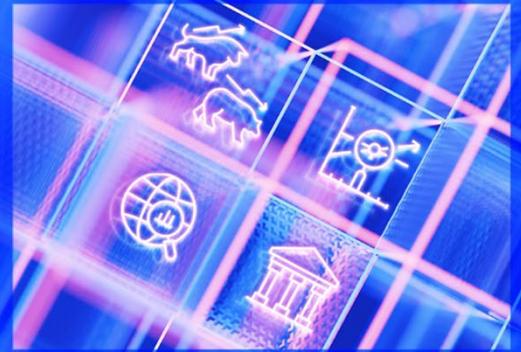


Hong Kong Capital Markets Update



HKEX's consultation on proposals to enhance listing competitiveness

Key Proposals

Optimising the weighted voting rights (WVR) listing requirements

1. **Financial eligibility** – lower to:
 - (a) market cap \geq HK\$20B; or
 - (b) market cap \geq HK\$6B & revenue \geq HK\$600M for most recent audited financial year
2. **Voting power & economic interest** – allow for:
 - (a) higher weighted voting ratio cap of 20:1 if market cap at listing \geq HK\$40B
 - (b) lower WVR shareholding % threshold to 5% if value of the underlying interest \geq HK\$4B at listing
3. **Innovative Company Requirements** –
 - (a) refine the “innovative” test to allow non-tech issuers that apply for a new business model to qualify for listing with a WVR structure
 - (b) expand scope of technology companies presumed to be innovative
 - (c) provide greater clarity on external validation requirements

Enhancing the pathway for overseas issuers to list in Hong Kong

4. **Qualification for secondary listings**
 WVR issuers: lower financial eligibility thresholds to match primary WVR listings (item 1 above)
 Non-WVR issuers: lower market cap threshold to HK\$6B for issuers with two-year compliant track record on Qualifying Exchange
5. **Conversion to primary listing** – redraft requirements and provide more guidance on typical steps
6. **Further facilitative measures** – seek views to further facilitate listings of issuers listed overseas

Other recommendations

7. **Ownership continuity and control** – codify existing guidance on satisfying this requirement if it can be demonstrated that there was no material change in influence on management during the relevant period despite a change in ownership
8. **Financial reporting standards**
 - (a) expand allowance of US GAAP to subsidiaries of US-listed parents and companies with substantial US operations
 - (b) remove requirement for US GAAP reporters to revert to HKFRS/IFRS upon US delisting
 - (c) remove requirement for reconciliation statement in interim report to be reviewed by auditors
9. **Commercialised Biotech & Specialist Tech companies** – allow applicants to seek listing under Ch.18A or Ch.18C even if they are financially eligible under ordinary route to listing
10. **Confidential filing** – expand confidential filing option to all new applicants and enhance return mechanism

Background

On 13 March 2026, the Stock Exchange of Hong Kong Limited (the “**Exchange**”) published a consultation paper¹ (“**Consultation**”) seeking market feedback on a set of proposals to enhance the competitiveness of Hong Kong’s listing framework.

Since 2018, the Exchange has undertaken a series of significant listing reforms aimed at diversifying market choice and strengthening Hong Kong’s position as a leading international financial centre. The impact of the Exchange’s listing reforms on market composition has been profound. As at the end of 2025, new economy related industries contributed 48.2% of market capitalisation, compared to just 14.6% of market capitalisation prior to 2017.

Meanwhile, there have been significant regulatory developments in other major markets to attract new listings, streamline listing processes, and safeguard investor interests. The interconnectedness of global financial markets and the increasingly international deployment of capital have led to calls for Hong Kong to reinforce its own position as a premier international financial centre by building on the success of its previous listing reforms.

The Consultation outlines proposals to refine the listing framework in three priority areas, which are consistent with the policy direction of the HKSAR Government, and form the initial phase of the Exchange’s competitiveness review.

