

Case Study on the Failure of Huichuan Technology's IPO

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Abstract: Since the establishment of the Science and Technology Innovation Board in 2019, as of July 21, 2023, a total of 546 companies have successfully listed on the board. Against the backdrop of rapid economic development, many companies have made going public their ultimate goal. The research on listing review derived from IPO has become a very popular research area nowadays. The content of this article is a case study of IPO failure, which explains the main review points of the NDRC on IPO in terms of substantive and legal compliance. Through the theory of information asymmetry, it explains the differences in information understanding between sellers and buyers in transactions. Next, we will describe the development of the industrial automation industry and compare it with domestic and foreign industries, discussing the three main reasons for the IPO failure of industrial automation industry enterprises. Taking Huichuan Technology as an example, this article describes the IPO process of Huichuan Technology and deeply analyzes the reasons for its IPO failure from three aspects. Finally, there are suggestions for improving the success rate of corporate IPOs. Enterprises should enhance their research capabilities, strengthen internal management, maintain independence, strictly control product quality, and pay more attention to information disclosure. The aim is to provide reference for industrial automation industry listed companies, standardize the sustainable profitability, accounting, internal control and other issues of listed companies, and ensure that they enter the capital market with a high-quality attitude.

Keywords: IPO failure, enterprise listing, industrial automation industry, case analysis

1. Introduction

Since the establishment of the Science and Technology Innovation Board (STAR Market) in China in 2019, as of July 21, 2023, a total of 546 companies have successfully gone public on this board. As a newly founded sector, the STAR Market serves as a new capital market platform for Chinese software and information technology companies, which have been strategically positioned as emerging industries in China. It has also attracted a significant number of software and IT service companies to apply for registration. Focusing on the field of the "next-generation information technology," which includes sectors like semiconductors and integrated circuits, electronic

information, next-generation information networks, artificial intelligence, big data, cloud computing, emerging software, the Internet, the Internet of Things, and smart hardware, Fujian Huichuan IoT Technology Co., Ltd. sought to go public on the STAR Market but became the first company in the history of the board to be directly rejected for an IPO. This article aims to analyze the reasons and implications behind the failure of Huichuan Technology's IPO attempt.

Huichuan IoT began its IPO preparations in June 2019 but was ultimately rejected in the final stage by the STAR Market Listing Committee. The committee stated that the disclosures about the substance of its IoT business, its core technology, and its technological advancement were insufficient and inaccurate. The company was founded in March 2010 and expressed an interest in delisting from the less liquid over-the-counter (OTC) market to aim for the STAR Market, which was inaugurated in November 2018. In March 2019, the company delisted from the OTC market and started preparing for its IPO. The application was formally submitted to the Shanghai Stock Exchange on June 22, 2020. However, after 267 days in the listing process, the STAR Market Listing Committee terminated Huichuan IoT's path to listing due to insufficient and inaccurate disclosures.

Since 2010, the China Securities Regulatory Commission (CSRC) has disclosed the reasons for IPO failures and the corresponding legal regulations. A survey of the CSRC's public information column reveals that some companies fail in their IPO applications every year, underlining the importance of studying the causes behind such failures. This paper takes Huichuan Technology as a case study to analyze the overall status of IPOs in the industrial automation industry and explores the reasons behind the failure of corporate IPOs. Through extrapolating from the case study of Huichuan Technology, this paper aims to provide experience and benchmarks for other industrial automation companies preparing for IPOs and offers suggestions for companies planning to go public.

2. Overview of IPO and Related Theories

2.1. Concept of IPO

Initial Public Offering refers to the first sale of a company's shares to the public [1]. Usually, the shares of a listed company are sold through brokers or market makers based on the terms stipulated in the prospectus or registration statement issued by the corresponding China Securities Regulatory Commission. Generally speaking, once the initial public listing is completed, the company can apply to the stock exchange or quotation system for listing and trading. Before applying for an IPO, a limited liability company should first be changed to a limited liability company.

