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Hong Kong's capital markets performance in 2025



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In 2025, Hong Kong's capital markets demonstrated strong growth compared with the previous year. As of the end of December 2025, total market capitalisation stood at HKD 47,392 billion, representing a 34.2% increase on the level recorded at the end of December 2024. This suggests that investment capital has been flowing back into the city.

Hong Kong's IPO market was particularly vibrant, regaining its position as the world's top-ranking IPO market of the year in terms of fundraising scale. Between January and December 2025, a total of 119 companies were newly listed in Hong Kong. The overall growth was largely driven by the surge in A+H listings, which accounted for more than half of the total IPO fundraising for the year. The current 290+ active listing applications also provide a strong foundation for the city's IPO market to continue performing well next year.

Factors driving the strong growth

International capital has increased its allocation to markets in the East. As a bridge connecting the Chinese mainland and global markets, Hong Kong's capital markets have benefited from capital inflows.

The Hong Kong regulators have, since October 2024, enhanced the timeframe for new listing approvals.

- Where a new listing application meets all applicable requirements and guidance, the Hong Kong Stock Exchange (HKEX) and the Securities and Futures Commission (SFC) will indicate material regulatory concerns within a maximum of two rounds of regulatory comments. Each of the SFC and HKEX has a total of about 40 business days to raise comments, and the applicant has around 60 business days to address those comments. Once the SFC and HKEX have confirmed no material regulatory concerns and the Listing Committee has granted approval, the process is expected to conclude within the six month validity period, strengthening the certainty and predictability of the listing timeline.
- An existing A-share listed company with a minimum market capitalisation of HKD10 billion is eligible for an accelerated timeframe. If its application satisfies all Hong Kong requirements and guidance, coupled with a formal legal opinion confirming its compliance with all laws

and regulations applicable to its A-share listing throughout the two preceding financial years, the assessments by the SFC and HKEX can even be completed after one round of regulatory comments.

Hong Kong has implemented initiatives to attract a greater number of high growth technology companies and innovative enterprises to pursue listings in the city. A dedicated Technology Enterprises Channel was launched in May 2025 which allows new listing applications from biotech companies and specialist technology companies to be made on a confidential basis. This arrangement helps mitigate the risk of premature disclosure of their products, technologies, services and strategic plans. Regulators may also engage more closely with the listing applicants to gain a better understanding of their businesses and provide guidance on their eligibility and suitability for listing.

The Chinese government's continuous policy support provided in 2024 and 2025 has increasingly demonstrated its effectiveness in consolidating Hong Kong's status as an international financial hub. Moreover, channels for capital market connectivity between the Chinese mainland and Hong Kong have been broadened, thus boosting the attractiveness of Hong Kong's capital markets to funds from not only the Chinese mainland, but also around the world.

- In respect of exchange-traded funds (ETFs) included in the Stock Connect, the eligible ETFs, both Northbound and Southbound, were expanded in July 2024.
- The Swap Connect, a mutual access programme linking Hong Kong and the Chinese mainland's interbank interest rate swap markets, was launched in May 2023. Enhancements to the Swap Connect were introduced in May 2024. International Monetary Market (IMM) trades were introduced based on IMM dates to align

with common practices on international interest rate swap markets. The solo compression service was launched. Backdated trades were also introduced, enabling trades with a past effective date to be recorded. The backdated trades can be used with solo compression for trade unwinding.

- Offshore investors are allowed to use Chinese government bonds and policy bank bonds held through Bond Connect as collateral for Northbound Swap Connect from 13 January 2025 onwards. Further, Chinese government bonds and policy bank bonds held by international investors through Bond Connect are accepted as margin collateral for all derivative transactions beginning 21 March 2025.
- Effective from 30 June 2025, interest rate swap contracts with a maximum tenor of 30 years can be traded on Northbound Swap Connect.



Hong Kong's robust financial regulatory framework, sound legal system, competitive tax regime, deep talent pool, and free flow of capital remain key factors attracting international funds. In 2025, with ongoing global economic uncertainty, Hong Kong's stability and transparency have become even more valuable.

This year, Hong Kong has solidified its status as Asia's premier asset management hub and a critical gateway for global capital into the Chinese mainland. The city's strategic alignment with national initiatives, such as the Greater Bay Area integration, has also enhanced its role in facilitating fund flows and attracting leading global fund managers and family offices. Consequently, the total assets under management grew robustly during the year and the capital markets

have naturally benefited.

Outlook for 2026

In 2026, Hong Kong's capital markets are expected to continue experiencing steady growth, underpinned by the city's enduring strengths as a leading international financial hub. Potential challenges include global economic volatility, geopolitical tensions, and uncertainty in interest rate movements. To address these headwinds, Hong Kong must continue taking effective measures such as refining its listing regime, attracting top tier companies, deepening Chinese mainland and global connectivity, introducing innovative financial products and advancing financial technology development.

YYC Legal LLP is in Association with East & Concord Partners (Hong Kong) Law Firm.

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