

Consultation Conclusions

Ongoing Public Float Requirements

TABLE OF CONTENTS

	Page No.
Executive Summary	1
Chapter 1: Introduction	8
Chapter 2: Market Feedback and Conclusions	10
I. Ongoing Public Float Thresholds	10
II. PRC Issuers with Other Listed Shares (e.g. A+H Issuers)	24
III. Regular Public Float Reporting	30
IV. Public Float Shortfalls	43
V. Scope of Application	62
VI. Offers under the Takeovers Code	65
Chapter 3: Housekeeping Rule Amendments	70
Chapter 4: Implementation of the Listing Rules	72
Definitions	74
 Appendix I: List of Respondents	
Appendix II: Quantitative Analysis of Responses	
Appendix III: Methodology	
Appendix IV: Amendments to Main Board Listing Rules	
Appendix V: Amendments to GEM Listing Rules	

Note: If there is any inconsistency or conflict between the English and Chinese versions of this paper, the English version shall prevail.

EXECUTIVE SUMMARY

Purpose

1. This paper summarises market feedback on the Exchange's ongoing public float proposals and concludes on those proposals.

Background

2. On 1 August 2025, the Exchange published a Conclusions and Further Consultation Paper on Proposals to Optimise IPO Price Discovery and Open Market Requirements (the "**Conclusions and Further Consultation Paper**"), which sets out ongoing public float proposals¹ developed based on feedback received to our earlier consultation². The two-month consultation period closed on 1 October 2025.

Responses Received

3. We received 43 non-duplicate³ responses, from a broad range of respondents, to the Conclusions and Further Consultation Paper.
4. The Exchange would like to thank all those who responded. The responses are available to view on the HKEX website ([link](#)) (except those from respondents who indicated that they do not want their responses to be published).
5. A list of respondents to the Conclusions and Further Consultation Paper is set out in **Appendix I** to this paper. The full results of a quantitative analysis of the responses are set out in **Appendix II** to this paper and the methodology we used to analyse these responses forms **Appendix III** to this paper.

Proposals Adopted

6. A significant majority of responses to the Conclusions and Further Consultation paper expressed strong support for the Exchange's proposals. Most proposals received over 90% support from the organisational respondents.
7. Having considered the responses to the Conclusions and Further Consultation Paper, the Exchange will adopt the proposals outlined in that paper broadly as proposed, with

¹ See Section IV of Chapter 3 of the Conclusions and Further Consultation Paper.

² HKEX, [Consultation Paper on Proposals to Optimise IPO Price Discovery and Open Market Requirements](#), 19 December 2024.

³ One response was found to duplicate another response and will not be counted for the purpose of a quantitative and qualitative analysis of the responses.

minor modifications (the key modifications are set out in paragraphs 54 and 159 in Chapter 2 of this paper) to reflect comments made by the respondents.

8. The key proposals to be adopted are summarised in Table 1 below, with a comparison to existing requirements.

Table 1: Proposals to be adopted

Existing requirements ⁴	Adopted proposals
A. Ongoing public float thresholds (see Sections I and II of Chapter 2)	
<i>All issuers (other than PRC issuers with other listed shares):</i>	
<ul style="list-style-type: none"> At least 25% of the issuer's total number of issued shares (excluding treasury shares) must, at all times, be held by the public. <p>A lower public float percentage of 15% to 25% may be accepted in the case of issuers with an expected market capitalisation at the time of listing of over HK\$10 billion.</p>	<ul style="list-style-type: none"> Initial Prescribed Threshold: All issuers must maintain, at all times, a public float of at least (a) 25% of the total number of issued shares in the class of shares listed on the Exchange (excluding treasury shares); or (b) any lower minimum percentage as prescribed at the time of listing. Introduce an optional Alternative Threshold whereby a portion of the class of shares an issuer has listed on the Exchange that is held by the public must, at all times: <ul style="list-style-type: none"> (a) have a market value of at least HK\$1 billion (see <i>Note (i)</i>); and (b) represent at least 10% of the issuer's total number of issued shares in the class of shares listed (excluding treasury shares) (see <i>Note (ii)</i>). <p><i>For the avoidance of doubt, the Initial Prescribed Threshold and the Alternative Threshold will also apply to PRC issuers with no other listed shares.</i></p>

⁴ The existing requirements summarised in this column are those applicable to issuers listed on the Exchange with a listing document issued **before** 4 August 2025 (being the implementation date of the new initial public float requirements following the publication of the Conclusions and Further Consultation Paper). Issuers listed on or after that date are subject to a set of transitional ongoing public float requirements. See paragraphs 272 to 274 of the Conclusions and Further Consultation Paper.

Existing requirements ⁴	Adopted proposals
PRC issuers with other listed shares:	
<ul style="list-style-type: none"> Total securities of the issuer held by the public (on all regulated market(s) including the Exchange) must, at all times, be at least 25% of the issuer's total number of issued shares (excluding treasury shares). 	<ul style="list-style-type: none"> Replace current requirement with a bespoke ongoing public float requirement (see <i>Note (iii)</i>) whereby the PRC issuer's H shares listed on the Exchange and held by the public must, at all times: <ul style="list-style-type: none"> (a) have a market value of at least HK\$1 billion (see <i>Note (i)</i>); or (b) represent at least 5% of the total number of issued shares in the class to which H shares belong (excluding treasury shares).
B. Regular public float reporting (see Section III of Chapter 2)	
<ul style="list-style-type: none"> An issuer is required to confirm public float sufficiency in annual reports. 	<ul style="list-style-type: none"> Retain the current requirement. Impose additional monthly and annual disclosure obligations on all listed issuers (see <i>Note (iv)</i>).
C. Public float shortfall (see Section IV of Chapter 2)	
<ul style="list-style-type: none"> Rule breach: Failure to meet the applicable ongoing public float threshold will constitute a Rule breach. 	<ul style="list-style-type: none"> Retain the current requirement.
<ul style="list-style-type: none"> Restoration: The issuer must take steps to restore the minimum percentage of securities in public hands at the earliest possible moment. 	<ul style="list-style-type: none"> Retain the current requirement. <p><u>Consequences of a public float shortfall</u></p> <ul style="list-style-type: none"> Require additional disclosure: An issuer must also: <ul style="list-style-type: none"> (a) upon becoming aware of a public float shortfall, issue an initial announcement; and (b) for so long as it has a public float shortfall, issue subsequent monthly announcements. Restrict corporate actions: An issuer with a public float shortfall, and each of its directors, must not take any action that may further lower the issuer's public

Existing requirements ⁴	Adopted proposals
<ul style="list-style-type: none"> • Suspension: The Exchange will normally require suspension of trading in an issuer's securities where the percentage of its public float falls below 15% (or 10% in the case of an issuer that has been granted a lower percentage of public float at the time of listing). • Restoration: An issuer must restore public float to the applicable ongoing public float threshold for trading to be resumed. • Delisting: Without prejudice to its power as stated above, the Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months (GEM: 12 months). 	<p>float percentage, unless the circumstances are exceptional.</p> <ul style="list-style-type: none"> • Abolish the current practice of suspension in the event of a significant public float shortfall. • Define “Significant Public Float Shortfall” by reference to the current 15% threshold, with modifications to incorporate the introduction of the Alternative Threshold and the bespoke ongoing public float threshold for PRC issuers with other listed shares (see <i>Note (v)</i>). <p><u>Consequences of a Significant Public Float Shortfall</u></p> <ul style="list-style-type: none"> • Require additional disclosure: An issuer must, upon becoming aware of a Significant Public Float Shortfall: <ul style="list-style-type: none"> (a) issue an initial announcement; and (b) until it has restored its public float, include a warning statement in all announcements and documents required to be published by the Rules. • Stock marker: A designated marker will be added to the stock name of the listed shares of an issuer with a Significant Public Float Shortfall. • Restoration: An issuer must restore public float to the applicable ongoing public float threshold for the marker to be removed. • Delisting: An issuer with a Significant Public Float Shortfall will have a remedial period of 18 months (GEM: 12 months) to restore its public float before the Exchange cancels the listing of its shares.
<ul style="list-style-type: none"> • Discretion to direct a trading halt, suspension, or cancellation of listing: 	<ul style="list-style-type: none"> • Retain the current discretion.

