



Hong Kong Stock Exchange Reports: ECM and Stock Connect in 2025

Two Sides of the Same Coin: How Record Capital Raising and Cross-Border Flows is Reshaping Hong Kong Markets

Introduction

If there is a single thread running through the Hong Kong Stock Exchange's (**HKEX**) retrospectives on 2025, it is the story of a market that has rediscovered its gravitational pull. Two reports recently published by the HKEX tell that story from complementary angles: [its Hong Kong ECM 2025 Recap: Liquidity, Listings and Record Scale Equity Issuance](#) chronicles the extraordinary surge in equity capital markets activity that propelled Hong Kong back to the top of the global IPO league table; its [HKEX Stock Connect 2025 Review](#) the deepening of Stock Connect, the cross-border trading infrastructure that has become the circulatory system linking Hong Kong with the Mainland's vast pools of capital and liquidity.

Read together, these reports paint a picture not merely of cyclical recovery but of structural transformation. The numbers are striking in their own right. Equity capital markets fundraising rose 164% year-on-year to US\$103 billion. IPO proceeds surged 231% to US\$37.4 billion. Follow-on issuance reached US\$66 billion, its highest level since 2021. Meanwhile, cash market average daily turnover climbed 89.5% and net Southbound Stock Connect flows increased 74% compared with the previous year. But it is the interplay between these figures, rather than any single data point, that reveals the true significance of what occurred.

Three common themes emerge from the two reports.

The first is the deepening symbiosis between Hong Kong's primary and secondary markets. The record IPO volumes were not achieved in isolation. They were supported by a secondary market backdrop of rising turnover, improving aftermarket performance and expanding follow-on issuance. Companies that listed in Hong Kong found not merely an entry point to public markets but a liquid trading environment in which to raise further capital. This virtuous cycle, in which strong secondary market conditions attract new listings and new listings in turn generate fresh trading activity, is precisely the dynamic that Hong Kong's regulators and market infrastructure have been designed to foster. The HKEX Stock Connect data reinforces this picture, showing that cross-border flows have become an integral source of the liquidity that underpins both primary and secondary activity.

The second theme is the broadening of Hong Kong's investor base. The ECM report documents the growing

participation of global institutional investors as cornerstone investors in Hong Kong offerings, alongside surging retail demand. The HKEX Stock Connect review tells the complementary story from the Mainland side, capturing the accelerating flows of Chinese capital into Hong Kong-listed securities. Taken together, these trends suggest that Hong Kong is becoming a genuinely two-sided market: one that serves international institutions seeking exposure to Chinese growth and Mainland investors seeking access to internationally listed companies, with each constituency reinforcing the other's confidence.

The third theme is sectoral diversification. Hong Kong's historical dependence on a narrow range of sectors, principally financial services and property, has long been regarded as a structural vulnerability. The 2025 data suggests that this is changing. The ECM report shows Hong Kong ranking among the top global venues for fundraising in healthcare and biotech, TMT, industrials and new energy, and metals and mining. The HKEX Stock Connect data similarly reflects growing appetite for exposure to these sectors through cross-border channels. The launch of the Technology Enterprises Channel and the stream of A-to-H listings by leading Chinese manufacturers and technology companies both point towards a market whose composition is evolving to reflect the realities of China's shifting industrial economy.

These are not developments that emerged from nowhere. They are the product of deliberate policy choices: the 2018 listing reforms that opened Hong Kong to pre-revenue biotech companies and weighted voting rights (**WVR**) structures; the successive expansions of Stock Connect eligibility and quota arrangements; the 2025 reforms to IPO price discovery and public float requirements; and the ongoing regulatory efforts to position Hong Kong as Asia's preeminent international fundraising hub. But policy alone does not explain the scale of what happened in 2025. The market conditions were also propitious: strong Mainland economic policy support, a global rotation towards Chinese assets in the second half of the year and a growing recognition amongst Greater China issuers that Hong Kong offers a combination of deep liquidity, regulatory credibility and international investor access that no other venue can match.

This newsletter examines each report in turn, beginning with the ECM recap before turning to the HKEX Stock Connect review, before drawing conclusions about what these developments portend for 2026 and beyond.

I. Hong Kong ECM 2025: Record Issuance and the Return to Global Preeminence

The headline is by now well known: Hong Kong finished 2025 as the world's top IPO fundraising venue, raising US\$37.4 billion across 119 listings. This was the city's highest total since 2021 and exceeded the combined volume of the three preceding years. Two of the five largest IPOs globally were conducted in Hong Kong. Total equity capital markets fundraising, encompassing both IPOs and follow-on offerings, reached US\$103 billion, a 164% increase on 2024.

