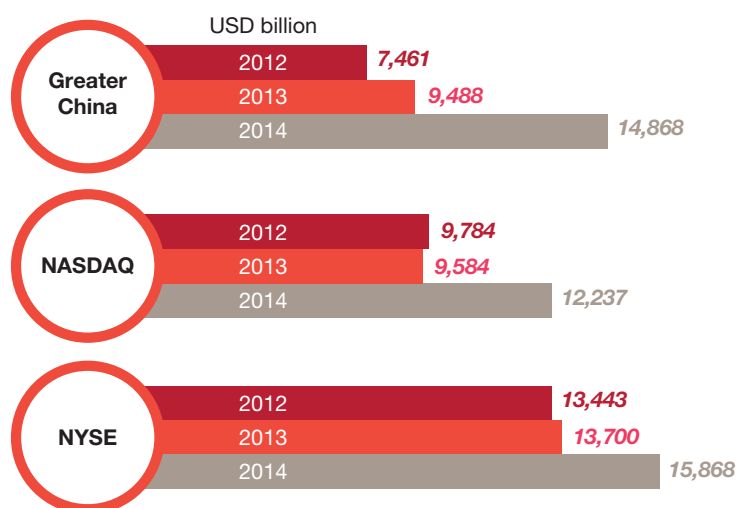
The amount of IPO funds raised in the US markets (NYSE and NASDAQ) increased by 53% from USD56.8 billion in 2013 to USD87.0 billion in 2014, with a 26% increase in IPO volumes. The IPO of the China based Alibaba Group on NYSE contributed USD25.0 billion or 29% of the IPO funds raised in the US markets.

The average deal size in the US increased slightly from USD0.24 billion in 2013 to USD0.29 billion in 2014. However, excluding the Alibaba Group IPO, the average deal size decreased from USD0.24 billion in 2013 to USD0.21 billion in 2014.

The average deal size in Greater China was USD0.16 billion in 2014 which is consistent with that seen in 2013.

The value of equity trading in Greater China increased by 57% to USD14,868 billion in 2014. The value of equity trading in the US increased by 21% to USD28,105 billion in 2014 compared to USD23,284 billion in 2013, and still has the highest value of equity trading in the world.

Value of equity trading



(Amounts in USD billion)

Stock Exchange	2012			2013			2014		
	Number of IPOs	Funds raised	Average deal size	Number of IPOs	Funds raised	Average deal size	Number of IPOs	Funds raised	Average deal size
Hong Kong	64	11.6		112	22.1		122	30.0	
Shanghai	26	6.1		-	-		43	5.5	
Shenzhen	129	11.3		-	-		82	7.2	
Taiwan	22	0.4		32	0.5		21	0.7	
Greater China total	241	29.4	0.12	144	22.6	0.16	268	43.4	0.16
NASDAQ	70	23.2		118	15.3		187	21.5	
NYSE	76	19.7		120	41.5		114	65.5	
NASDAQ + NYSE total	146	42.9	0.29	238	56.8	0.24	301	87.0	0.29

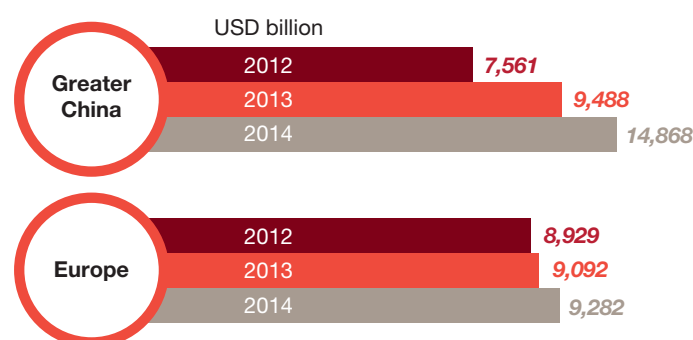
Comparison with the European markets

The IPO markets in Europe (including exchanges in the EU member countries plus Switzerland and Norway) increased 34% by volume and 61% by funds raised reflecting the ongoing recovery from the Eurozone debt crisis. In 2014, the number of European IPOs increased to 375, still below the 430 IPOs recorded in 2011. Average deal size increased from USD0.13 billion in 2013 to USD0.16 billion in 2014, resulting from a number of private equity divestments of mature businesses.

In 2014, USD43.4 billion of IPO funds were raised in Greater China by 268 IPOs, representing an average deal size of USD0.16 billion, consistent with that seen in Europe.