2.2. Main Review Points of the Issuance and Examination Committee for IPO

2.2.1. Substantive Aspects

The necessity, fairness, and authenticity of related party transactions have always been the focus of audit. If the proportion of related party transactions is too high, the amount of related party transactions during the reporting period will be large, which will have a significant impact on the profits of the applicant and joint venture subsidiaries.

2.2.2. Standardized Operation of Business

The legality and compliance of business, such as the inquiry raised by the IEC, the opinions of the competent authority issuing the safety production license on the issuer's production exceeding capacity, the adequacy of the basis for the issuer's belief that it does not constitute a major illegal violation, and the potential risk of punishment.

2.3. Theory Related to IPO - Information Asymmetry Theory

Asymmetric information reflects the idea that "buyers are not as good as sellers", and there are differences in the information understood by sellers and buyers in transactions. Sellers with more information are in a favorable position in transactions, while buyers with limited information are at a disadvantage. Information asymmetry refers to differences in the timeliness and quality of information obtained by different investors due to their different channels and cost capabilities. This information asymmetry will lead to insider trading price manipulation and other behaviors that harm the interests of disadvantaged information investors, thereby damaging the effectiveness of market operation. Regions with relatively good levels of economic and social regional development have promoted the transmission of information, reducing the degree of information asymmetry to a certain extent. From the perspective of industries, due to the close relationship with people's livelihood, the government plays a dominant role, and the degree of information asymmetry is relatively high. For industries such as financial manufacturing and construction business, market participation is high, which accelerates the transmission of information and thus reduces the degree of information asymmetry, Form a relatively reasonable pricing [2].

3. Development of the Industrial Automation Industry and Market Share of Huichuan Technology's Financial Situation

3.1. Overview of the Development of Industrial Automation Industry

The industrial automation control industry is facing good development opportunities. Although China's industrial automation industry started relatively late, its development momentum is strong. In the past 30 years, China has successfully achieved rapid industrialization and its manufacturing output value has become a global leader. As shown in Figure 1, in 2019, the Asian industrial automation industry accounted for 40% of the global proportion, with European and American countries accounting for 21% and 27% respectively, while other countries only accounted for the remaining 12%. This is enough to prove that the automation industry of companies in Asia developed rapidly a few years ago. In 2021, the scale of China's industrial automation market reached 253 billion yuan, which is relatively considerable. Economic globalization has intensified market competition, and the intelligent, flexible, and unmanned manufacturing industry has become a development trend. The industrial automation industry has gained broad development space. To this end, Germany proposed the "Industry 4.0" plan, the United States proposed the "National Manufacturing Innovation Network", Japan proposed the "Innovation Industrial Structure Plan", and China also proposed the "Made in China 2025" development plan. According to research data from Zion Market Research, the global industrial automation market is expected to reach \$321.39 billion in 2024, with a compound annual growth rate of approximately 6.5% [3].

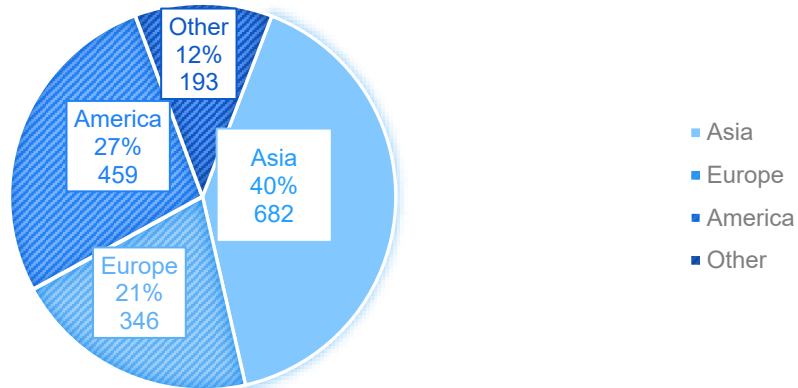


Figure 1: Regional Structure of the Global Industrial Automatic Control System Device Manufacturing Industry in 2019 (Unit: 100 million US dollars,%).