Existing requirements ⁴	Adopted proposals
------------------------------------	-------------------

The Exchange may, at any time, direct a trading halt or suspend dealings in any securities or cancel the listing of any securities where the Exchange considers there are insufficient securities in the hands of the public.

D. Offers under the Takeovers Code (see Section VI of Chapter 2)

- | | |
|--|--|
| <ul style="list-style-type: none"> • Upon completion of an offer under Takeovers Code, the Exchange may consider granting a timing-relief waiver to an issuer from the ongoing public float requirement for a reasonable period after a general offer to enable its public float restoration. | <ul style="list-style-type: none"> • Retain the current practice. • Refrain from granting a timing-relief waiver if the issuer has a Significant Public Float Shortfall after the offer. |
|--|--|

Notes:

- (i) *The market value of an issuer's public float is calculated by multiplying (a) the number of shares held by the public as of the date of determination by (b) the volume weighted average price of the class of shares listed on the Exchange over the 125 trading days (or all trading days since listing, if shorter, in the case of a PRC issuer with other listed shares) immediately prior to the date of determination.*
- (ii) *The Alternative Threshold is not available to an issuer whose shares have traded for fewer than 125 trading days since listing. Where its listed shares have been suspended from trading for more than five consecutive business days during the 125-trading-day reference period, the Exchange reserves the discretion to extend the period.*
- (iii) *The bespoke ongoing public float requirement will also apply to issuers that are not PRC issuers with other listed shares but have shares listed on a PRC stock exchange. This is if those shares are in the same class as, but are not fungible with, the shares listed on the Exchange.*
- (iv) *The monthly and annual reporting obligations relating to an issuer's public float are summarised in the table below:*

Reporting obligation	Monthly returns	Annual reports
Confirmation of compliance with the applicable Ongoing Public Float Threshold	All issuers	All issuers
Minimum public float percentage threshold	Issuers relying on the Initial Prescribed Threshold	Issuers relying on the Initial Prescribed Threshold
Actual public float percentage	Issuers relying on market value-based thresholds*	All issuers [#]
Actual public float market value	Issuers relying on market value-based thresholds*	Issuers relying on market value-based thresholds* [#]
Share ownership composition	Not applicable	All issuers

Reporting obligation	Monthly returns	Annual reports
Share capital structure	Not applicable	All issuers

* These are (a) issuers relying on the Alternative Threshold and (b) PRC Issuers with other listed shares (e.g. A+H issuers) relying on the market value limb of the applicable Ongoing Public Float Threshold.

Issuers that have relied on market value-based thresholds at any time within the financial year are required to disclose: (a) in respect of each month in which they relied on the applicable market value-based threshold as at the end of that month, the market value and percentage of their public floats as at the end of that month; and (b) a commentary on all material changes to their public float levels during the financial year.

- (v) A public float shortfall is considered as a Significant Public Float Shortfall unless a portion of the issuer's class of shares listed on the Exchange and held by the public:
- (a) represents at least 15% of the issuer's total number of issued shares in the class of shares listed (excluding treasury shares) (or for an issuer subject to a minimum public float percentage lower than 25% at the time of its initial listing, represents at least 50% of the issuer's Initial Prescribed Threshold); or
 - (b) has a market value of at least HK\$500 million (see Note (i) above) and represents at least 5% of the issuer's total number of issued shares in the class of shares listed (excluding treasury shares).

In the case of a PRC issuer with other listed shares, a public float shortfall is considered as a Significant Public Float Shortfall unless its H shares listed on the Exchange and held by the public:

- (a) have a market value of at least HK\$500 million (see Note (i) above); or
 - (b) represent at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).
9. We will also implement housekeeping amendments to the Listing Rules that do not involve any change to policy direction, which comprise consequential changes relating to: (a) the Rule amendments implemented on 4 August 2025 following the publication of the Conclusions and Further Consultation Paper; and (b) the streamlined authorisation process and documentary requirements of SFC-authorised REITs. These amendments are set out in Chapter 3 of this paper.

Implementation of the Listing Rules

10. **Appendices IV and V** to this paper set out the amendments to the Listing Rules resulting from this paper. In each of these appendices:
- (a) Part A sets out Rule amendments to implement the conclusions in Chapter 2 of this paper and other ongoing public float proposals that the Exchange had indicated an intention to adopt in the Conclusions and Further Consultation Paper⁵ ("**Ongoing Public Float Rule Amendments**"); and
 - (b) Part B sets out housekeeping amendments referred to in Chapter 3 of this paper.

⁵ See paragraphs 270, 299 and 305 of Conclusions and Further Consultation Paper.

11. The Ongoing Public Float Rule Amendments will come into effect on 1 January 2026 and apply to all listed issuers⁶, superseding and replacing the transitional ongoing public float requirements currently in place⁷. In respect of the regular public float disclosure obligations (as set out in Section III of Chapter 2 of this paper):
- (a) the new monthly disclosure requirements will apply to monthly returns from the month ending 31 January 2026 onwards. A preview version of each of the revised e-Forms for the monthly return⁸ reflecting the new disclosure requirements is available on the HKEX website ([Main Board](#) and [GEM](#)); and
 - (b) the new annual disclosure requirements will apply to annual reports for financial years commencing on or after 1 January 2026.
12. The Exchange will publish a new guidance letter on public float requirements⁹ (“**Guidance on Public Float**”), to be effective on 1 January 2026, to facilitate issuers’ compliance with the new Rules. A preview version of this guidance letter is available on the HKEX website ([link](#)).
13. The housekeeping Rule amendments will also take effect on 1 January 2026.

Review of the new regime

14. As stated in the Conclusions and Further Consultation Paper, the Exchange will undertake a review of the new ongoing public float requirements, at both the one-year and three-year mark following the 1 January 2026 implementation of the Ongoing Public Float Rule Amendments, to assess whether these requirements continue to meet their intended objectives.¹⁰

⁶ Including issuers listed before 1 January 2026 and those that are to be listed on or after that date. See Section V of Chapter 2 for further details.

⁷ To ensure compatibility with the initial public float requirements, the Exchange made transitional consequential amendments to its ongoing public float requirements on 4 August 2025. These transitional arrangements are set out in paragraph 272 and Table 12 of the Conclusions and Further Consultation Paper.

⁸ Form FF301 (Monthly Return for Equity Issuer and Hong Kong Depositary Receipts listed under Chapter 19B of the Exchange Listing Rules on Movements in Securities); and Form FF302 (Monthly Return for Collective Investment Scheme listed under Chapter 20 of the Exchange Listing Rules (other than listed open-ended Collective Investment Scheme) on Movements in Units).

⁹ HKEX Guidance Letter (HKEX-GL121-26), Guidance on Public Float, to be effective on 1 January 2026.

¹⁰ See paragraph 340 of the Conclusions and Further Consultation Paper.

CHAPTER 1: INTRODUCTION

Number and Nature of Respondents

15. We received 44 responses to the Conclusions and Further Consultation Paper from individuals and organisations. Of these, 43 were non-duplicate responses.
16. A full list of respondents to the Conclusions and Further Consultation Paper is set out in **Appendix I** to this paper. A breakdown of these respondents is set out in Table 2 (for organisations) and Table 3 (for individuals) below.

Table 2: Organisational respondents by category

Organisation Category	Number	%
Accounting Firms	2	5.9%
Corporate Finance Firms / Banks	3	8.8%
Law Firms	13	38.2%
Listed Companies	4	11.8%
Investment Firms / Asset Managers	2	5.9%
Professional Bodies / Industry Associations	9	26.5%
Other Company / Organisation	1	2.9%
Total¹¹	34	100%

¹¹ Total number excludes duplicates. The percentages may not add up to 100% due to rounding.