Proposals on Weighted Voting Rights (“WVR”)

Since its implementation, the WVR regime in Hong Kong has enabled the listing of 31 companies on the Exchange, raising a total of HK\$418 billion, representing 22.8% of total IPO funds raised on the Exchange during that period. These WVR issuers have remained fully compliant with various investor protection safeguards since their respective listings.

The Exchange has received market feedback calling for a review of existing WVR listing requirements. Through the proposals, the Exchange aims to ensure that the Listing Rules continue to represent the best balance between mitigating the risks associated with WVR and attracting the most dynamic and innovative companies to list in Hong Kong.

1. Financial Eligibility

The Exchange has proposed to lower the current WVR financial eligibility test thresholds as follows:

- WVR Test A: from the current HK\$40 billion expected market capitalisation threshold at listing to at least HK\$20 billion at the time of listing; and
- WVR Test B: from the current HK\$10 billion expected market capitalisation threshold to at least HK\$6 billion at the time of listing, and current HK\$1 billion revenue for the most recent audited financial year to at least HK\$600 million.

The proposed market capitalisation thresholds are generally in line with the corresponding thresholds of peer markets in the Chinese Mainland but are still higher than those required for non-WVR issuers seeking to list under the ordinary route. The lower requirements would help maintain the attractiveness of the Exchange as an international capital raising platform for A+H issuers, while also tailoring to the profile of companies that the WVR regime is seeking to attract (such as Specialist Technology Companies).

2. Voting Power & Economic Interest

In addition to the existing requirement of 10 votes per WVR share, the Exchange has proposed to allow a weighted voting ratio cap of up to 20 votes per WVR share if the applicant has a market capitalisation of at least HK\$40 billion at the time of listing. Furthermore, in addition to the existing requirement of WVR beneficiaries must own at least 10% of the underlying economic interest of the applicant, the Exchange proposed a lower economic interest beneficially owned by WVR beneficiaries, at the time of the applicant’s initial listing of at least 5% of the applicant’s total issued share capital if those shares have an amount of at least HK\$4 billion.

The proposed relaxation of the WVR ratio cap aims to make the WVR regime more competitive by bringing it more closely in line with the requirements of other markets. The Exchange has limited the change to issuers with a sufficiently large market capitalisation at the time of listing, as the WVR beneficiaries of such issuers will collectively hold a sufficiently large economic stake (of at least HK\$4 billion) to ensure their interests are aligned with the interests of minority shareholders.

The proposed lower minimum WVR shareholding percentage provides a floor of 5% (in percentage terms) and HK\$4 billion (in absolute dollar terms) are designed to increase the clarity and certainty of the requirements while reducing the risks of expropriation and entrenchment by ensuring that only issuers whose WVR beneficiaries have a sufficiently large economic interest, in dollar terms, at listing would be eligible for listing with a WVR structure.

¹ HKEX’s consultation paper, <https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/March-2026-Competitiveness-Review/Consultation-Paper/cp202603.pdf>

3. Innovative Company Requirements

The Exchange proposed to refine the routes that applicants can use to demonstrate that they are innovative companies into Route A and Route B, with the following expectations:

Route	Type of Applicant	Key Characteristics
Route A	Applicant that adopts technologies that are either novel, in themselves, or essential to the novelty of its core business.	<ul style="list-style-type: none">• Possess the Novelty Characteristic²; and more than one of the following characteristics:<ul style="list-style-type: none">- R&D is a significant contributor of its expected value and constitutes a major activity and expense- Success is demonstrated to be attributable to its IP- Has an outsized market capitalisation / intangible asset value relative to its tangible asset value
Route B	Applicant whose success is attributable to the application, to its core business, of a new business model that may not necessarily be enabled by technology. Where such a business model is enabled by technology, that technology does not have to be novel or essential to the novelty of the issuer's core business.	<ul style="list-style-type: none">• Possess the Novelty Characteristic²• Have a compound annual growth rate in revenue (or alternative operational metrics) of at least 30% over the track record period• Hold a relatively prominent position in its industry

In addition to existing applicants using Specialist Technology, the Exchange proposed that applicants operating in the Biotech industry, who meet certain Core Product, R&D and IP requirements, would also be presumed to meet the Innovative Company Requirement under Ch.18C.