These figures invite scrutiny. Headline IPO league tables can flatter, particularly when a small number of very large transactions dominate the totals. But the 2025 data withstands examination. The breadth of issuance was as notable as its scale. The ten largest IPOs spanned industrials, mining, healthcare, consumer goods, TMT and automotive sectors. The pipeline was not dominated by a single mega-deal or a single sector, but reflected genuine diversity of issuer type and business model.

The A-to-H Pipeline

A significant engine of this activity was the A-to-H listing pathway, through which companies already listed on Chinese Mainland exchanges sought secondary or dual listings in Hong Kong. There were 19 such transactions in 2025, raising US\$17.7 billion in total. Six raised over US\$1 billion each, including the world-leading battery manufacturer Contemporary Amperex Technology Co Ltd, whose HK\$41 billion (approximately US\$5.3 billion) listing was the year's largest IPO globally by a Chinese issuer.

The commercial logic of these transactions is compelling. A Hong Kong listing gives Mainland-listed companies access to international investors, broadens their shareholder base and, according to Bloomberg data cited by the HKEX, increases the liquidity of their A-shares: the one-month average turnover of A-shares for companies that completed A-to-H listings in 2025 rose 9% on average. For companies with international expansion ambitions, as was the case with the battery manufacturer that earmarked the bulk of its IPO proceeds for building a factory in Europe, a Hong Kong listing also serves as a signalling device to global customers, suppliers and partners.

Follow-On Fundraising and Equity-Linked Issuance

Whilst IPOs commanded the headlines, the follow-on market was arguably the more revealing indicator of market health. Follow-on fundraising accelerated to US\$66 billion, the highest level since 2021, and included a record US\$20 billion in equity-linked issuance. Twenty transactions exceeded US\$1 billion, including the largest placement

in the automotive industry globally and the world's second-largest technology convertible bond deal.

The strength of follow-on issuance matters because it demonstrates that Hong Kong's capital markets function not merely as an entry point for new listings but as an ongoing source of capital for already-listed companies. A market that can deliver both strong IPO volumes and robust follow-on activity is one in which the ecosystem is working: issuers have confidence that they can return to the market, and investors have confidence that secondary offerings will be well supported.

The equity-linked figures are particularly noteworthy. Convertible bonds and exchangeable bonds are instruments that appeal to sophisticated institutional investors. A record year for equity-linked issuance in Hong Kong therefore signals growing institutional confidence in the market's depth and in the credit quality and growth prospects of its listed companies.

Aftermarket Performance

One of the most encouraging data points in the HKEX's report concerns aftermarket performance. Among listings of US\$100 million or larger, average share price rose 23.8% one day after listing and 30.7% one month after listing. The HKEX describes this as the best performance in nearly two decades.

Strong aftermarket performance serves a crucial function in the IPO ecosystem. It gives confidence to investors that primary market pricing is fair, which in turn supports demand for future offerings. It also gives confidence to issuers that Hong Kong is a venue where their shares will be well received. The contrast with markets where large numbers of IPOs 'break issue', trading below their offer price on the first day, is significant. Hong Kong's 2025 aftermarket data suggests a primary market that is pricing efficiently and attracting genuine investor demand rather than relying on artificial support.

Sectoral Breadth

The sectoral composition of 2025 issuance deserves close attention, because it reflects a market that is shedding its historical concentration.

In industrials and new energy, Hong Kong topped international league tables for IPO fundraising and ranked second globally for total ECM issuance, with US\$14.3 billion and US\$24.7 billion respectively. The activity spanned electric vehicle manufacturers, battery makers and logistics providers.

TMT issuance reached US\$34.5 billion, its highest since 2021 and second globally. IPOs in the sector attracted 13-fold institutional subscription and over 1,000-fold retail subscription among deals of US\$100 million or above. Follow-on offerings by TMT issuers raised US\$26.6 billion across more than 100 transactions, including two of the five largest TMT deals globally.

Healthcare and biotech ECM issuance reached US\$15.6 billion, second globally and the highest level since 2021. Biotech dominated within the sector, accounting for US\$6.2 billion in fundraising. This is a direct testament to the 2018 listing reforms, which permitted pre-revenue biotech companies to list in Hong Kong for the first time and have since made the city one of the world's leading venues for life sciences capital formation.

In metals and mining, Hong Kong was the sector's top IPO venue globally, with US\$5.4 billion in IPO fundraising and total ECM issuance reaching a ten-year high of US\$9.5 billion.

Traditional sectors also delivered notable transactions, including the year's largest consumer IPO globally and two of the biggest pure industrials listings.