Table 3: Individual respondents by category

Individual Category	Number	%
Accountants	2	22.2%
HKEX Participant Staff	1	11.1%
Listed Company Staff	1	11.1%
Retail Investors	5	55.6%
Total¹²	9	100%

17. Key comments from the respondents, our responses to those comments, and our conclusions are summarised in Chapter 2 of this paper.
18. The full results of a quantitative analysis of the responses are set out in **Appendix II** to this paper. The methodology we used to analyse these responses forms **Appendix III** to this paper.

¹² Total number excludes duplicates. The percentages may not add up to 100% due to rounding.

CHAPTER 2: MARKET FEEDBACK AND CONCLUSIONS

19. This Chapter sets out key comments from respondents to our consultation proposals (see Section IV of Chapter 3 of the Conclusions and Further Consultation Paper), our response to those comments, and our conclusions.
20. Amendments to the Listing Rules to implement the conclusions contained in this Chapter are set out in Part A of **Appendices IV** and **V** to this paper.

I. Ongoing Public Float Thresholds

A. Alternative Threshold

Proposal

21. Currently, a minimum percentage of public float is prescribed at the time of an issuer's initial listing¹³, which becomes the issuer's ongoing public float threshold (i.e. the Initial Prescribed Threshold). We proposed to set an alternative ongoing public float threshold whereby a portion of the class of shares an issuer has listed on the Exchange that is held by the public must, at all times:
 - (a) have a market value of at least HK\$1 billion¹⁴; and
 - (b) represent at least 10% of the issuers' total number of issued shares in the class of shares listed (excluding treasury shares),(the "**Alternative Threshold**")¹⁵.
22. Under the proposal¹⁶:
 - (a) additional obligations would be imposed on an issuer that elects to rely on the Alternative Threshold;
 - (b) the Initial Prescribed Threshold and the proposed Alternative Threshold would apply to all issuers except for PRC issuers with other listed shares (e.g. A+H issuers), which would be subject to bespoke ongoing public float thresholds (as set out in Section II of this Chapter); and

¹³ Being 25% of the total number of issued shares in the class of shares listed (excluding treasury shares), or any lower public float percentage prescribed at the time of listing.

¹⁴ See Section I.B below on the basis for determination of market value.

¹⁵ See paragraphs 310 to 312 of the Conclusions and Further Consultation Paper.

¹⁶ See paragraphs 313 to 315 and 317 of the Conclusions and Further Consultation Paper.

- (c) the proposed Alternative Threshold will not apply to newly listed issuers whose shares have traded for fewer than 125 trading days since listing on the Exchange (see Section I.C below).

Responses received

23. A majority of respondents who commented (36 out of 43, or 84%) supported the implementation of the Alternative Threshold¹⁷. Among these, all organisational respondents who commented (34 out of 34, or 100%) supported the proposal.
24. Of those who supported the implementation of the Alternative Threshold, a majority of respondents who commented (29 out of 35, or 83%) agreed with the proposed Alternative Threshold figures¹⁸. Among these, a majority of organisational respondents who commented (27 out of 33, or 82%) supported those figures.

Comments

General approach

25. Most respondents agreed with the Exchange's proposed approach as it would provide issuers that have a sufficiently large public float, in market value terms, after listing, with greater flexibility to conduct transactions for capital management purposes¹⁹.
26. Many respondents believed that the proposed Alternative Threshold would provide an incentive for large cap issuers to manage their capital more effectively in the interests of those issuers and their shareholders as a whole. Effective capital management was considered by some respondents to be the key to sustain higher valuations and shareholder returns overall.
27. Several respondents noted the following additional merits of the proposed approach:
- (a) *Alignment with international practice*: the proposal brings Hong Kong more closely in line with other international stock exchanges, which generally apply ongoing public float thresholds that are less stringent than those imposed at the time of initial listing;²⁰ and
 - (b) *Competitiveness*: the proposal would increase regulatory predictability and lower compliance costs, which may, in turn, encourage more companies (especially large companies) to list in Hong Kong.

¹⁷ Question 1.1 of the Conclusions and Further Consultation Paper.

¹⁸ Question 1.2 of the Conclusions and Further Consultation Paper.

¹⁹ Examples of these capital management activities include share buybacks, strategic placements and issuances, granting of share awards to directors, and corporate restructurings.

²⁰ See paragraph 108 and Table 18 in Appendix IV of the Consultation Paper.

Proposed Alternative Threshold

28. Many respondents expressed support for the proposed Alternative Threshold figures, based on the rationale for such figures as set out in the Conclusions and Further Consultation Paper²¹.
29. Supporting respondents commented that the proposed thresholds would provide greater flexibility to issuers without compromising market integrity and investor protection standards. They considered the proposed Alternative Threshold to be a measured approach to relaxing the public float requirement, grounded in proportionality and flexibility. In particular:
- (a) they noted that the Initial Prescribed Threshold became more challenging to meet for listed issuers with substantial growth (in market capitalisation) post-listing, as it could result in a disproportionately high number of shares required to be held in public hands in absolute dollar value. They thought the Alternative Threshold would be an effective solution to this issue; and
 - (b) the dual-limb design (i.e. HK\$1 billion and 10%) helped to ensure that issuers maintain, at all times, a meaningful level of shareholding in the hands of the public to facilitate continued trading (see paragraphs 32 and 35 below).
30. A few respondents suggested lowering one or both of the thresholds to benefit more issuers.
31. The respondents' specific comments on the proposed design and threshold figures of the Alternative Threshold are set out in paragraphs 32 to 39 below.

Market value limb (HK\$1 billion)

32. Many respondents concurred with introducing a market value limb as an alternative to the existing percentage-based threshold, noting that the proposed HK\$1 billion threshold would:
- (a) represent a critical mass of shares in the hands of the public that help to maintain an open market in the issuer's shares; and
 - (b) be sufficiently substantial for upholding market integrity and mitigating potential market manipulation concerns.
33. A few respondents suggested lowering the proposed HK\$1 billion threshold or introducing an alternative threshold to cater to the needs of smaller cap issuers, as public float shortfall issues were more common in those issuers. They added that a high threshold would not be conducive to attracting smaller high growth issuers. One of these respondents suggested setting the threshold at HK\$750 million. Another respondent suggested implementing an alternative threshold (e.g. HK\$500 million and 15%) for mid-cap companies with market capitalisations between HK\$3 billion and HK\$10 billion.

²¹ See paragraph 331 of the Conclusions and Further Consultation Paper.

34. Two respondents expressed the following concerns:
- (a) *Compliance burden*: an issuer relying on the Alternative Threshold must monitor its share price, on an ongoing basis, to avoid public float shortfall (e.g. in the event of a significant share price drop), creating a compliance burden;
 - (b) *Downward pressure on share price*: an issuer failing to meet the market value limb would be required to quickly conduct transactions (e.g. a large disposal by the issuer's core connected persons) to restore its public float percentage to meet the Initial Prescribed Threshold, potentially putting the issuer's share price under downward pressure, which may not be in the best interests of the issuer and its shareholders as a whole; and
 - (c) *Confusion to the market*: short-term price fluctuations could cause an issuer's public float, in absolute dollar value, to oscillate around the proposed HK\$1 billion threshold. Frequent announcements on every trigger of a public float shortfall could confuse the investing public.

Percentage limb (10%)

35. Many respondents found the proposed 10% threshold appropriate for the following reasons:
- (a) this level of public shareholding is meaningful and sufficiently representative as a baseline for mitigating the risk of excessive shareholding concentration and market manipulation; and
 - (b) the threshold is largely in line with the requirements on other international stock exchanges,²² allowing the Exchange to enhance its competitiveness as a leading listing venue globally.
36. Some respondents suggested lowering the proposed 10% threshold to cater to the needs of specific issuers (e.g. those in high-growth industries), citing that:
- (a) the proposed threshold would not accommodate issuers with a very large capitalisation (e.g. those listed with a public float percentage of 10% or below); and
 - (b) a lower threshold would be better aligned with the requirements on other international stock exchanges whilst effective in triggering scrutiny or reporting obligations.
37. One of these respondents suggested setting the threshold at 8%.