In the past, the Exchange has applied the innovativeness test to listing applicants that operated in traditional industries not normally associated with new technology. The proposed amendments attempt to clarify a route to listing (as Route B) for such listing applicants whose innovativeness lies in a new business model, as opposed to technology. The above proposals are largely a reflection of current vetting practice as well as a continuation of the Exchange's intention to enable listing of companies from emerging and new economy sectors.

Proposals on Issuers Listed Overseas

The introduction of Main Board Ch.19C, on 30 April 2018, has successfully enabled the secondary listings of 19 companies under the chapter, comprising ten with WVR structure and nine without, raising a total of approximately HK\$300 billion. To date, seven overseas issuers have converted from a secondary listing into a dual primary listing.

Despite the above success, as of the end of 2025, 377 Greater China Issuers were listed in the US but had yet to be listed in Hong Kong. The Exchange has received requests for it to make further efforts to attract the homecoming listings of these Greater China Issuers listed overseas, including those with WVR structures, as well as secondary listings of Southeast Asian issuers, in line with the HKSAR Government's call for deepening cooperation with Southeast Asian exchanges.

4. Qualification for Secondary Listings

The Exchange proposed to lower the financial eligibility thresholds for a secondary listing of an overseas issuer with a WVR structure to align with those proposed for WVR issuers (see 1. Financial Eligibility for details), in order to ensure consistency across both primary and secondary listings for issuers with WVR structures.

The Exchange also proposed to lower the financial eligibility threshold for a secondary listing of an overseas issuer without a WVR structure with a track record of good regulatory compliance of at least two full financial years on a Qualifying Exchange³. The threshold would be lowered from a market capitalisation of at least HK\$10 billion at the time of listing to HK\$6 billion. The requirements for overseas issuer with at least five full financial years on a Qualifying Exchange or any Recognised Stock Exchange⁴ remain unchanged.

This ensures that the financial eligibility requirements for secondary listing of a non-WVR issuer are not more stringent than those for a WVR issuer, and also helps facilitate further homecoming listings whilst still meeting the regulatory principle of ensuring that only relatively large issuers with a strong compliance track record are eligible for secondary listing.

² Novelty characteristic is where the applicant's success is demonstrated to be attributable to the application, to the company's core business, of (i) new technologies; (ii) innovations; and/or (iii) a new business model, which also serves to differentiate the company from existing players.

³ Qualifying Exchange represents the NYSE, Nasdaq or the Main Market of the LSE

⁴ As published in the list of Recognised Stock Exchanges on the Exchange's website as updated from time to time

5. **Conversion to Primary Listing**

An overseas listed issuer may change its listing status from secondary listing to dual primary listing via one of the following routes:

- **Migration** – migration of majority of trading in its listed shares to the Exchange;
- **Conversion** – voluntary conversion to dual primary listing on the Exchange; or
- **Overseas Delisting** – delisting of its shares or depositary receipts issued from the primary exchange.

An overseas issuer changing its listing status via one of the above routes must ensure it complies with all detailed requirements, which market feedback has indicated are overly complex and lengthy.

The Exchange did not propose to alter the substance of the requirements but will redraft the requirements for each route so that issuers can easily identify the commonalities and differences between these routes. The Exchange will also provide more guidance on typical steps issuers need to take to comply, and continue their efforts to facilitate issuers' smooth transition to primary listing by proactively engaging with US-listed Greater China Issuers to identify and address any potential regulatory issues they may face and offer the necessary support.

