

Taking Forward Reforms to the Hong Kong Listing Regime

by Simon Chan, Esq. and Rachel Han

In the recently released 2025-2026 Budget, the Hong Kong Government has mentioned that it will further strengthen the city's role as a leading international financial centre. It extends various favorable policies and reforms to the development of Hong Kong's IPO market since 2024.

IPO market's vibrancy in the first two months of 2025

Hong Kong ranked as one of the world's top four fundraising venues in 2024. Riding on the good momentum last year, particularly the last quarter of 2024, the first month of 2025 raised a total of approximately HK\$6 billion from 8 new listings, with 35 listing applications submitted. In February 2025, there was one new listing, and 24 companies submitted applications for listing in Hong Kong including one application for listing on the GEM board.

"Technology Enterprise Channel"

To further assist specialist technology and biotechnology companies, especially those listed in mainland China, in raising funds and expanding business, the Budget mentioned that the Hong Kong Stock Exchange is actively advancing the establishment of a dedicated "Technology Enterprises Channel" to facilitate the relevant companies in preparing for listing applications. Details of relevant measures are yet to be introduced. According to the Financial Services and the Treasury Bureau, technology companies may require consultation regarding any significant regulatory issues before submitting their listing applications. The channel aims to provide a communication channel for them in advance before the listing applications. It assists them to resolve possible problems they may encounter during the listing process and enables a smoother application process. It is expected to benefit those biotech companies which are unable to satisfy the profit test requirements and apply for listings under Chapter 18A of the Listing Rules, as well as those specialist technology companies seeking listings under Chapter 18C of the Listing Rules.

Related People

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Adding recognized stock exchanges

The Hong Kong Stock Exchange has added the Saudi Exchange, the Indonesia Stock Exchange, the Abu Dhabi Securities Exchange and the Dubai Financial Market to the list of recognized stock exchanges in the last two years. The Stock Exchange of Thailand is further added to the list earlier this week. The Budget mentioned that the Hong Kong Stock Exchange will strive to increase the number of recognized stock exchanges to attract more foreign companies for secondary listings in Hong Kong.

Other reform measures to the capital market

The Budget also took forward the reforms to the listing regime. The Government will review the listing requirements and post-listing ongoing obligations, evaluate listing-related regulations and arrangements to improve the vetting process, optimize the thresholds for dual primary listing and secondary listing. The Budget further stated that the Government will review the market structure including the establishment of a post-listing over-the-counter trading mechanism, which may become a remarkable reform to the Hong Kong capital market. Further, the Hong Kong Stock Exchange will gradually introduce new functions to its post-trade system from mid-2025 and conduct system upgrades to ensure technical compatibility with the T+1 settlement cycle by the end of 2025 and review the trading unit system (i.e. the “board lot” system) with the Securities and Futures Commission and put forward proposed enhancements this year so that trading arrangements can better meet liquidity characteristics of shares of different sizes and investment needs.

Extending the favorable policies and reforms since 2024

In fact, there have been a number of policies and proposed reforms which are favorable to the development of Hong Kong IPO market in 2024. The China Securities Regulatory Commission made clear its support for leading enterprises of industries in mainland China to list in Hong Kong in April 2024. Midea Group and S.F. Holding were two of the well-known A-share enterprises that came to Hong Kong for listings in 2024. Contemporary Amperex is another big brand which submitted application for listing its H shares in February 2025.

In mid-October 2024, the Hong Kong Stock Exchange and the Securities and Futures Commission issued a joint statement to enhance timeframe for the new listing application process. For listing applications by eligible A-share listed companies, the two regulators will take no more than 30 business days to complete the regulatory assessment. In December 2024, the Hong Kong Stock Exchange published a consultation paper on proposals to optimize IPO price discovery and open market requirements. Proposals include reduction of the minimum threshold of the amount of H shares that A+H issuers must list in Hong Kong, a tiered structure for the minimum public float requirements at listing, and additional flexibility to maintain a lower public float level after listing. It is further proposed to allow issuers to set the final IPO price up to 10% above the indicative offer price range without delaying their IPO timetables. Consultation period will last till

mid-March 2025 and the Listing Rules are expected to be amended.

For further insights or guidance on listing in Hong Kong and related matters, please contact Corporate Team of our Hong Kong office.