The value of equity trading in Europe increased marginally from USD9,092 billion in 2013 to USD9,282 billion in 2014, still around 20% below levels experienced in 2011.

Value of equity trading



(Amounts in USD billion)

Stock Exchange	2012			2013			2014		
	Number of IPOs	Funds raised	Average deal size	Number of IPOs	Funds raised	Average deal size	Number of IPOs	Funds raised	Average deal size
Hong Kong	64	11.6		112	22.1		122	30.0	
Shanghai	26	6.1		-	-		43	5.5	
Shenzhen	129	11.3		-	-		82	7.2	
Taiwan	22	0.4		32	0.5		21	0.7	
Greater China total	241	29.4	0.12	144	22.6	0.16	268	43.4	0.16
London (Main Board)	24	5.7		35	16.9		53	18.7	
London (AIM, SFM + PSM)	49	1.1		68	2.9		84	4.2	
London total	73	6.8	0.09	103	19.8	0.19	137	22.9	0.17
Europe total	263	14.4	0.05	279	36.4	0.13	375	58.6	0.16

Comparison with major Asian markets

The number of IPOs in Japan increased from 60 in 2013 to 83 in 2014, exceeding levels experienced prior to the financial crisis. The IPO funds raised in Japan increased marginally from USD9.6 billion in 2013 to USD10.8 billion in 2014. The IPO of Japan Airlines in 2012 raised USD8.5 billion alone whereas the largest IPO in Japan in 2014 was the USD3.2 billion raised by Japan Display.

The number of IPOs in Singapore (including Main Board and Catalist) increased from 26 in 2013 to 28 in 2014. IPO funds raised decreased from USD3.5 billion in 2013 to USD2.5 billion in 2014.

Australia experienced a 56% increase in IPO volumes compared to 2013 together with a 191% increase in funds raised. The increase in funds raised was driven by the privatisation of Medibank Private which raised USD4.9 billion and was Australia's biggest IPO for nearly 20 years. Natural resource IPOs continued to be relatively weak reflecting commodity prices dropping to only around 10% of all IPO activity. The remaining IPOs came from a diverse range of industries including real estate, financial services, healthcare and consumer services.

Malaysia continued its development as a capital market but, as a result of a number of delayed IPOs, recorded a decrease in IPO funds raised from USD2.6 billion in 2013 to USD0.5 billion in 2014. The number of IPOs fell from 17 to 11.

(Amounts in USD billion)

Stock Exchange	2012			2013			2014		
	Number of IPOs	Funds raised	Average deal size	Number of IPOs	Funds raised	Average deal size	Number of IPOs	Funds raised	Average deal size
Hong Kong	64	11.6		112	22.1		122	30.0	
Shanghai	26	6.1		-	-		43	5.5	
Shenzhen	129	11.3		-	-		82	7.2	
Taiwan	22	0.4		32	0.5		21	0.7	
Greater China Total	241	29.4	0.12	144	22.6	0.16	268	43.4	0.16
Japan Exchange Group (Tokyo and Osaka)*	48	12.0		59	9.6		80	10.8	
Sapporo Securities Exchange	1	0.0		-	-		-	-	
Nagoya Stock Exchange	-	-		-	-		3	0.0	
Fukuoka Stock Exchange	1	0.0		1	0.0		-	-	
Japan Total^	50	12.0	0.24	60	9.6	0.16	83	10.8	0.13
Main Board	13	3.6		14	3.3		10	2.3	
Catalist & its predecessor – SESDAQ	8	0.1		12	0.2		18	0.2	
Singapore Total	21	3.7	0.18	26	3.5	0.13	28	2.5	0.09
Malaysia	16	6.8	0.43	17	2.6	0.15	11	0.5	0.05
Australia	54	2.1	0.04	50	5.6	0.11	78	16.3	0.21

* includes J-REIT

^ The offering value includes global offering

Comparison of market capitalisation with GDP

The ratio of market capitalisation of companies listed in the United States to the Gross Domestic Product (GDP) was 118% in 2010, 104% in 2011, 119% in 2012, 143% in 2013 and 151% in 2014. In the United Kingdom, the ratio of market capitalisation of listed companies to GDP was 159% in 2010, 139% in 2011, 166% in 2012, 166% in 2013 and 241% in 2014.

In Greater China, the ratio of market capitalisation of listed companies to GDP was 112% in 2010, 77% in 2011, 80% in 2012, 75% in 2013 and 91% in 2014. The increase in the ratio in 2014 reflects increases in share prices outstripping GDP growth.