Although the total number of industrial internet platforms connected to industrial equipment in China has reached 73 million, industrial apps have exceeded 590000, 5G base stations have exceeded 1.4 million, and industrial robots have sold over 261300 units in 2021, accounting for over 50% of global sales. However, the overall level of automation in China's industry is still not high. The penetration rate of digitalization in China's manufacturing industry is currently only 19.5%, which is not only lower than the average level of 33% in developed countries, but also lags behind the manufacturing powerhouse Germany (45.3%) [4]. As shown in Figure 2, the market size of industrial automation equipment is expanding year by year. It is estimated that the market size of the industrial automation industry will gradually expand in the next four years from 2024.

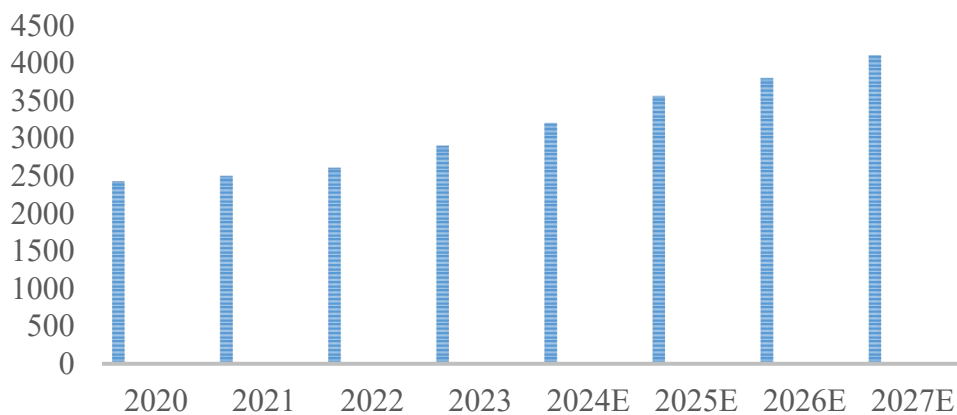


Figure 2: Market Size of Automation Equipment for the Year 2020 to 2027 (Unit: 100 million US dollars).

3.2. Financial Situation of the Company

3.2.1. Realizing Profit Analysis

On a quarterly basis, the total net profit for the first quarter of 2023 was 752.3 million yuan, a slight increase of 4.29% compared to 720 million yuan in 2022. The total profit mainly comes from internal business operations. While the operating income is steadily increasing, the operating profit is also gradually increasing, and the enterprise's business operations are carried out ideally.

3.2.2. Cost and Expense Analysis

The operating cost in the first quarter of 2023 was 3.036 billion yuan, a decrease of 2.91% compared to 3.127 billion yuan in 2022. The sales expenses in the first quarter of 2023 were 324.7 million yuan, a significant increase of 15.39% compared to 274.7 million yuan in 2022. From the changes in the proportion of sales expenses to sales revenue, it can be seen that in the first quarter of 2023, although there was a significant increase in sales expenses for enterprises, there was a significant decrease in operating revenue, and the development of enterprise market sales activities was not ideal. The management expenses in the first quarter of 2023 were 288.1 million yuan, a decrease of 11.65% compared to 326.1 million yuan in 2022. The proportion of management expenses to operating revenue in the first quarter of 2023 was 6.02%, which is a small increase of 1 percentage point compared to 5.02% in the first quarter of 2022. Despite a slight increase in operating income, management expenses were not effectively controlled, resulting in a decrease in the profitability of the business. We should closely monitor the rationality of management expenses and strive to improve their efficiency.

3.2.3. Debt Paying Ability Analysis

From the perspective of payment ability, Huichuan Technology has cash payment ability in 2023. Enterprise debt management has a positive effect, and increasing debt may create profits for the enterprise.

3.2.4. Cash Flow Analysis

The cash received by enterprises through the sale of goods and provision of services is 3.873 billion yuan, which is the main source of cash inflows for the current period, accounting for approximately 80.30% of the total cash inflows for the current period. The cash generated from the sale of goods and provision of services by enterprises can meet the cash expenditure needs of operating activities, resulting in a net increase of 353.7 million yuan in cash from operating activities. In the current cash inflow, the cash obtained by enterprises through major structural adjustment activities such as investment recovery and asset disposal were 2.1729 billion yuan in the first quarter of 2023, accounting for 97.79% of the total cash inflow from investment activities of the enterprise in that quarter. Indicates that the enterprise is undergoing investment structure adjustment. The adjustment of the enterprise's investment structure did not have a negative impact on the current operating activities.

