Online version

Shenzhen Reforms: New Hong Kong/Shenzhen Dual-listing Opportunities

On 10 June 2025, the Communist Party of China Central Committee and the State Council issued new guidelines outlining comprehensive regulatory reforms aimed at boosting Shenzhen's status as a global, innovation-driven city and primary hub in the Guangdong-Hong Kong-Macao Greater Bay Area (**GBA**) and China's national development strategy. The guidelines are summarised in the State Council's **press release**[1] of the same date and outline key reforms dismantling institutional barriers in education, science and talent development. They also prioritise deeper integration of innovation, industrial, capital and talent chains and offer new pathways, scenarios and platforms for GBA cooperation. The latest guidelines serve as high-level directions on regulatory reform, the detailed requirements of which are not available at the date of writing.

HKEX/Shenzhen Dual Listing for GBA Companies

The new Shenzhen reforms will allow dual listings of GBA companies on the Stock Exchange of Hong Kong Limited (**HKEX**) and Shenzhen Stock Exchange, which could help HKEX-listed companies expand in the Mainland and encourage more HKEX share offerings, according to sources quoted by the South China Morning Post (**SCMP**) in its article on the reforms.[2] According to the SCMP article, the reform will allow Chinese companies with H shares listed on the HKEX to list domestic, yuan-denominated A shares on the Shenzhen Stock Exchange. However the guidelines do not specify which companies will be eligible for dual HKEX/Shenzhen listing nor the requirements and procedures for dual listing. The article also states that the new dual-listing regime may exclude companies with a variable interest entity (**VIE**) structure, which is commonly used by tech companies to prevent the application of Chinese regulatory restrictions on foreign investment in specific industries, such as the internet and telecommunications.

According to the SCMP,[3] HSBC analysts have outlined two key categories of companies likely to gain from Shenzhen's latest policy reforms. The first comprises "red chip" firms—overseas-incorporated enterprises controlled by Mainland entities, such as Tencent, Alibaba, Meituan, JD.com and NetEase. The second group includes H-share companies headquartered in the GBA with individual market capitalisations exceeding RMB 10 billion, potentially benefiting firms like Sunshine Insurance, UBTech Robotics, and SF Intra-city.

However, HSBC notes that A-share IPO activity may remain subdued as regulators seek to maintain equilibrium between market supply, demand and liquidity. The analysts further caution that stringent capital controls and the regulatory challenges associated with cross-border operations between Hong Kong and Mainland markets could temper corporate interest in pursuing dual listings.

Other Key Shenzhen Reforms

Other significant reforms being introduced under the latest guidelines include:

- Support for insurance funds to invest in private equity funds and venture capital funds established in Shenzhen focused on particular sectors. The reform is apparently aimed at supporting the financing of the Mainland's real economy, although the specific sectors for investment have not yet been announced;
- Encouragement for international investors to set up vocational training institutions in Shenzhen in compliance with applicable regulations, and to introduce advanced training programmes and innovative teaching methods; and

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[1] The PRC State Council. 10 June 2025. "*China Unveils Guidelines to Deepen Reforms in Shenzhen*". Available at: https://english.www.gov.cn/policies/latestreleases/202506/10/content_WS684823b4c6d0868f4e8f33d1.html
" https://english.www.gov.cn/policies/latestreleases/202506/10/content_WS684823b4c6d0868f4e8f33d1.html
[2] SCMP. 11 June 2025. "*China May Let Hong Kong-listed Firms Raise Funds in Shenzhen via 'H+A' IPOs*". At: https://www.scmp.com/business/companies/article/3314005/china-may-let-hong-kong-listed-firms-raise-funds-shenzhen-h-ipos
[3] SCMP. 18 June 2025. "*Beijing's Reform Could Bring Hong Kong-listed Alibaba, Tencent to Shenzhen: HSBC".* Available at: https://www.scmp.com/business/banking-finance/article/3314937/beijings-reform-could-bring-hong-kong-listed-alibaba-tencent-shenzhen-hsbc

- Greater autonomy for employers to recruit overseas talent in order to create a dynamic workforce in Shenzhen that can drive growth and development in various sectors.