Alternative design

38. Three respondents suggested modifying the Alternative Threshold by requiring an issuer to meet either the HK\$1 billion threshold or the 10% threshold (instead of both). Two of

²² See Table 18 in Appendix IV of the Consultation Paper.

these respondents further suggested that a baseline 5% threshold be introduced for an issuer relying on the market value limb (i.e. HK\$1 billion).

39. These respondents argued that the alternative design would still achieve the regulatory objective of the Exchange's ongoing public float requirements (i.e. to ensure a critical mass of shares is available for trading between public shareholders). One of these respondents further noted that the alternative design would:
- (a) *Consistency in design*: ensure consistency between the Alternative Threshold and the bespoke ongoing public float threshold applicable to a PRC issuer with other listed shares (see Section II.A below); and
 - (b) *Regulatory certainty*: increase regulatory certainty by minimising the possibility of a public float Rule breach solely due to a decline in share price (which may be outside of the issuer's control) (see paragraph 34).

Post-implementation review

40. Two respondents expressly supported the Exchange's commitment to review the new mechanism on an ongoing basis²³ to avoid unintended impairment of market liquidity.

Clarifications sought

41. Two respondents sought clarification on whether an issuer that opted to rely on the Alternative Threshold would be required to make an announcement if it wishes to revert to relying on the Initial Prescribed Threshold (e.g. because of anticipated issues with complying with the proposed HK\$1 billion threshold).

Our response and conclusion

General approach

42. In view of the majority support from respondents, we will adopt the Alternative Threshold (in addition to the Initial Prescribed Threshold).

Proposed Alternative Threshold

Market value limb (HK\$1 billion)

43. While we note that some respondents suggested lowering the proposed thresholds to benefit smaller cap issuers, it is important to note that the Alternative Threshold is intended to offer flexibility in the public float percentage (below the level prescribed at initial listing) only where the market value of the public float represents a sufficiently large monetary amount. This is to avoid the unintended consequence of a market-wide reduction in public float.

²³ See paragraphs 338 to 340 of the Conclusions and Further Consultation Paper.

44. A fixed market value limb, instead of a tiered structure, was proposed to minimise the possibility of issuer's crossing tier thresholds due to changes in their market capitalisation for reasons beyond the issuer's control.²⁴
45. We have taken into account the limitations of a market value-based ongoing public float threshold as pointed out by some respondents (see paragraph 33) when designing the proposed Alternative Threshold. To address such concerns:
- (a) *Optional threshold*: the Alternative Threshold is an optional threshold. Issuers should take into account the potential impact of share price fluctuation when deciding whether to change to the Alternative Threshold to minimise the risk of breaches of the relevant requirements; and
 - (b) *Determination of market value threshold*: the public float market value is to be determined, on a rolling basis, based on the 125-trading-day volume weighted average price of the issuer's shares to smooth out the impact of any short-term fluctuation in share prices (see Section I.B below).

Percentage limb (10%)

46. The lowest initial public float percentage threshold is currently set at 10%.²⁵ As some respondents noted, this is in line with the ongoing public float requirements on other international stock exchanges (see paragraph 35).
47. Larger cap issuers that list with a public float percentage of 10% or below can continue to meet that Initial Prescribed Threshold on an ongoing basis, after listing, and so they will not need to rely on the Alternative Threshold for flexibility.
48. The Alternative Threshold will mainly provide flexibility for issuers with a market capitalisation of more than HK\$4 billion, as their shares are subject to an Initial Prescribed Threshold of 25%²⁶ and that percentage has a market value that would meet the market value limb (i.e. HK\$1 billion) under the Alternative Threshold. The Alternative Threshold would allow these issuers to maintain a public float percentage anywhere between 10% and 25%, as long as the market value of their public float is maintained at HK\$1 billion or above.
49. Although an issuer with a market capitalisation of just slightly over HK\$4 billion may adopt the Alternative Threshold, such an issuer is reminded to closely monitor fluctuations in its share price to ensure that it can continuously meet the public float market value requirement of HK\$1 billion.
50. In view of the above, the Exchange will adopt the proposed threshold figures of HK\$1 billion and 10%.

²⁴ See paragraph 325 and Box 3 of the Conclusions and Further Consultation Paper.

²⁵ MB Rule 8.08(1) (GEM Rule 11.23(7)).

²⁶ Assuming the class of shares was listed with an expected market value not exceeding HK\$6 billion. See MB Rule 8.08(1) (GEM Rule 11.23(7)).

Alternative design

51. A disjunctive design for the Alternative Threshold whereby either threshold limb (see paragraph 38) could be satisfied, rather than both, would mean that an issuer could reduce their public float percentage below the level prescribed at listing as long as it is above 10%, even if the market value of that public float is less than HK\$1 billion. This is inconsistent with the policy intention of the Alternative Threshold (see paragraph 43).
52. A disjunctive design may also allow an issuer to maintain an ongoing public float of below 10% if that smaller percentage had a value of at least HK\$1 billion. In these circumstances we believe that:
 - (a) public shareholders may be subject to a heightened risk of market manipulation because of the small percentage shareholding held in public hands; and
 - (b) restoring the public float to the Initial Prescribed Threshold applicable to the issuer may pose significant challenges as there is more likely to be a very significant gap between the actual percentage of public float and that required by the Initial Prescribed Threshold.
53. Accordingly, the Exchange believes the conjunctive design of the Alternative Threshold of HK\$1 billion and 10% would better serve the intended regulatory objective of protecting the interests of the investing public whilst providing greater flexibility for some issuers.

Clarifications

54. We expect an issuer relying on the Alternative Threshold to promptly notify the market, by way of an announcement, if it subsequently decides to revert to the Initial Prescribed Threshold. The announcement must notify the market of this change in the issuer's public float status and the percentage of its public float. This will ensure that investors are kept informed on a timely basis. For the avoidance of doubt, the additional ongoing disclosure obligations that apply to issuers relying on Alternative Threshold (see Section III below) will no longer apply once the issuer decides to revert to the Initial Prescribed Threshold.
55. In view of the above, we will adopt the proposed Alternative Threshold and amend the Listing Rules to implement the announcement requirement where an issuer changes its reliance on the Alternative Threshold to the Initial Prescribed Threshold (as set out in paragraph 54).

B. Determination of Market Value Threshold

Proposal

56. For the purpose of determining whether the market value of shares held by the public meets the market value limb of the Alternative Threshold (see paragraph 21(a)), we proposed that the market value of shares be determined on a rolling basis by multiplying:
- (a) the number of shares held by the public as of the date of determination; by
 - (b) the volume weighted average price (“**VWAP**”) of the shares listed on the Exchange over 125 trading days²⁷ immediately prior to the date of determination²⁸ (the “**reference period**”).

Responses received

57. Of those who supported the implementation of the Alternative Threshold, a vast majority of respondents who commented (34 out of 35, or 97%) agreed with the proposed methodology of determining the market value threshold (as set out in paragraph 56 above)²⁹. Among these, a vast majority of organisational respondents who commented (32 out of 33, or 97%) supported the proposal.

Comments

General approach

58. Most respondents agreed with the Exchange’s proposed methodology. They believed the methodology would provide a fair, stable, and representative measure of the market value of an issuer’s public float by smoothing out any volatility caused by short-term price fluctuations (e.g. event-driven or cyclical price movements). This would, in turn, increase regulatory certainty by avoiding inadvertent public float Rule breaches caused by price movements.
59. Some respondents specifically expressed support for the use of VWAP, citing that it is a widely accepted and recognised valuation method in the market. For example, VWAP is used by global market index companies for turnover measurements. It helps to ensure that the market value derived reflects actual trading activity and is not distorted by periods of low liquidity or unusual price movements.

Length of the reference period

60. Respondents generally found the proposed 125-trading-day reference period appropriate for market value determination. They thought this duration is sufficiently long to capture meaningful trading patterns whilst being responsive to genuine market

²⁷ Being the approximate number of trading days within a six-month period.

²⁸ See paragraph 316 of the Conclusions and Further Consultation Paper.

²⁹ Question 1.3 of the Conclusions and Further Consultation Paper.

developments, deterring manipulation or strategic price inflation around the date of determination.