3.3. Market Share of the Company's Financial Situation

According to data from Rui Industry, in 2022, our company's general automation business, general servo systems, had a market share of about 21.5% in China, ranking first; The share of low-voltage frequency converter products (including elevator dedicated frequency converters) in the Chinese

market is about 14.9%, ranking third and first among domestic brands; The share of small PLC products in the Chinese market is about 11.9%, ranking second and first among domestic brands.

In 2022, the overall performance of China's industrial automation industry was poor. Although the macroeconomic situation has shown a downward trend against the backdrop of insufficient external demand and sluggish domestic demand, which has had a negative impact on the industry, the overall market size of the domestic industrial automation industry has shown growth. According to statistics from Rui Industry, the scale of China's industrial automation market in 2022 was 296.3 billion yuan, a year-on-year increase of 1.4%. In 2022, the project oriented market performed better than the OEM oriented market, driving the overall stable growth of the industry. During the reporting period, the project-based market grew by 6% year-on-year, with the mining, chemical, and power industries relatively prosperous; The OEM market has experienced a year-on-year decline of 5%, with industries such as tobacco, printing, plastics, packaging, and machine tools experiencing relatively low performance. From a product perspective, the market size of low-voltage frequency converters exceeded 31 billion yuan, a year-on-year increase of 2%; The scale of the general servo market is nearly 23.3 billion yuan, a year-on-year decrease of 5%; The PLC market size is approximately 17 billion yuan, a year-on-year increase of 7%.

4. Analysis of the Process and Causes of Failure of Huichuan Technology IPO

4.1. History of Huichuan Technology IPO

In November 2018, the creation of the Science and Innovation Board was officially launched, Huichuan Technology, which is still listed on the New Third Board, tried to be delisted from the New Third Board, which has poor liquidity, and set its sights on the GEM Board, which is about to open the floodgates. In March 2019, Huichuan Technology was formally delisted from the New Third Board, and three months later, it began to prepare for its IPO, with the entry of various intermediaries. On 22 June 2020, it submitted its IPO application to the SSE, which was abbreviated as "Huichuan Union of Things" when filing. On 22 June 2020, Huichuan Technology submitted its IPO application to the Shanghai Stock Exchange (SSE), which was abbreviated as "Huichuan Union of Materials".

On 21 January 2021, at the meeting of the Committee on Science and Technology Innovation Board of SSE, the first meeting of Huichuan Union of Materials was suspended. At the second meeting on 18 March 2021, the IPO application of Huichuan Union of Materials was not approved.

4.2. Analysis of the Reasons for the Failure of the IPO of Huichuan Technology

4.2.1. Problems with the Authenticity of the Main Business

According to Huichuan IOT in its current IPO filing, up to now, the company has formed a total of 15 invention patents of the main business income and 5 of them are self-developed. It is worth noting that of the above 15 invention patents, 10 of them were obtained only in late December 2019 through the transfer, and only 5 self-developed patents, and 2 of them were obtained on 13 October 2020 [5]. There were also significant problems with the management of Huichuan Technology. The issuer's former finance manager, Chen Jianchai, worked for the issuer from July 2017, and in June 2020 handled his departure. The sudden departure during the IPO drew the attention of the Listing Committee, especially in such sensitive departments as finance. But Huichuan Technology's response to the question was very general and vague. The company only provides Chen Jianchai with four bank card funds flow sources and destinations to prove that the source of funds is mainly for personal other bank account transfers, the funds go mainly for personal small consumption and credit card repayment, etc., has nothing to do with the issuer's business. The reason for his departure was simply answered as "family and personal reasons". This behavior does not exclude the company's financial

fraud or other financial problems. As the actual controller of Huichuan Technology, Zheng Wen once made a bribe to government officials, and this behavior is not reflected in the prospectus. The company's various behaviors indicate that there are problems with the independence and authenticity of its corporate business.