Investor Base Expansion

The HKEX reports that an increasingly broad range of investors participated in Hong Kong's primary and secondary markets in 2025. Sovereign wealth funds and long-only investors from Asia, Europe and North America made up half of the 20 most active ECM cornerstone investors.

The presence of large, long-term institutional investors as cornerstone participants is significant for several reasons. It provides anchor demand that gives confidence to other investors. It signals external validation of the quality of the issuers and the robustness of the market infrastructure. And it contributes to stable aftermarket performance by placing shares in the hands of investors who are likely to hold them rather than trade them immediately.

Nearly a fifth of all Hong Kong listings in 2025 were dual or multi-listings, with issuers from the United States, Southeast Asia and the Middle East choosing Hong Kong. This international dimension reinforces the HKEX's narrative that Hong Kong is not merely a domestic or regional market but a genuinely global fundraising venue.

Market Reforms as Enablers

The HKEX attributes part of the 2025 performance to the reforms to IPO price discovery and open market requirements that took effect from August 2025. These reforms, which introduced a fixed retail tranche mechanism and lowered minimum initial public float requirements for larger companies, were designed to give issuers greater flexibility and certainty in structuring their offerings whilst ensuring adequate market liquidity.

The timing of these reforms, implemented mid-year during a period of rising activity, makes it difficult to isolate their precise contribution. But the HKEX's decision to highlight them suggests confidence that the reforms have been well received by market participants and have contributed to the favourable conditions.

The 2026 Outlook

The HKEX's report notes that 2026 has begun strongly, with US\$15.8 billion in ECM issuance in the year to 30 January, approximately six times the US\$2.5 billion raised in the same period in 2025. Companies along the artificial intelligence value chain have accounted for a significant portion of early-year IPO activity.

As of end-January 2026, over 400 companies were in the listing pipeline, spanning healthcare, materials, TMT and industrials. More than 50 of these were companies under the specialist listing chapters (Chapters 18A, 18C and 8A), including firms in cancer treatment, intelligent robotics and autonomous logistics.

The pipeline figures are consistent with the data in the HKEX's 2025 Listing Committee Report, which recorded 516 new listing applications received during 2025 and over 420 active applications as at 29 January 2026. They suggest that the surge in activity is not a one-year anomaly but reflects a structural shift in the flow of listings towards Hong Kong.

II. Stock Connect 2025: The Deepening of Cross-Border Capital Flows

If the ECM report tells the story of Hong Kong's primary market renaissance, the HKEX Stock Connect review illuminates the plumbing that makes it possible. Since its inception in November 2014, when Shanghai-Hong Kong Stock Connect launched with a combined daily turnover that barely registered in the context of either market, the programme has evolved into one of the most consequential pieces of cross-border financial infrastructure in the world. The 2025 data confirms that evolution and, in several respects, accelerates it.

Southbound: Mainland Capital Floods into Hong Kong

The most striking figure in the Stock Connect review is the surge in Southbound trading. Average daily turnover (**ADT**) through the Southbound channel reached a record HK\$121.1 billion in 2025, more than double the HK\$48.2 billion recorded in 2024. To appreciate the trajectory, it is worth recalling that Southbound ADT stood at just HK\$0.9 billion in 2014 and HK\$3.4 billion in 2015. The compound growth over the past decade is extraordinary, but the year-on-year doubling in 2025 stands out even against that backdrop.

The significance of this increase extends well beyond the raw turnover numbers. Southbound turnover accounted for 23% of Hong Kong's total cash equities turnover by the end of the fourth quarter of 2025, up from 20.9% at the end of Q4 2024. Nearly a quarter of all cash equity trading in Hong Kong is now conducted by Mainland investors operating through HKEX Stock Connect. This is a structural shift in the composition of Hong Kong's investor base, not a temporary spike. It means that Mainland capital has become a permanent and increasingly influential force in Hong Kong's secondary market, shaping price discovery, sector rotation and liquidity conditions in ways that would have been difficult to imagine when the programme launched just over a decade ago.

The sectoral concentration of Southbound flows is revealing. The HKEX notes that Southbound activity in 2025 was concentrated in technology and internet names, as well as semiconductor, biotech and new consumption sectors. This pattern mirrors the sectoral profile of ECM issuance documented in the first report, and suggests a coherent investment thesis driving Mainland capital into Hong Kong: exposure to leading technology and innovation companies that are listed in a market with international standards of disclosure and governance, and that may not be available or may trade at different valuations on Mainland exchanges.