6. **Further Facilitative Measures**

The Exchange is seeking views on possible measures to further facilitate the listings, in Hong Kong, of issuers listed overseas. For example, stakeholders have suggested the Exchange to explore measures such as (a) providing a grace period for listing applicants listed overseas with a non-compliant WVR structure to comply with Hong Kong's WVR requirements; (b) reviewing existing disclosure requirements for secondary listings; and (c) introduction of a dedicated channel to provide prospective issuers with more direct guidance and advisory services.

Initial Listing Requirements and Listing Arrangements

7. **Ownership Continuity & Control**

The Exchange proposed to codify their existing guidance into a Listing Rule to state that an applicant will be considered to have satisfied the ownership continuity requirement if it can demonstrate to the Exchange's satisfaction, that there was no material change in influence on management during the relevant period despite a change in controlling shareholder over that period to address any packaging concerns.

It is not uncommon for potential applicants from high-growth sectors, due to the nature of their businesses, to conduct one or more rounds of fundraising before filing a listing application, which may trigger a change in ownership during the relevant period. In such cases, the need to rebut the "packaging" presumption to pursue a listing may become an obstacle to their listing in Hong Kong. Codifying existing guidance into the Listing Rules would provide more certainty to potential applicants and help ensure that the Listing Rules continue to keep up with the change in nature of listing applicants.

8. **Financial Reporting Standards**

The Exchange proposed to expand the permitted use of US GAAP to: (a) subsidiary companies of a US-listed parent seeking to list on the Exchange; and (b) companies with substantial business operations in the US, subject to the following conditions: (i) the applicant's listing document includes a description of the material differences between US GAAP and HKFRS/IFRS and a Reconciliation Statement⁵; and (ii) a Reconciliation Statement shall be included in its annual and interim reports after listing.

A US-listed issuer that wishes to spin-off an operating subsidiary for listing or a company that has substantial presence in the US may be deterred from listing in Hong Kong due to the costs and burden associated with the need to draw-up an additional set of financial statements in conformity with HKFRS/IFRS. To help ensure that investors can continue to make an informed assessment of the issuer's financial position and financial performance, the Exchange would continue to require US GAAP reporting issuers to reconcile their financial results to HKFRS/IFRS using a Reconciliation Statement.

In addition, the Exchange proposed to remove the requirement that a US-listed issuer using US GAAP must revert to preparing financial statements using HKFRS/IFRS if it subsequently delists, and also proposed to remove the requirement for the Reconciliation Statement included in the interim report to be "reviewed" by auditors with the clarification that it will still be required to be reviewed by the audit committee.

9. **Commercialised Biotech & Specialist Technology Companies**

The Exchange proposed to allow Biotech Companies and Specialist Technology Companies to seek a listing under Ch.18A and Ch.18C of the Main Board Listing Rules, even if they satisfy one or more of the regular eligibility tests under 8.05 of the Listing Rules. For such companies, certain modifications to the requirements under Ch.18A and Ch.18C are proposed in order to reflect that such companies are at a more mature stage of development.

⁵ A reconciliation statement setting out the financial impact of any material difference between the financial statements prepared using US GAAP and financial statements preparing using HKFRS/IFRS

The proposals aim to provide flexibility to the above companies without compromising the existing level of investor protection. This would enable companies that are still developing their Core Product or Specialist Technology Product whilst generating revenue to list using Ch.18A and Ch.18C, despite meeting one or more of the eligibility requirements under 8.05 of the Listing Rules.

10. Confidential Filing

The Exchange proposed to remove the publication requirements for all listing applicants, meaning that a new applicant may choose not to publish its application proof (“**AP**”) at the time it submits its listing application, in which case it would only be required to publish an OC Announcement on the same date as its Post Hearing Information Pack (“**PHIP**”), which is in line with existing arrangements for confidential filings.

All applicants (including those that choose to file confidentially) would continue to be required, at the time of filing its listing application, to submit to the Exchange an AP that is substantially complete. Where the Exchange determines that an AP is not substantially complete, it is proposed that, in addition to the identity of the sponsor and the applicant, and the return date of the listing application, the names and roles of other professional parties (e.g. legal advisers, reporting accountants, etc.) responsible for the application materials will also be displayed on the designated webpage of the Exchange.