4.2.2. The Problem of Vaguely Defining the Company Name and Business

Huichuan Science and Technology 2015 was officially listed on the new three board securities referred to as "Huichuan Science and technology", but in the company's Declaration of science and innovation version of the IPO, referred to as "Huichuan IOT". In the prospectus, Huichuan IOT describes itself as an Internet of Things (IoT) high and new technology enterprise that provides overall solutions for remote intelligent supervision for the construction, municipal, traffic, land, culture, and tourism industries, with its main business revenue mainly derived from two businesses, namely, remote intelligent supervision system services, equipment sales, and system integration, of which the former accounted for more than 90% of the overall revenue in the past two years [6]. The Listing Committee questioned whether the word "IOT" was consistent with the company's main business. For the listing committee's question, the company first explains the meaning of "Internet of Things", They believe that the Internet of Things is the application of the Internet expansion, rather than the Internet of Things is the network, the Internet of Things is the business and application, application innovation is the core of the development of the Internet of Things. The company said in the prospectus, that the company uses the Internet of things technology to provide remote intelligent supervision of the overall solution, the application of the industry for the smart city Internet of things under the smart site segment, and the company's core technology, products, and services belong to the internet of things technology in the industry field of innovative applications. For example, the company's business for the installation of panoramic imaging ranging cameras as the representative of all kinds of intelligent devices, sensors, monitoring equipment, real-time collection of monitoring information and transmission through the operator network, in the company's Huichuan engineering cloud platform for data analysis, for the construction of the construction site to provide remote intelligent supervision services, to achieve real-time control, accurate management and scientific decision-making purposes. According to the company's products and applications, the company's remote intelligent supervision overall solution covers the perception layer, network layer, platform layer, and application layer of the four-layer architecture of the Internet of Things [7].

But through the company's reply on the second implementation of the views of the meeting of the municipal party committee, it can be seen that the company was assessed as a software enterprise by the Software Industry Association of Fujian province in 2017-2020, and declared the special fund project for the development of the software industry as a software-related enterprise. There is indeed 300,000 yuan in the government grants disclosed in the 2017 financial report of Huichuan I&E from this award for software business on the scale. In 2018, the company once again used "software enterprises using government-approved cloud services" to obtain this award and bonus subsidies [3]. Such behavior is undoubtedly a blurring of concepts by the company for the purpose of listing. After research, the Listing Committee considered that Huichuan IOT's disclosure of the substance of its IoT business, core technology, and technological advancement was insufficient and inaccurate. After many rounds of inquiry, Huichuan IOT began to propose to the regulator to change the stock abbreviation idea, wanting to remove the word "IOT". This move also shows that the company's business and the name of the company also have a vague attitude.

4.2.3. Going Concern Issues

As Huichuan Technology is highly dependent on the policies of Fujian Province, the industry space is small. Moreover, Huichuan Technology's business as well as its source of income is relatively single, and its ability to continue operation may be at risk. The main business of Huichuan Technology is dependent on the industry policies in Fujian Province. In 2017, the Fujian Provincial Department of Housing and Construction issued the Notice on the Comprehensive Implementation of Remote Video Big Data Control of Quality and Safety of Housing Construction and Municipal Engineering, which proposes the implementation of big data management of housing construction and municipal infrastructure projects in Fujian Province and makes the installation of panoramic imaging ranging cameras at construction sites as a mandatory requirement for construction projects. The issuance of this requirement provided an opportunity for Huichuan Technology to develop and grow its business rapidly. However, since 2020, new policies have been issued in Fujian Province, in which the requirement of "range-finding" has been deleted. But range-finding cameras are the main product of Huichuan Technology, and most of its revenue comes from them. The change of policy in Fujian Province has undoubtedly hit the development of Huichuan Technology. In the audit of the main business performance, we learned that the business of Huichuan IOT is mainly concentrated in Fujian Province, and from 2017 to the first half of 2020, the company's revenue from Fujian Province accounted for 97.47%, 99.63%, 99.83%, 99.56% of the total operating income, respectively, for the development of a science and technology board enterprise to be listed appears to be insufficient afterburner, and the scope of business is overly concentrated [3]. Although the company believes that the application industry space of the company's business is vast, its competitiveness can guarantee obtaining a stable market share, the company's business has stability, and it has the ability to operate independently and continuously directly to the market. However, this did not obtain the consent of the Listing Committee. According to the information, between 2017 and 2019, the main business income of Huichuan Technology basically came from the market in Fujian Province, and the operating income outside Fujian Province was RMB 1,130,100,000, RMB 529,500,000 and RMB 375,400,000, respectively, accounting for the proportion of the main business income decreased from 2.53% in 2017 to 0.17% in 2019, and the business became more and more concentrated in Fujian Province, and its market development ability is doubtful [8]. In its reply to the inquiry, the Company indicated that it has been making efforts to expand its market outside Fujian Province in recent years. However, the data provided by the company shows that the number of orders in hand outside the province only totals 535,600 yuan. This shows that the company's development of the market outside the province is less effective. Moreover, with the change of policy in Fujian Province, the main business of Huichuan Technology and its revenue has been seriously hit, which makes the SFC question its ability to sustain development, as shown in Table 1.