61. However, three respondents suggested that the Exchange may consider lengthening the reference period (e.g. to 150 trading days for all issuers, or to such duration as the Exchange deems fit based on the specific facts and circumstances of individual issuers) to take into account market volatilities (e.g. caused by geopolitical developments) that may distort market value determination.
62. On the other hand, one respondent suggested that there may be grounds for shortening the reference period (e.g. to 90 trading days) upon satisfaction of specified conditions, such as a large market capitalisation, to allow for greater flexibility.

Our response and conclusion

63. Whilst a few respondents provided suggestions on alternative lengths of the reference period that the Exchange may consider, there was no consensus among these respondents as to how long that reference period should be.
64. In view of the above and the majority support from respondents, we will adopt the proposed methodology of market value determination (as set out in paragraph 56).

C. Applicability of the Alternative Threshold

Proposals

65. We proposed not to permit a listed issuer to rely on the Alternative Threshold if the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange³⁰.
66. We also proposed that the Exchange reserve the discretion to extend the 125-trading-day reference period, in the case of an issuer wishing to adopt the Alternative Threshold, if trading in its shares has been suspended for more than five consecutive business days³¹ during the reference period. This is to ensure the issuer demonstrates it can sustainably meet the Alternative Threshold over a reasonable period after the resumption of trading in its shares³².

Responses received

67. Of those who supported the implementation of the Alternative Threshold:
- (a) a vast majority of respondents who commented (34 out of 35, or 97%) agreed with the proposed condition for relying on the Alternative Threshold (as set out in paragraph 65 above)³³. Among these, a vast majority of organisational respondents who commented (32 out of 33, or 97%) supported the proposal; and
 - (b) a vast majority of respondents who commented (33 out of 34, or 97%) agreed with the Exchange's discretion to extend the reference period if the issuer's shares have been suspended from trading for more than five consecutive business days during the reference period (as set out in paragraph 66 above)³⁴. Among these, a majority of organisational respondents who commented (31 out of 32, or 97%) supported the proposal.

Comments

Minimum trading period before reliance on the Alternative Threshold

68. Respondents agreed with the proposed condition (of a minimum of 125 trading days) as such minimum trading period aligns with the reference period for determining the market value of an issuer's public float (see Section I.B).

³⁰ See paragraph 317 of the Conclusions and Further Consultation Paper.

³¹ The term "business day", as defined in MB Rule 1.01 (GEM Rule 1.01), refers to any day on which the Exchange is open for the business of dealing in securities.

³² See paragraph 318 of the Conclusions and Further Consultation Paper.

³³ Question 1.4 of the Conclusions and Further Consultation Paper.

³⁴ Question 1.5 of the Conclusions and Further Consultation Paper.

69. Respondents noted that putting in place a minimum trading period of 125 trading days (approximately six months) would protect market integrity and ensure a reliable and meaningful market value assessment for the following reasons:
- (a) Issuers are restricted from further share issuance or transfer of treasury shares in the first six months of listing.³⁵ Restricting them from reducing the percentage of public float (to a level below the Initial Prescribed Threshold) during this period would be in line with the Exchange's long-standing regulatory objective of protecting public shareholders' interest from dilution and changes in shareholding structure.³⁶ They also thought it unlikely that an issuer would conduct transactions within the first six months of listing that would reduce its public float percentage.
 - (b) The minimum period is broadly in line with the end of the six-month contractual and regulatory lock up periods imposed at listing on pre-IPO investors and cornerstone investors³⁷. The shares held by such investors, in most cases, can be counted towards the public float. Accordingly, the market value of public float will likely be determined based on a period with sufficient liquidity in the shares held by the public. This will prevent premature reliance on the Alternative Threshold.
 - (c) Shares of newly listed issuers tend to experience higher price volatility in the early days after listing while the market determines a sustainable consensus on price. Requiring these newly listed issuers to comply with an Initial Prescribed Threshold for their public float during a 125 trading day period after listing would help ensure that a more stable, market-driven valuation has been achieved before an issuer changes to the Alternative Threshold.

Length of the minimum trading period

70. One respondent suggested that the Exchange consider shortening the reference period for very large cap issuers, as these issuers may have practical difficulties maintaining compliance with the Initial Prescribed Threshold for the first six months of listing. Another respondent suggested that the minimum trading period may be shortened to 90 days, provided that additional safeguards ensuring market depth and trading stability are in place.
71. Conversely, the only opposing respondent suggested that the minimum trading period be lengthened to one year.

Extending the reference period in case of trading suspension

72. Most respondents noted that the proposal to extend the reference period, in case of a trading suspension of five days or more, would be a prudent regulatory safeguard to

³⁵ MB Rule 10.08 (GEM Rule 17.29).

³⁶ Paragraph 10 of Chapter 4.13 of the Guide for New Listing Applicants (last updated 4 August 2025).

³⁷ It is customary for pre-IPO investors to enter into voluntary contractual lock-up arrangements with the listing applicant and/or its underwriters. With respect to cornerstone investors, under paragraph 28(ii) of Chapter 4.15 of the Guide for New Listing Applicants (last updated 4 August 2025), the IPO securities placed to them are subject to a lock-up period of, generally, at least six months from the listing date.

ensure the market value determined is based on a continuous, representative, and genuine trading record.

- 73. In particular, they thought post-resumption trading prices may differ greatly from the closing price immediately prior to the trading suspension (e.g. because of the negative signal that suspension sends to the market). In their view, such significant price differences may distort market value calculations.
- 74. The only opposing respondent believed that a reference period of 125 trading days, without extension, would be sufficient to achieve the Exchange's intended objective even if trading has been suspended.

Meaning of a "reasonable period"

- 75. A few respondents sought clarification on what constitutes a "reasonable period" for an issuer whose trading has been suspended, and asked the Exchange to provide further guidance on this matter.
- 76. In this regard, one respondent suggested limiting the "reasonable period" to a maximum of 30 trading days.

Our response and conclusion

Minimum trading period before reliance on the Alternative Threshold

- 77. Whilst some respondents provided suggestions on alternative lengths of the minimum trading period that the Exchange may consider, there was no consensus as to how that period should be adjusted.
- 78. In view of the above and the majority support from respondents, we will adopt the proposed condition for relying on the Alternative Threshold (as set out in paragraph 65).

Extending the reference period in case of trading suspension

- 79. Regarding the meaning of a "reasonable period", the Exchange will assess how long that period should be on a case-by-case basis taking into account the specific facts and circumstances of individual issuers.
- 80. In view of the majority support from respondents, we will adopt the proposed requirement to extend the reference period in case of trading suspension (as set out in paragraph 66 above).

D. GEM Issuers

Proposal

81. We proposed that the same ongoing public float requirements that apply to Main Board issuers also apply to GEM issuers³⁸.

Responses received

82. Of those who supported the implementation of the Alternative Threshold, a majority of respondents who commented (28 out of 38, or 74%) agreed that the same ongoing public float requirements that apply to Main Board issuers should be applied to GEM issuers³⁹. Among these, a majority of organisational respondents who commented (25 out of 29, or 86%) supported the proposal.

Comments

83. Those who supported this proposal believed that it would ensure regulatory consistency across the Main Board and GEM, thereby enhancing fairness, comparability, and investor confidence in the Hong Kong market.
84. Some supporting respondents also noted that the proposal is aligned with the Exchange's regulatory approach to the initial public float requirements (which are the same for Main Board and GEM issuers).
85. Both supporting and opposing respondents were aware that GEM issuers are typically small to mid-sized issuers, often with a market capitalisation at the time of listing of less than HK\$500 million⁴⁰, and so they would unlikely be able to rely on the Alternative Threshold after listing.
86. Opposing respondents believed that as the proposed approach would put the Alternative Threshold out of reach of GEM issuers, this may contradict the principle of "proportionate regulation" for small and medium enterprises ("**SMEs**"). They believed that an overly rigid ongoing public float requirement could undermine GEM's objective as a fund-raising platform for smaller high growth companies.
87. Opposing respondents suggested implementing a lower bespoke Alternative Threshold tailored for GEM issuers (e.g. setting the market value limb at HK\$600 million).