Other Mainland China Developments

Shangai STAR Market and Shenzhen ChiNext Reforms

China is also intending to recommence listings for pre-profit start-ups on its technology-focused stock boards, reversing a two-year hiatus in initial public offerings (**IPOs**), as part of its broader strategy to enhance technological self-reliance and revitalise capital market activity. This announcement was made by Wu Qing, Chairman of the China Securities Regulatory Commission (**CSRC**), during the annual Lujiazui Forum in Shanghai on 18 June 2025.[4] Wu stated that pre-profit companies seeking to list on the Shanghai Stock Exchange's Science and Technology Innovation Board (**Star Market**) would once again be eligible for IPO approval. The CSRC further indicated that similar listing criteria would be extended to Shenzhen's ChiNext board, which primarily accommodates smaller enterprises.

Wu also highlighted the significant contributions of foreign capital and institutions to the development of Mainland capital markets. He advocated for continued efforts to advance comprehensive market liberalisation across three key dimensions: market access, financial products and institutional participation.

QFIIs to be Allowed to Trade ETF Options on Approved Mainland Exchanges

In a parallel move to encourage sustained investment in Chinese equities, the CSRC issued **Announcement No. 13: Announcement on the Participation of Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors in Stock Options and ETF Options Trading**[5] that will allow qualified foreign institutional investors to trade exchange-traded funds options (**ETF options**) on Mainland exchanges approved by the State Council or CSRC for hedging purposes only from 9 October 2025. The measure is designed to provide international investors with enhanced risk-hedging capabilities.

Mainland Plans for Further Financial Opening-Up

At the annual Lujiazui Forum in Shanghai, representatives from a number of government bodies outlined plans to further liberalise the financial sector, indicating the Mainland's intention of deepening international market integration.[6] According to the **State Council's press release of 19 June 2025**, the reform proposals under discussion include the creation of an international operations hub for the digital yuan (e-CNY), as announced by People's Bank of China (**PBOC**) Governor Pan Gongsheng. This initiative seeks to accelerate the digital currency's global adoption, enhance financial market services, and drive innovation in digital finance.

Governor Pan noted that the hub is part of eight new pilot measures slated for Shanghai. Additional reforms include the introduction of offshore bonds within free trade zones to broaden corporate financing options, and improvements to the free trade account system to streamline cross-border trade and investment for businesses.

Zhu Hexin, deputy governor of the PBOC and head of the State Administration of Foreign Exchange (**SAFE**) announced that a series of innovative foreign exchange measures will be rolled out in the Mainland's pilot free trade zones, featuring policies designed to streamline cross-border trade settlements and broaden the scope of the Qualified Foreign Limited Partner (**QFLP**) initiative. The aim of these reforms is to facilitate more efficient international trade transactions while expanding foreign investment channels under the QFLP framework.

On 19 June 2025, SAFE issued a public consultation on proposed reforms to streamline foreign exchange management for cross-border investment and financing activities. The initiative aims to further liberalise and facilitate overseas financing. As part of these reforms, the registration requirements for foreign-invested enterprises engaging in domestic

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[4] The PRC State Council. 19 June 2025. "*China Unveils New Measures to Deepen Reform of STAR Market*". Available at: https://english.www.gov.cn/news/202406/19/content_WS66727c79c6d0868f4e8e84f8.html

[5] Shanghai Metal Market. 18 June 2025. "*CSRC Announcement Allows Qualified Foreign Investors to Participate in ETF Options Trading*". Available at: https://www.metal.com/en/newscontent/103383091

[6] The State Council. 19 June 2025. "*China's Vision for Deeper Financial Opening-up Highlighted at Shanghai Lujiazui Forum*". Available at: https://english.www.gov.cn/news/202506/19/content_WS68534817c6d0868f4e8f3736.html

reinvestment will be removed. Currently implemented on a pilot basis, this deregulation will be expanded nationwide to reduce administrative burdens and enhance investment flexibility.

As regards foreign investment, Li Yunze, head of the National Financial Regulatory Administration noted the removal of many of the restrictions on foreign investment in the Mainland's banking and insurance sectors and the regulator's plans for continued improvement in the business environment for overseas entities.