Table 1: Revenue from main business of Huichuan IOT by region.

Area	2019		2018		2017	
	Sum	Percentage	Sum	Percentage	Sum	Percentage
Within Fujian	21864.64	99.83%	14264.25	99.63%	4350.51	97.47%
Outside Fujian	37.54	0.17%	52.95	0.37%	113.01	2.53%
Total	21902.18	100.00%	14317.2	100.00%	4463.51	100.00%

Huichuan Technology accounts receivable accounted for a relatively large proportion of the accounts receivable, which also poses a significant risk. In 2017-2019, Huichuan IOT's performance achieved faster growth, its operating income was 44.73 million yuan, 144 million yuan, and 219 million yuan, but its accounts receivable in 2018 and 2019 also surged. At the end of 2017-2019, the book value of Huichuan IOT's accounts receivable was 37.878 million yuan, 122 million yuan, and 102 million yuan, respectively, accounting for 91.8%, 89.29%, and 50.29% of the current operating income, respectively [8]. In order to broaden the market, the enterprise leads to an increase in accounts receivable, which creates a great hidden danger to the sustainable development of the enterprise. If the accounts receivable of Huichuan Technology continue to increase, it will be a blow to the sustainable development of the company, as shown in Table 2.

Table 2: Accounts receivable of Huichuan Technology.

Year	Revenues	Carrying value of accounts receivable	Percentage of current operating income
2017	44.73 million	37.878 million	91.8%
2018	144 million	122 million	89.29%
2019	219 million	102 million	50.29%

5. Recommendations to Enhance Enterprise IPO Success Rate

5.1. Reshaping Corporate Structure for Increased Independence

The 2017 notification from Fujian Province on "Comprehensive Implementation of Remote Video Big Data Control for Building and Municipal Engineering Quality and Safety" presented an opportunity for Huichuan Technology's development. However, policy changes have impacted the company's progress, raising queries about its autonomy within the exchange. The capacity for independent operation is pivotal for enterprise development. Sole reliance on "policies" and "regulations" proves insufficient; intrinsic robustness is imperative to navigate fluctuations, ensuring enduring vitality.

Be it Huichuan Technology or other imminent IPO candidates, it is advised to overtly showcase their self-reliant operational abilities. During the IPO process, collaboration across multiple industries and sectors can diminish reliance on singular clientele or governmental policies. Transparent and autonomous revenue streams stand as focal points during scrutiny by both the China Securities Regulatory Commission and the stock exchange.