³⁸ See paragraph 319 of the Conclusions and Further Consultation Paper.

³⁹ Question 1.6 of the Conclusions and Further Consultation Paper.

⁴⁰ The minimum market capitalisation requirement for listing on the Main Board is HK\$500 million. See MB Rule 8.09(2).

Our response and conclusion

88. We acknowledge respondents' observations that GEM issuers are unlikely to benefit from the proposed Alternative Threshold because of their relatively small market capitalisations.
89. However, smaller sized issuers are generally more prone to high shareholding concentrations. Relaxing the Alternative Threshold figures for GEM issuers, as suggested by some respondents, could result in some of these issuers having a public float that is relatively small in both percentage and absolute dollar value, leading to a higher risk of a lack of an open market in the trading of their listed shares.
90. Our proposal is consistent with our current approach to the ongoing obligations imposed on GEM issuers. As a result of our 2024 reforms these were largely aligned with those of the Main Board.⁴¹
91. In view of the above and the majority support from respondents, we will adopt the proposal to apply to GEM issuers the same ongoing public float requirements that apply to Main Board issuers.

⁴¹ See Section II of Chapter 2 of the [Consultation Conclusions on GEM Listing Reforms](#) (December 2023).

II. PRC Issuers with Other Listed Shares (e.g. A+H Issuers)

A. Bespoke Ongoing Public Float Thresholds

Proposal

92. We proposed to apply the following bespoke ongoing public float thresholds to PRC issuers⁴² with other listed shares (such as A+H issuers)⁴³. Their H shares listed on the Exchange and held by the public must, at all times:

- (a) have a market value of at least HK\$1 billion⁴⁴; or
- (b) represent at least 5% of the total number of issued shares in the class to which H shares belong⁴⁵ (excluding treasury shares).⁴⁶

Responses received

93. A majority of respondents who commented (35 out of 41, or 85%) supported the proposed bespoke ongoing public float threshold figures for these issuers (as set out in paragraph 92 above)⁴⁷. Among these, all organisational respondents who commented (32 out of 32, or 100%) supported the proposal.

Comments

General approach

94. Respondents largely concurred that PRC issuers with other listed shares should be subject to bespoke ongoing public float thresholds, taking into account their unique listing structure, which has no direct international equivalent on other markets. In particular, they noted the following key characteristics of such unique structure:

- (a) cross-border capital constraints;

⁴² For the avoidance of doubt, a PRC issuer refers to an issuer duly incorporated in Mainland China as a joint stock limited company. Accordingly, red-chip issuers, i.e. issuers incorporated outside of Mainland China, with their management and control or main business operations and asset in Mainland China are excluded from this definition.

⁴³ These issuers will also be subject to a bespoke public float threshold at initial listing (see Section I.D.1 of Chapter 1 of the Consultation Paper and Section II.B of Chapter 3 of the Conclusions and Further Consultation Paper).

⁴⁴ The market value of the PRC issuer's public float would be calculated based on the volume weighted average price of the issuer's H shares over the 125 trading days, or all trading days since listing, whichever is shorter, immediately prior to the date of determination. See paragraph 344 of the Conclusions and Further Consultation Paper.

⁴⁵ In the case of A+H issuers, this means A shares will be included in the denominator, as both H shares and A shares are ordinary shares and are considered as one class of shares under relevant PRC laws and regulations, having the same substantive rights such as voting, dividend and asset distribution on liquidation.

⁴⁶ See paragraph 341 of the Conclusions and Further Consultation Paper.

⁴⁷ Question 2.1 of the Conclusions and Further Consultation Paper.

- (b) the non-fungibility of shares in the same class (e.g. A shares and H shares in the case of an A+H issuer) which are traded separately on onshore and offshore markets; and
 - (c) a dispersed shareholder base across two jurisdictions.
95. They noted that the proposed approach is consistent with the bespoke public float requirements applicable to such issuers at the time of listing⁴⁸.
96. Opposing respondents did not provide substantive reasons.

Proposed bespoke ongoing public float thresholds

97. Respondents noted that the proposed bespoke ongoing public float thresholds would:
- (a) continue to safeguard liquidity in Hong Kong (see paragraph 98 below); whilst
 - (b) provide flexibility for PRC issuers with other listed shares (particularly for issuers with more concentrated ownership structures), as they are lower than the corresponding thresholds prescribed at the time of listing (see paragraphs 99 and 100(a) below).

Market value limb (HK\$1 billion)

98. A majority of respondents agreed with the proposed HK\$1 billion threshold, noting that it would help ensure a critical mass of H shares is available to provide deep liquidity and enable orderly price formation in Hong Kong. This is even if it may only represent a small percentage of the PRC issuer's total number of issued shares.
99. Some respondents noted that the proposed HK\$1 billion threshold represents a 67% discount to the corresponding initial public float market value threshold of HK\$3 billion. They supported the flexibility provided by such a public float headroom as it would minimise the possibility of any inadvertent Rule breach caused solely by share price fluctuations.

Percentage limb (5%)

100. Many respondents found the proposed 5% threshold fit for purpose for the following reasons:
- (a) An ongoing 5% threshold would be half the 10% threshold prescribed at the time of listing. This would provide sufficient flexibility for PRC issuers with other listed shares, as they typically have a majority of shares listed on the PRC stock exchanges, and secondary fundraising on a PRC stock exchange could result in a reduction in the proportion of H shares listed on the Exchange (relative to the issuer's total number of issued shares). Such flexibility would also allow such issuers to manage their capital more effectively.

⁴⁸ MB Rule 19A.13A(2) (GEM Rule 25.07A(2)).

- (b) A 5% shareholding of H shares, in the hands of the public, is large enough to provide sufficient liquidity and guard against excessive concentration in ownership, taking into account the unique capital dynamics of PRC issuers with other listed shares.

101. However, one respondent suggested increasing the ongoing public float percentage threshold to 10% to mitigate potential risks of market manipulation, especially for A+H issuers with smaller market capitalisations.

Additional suggestion

102. One respondent suggested that the bespoke ongoing public float thresholds also apply to issuers with dual listings on the Exchange and other regulated markets.

Clarifications sought

103. One respondent asked the Exchange to clarify how the proposed bespoke ongoing public float requirements would apply to existing A+H issuers, including those that had obtained public float waivers. They wanted to know whether those issuers would need to apply to the Exchange to adopt the new threshold.

Our response and conclusion

104. In view of the majority support from respondents, we will adopt the proposed bespoke ongoing public float threshold figures (of HK\$1 billion or 5%) for PRC issuers with other listed shares.

Proposed bespoke ongoing public float thresholds

105. We did not set an ongoing percentage threshold of 10% (see respondent's comment in paragraph 101) due to the unique characteristics of PRC issuers with other listed shares, as explained in the Conclusions and Further Consultation Paper⁴⁹ and noted by supporting respondents (see paragraph 100).

Additional suggestion

106. We will not adopt the respondent's suggestion to extend the proposed bespoke ongoing public float thresholds to all issuers with dual listings (see paragraph 102). Most issuers with dual listings do not share the characteristics of PRC issuers with other listed shares. In particular, the shares those dual-listed issuers have listed on other markets are, in most cases, fungible with those listed on the Exchange. This regulatory approach is consistent with that we apply at the time of initial listing.⁵⁰

Clarifications sought

107. As stated in Section V of this Chapter, the proposed bespoke ongoing public float threshold would automatically apply to all existing A+H issuers, including those that were

⁴⁹ See paragraph 346 of the Conclusions and Further Consultation Paper.

⁵⁰ See paragraphs 97 and 98 of the Conclusions and Further Consultation Paper.

granted public float waivers. These issuers would not have to apply to use the new threshold.

B. Non-PRC Issuers with Shares Listed on a PRC Stock Exchange (e.g. RMB shares)

Proposal

108. We proposed to apply the same ongoing public float thresholds to non-PRC issuers with shares listed on a PRC stock exchange (e.g. RMB shares) as those proposed for PRC issuers with other listed shares (e.g. A+H issuers). This is if those shares are in the same class as, but are not fungible with, the shares listed on the Exchange⁵¹.
109. For such issuers, the reference to “H shares” in the relevant requirement is modified to mean their shares listed on the Exchange⁵².

