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Hong Kong Stock Exchange Consultation on Enhancing its Listing Framework Competitiveness



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In March 2026, the Hong Kong Stock Exchange (Exchange) launched a public consultation to seek market feedback on its proposed reforms to enhance its listing framework.

Since 2018, the Exchange has introduced a series of reforms, including listing regimes for Biotech Companies, companies with weighted voting right (WVR) structures, special purpose acquisition companies (SPACs) and early stage Specialist Technology Companies, as well as measures to facilitate the secondary listing of issuers listed overseas. These initiatives were designed to (i) attract high quality companies in new economy sectors and (ii) encourage Greater China issuers listed in the United States to consider listing in Hong Kong. The reforms have had a profound impact. By the end of 2025, new economy industries accounted for 48.2% of total market capitalisation and 59.4% of market turnover, compared with 14.6% of market capitalisation and 21.6% of turnover prior to 2017. Nevertheless, the Exchange has received requests from stakeholders for further market enhancements, including measures to achieve the aforementioned objectives, which has led this consultation. The Exchange's proposed enhancements are summarised below.

Weighted Voting Rights

- (a) **Reduce the WVR financial requirements.** A listing applicant with WVR structure is expected to (a) have a market capitalisation at the time of listing of either at least HK\$20 billion (reduced from the current level of HK\$40 billion) or (b) have a market capitalisation of at least HK\$6 billion (reduced from HK\$10 billion) if it has a revenue of at least HK\$600 million (reduced from HK\$1 billion) for the most recent financial year.
- (b) **Relax voting power restrictions.** The Exchange proposes to allow a weighted voting ratio cap of up to 20 votes (compared with current level of 10 votes) per WVR share if the application has a market capitalisation of at least HK\$40 billion at listing. It may accept a minimum WVR shareholding percentage of at least 5% (reduced from current level of 10%) if the shareholding is of at least HK\$4 billion at listing.

- (c) **Refining innovative company requirements.** An applicant can show that it is an “innovative companies” by demonstrating that (a) it adopts technologies that are either novel, in themselves, or essential to the novelty of its core business (Route A); or (b) its success is attributable to the application, to its core business, of a new business model that may not necessarily be enabled by technology, in such a case, that technology does not have to be novel or essential to the novelty of the issuer’s core business (Route B).
- (d) **Clarifying innovative characteristics.** Route A applicants have to demonstrate their innovativeness based on more than one of the following requirements: (i) R&D is a significant contributor of its expected value and constitutes a major activity; (ii) its success is attributable to its IP; and (iii) it has an outsized market capitalisation / intangible asset value relative to its tangible asset value. Route B applicant is to demonstrate that it has compound annual growth rate in revenue of at least 30% over the track record period and it holds a relatively prominent position in its industry.
- (e) **External validation by sophisticated investors.** The Exchange will issue further guidance on the meaning of a “sophisticated investor” by reference to the existing guidance for SPACs and Specialist Technology Companies. For Route B applicants, the Exchange will normally expect at least one sophisticated investor has invested in the applicant, resulting in a holding of not less than 10% of the applicant’s issued share capital at the time of listing. However, a lower percentage may be accepted if the applicant’s expected market capitalisation at listing exceeds HK\$20 billion.
- (a) **Qualification requirements for secondary listings of WVR structures.** The financial eligibility of overseas issuers with WVR structure will be aligned with those seeking for primary listings with WVR structure, i.e. the reduced thresholds of either (i) at least HK\$20 billion of market capitalisation, or (ii) at least HK\$6 billion of market capitalisation with a revenue of at least HK\$600 million for the most recent financial year.
- (b) **Qualification requirements for secondary listings of non-WVR structures.** An applicant with a track record of good regulatory compliance at least two full financial years on a Qualifying Exchange (i.e. New York Stock Exchange, Nasdaq or the Main Board of the London Stock Exchange) can apply if its market capitalisation is at least HK\$6 billion (reduced from HK\$10 billion) at listing.

Other listing requirements



- (a) **Ownership continuity and control.** The Exchange proposes clarifying that the ownership continuity requirement can be satisfied if, despite a change in controlling shareholder(s) during the period from the beginning of the most recent audited financial year up to listing (e.g. introduction of investors), the applicant demonstrates no material change in influence on management.

Issuers listed overseas

- (b) **Financial reporting standards.** The use of US GAAP will be permitted for (a) subsidiaries of US listed parents seeking to list in Hong Kong and (b) companies with substantial business operations in the US. An issuer will no longer be required to revert from US GAAP to HKFRS or IFRS upon a US delisting.
- (c) **Confidential filing.** The new regime will allow a new applicant to elect not to publish its Application Proof of its prospectus when it files

its listing application, whereas under the current practice, all applicants are required to publish the Application Proofs, except applications for secondary listing and by Biotech Companies and Specialist Technology Companies.

The proposals demonstrate that the Exchange is making great efforts to enhance the flexibility of its listing requirements especially for innovative companies and to attract more US listed China-based companies back to Hong Kong market.

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

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