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Midea IPO breathes new life into HK stock market

By Zhang Tianyuan



Midea representatives attend the listing ceremony of Midea Group Co, Ltd at the Hong Kong Stock Exchange in Central on Sept 17, 2024. (ANDY CHONG / CHINA DAILY)

Chinese mainland home-appliance maker Midea Group's share price surged 8 percent in its debut on the [Hong Kong Stock Exchange](#) on Tuesday, providing a much-needed boost for the city's struggling stock market.

The stock was priced at HK\$54.8 (\$7) per share -- the top of its market range, raising HK\$31 billion.

The Foshan, Guangdong province-based company said it sold 566 million shares after exercising an option to enlarge the offering by 15 percent to meet demand.

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Its share price soared 7.9 percent, closing at HK\$59 on Tuesday.

[Bonnie Chan](#), chief executive of Hong Kong Exchanges and Clearing, said after the listing ceremony that if the group had exercised the over-allotment option, known as the greenshoe option, the funds raised would have reached \$4.6 billion.

This would make it Hong Kong's largest IPO since Kuaishou Technology's \$6.2 billion debut in early 2021, and the second-largest IPO globally this year.

footage as a leading global fundraising center by year-end.

Midea's move into the SAR comes on the heels of funds raised from new local public listings plunging to a two-decade low in the first half of this year.

Financial analysts see a silver lining for the city's beleaguered market following Midea's successful IPO.

"This can boost investor confidence. A successful IPO often signals a healthy market environment and can attract further investments, enhancing overall market activity," said Mofiz Chan, chairman of the Hong Kong Securities and Futures Professionals Association.

"Midea's success could set a precedent for other companies considering going public in Hong Kong, potentially leading to a pipeline of new offerings and further enhancing market dynamism," he added.

Cliff Ip Wang-hoi, Greater China divisional president for CPA Australia, agreed. "Midea's strong debut could be a turning point. It demonstrates investor appetite for quality offerings remains robust despite market headwinds."

He said this sentiment is further entrenched by expectations of US interest-rate cuts. "If the [US Federal Reserve](#) eases its monetary policy, we could see a significant shift in investment patterns. Fixed deposits may become less attractive, potentially redirecting capital flows into equities and other higher-yield assets."

According to a report by Australia-based global financial services provider Macquarie Group, Midea's overseas revenue is expected to grow at a compound annual rate exceeding 10 percent from 2024 to 2026 as it plans to boost its foreign market penetration.

The mainland's "trade-in" policy to encourage consumers and businesses to upgrade their appliances and equipment is expected to lift overall home-appliance revenue in the fourth quarter, the report said. It expects Midea's revenue to benefit from this policy, with the impact of retailer restocking likely evident from the fourth quarter onward.

READ MORE: [Home appliance maker Midea eyeing potential HK listing](#)

Midea offered its Hong Kong shares at a roughly 20-percent discount to its Shenzhen-listed stock price before its IPO launch. Its shares traded on the [Shenzhen Stock Exchange](#) rose 1.8 percent to 63.51 yuan on Tuesday.

The group's A-share market capitalization has now reached 457.4 billion yuan (\$64.65 billion), with net profits seeing steady growth -- swelling from 28.6 billion yuan in 2021 to 33.7 billion yuan last year.

In the first half of this year, Midea's overseas revenue climbed 13 percent year-on-year to 91 billion yuan, and domestic revenue rose 8.4 percent to 126.2 billion yuan from the previous year.

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