Responses received

110. A majority of respondents who commented (35 out of 41, or 85%) supported the proposal (as set out in paragraph 108 above)⁵³. Among these, all organisational respondents who commented (32 out of 32, or 100%) supported the proposal.

Comments

111. Many respondents agreed that the proposal would enhance regulatory consistency and fairness in public float treatment, as the two sets of issuers share similar characteristics (as both have non-fungible shares listed on the onshore and offshore markets). They thought this would help maintain a level playing field and support the integrity of the Hong Kong market.
112. Opposing respondents did not provide substantive reasons.

Clarification sought

113. One respondent asked whether non-PRC issuers with shares listed on a PRC stock exchange would be required to disclose, in each of their annual reports, the proportion of PRC-listed shares and the proportion of Hong Kong-listed shares in their issued share capital for enhanced transparency.

Our response and conclusion

114. In view of the majority support from respondents, we will adopt the proposal (as set out in paragraph 108 above) and set out the relevant requirement in guidance⁵⁴.

⁵¹ In the past, the Exchange granted waivers to some issuers from strict compliance with certain listing requirements relating to the issuance and listing of shares on a PRC stock exchange (“**RMB Shares**”) under a framework similar to that applicable to A+H issuers, on the basis that the RMB Shares would only be listed and traded on the PRC stock exchange and are in the same class as, but are not fungible with, the shares listed on the Exchange.

⁵² See paragraph 342 of the Conclusions and Further Consultation Paper.

⁵³ Question 2.2 of the Conclusions and Further Consultation Paper.

⁵⁴ Guidance on Public Float, paragraphs 37 to 39.

Clarification sought

115. With regard to their public float disclosure obligations (see paragraph 113), non-PRC issuers with shares listed on a PRC stock exchange would already be required to disclose, in each of their annual reports:
- (a) their actual public float percentage, which is the number of Hong Kong-listed shares in the hands of the public as a percentage of their total number of issued shares (see Section III.C below); and
 - (b) the proportion of each type of shares to fulfil their share capital structure disclosure obligations (see Section III.D below).

III. Regular Public Float Reporting

A. Public Float Sufficiency Confirmation

Proposal

116. We proposed that **all** issuers be required to confirm, in their **monthly returns** (in addition to annual reports⁵⁵), whether they have met their applicable “**Ongoing Public Float Thresholds**”^{56, 57}.

Responses received

117. A majority of respondents who commented (35 out of 42, or 83%) supported the proposed requirement⁵⁸. Among these, a vast majority of organisational respondents who commented (31 out of 33, or 94%) supported the proposal.

Comments

General approach

118. Respondents generally agreed that the proposed disclosure would enhance transparency, and would strengthen market confidence.
119. Supporting respondents also considered that regular reporting would enhance accountability, as it encourages issuers to proactively monitor and manage their public float levels.
120. While most respondents considered monthly reporting not to be onerous, two respondents who did not support the proposal considered it to be too burdensome, particularly for smaller issuers whose public float levels are generally stable and not subject to frequent fluctuations.

Other suggestions

121. To alleviate issuers’ compliance burden, two respondents suggested allowing less frequent confirmations, such as:
- (a) upon completion of any corporate action impacting public float levels;
 - (b) confirmation on a quarterly basis; or
 - (c) semi-annual confirmation for issuers with a compliance record of over two years.

⁵⁵ MB Rule 13.35 and paragraph 34A of Appendix D2 (GEM Rules 17.38A and 18.08B).

⁵⁶ Being the Initial Prescribed Threshold, the Alternative Threshold, and the bespoke ongoing public float thresholds for PRC issuers with other listed shares.

⁵⁷ See paragraph 351 of the Conclusions and Further Consultation Paper.

⁵⁸ Question 3.1 of the Conclusions and Further Consultation Paper.

Implementation time

122. One respondent recommended that the Exchange provide sufficient implementation time for the proposed reporting requirements to allow issuers to adjust their internal systems and processes to accommodate the new requirement.

Our response and conclusion

123. Under the existing regime, issuers are required to maintain a sufficient public float at all times. Issuers with a public float shortfall are expected to closely monitor it and restore the shortfall as soon as possible. Accordingly, we consider that the proposed monthly confirmation obligation regarding the sufficiency of public float would not impose a significant additional compliance burden on issuers. The confirmation would also provide investors with assurance that public float is being monitored on a continuous basis.
124. In view of the majority support from respondents, we will adopt the proposed requirement for all issuers to confirm their public float sufficiency in their monthly returns (in addition to annual reports).

Implementation time

125. In response to the comment regarding implementation time (see paragraph 122), we do not anticipate significant practical difficulties. Issuers should already have internal systems and processes in place to check and confirm compliance with their continuing public float obligations on an ongoing basis. Accordingly, the proposed requirement will come into effect on 1 January 2026 alongside our other adopted proposals (see paragraph 11).

B. Monthly Reporting on Public Float

Proposals

126. We proposed that an issuer disclose, in each of its monthly returns, as at the end of the month to which the monthly return relates:
- (a) if the issuer relies on the **Initial Prescribed Threshold**, the minimum percentage threshold applicable to the issuer; and
 - (b) if: (i) the issuer relies on the **Alternative Threshold**; or (ii) the issuer is a **PRC issuer with other listed shares (e.g. an A+H issuer)** relying on the **market value limb** of the relevant bespoke ongoing public float threshold, the market value and percentage of the portion of the class of shares they have listed on the Exchange that are held by the public⁵⁹.

Responses received

127. A majority of respondents who commented (35 out of 42, or 83%) supported the proposed monthly reporting requirement for an issuer that relies on the Initial Prescribed Threshold (as set out in paragraph 126(a) above)⁶⁰. Among these, a vast majority of organisational respondents who commented (32 out of 33, or 97%) supported the proposal.
128. A majority of respondents who commented (33 out of 41, or 80%) supported the proposed monthly reporting requirement for an issuer that relies on the Alternative Threshold (as set out in paragraph 126(b)(i) above)⁶¹. Among these, a vast majority of organisational respondents who commented (30 out of 32, or 94%) supported the proposal.
129. A majority of respondents who commented (33 out of 41, or 80%) supported the proposed monthly reporting requirement for a PRC issuer with other listed shares that relies on the market value limb of the relevant bespoke ongoing public float threshold (as set out in paragraph 126(b)(ii) above)⁶². Among these, a vast majority of organisational respondents who commented (31 out of 32, or 97%) supported the proposal.

⁵⁹ See paragraph 352 of the Conclusions and Further Consultation Paper.

⁶⁰ Question 3.2 of the Conclusions and Further Consultation Paper.

⁶¹ Question 3.3(a) of the Conclusions and Further Consultation Paper.

⁶² Question 3.3(b) of the Conclusions and Further Consultation Paper.

Comments

Disclosure of minimum prescribed thresholds

130. Respondents generally agreed that issuers relying on the Initial Prescribed Threshold should be required to disclose the minimum percentage threshold in their monthly returns.
131. Many respondents thought the proposed disclosure would enhance transparency for investors, ensuring that they are informed about an issuer's exact public float requirements. It is noted that:
- (a) the Initial Prescribed Thresholds encompass a range of different thresholds and the Initial Prescribed Threshold applicable to an issuer depends on its specific circumstances. The disclosure requirement is particularly relevant for existing issuers that have obtained waivers from the 25% public float threshold at listing, as well as for issuers listed under Tier B or Tier C of the initial public float thresholds; and
 - (b) including the threshold in monthly returns would improve accessibility, as currently such information is only disclosed in prospectuses and/or allotment results announcements.
132. Two opposing respondents suggested less frequent disclosure to alleviate the administrative burden for issuers.