Northbound: International Investors Deepen A-Share Engagement

The Northbound channel, which provides international investors with access to Chinese Mainland A-shares through Hong Kong, also reached new highs. Northbound ADT rose 42% year-on-year to RMB212.4 billion in 2025, up from RMB150.1 billion in 2024. The growth trajectory here has been similarly dramatic over the life of the programme: Northbound ADT stood at just RMB5.6 billion in 2014.

Northbound inflows in 2025 concentrated in A-share sectors linked to growth themes, including new energy, technology, semiconductors, consumer and healthcare. This sectoral focus again echoes the patterns observed in the ECM report, and indicates that international investors are using HKEX Stock Connect not simply as a broad-market access tool but as a targeted means of gaining exposure to the sectors that are driving China's economic transformation.

The 42% increase in Northbound ADT is notable in a year when geopolitical frictions between China and Western economies remained elevated and when some commentators predicted a retreat of international capital from Chinese markets. The data suggests that, whatever the political headwinds, the commercial case for A-share exposure continues to attract institutional flows. Hong Kong's role as the intermediary through which those flows are channelled reinforces its position as the primary point of contact between international capital and the Chinese Mainland's domestic markets.

The Rise of ETFs within Stock Connect

One of the more quietly significant trends documented in the Stock Connect review is the acceleration of exchange-traded fund (**ETF**) trading through both channels. Southbound ETF ADT reached HK\$3.9 billion in 2025, a 61.7% increase year-on-year. Northbound ETF ADT rose to RMB3.4 billion, up 72.1%. These figures remain modest in absolute terms compared with single-stock turnover, but the rate of growth points to an important evolution in how investors are using the programme.

ETF trading through HKEX Stock Connect reflects a shift towards passive and thematic investment strategies among cross-border participants. For Mainland investors accessing Hong Kong's market via Southbound Stock Connect, ETFs offer diversified exposure to Hong Kong-listed technology or healthcare baskets without the need to select individual stocks. For international investors accessing A-shares via Northbound, ETFs provide efficient exposure to broad market indices or specific sectors.

The expansion of the eligible product universe has been instrumental in supporting this growth. As of end-January 2026, 365 ETFs were eligible for Northbound trading and 23 for Southbound. The HKEX has actively facilitated this expansion, and the breadth of the eligible ETF universe now permits investors to construct a range of portfolio strategies through HKEX Stock Connect that would have been impossible just a few years ago.

Product Innovation: The HKEX Tech 100 Index

The HKEX Stock Connect review highlights the HKEX Tech 100 Index, launched in late 2025, as an example of product innovation designed specifically around the Connect architecture. The index tracks 100 large-and mid-cap Hong Kong-listed technology companies that are eligible for Southbound Stock Connect trading, and includes a fast-entry mechanism for newly eligible stocks.

This is a telling development. It indicates that the Stock Connect infrastructure has become sufficiently central to Hong Kong's market ecosystem that benchmarks and financial products are now being designed around it. The index is not simply a passive reflection of the market; it is an active attempt to channel Southbound capital towards Hong Kong's growing technology sector by providing a transparent, investable benchmark that aligns with HKEX Stock Connect eligibility criteria. As ETFs and structured products are built around this index, the feedback loop between Stock Connect flows, product development and market liquidity will tighten further.

The Expanding Scope of HKEX Stock Connect

The HKEX's review notes that since its inception in 2014 with equities alone, HKEX Stock Connect has expanded to encompass bonds (via Bond Connect, launched in 2017), ETFs (included from 2022) and interest rate swaps (via Swap Connect, launched in 2023). As of end-January 2026, the Southbound channel covered 564 Hong Kong-listed stocks and 23 ETFs, whilst the Northbound channel encompassed 3,265 eligible A-shares and 365 ETFs across the Shanghai and Shenzhen links combined.

This progressive expansion reflects a deliberate strategy by both the HKEX and the Chinese Mainland regulators to broaden cross-border market access incrementally, testing each new product category before moving to the next. The approach has been cautious by design, and the HKEX's review signals further potential enhancements under discussion, including the inclusion of real estate investment trusts (**REITs**) and the addition of RMB-denominated

counters in Southbound trading.

The inclusion of REITs would represent a meaningful expansion of the asset classes accessible through HKEX Stock Connect, giving Mainland investors exposure to Hong Kong-listed property and infrastructure yield vehicles, and international investors reciprocal access to Mainland REITs. The addition of RMB counters in Southbound trading would address a structural friction that currently requires Mainland investors to bear currency conversion costs when trading Hong Kong-listed securities, a reform that could further stimulate Southbound flows.