In 2014, China GDP grew by 7.4%, whereas the United States GDP grew by only 3.9% and United Kingdom GDP increased by 2.6%.

(Amounts in USD billion)

	Country/Region	2012			2013			2014		
		Market Cap	GDP	Market Cap to GDP (%)	Market Cap	GDP	Market Cap to GDP (%)	Market Cap	GDP	Market Cap to GDP (%)
Hong Kong	Hong Kong	2,832	258	1,098%	3,102	274	1,132%	3,233	289	1,119%
Shanghai	China	2,547	8,334	31%	2,496	9,394	27%	3,932	10,257	38%
Shenzhen	China	1,150	8,334	14%	1,203	9,394	13%	2,072	10,257	20%
Taiwan	Taiwan	735	483	152%	822	490	168%	850	528	161%
Greater China total	Greater China	7,264	9,075	80%	7,623	10,158	75%	10,086	11,074	91%
NYSE	United States	14,086	15,676	90%	17,950	16,803	107%	19,351	17,420	111%
NASDAQ	United States	4,582	15,676	29%	6,085	16,803	36%	6,979	17,420	40%
NYSE + NASDAQ total	United States	18,668	15,676	119%	24,035	16,803	143%	26,330	17,420	151%
London	United Kingdom	3,397	2,049	166%	4,429	2,683	165%	6,198	2,572	241%

Sources: National Bureau of Statistics of China, Census and Statistics Department of HKSAR, National Statistics Republic of China (Taiwan), US Department of Commerce – Bureau of Economic Analysis, UK National Statistics Online, World Federation of Exchanges



Capital Market Services practice

The Capital Market Services practice is part of the Assurance practice of PricewaterhouseCoopers. It is comprised of a core team of specialists who provide a broad range of services to companies and/or investment banks in connection with all aspects of capital market transactions. These include preparation for becoming a public listed company, selecting the right market and advisory team, advising on group restructuring, accounting and regulatory issues, and acting as reporting accountants.

The China/Hong Kong Capital Market Services practice is part of the PricewaterhouseCoopers global network of capital markets specialists.

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Providing organisations with the professional service they need, wherever they may be located. Our highly qualified, experienced professionals listen to different points of view to help organisations solve their business issues and identify and maximise the opportunities they seek. Our industry specialisation allows us to help co-create solutions with our clients for their sector of interest.

We are located in these cities: Beijing, Shanghai, Tianjin, Chongqing, Shenyang, Dalian, Xi'an, Chengdu, Qingdao, Nanjing, Suzhou, Wuhan, Hangzhou, Ningbo, Xiamen, Guangzhou, Shenzhen, Hong Kong, Taipei, Chungli, Hsinchu, Kaohsiung, Taichung, Tainan, Macau and Singapore.

About Greater China IPO Watch

Greater China IPO Watch surveys all new listings on Greater China's principal stock markets and market segments. All of the graphs, tables, and data used within this publication have been collated or extracted by the Capital Market Services practice research team. In collating and extracting this information, we rely upon data provided directly by various exchanges, and extracted from the World Federation of Exchanges website. We do not carry out any confirmation procedures on that information.

How can PwC help?

Going public is a major challenge for any company and there are many decisions that will need to be taken prior to an IPO. Management will need to steer the company through a complicated and often time-consuming process in order to be ready for an IPO. Planning and good preparation are crucial for a successful flotation. It's not simply a question of appointing advisors but about ensuring that the company is ready to be listed on the public markets and that it is able to meet the challenges that such a listing brings. If you are planning on listing, there will be many questions you will want to ask. These are just some of the questions we will be able to help you find answers to:

- What is an appropriate valuation for my business?
- What does being a public company really mean?
- How long will it take to complete an IPO?
- Do we have the right resources?
- Are my people ready?
- How to implement a stock based compensation plan?
- Do we have an attractive story for potential investors?
- What is the best way to articulate our strategy?
- What are the corporate governance issues we need to address?
- What are the internal control procedures we need to implement?
- How many non-affiliated/independence directors should we have on the board?
- What are the implications of a concurrent offering of shares to sophisticated investors in the US (via 144A) or elsewhere (via Reg S)?
- How do our accounting policies compare with other companies in the sector?
- Is my finance function ready?
- Are my operations run and managed effectively?
- What additional disclosures will we need to provide as a public company?
- Will it be a problem if one of our subsidiaries has a modified audit opinion?
- Do we need to restate our track record for recent acquisitions and disposals?
- How will an IPO affect our existing incentive arrangements?
- Any other possible listing venues?