The Exchange also proposed to amend the starting point of the 8-week moratorium from the date of the return decision to either: (a) the date on which all applicable review procedures in respect of that decision have been completed; or (b) the date on which the time period for invoking any such review procedures has lapsed.

The proposal to permit confidential filing for all applicants would bring the Exchange’s requirements more closely in line with the requirements adopted by international peer stock exchanges, including the US. This would mean that the benefits of confidential filing (i.e. to avoid premature and prolonged disclosure of information on applicants’ operational strategies or proprietary technologies, which may attract unnecessary external attention or prompt imitation by industry peers) would be available to all listing applicants, regardless of the nature and stage of the applicant’s business, no longer favouring only a minority with certain characteristics.

On the other hand, the proposed public exposure of the identities of the professional parties responsible for the application materials following a return decision, as well as the proposed extension of when the 8-week moratorium begins, would strengthen the deterrent effect of the Return Mechanism. The Exchange believes that the combination of these proposals, with the existing measures for return applications would provide a strong incentive for applicants, sponsors, legal advisers and other professional parties involved in the preparation of the application materials to collaborate towards ensuring that APs meet the standard of disclosure expected of a ready-to-publish listing document, regardless of whether or not it is filed confidentially.

Next Steps

The Exchange invites public comments on their proposals until Friday, 8 May 2026. Following the consultation period, the Exchange will consider the feedback received before deciding upon any further appropriate action and publishing a consultation conclusions paper.

The Exchange intends to proceed with its competitiveness review on a phased basis. This Consultation forms the initial phase of the review. Proposals on other areas of potential reform will be set out in consultation papers to be published in due course.

If you have any questions about the matters discussed in this publication, please feel free to contact the following capital market partners.

Paul Lau

Partner, Head of Capital Markets and Professional Practice
KPMG in China
+852 2826 8010
paul.k.lau@kpmg.com

Louis Lau

Partner, Head of Hong Kong Capital Markets Group
KPMG in China
+852 2143 8876
llouis.lau@kpmg.com

Mike Tang

Partner, Capital Markets Group
KPMG in China
+852 2833 1636
mike.tang@kpmg.com

Terence Man

Partner, Capital Markets Group
KPMG in China
+86 10 8508 5548
terence.man@kpmg.com

Elton Tam

Partner, Capital Markets Group
KPMG in China
+852 2978 8188
elton.tam@kpmg.com

About KPMG

KPMG in China has offices located in 31 cities with over 14,000 partners and staff, in Beijing, Changchun, Changsha, Chengdu, Chongqing, Dalian, Dongguan, Foshan, Fuzhou, Guangzhou, Haikou, Hangzhou, Hefei, Jinan, Nanjing, Nantong, Ningbo, Qingdao, Shanghai, Shenyang, Shenzhen, Suzhou, Taiyuan, Tianjin, Wuhan, Wuxi, Xiamen, Xi'an, Zhengzhou, Hong Kong SAR and Macau SAR. It started operations in Hong Kong in 1945. In 1992, KPMG became the first international accounting network to be granted a joint venture licence in the Chinese Mainland. In 2012, KPMG became the first among the "Big Four" in the Chinese Mainland to convert from a joint venture to a special general partnership.

KPMG is a global organisation of independent professional services firms providing Audit, Tax and Advisory services. KPMG is the brand under which the member firms of KPMG International Limited ("KPMG International") operate and provide professional services. "KPMG" is used to refer to individual member firms within the KPMG organisation or to one or more member firms collectively.

KPMG firms operate in 138 countries and territories with more than 276,000 partners and employees working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such. Each KPMG member firm is responsible for its own obligations and liabilities.

kpmg.com/cn/socialmedia



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG, a Hong Kong SAR partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.