5.2. Enhancing Information Disclosure to Mitigate Information Asymmetry

In the IPO declaration process, the prospectus holds exceptional significance. Consequently, the Listing Review Committee places stringent demands on the quality of information disclosure within a prospective IPO candidate's prospectus. Compliance and thoroughness in information disclosure merit attention from every aspiring publicly traded entity. To address the Committee's scrutiny of information disclosure, companies should sufficiently and accurately divulge information during the application process, ensuring accuracy, authenticity, and completeness to avert adverse repercussions stemming from information asymmetry. Information asymmetry is a pivotal factor in all IPO processes. To alleviate this concern, companies must proactively, transparently, and comprehensively disclose information. This encompasses the company's financial standing, operational risks, market share, competitive landscape, among others. This approach not only streamlines review processes but

also entices more funding post-listing. Issuers and intermediaries should vigilantly monitor policy shifts regarding new stock listings. Extensive examination of feedback provided by the Commission concerning IPOs in recent years aids in promptly capturing alterations in information disclosure requisites set forth by the Listing Review Committee. This agility augments the probability of a successful IPO.

5.3. Reinforcing Internal Management and Institutional Development

Augmenting internal management and establishing robust internal control systems are essential for an enterprise's intrinsic needs and its response to market risks and challenges. Companies must formulate internal control systems tailored to their specific circumstances, rigorously adhering to and implementing them to ensure sustained, stable, and wholesome development.

Internal control denotes the process, enacted by boards of directors, managers, and other personnel, that offers reasonable assurance in ensuring the reliability of financial reporting, efficiency of operations, and adherence to prevailing regulations. Internal control encompasses aspects such as controlling the production and operational environment, risk assessment, supervisory decision-making, information dissemination, and self-evaluation, providing an overarching perspective of various facets of enterprise production. Effective implementation undoubtedly propels production management to new echelons, fostering rationalization and standardization of business operations [9].

5.4. Strengthening Collaboration with Third Parties to Augment Core Competitiveness

For all enterprises contemplating IPOs, especially those like Huichuan Technology situated within rapidly developing and fiercely competitive industries, enhancing collaborations with third parties significantly enhances avenues for growth. These collaborators may encompass, though are not limited to, research institutions, universities, and supply chain partners. Through these alliances, companies not only heighten their technological acumen and market competitiveness but also showcase diversified business and sustained innovation capacities within IPO submissions, thereby elevating the probability of IPO success.

5.5. Product Quality and Services: Cultivating Enduring Brand Value

Superior product quality and exceptional customer service stand as foundational elements requiring attention from all enterprises, regardless of magnitude. During IPO preparations, companies should elucidate how they establish and maintain their brand through quality control and customer service. This facilitates enterprises in demonstrating enduring value to both the China Securities Regulatory Commission and potential investors. Companies should actively innovate developmental strategies, continually expanding avenues for growth and striving for breakthroughs. Stringent adherence to national and industry standards for products, ensuring product quality and safety, is essential. In the rapid development of industrial automation enterprises today, competition among businesses intensifies. In this environment of survival of the fittest, top-tier quality is imperative for survival and growth. Establishing a top-tier brand, garnering customer favor and trust are prerequisites for survival and development, leading to premium market standing. The entry of products into the market ushers in competition. Factors influencing a company's market competitiveness are numerous, yet product quality remains at its nucleus. Product quality determines whether a company can dominate the market, establish brand value, imbue brand philosophy, forge a positive brand image, and thereby create a closed-loop of positive feedback from the market to the enterprise's internal dynamics [10].

6. Conclusion

This paper takes Huichuan Technology's IPO failure as a case study to analyse the reasons for IPO failure, and through the analysis of the case, it draws suggestions for enterprises to improve the success rate of IPO. During the research process, after the overall situation of Huichuan Technology is analysed, the IPO history of Huichuan Technology is summarized, and the problems in the company's operation and declaration are found, and the reasons for the failure of Huichuan Technology's IPO are found through the in-depth analysis of these problems, which are the independence and authenticity of the main business, the ambiguity of the company name and the definition of the company's business and the problem of continuity of operation. The reasons are independence and authenticity of main business, vague definition of company name and company business, and continuous operation problems. In view of these financial problems that led to the failure of IPO, the following suggestions are made to promote the success of IPO. The research of the thesis is more comprehensive in analysing the impact of information asymmetry.

The research of the paper analyses the reasons for the failure of Huichuan Technology's IPO more comprehensively and puts forward suggestions to improve the success rate of IPO, these research analyses and suggestions for IPO companies in other industries to provide a certain reference significance.

Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

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