Early 2026: A Divergent Picture

The early 2026 data presents an interesting divergence. Northbound ADT reached RMB302.7 billion in February 2026, up 39.2% compared with February 2025, suggesting that international appetite for A-share exposure continues to intensify. Southbound ADT, by contrast, fell 28.6% year-on-year to HK\$104.1 billion in February 2026.

The Southbound softening warrants monitoring but should not be over-interpreted. February 2025 itself represented a period of extremely elevated Southbound activity, making the year-on-year comparison somewhat misleading. Moreover, the absolute level of Southbound ADT in February 2026 remains well above the full-year average for any year prior to 2025. The more pertinent question is whether the structural trend of increasing Mainland participation in Hong Kong's market continues over the balance of 2026, and the pipeline data from the ECM report, which shows over 400 companies awaiting listing, suggests that the conditions for sustained Southbound interest remain in place.

III. Connecting the Dots: What the Reports Tell Us Together

The two HKEX reports, read in conjunction, offer a portrait of a market at an inflection point. The quantitative story is one of record volumes, broadening participation and sectoral diversification. The qualitative story is one of infrastructure that is maturing, policy reforms that are bearing fruit and cross-border linkages that are deepening.

Several observations warrant particular attention.

First, the relationship between HKEX Stock Connect flows and ECM activity has become mutually reinforcing. The doubling of Southbound ADT in 2025 did not occur in isolation from the 89.5% rise in cash market average daily turnover or the 164% increase in ECM fundraising. These are interconnected phenomena. Mainland capital flowing into Hong Kong through Stock Connect contributes to secondary market liquidity, which improves aftermarket performance for new listings, which attracts further IPO candidates, which generates additional trading activity and draws further Stock Connect flows. The virtuous cycle that Hong Kong's policymakers have long sought to create appears to be functioning. The fact that Southbound trading now accounts for 23% of Hong Kong's cash equities turnover means that this is no longer a supplementary channel; it is a core pillar of the market's liquidity infrastructure.

Second, the sectoral composition of both ECM issuance and HKEX Stock Connect trading increasingly reflects the structural transformation of the Chinese economy. Southbound flows concentrated in technology, internet, semiconductor, biotech and new consumption names. Northbound inflows targeted new energy, technology, semiconductors, consumer and healthcare. ECM issuance was dominated by industrials and new energy, TMT and healthcare. The alignment across all three datasets is striking and suggests that Hong Kong is becoming the venue where China's economic transition is being financed, priced and traded. The market is becoming a mirror of China's economic future rather than its economic past.

Third, the international dimension of Hong Kong's market is strengthening at precisely the moment when geopolitical tensions might have been expected to weaken it. The participation of global sovereign wealth funds and long-only institutions as cornerstone investors, the listing of companies from the United States, Southeast Asia and the Middle East, the growing use of Hong Kong as a platform for Chinese companies' international expansion and the 42% increase in Northbound ADT all point to a market whose international relevance is increasing rather than diminishing. The 39.2% year-on-year increase in Northbound ADT in February 2026 suggests this trend is continuing into 2026.

Fourth, the evolution of HKEX Stock Connect from a simple equity trading channel into a multi-asset cross-border platform is creating new possibilities for market development. The growth of ETF trading through both channels, the creation of Stock Connect-specific benchmarks such as the HKEX Tech 100 Index and the potential inclusion of REITs and RMB counters point towards a future in which Stock Connect is not merely a conduit for cross-border equity flows but a comprehensive platform through which investors on both sides can access a full range of asset classes. This evolution has significant implications for Hong Kong's competitive positioning relative to other international financial centres, because it embeds the city ever more deeply into the infrastructure through which

China's capital markets interact with the rest of the world.

There are, of course, risks to this narrative. The quality concerns identified by the SFC and HKEX in relation to sponsor work and listing document standards, which we have examined in previous editions of this newsletter, serve as a reminder that rapid growth can strain the regulatory infrastructure. The February 2026 Southbound softening, however modest in context, is a reminder that cross-border flows can be volatile and that a market increasingly dependent on Mainland participation is exposed to shifts in Mainland investor sentiment and regulatory policy. The challenge for Hong Kong in 2026 will be to sustain the momentum of 2025 whilst ensuring that the gatekeeping mechanisms keep pace with the volume of activity, and whilst managing the risks that come with an increasingly concentrated reliance on a single source of marginal liquidity.

But on the evidence of these two reports, Hong Kong enters 2026 in a position of considerable strength: as a market that has reclaimed its global standing, deepened its cross-border linkages and diversified its issuer base, all whilst implementing reforms designed to sharpen its competitive edge further still. The question for the year ahead is not whether the infrastructure is in place to support continued growth, but whether the market and regulatory environment can deliver it.

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