Hong Kong Regains Ranking as World's Top IPO Fund-raising Market in H1 2025

Shenzhen's promised reforms come against a background which saw Hong Kong rank as the world's top IPO fund-raising exchange ahead of the Nasdaq and New York Stock Exchange in the first half of 2025. IPOs on the HKEX raised US$14 billion, up 711% compared to the first half of 2024, according to EY's "*Chinese mainland and Hong Kong IPO report*".[7] With global IPO activity remaining low, HKEX accounted for 24% of global IPO funds raised in the first half of 2025, and 33% of those funds when aggregated with IPO funds raised on the Mainland's A share market.[8]

Several significant Mainland A+H IPOs helped secure HKEx's return to the top IPO-fundraising spot: these included the US$5.2 billion[9] secondary listing of Contemporary Amperex Technology Co., Limited, the world's largest electric vehicle battery manufacturer, on 20 May 2025 in the world's largest IPO of the year to date. Conversely, IPO funds raised by Mainland companies listing on the US market dropped in the first half of 2025 to just US$841 million, representing a 62% drop year-on-year. This was in spite of a 44% increase in the number of Mainland IPOs on US exchanges and reflects a decrease in large Mainland IPOs on the US market. According to EY, the April 2025 increase in the initial listing liquidity requirement for Nasdaq Global Market and Nasdaq Capital Market has also proved challenging for SMEs.

In the Hong Kong IPO market, Mainland companies continue to be the primary players and, as noted in the HKEX's **31 March quarterly results**,[10] renewed investor interest in the tech sector has boosted the Hong Kong IPO market, which has seen a number of A-share tech companies dual list on the HKEX. Possibly as a result of this, there has been a significant increase in the number of HKEX IPOs having a Mainland investment bank as the sole sponsor and a corresponding decrease in the number of IPOs sponsored by Hong Kong and overseas entities. Dual A+H listings allow Mainland companies to expand their international footholds and increase the number of international investors. The biotech and healthcare sector and the retail and consumer products sectors also led jointly in terms of the number of HKEX IPOs in the first half, which came to a total of 40.[11]

Another key development has been the number of H share listings which now significantly outnumber red chip listings on the HKEX following **changes to the Mainland's filing requirements for overseas-incorporated companies** with their principal operations in the Mainland on 1 August 2023.[12] These introduced a new filing obligation for both H-share companies and offshore-incorporated companies operating principally in Hong Kong, including red chips and companies with VIE structures, to register their offshore listings and securities offerings with the CSRC. Previously only H share listing applicants needed CSRC approval to list in Hong Kong.

HKEX Launch of The Technology Enterprises Channel (TECH)

Facilitating the listing of Specialist Technology Companies and Biotech Companies under Chapters 18C and 18A of HKEX's Main Board Listing Rules, the HKEX launched the Technology Enterprises Channel (**TECH**) in May 2025 to provide early stage guidance to potential listing applicants in these sectors. TECH also introduced a new confidential filing option for these companies and simplified the requirements for those with a weighted voting rights structure. The introduction of TECH demonstrates HKEX's keen interest in listing these pre-revenue companies with high growth potential. For further information on TECH, please see our newsletter "**Hong Kong Launches Dedicated Technology Enterprises Channel (TECH) for the listing of Specialist Technology Companies and Biotech Companies**".[13]

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[7] EY. 12 June 2025. "*A-share IPO Activity Maintains Steady Progress; A+H Listings Support Hong Kong Reclaiming the Top Spot*" at**:** https://www.ey.com/en_cn/newsroom/2025/06/a-h-listings-support-hk-reclaiming-the-top-spot
[8] Ibid.
[9] SCMP. 20 May 2025. "*Hong Kong Regains No 1 Spot in Global Fundraising*"
[10] HKEX. 31 March 2025. "*Quarterly Results for the Three Months Ended 31 March 2025*"
[11] See note 3 above
[12] See Charltons' newsletter "*HKEX Listing Rule Changes for PRC Issuers Effective 1 August 2023*"
[13] See Charltons' newsletter "*Hong Kong Launches Dedicated Technology Enterprises Channel (TECH) for the listing of Specialist Technology Companies and Biotech Companies*"

Secondary Offerings on HKEX

The first half of 2025 also saw the largest follow-on offerings by HKEX-listed companies since 2021,[14] including placings by BYD Company Limited and Xiaomi Corporation, which raised HK$43.5 billion and HK$42.6 billion, respectively.

HKEX IPO Forecast for Rest of 2025

H-share listings of domestically-listed Mainland companies are expected to continue to drive the Hong Kong IPO market in 2025, according to EY. Other factors suggesting that Mainland IPOs will continue to dominate are the accelerated timetable for listing eligible A share-listed companies under the **HKEX/SFC Joint Statement on Enhanced Timeframe for New Listing Application Process**[15] issued in October 2024, the launch of TECH as well as renewed investor interest in Mainland concept stocks.[16]

[14] See note 3 above
[15] HKEX and SFC. 18 October 2024. "*Joint Statement on Enhanced Timeframe for New Listing Application Process*"
[16] See note 3 above