



# The Proposed Listing Reform at a Glance

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## **Profound Overhaul of Listing Rules**

The Hong Kong Exchange and Clearing Limited (“**HKEx**”) has proposed the long-awaited and profound overhaul of the listing rules in March 2026 to revamp the listing regime in the Consultation Paper on the Listing Framework Competitiveness Review (“**Consultation Paper**”) which forms the initial phase of the review and HKEx intends to proceed with the review on a phased basis.

Since 2018, HKEx has introduced regimes to accommodate the listing of pre-revenue Biotech Companies, companies with capital structure of weighted voting right (“**WVR**”), special purpose acquisition companies (“**SPACs**”) and early-stage Specialist Technology Companies as well as facilitating the secondary listing of issuers already listed overseas.

The proposed listing reform in 2026 (“**Competitive Reform**”) is intended to ensure the market of initial public offering remains competitive and, in particular, make Hong Kong stock market more accessible to innovative firms seeking to raise fund.

## **Proposed Listing Reform**

Under the Competitive Reform, HKEx has proposed the pivotal reform of listing rules for:

- (i) **WVR Listing;**
- (ii) **Issuers listed overseas; and**
- (iii) **Initial listing requirements and listing arrangements.**

## **WVR Listing**

The Competitive Reform has proposed directions of the reform of WVR Listing consisting of:

1. *Financial eligibility:* Proposed to reform (i) WVR Test A by reducing the market capitalization threshold for listing with a WVR structure from HK\$40 billion to HK\$20 billion; and (ii) WVR Test B by reducing the market capitalization threshold for listing with a WVR structure from HK\$10 billion to HK\$6 billion and reduce the revenue requirement from HK\$1 billion to HK\$600 million.
2. *Voting Power and economic interest:* Proposed to (i) allow a weighted voting ratio cap of 20 votes per WVR shares if the listing applicant has a market capitalization of at least HK\$40 billion at listing; and (ii) accept a lower minimum WVR shareholding percentage only if such underlying economic interest, at the time of the applicant’s listing: (a) represents at least 5% of the applicant’s total issued share capital; and (b) has an amount of at least HK\$4 billion.
3. *Innovativeness and other suitability requirements:* Innovative Company Requirements are refined into two routes, namely, Route A (Technology) and Route B (Business Model). Under Route A (Technology), it is proposed to accept technologies that are novel, in themselves, or essential to the novelty of the listing applicant’s core business. Under Route B (Business Model),

it is proposed to accept that the listing applicant’s success is attributable to the application of a new business model. Further, Innovative Characteristics will be applied in a bespoke manner to Route A and Route B. In addition to the Novelty Characteristic, it is proposed under Route A that the listing applicants would be expected to demonstrate their innovativeness based on more than one of the R&D, IP and Outsized Market Cap Characteristics<sup>1</sup>. It is also proposed under Route B that the listing applicants would be expected to demonstrate their innovativeness based on both the CAGR Growth and Industry Position Characteristics<sup>2</sup>. Qualified Biotech Applicants and Qualified Specialist Technology Applicants<sup>3</sup> would be presumed to meet Route A Innovative Company Requirements<sup>4</sup>. The Competitive Reform also provides further guidance on the meanings of a “sophisticated investor” and by reference to existing guidance for SPACs and Specialist Technology Companies and greater certainty on the HKEx’s expectations regarding “meaningful third-party investment” by setting a 10% aggregate investment threshold for applicants pursuing Route B.

### **Issuers listed overseas**

It is proposed to reform qualification requirements for secondary listings comprising:-

1. Issuers with WVR structure: Proposed to lower the financial eligibility thresholds to align with the proposed thresholds for primary listing.
2. Issuers without WVR structure: Proposed to lower the market capitalization threshold for listing from HK\$10 billion to HK\$6 billion.
3. Further facilitative measures for issuers listed overseas: Proposed to seek view on possible measures to further facilitate the listing, in Hong Kong, of issuers listed overseas.
4. Conversion to primary listing: Proposed to redraft HKEx’s requirements for conversion to primary listing and provide more guidance on typical steps required for compliance.

### **Initial listing requirements and listing arrangements**

The Competitive Reform proposed to reform the initial listing requirements and listing arrangements in the directions as listed out below.

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<sup>1</sup> See paragraph 130 of the Consultation Paper for the meaning of the R&D, IP and Outsized Market Cap Characteristics.

<sup>2</sup> See paragraph 131 of the Consultation Paper for the meaning of the CAGR Growth and Industry Position Characteristics.

<sup>3</sup> See paragraph 132 of the Consultation Paper for the proposed definitions of Qualified Biotech Applicants and Qualified Specialist Technology Applicants.

<sup>4</sup> Under the Competitive Reform, Qualified Biotech Applicants and Qualified Specialist Technology Applicants would still be required to meet the “success of the company” and “external validation” requirements as part of the HKEx’s assessment of their suitability for listing with a WVR structure.

1. **Ownership continuity and control:** Proposed to clarify that a listing applicant will be considered to have satisfied the ownership continuity and control requirements if it can demonstrate that there was no material change in influence on management during the relevant period<sup>5</sup> despite a change in ownership during that period to address any packaging concerns<sup>6</sup>.
2. **Financial reporting standards:** Proposed to (i) expand permitted use of US GAAP to (a) subsidiaries of US-listed parents seeking to list on HKEx; and (b) companies with substantial business operations in the US; (ii) remove the requirement that US GAAP report must revert to HKFRS or KFRS upon a US delisting; and (iii) remove the requirement for a Reconciliation Statement included in unaudited financial statement to be reviewed by auditors<sup>7</sup>.
3. **Commercialised Biotech and Specialist Technology Applicants:** Proposed to allow the listing applicants to seek a listing as a Biotech Company or Specialist Technology Company, even if they are financially eligible to list under HKEx's ordinary route to listing.
4. **Confidential filing:** Proposed to permit any new listing applicant to choose not to publish its Application Proof at the time of filing its listing application<sup>8</sup>, with enhancements to the Return Mechanism<sup>9</sup> to display the identities and roles for the professional parties responsible for the Application Materials upon a return of the listing application<sup>10</sup>.

### **Consultation Conclusion Paper**

The consultation conclusion paper will be issued following HKEx's consideration of feedbacks received from the public.

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<sup>5</sup> At least the most recent financial year up until the time immediately prior to listing.

<sup>6</sup> Failure to satisfy the ownership continuity and control requirement may raise concerns on packaging as there may be a material change in influence on management.

<sup>7</sup> Any Reconciliation Statement included in a listed issuer's interim report will be required to be reviewed by the audit committee.

<sup>8</sup> An applicant who confidentially files its Application Proof with the Exchange would be required to publish an OC Announcement on the same date as it publishes its Post Hearing Information Pack.

<sup>9</sup> Under the current Return Mechanism, the SFC and the Exchange may return a new applicant's listing application and all related documents on the basis that the information contained in the Application Materials is not substantially complete.

<sup>10</sup> Professional parties referred to in Box 1 under paragraph 265 of the Consultation Paper will be considered as responsible for the Application Materials.