Disclosure of actual market value and percentage of public float by issuers relying on market value-based thresholds

133. Respondents generally agreed with the proposed disclosure of market value and percentage of public float in monthly returns for both: (a) issuers relying on the Alternative Threshold; and (b) PRC issuers with other listed shares relying on the market value limb of the relevant bespoke ongoing public float threshold.
134. Many respondents agreed that such disclosure would enhance market transparency, enable investors to assess market liquidity and support regulatory supervision.
135. Two respondents commented that the disclosure is particularly relevant for PRC issuers with other listed shares (e.g. A+H issuers), as the H shares held by the public may represent only a small portion of an issuer's total issued share capital. Enhanced transparency in their public floats would therefore enable investors to assess the true depth of trading liquidity in their H shares.
136. A few respondents suggested extending the proposed requirement to all issuers, instead of applying it only to issuers relying on market value-based thresholds. They believed that monthly disclosure of actual public float would enable investors to detect emerging fragility in public float of issuers and to make more informed risk management decisions.

137. Two respondents were concerned that the proposed additional disclosure could be overly burdensome and offer limited incremental benefit. They commented that:

- (a) monthly calculations would require significant resources even though such information is unlikely to fluctuate significantly; and
- (b) the existing safeguards under Part XV of the SFO (Disclosure of Interests) already provided material information relating to changes in control, making additional disclosure duplicative.

Other suggestions

138. A few respondents suggested reducing the frequency of reporting market value and percentage of public float in monthly returns by:

- (a) allowing quarterly, rather than monthly, reporting;
- (b) not requiring monthly reporting if an issuer's actual public float falls within a set margin above the threshold (e.g. 10%); or
- (c) requiring reporting only when there are material changes in public float.

139. One respondent suggested that the Exchange include an appropriate disclaimer, in the monthly return template, to clarify that the public float information is calculated based on information that is publicly available to the issuer or otherwise within the knowledge of its directors as at the close of the corresponding month to which the monthly return relates.

Our response and conclusion

Disclosure of minimum prescribed thresholds

140. In view of the majority support from respondents, we will adopt the proposed monthly reporting requirement for an issuer that relies on the Initial Prescribed Threshold (see paragraph 126(a)).

Disclosure of actual market value and percentage of public float by issuers relying on market value-based thresholds

141. We note some respondents' suggestion to extend the proposed monthly disclosure of actual market value and percentage of public float to all issuers, rather than just issuers relying on the market value-based thresholds (see paragraph 136). Conversely, we also note some respondents' comments that the proposed disclosure may be too burdensome (see paragraph 137) and suggestions to reduce the frequency of reporting (see paragraph 138). In this regard, we believe that our proposal appropriately balances issuers' compliance burden and the need for market transparency. Monthly reporting of actual public floats is only applicable to issuers relying on market value-based thresholds as these issuers will need to closely monitor the market value of their public floats, which is prone to share price fluctuations, to ensure compliance with the applicable thresholds.

142. We will provide further guidance⁶³ on the methodology of calculating the market value of an issuer's public float. This will be in line with the method as set out in Box 2 of the Conclusions and Further Consultation Paper.
143. In response to a respondent's comment (see paragraph 139), we will also add, in the form of the monthly return, a reference to the relevant Listing Rules⁶⁴ to remind issuers of the basis of the public float disclosure.
144. In view of the majority support from respondents, we will adopt the proposed monthly reporting requirement for issuers that rely on the Alternative Threshold and for PRC issuers with other listed shares that rely on the market value limb of the relevant bespoke ongoing public float threshold (as set out in paragraph 126(b) above).

⁶³ Guidance on Public Float, paragraphs 5 to 7.

⁶⁴ MB Rules 13.32D(4) and 19A.28D(4) (GEM Rules 17.37D(4) and 25.21D(4)).

C. Annual Reporting on Public Float

Proposal

145. We proposed that all issuers be required to disclose, in each of their annual reports, the same information proposed above in their monthly returns (see paragraph 126), as at the end of the relevant financial year⁶⁵.
146. In addition, as indicated in the Conclusions and Further Consultation Paper⁶⁶, we will adopt the proposal⁶⁷ to mandate all listed issuers to disclose in their annual reports the percentage of the class of shares⁶⁸ listed on the Exchange (excluding treasury shares) that are held in the hands of the public as at the end of the relevant financial year.

Responses received

147. A majority of respondents who commented (34 out of 41, or 83%) supported the proposed annual reporting requirement (as set out in paragraph 145 above)⁶⁹. Among these, a vast majority of organisational respondents who commented (32 out of 33, or 97%) supported the proposal.

Comments

General approach

148. Respondents generally agreed that the proposed disclosure in annual reports would complement monthly reporting and support market transparency. They agreed that the proposal should not impose material additional administrative burden for issuers, as the same set of information would be prepared and disclosed on a monthly basis.
149. One respondent suggested that issuers should also include the historical public float data covering the preceding 12 months in their annual reports. They thought that inclusion of this data would provide investors with a holistic overview of an issuer's compliance with the ongoing public float requirement over the financial year.
150. On the other hand, one respondent expressed concerns that including repetitive disclosures in annual reports may reduce their readability.
151. The only opposing organisational respondent reiterated their concerns (see paragraph 137) that requiring calculation of actual public float figures would be operationally challenging and would increase compliance burden, particularly for issuers with a wide shareholder base. They recommended adopting a materiality-based approach, allowing

⁶⁵ See paragraph 353 of the Conclusions and Further Consultation Paper.

⁶⁶ See paragraph 299 of the Conclusions and Further Consultation Paper.

⁶⁷ See paragraphs 126 of the Consultation Paper.

⁶⁸ In the case of a PRC issuer, the reference to the "class of shares listed on the Exchange" will be modified to mean H shares.

⁶⁹ Question 3.4 of the Conclusions and Further Consultation Paper.

issuers to disclose only significant developments affecting their public floats in annual reports.

152. Other opposing respondents did not provide substantive comments.

Other suggestions

153. To further improve market transparency, a few respondents suggested:

- (a) providing a commentary on material changes to public float levels during a financial year in the relevant annual report;
- (b) extending the proposed disclosure requirement to interim reports; and
- (c) the Exchange should provide a standard template for the proposed annual report disclosure as a consistent format across issuers would improve readability and comparability.

Clarification sought

154. One respondent sought clarification on whether the disclosure regarding public float percentage should be based on information that is publicly available to the issuer and within the knowledge of its directors, consistent with existing provisions in the Listing Rules relating to public float disclosure⁷⁰.

Our response and conclusion

General approach

155. We believe that our proposal would not add material administrative burden to issuers as the same set of information would have been prepared and disclosed on a monthly basis (see Section III.B above).
156. We note the opposing organisational respondent's comment that the calculation of actual public float figures may be perceived as burdensome by issuers with a wide shareholder base (see paragraph 151). However, as stated in the Conclusions and Further Consultation Paper⁷¹, there was an overwhelming support for annual disclosure of an actual public float percentage. Respondents noted that the information necessary for such disclosure should already be readily available to enable issuers to confirm public float sufficiency in annual reports under the existing regime⁷². Accordingly, the proposed annual report disclosure requirement should not be unduly burdensome.

⁷⁰ MB Rule 13.35 and Recommended Best Practice F.1.5(c) of Appendix C1 to the Main Board Listing Rules (GEM Rule 17.38A and Recommended Best Practice F.1.5(c) of Appendix C1 to the GEM Listing Rules).

⁷¹ See Section III.C in Chapter 3 of the Conclusions and Further Consultation Paper.

⁷² MB Rule 13.35 and paragraph 34A of Appendix D2 (GEM Rules 17.38A and 18.08B).

Other suggestions

157. Regarding a respondent's suggestion that issuers should include, in their annual reports, the public float information disclosed in their monthly returns over the preceding 12 months (see paragraph 149), we agree that this would be meaningful particularly for issuers relying on market value-based thresholds. This is because the disclosure would provide investors with a comprehensive view of those issuers' compliance with ongoing public float requirements over the entire financial year. Given that this information is already reported on a monthly basis (see Section III.B above), we believe reproducing it in annual reports should not create any material additional burden for issuers.
158. We also agree with respondents' suggestion to require issuers to include a commentary on material changes to public float levels during the financial year in their annual reports (see paragraph 153(a)). This will provide meaningful information to investors, enhancing market transparency. However, we also acknowledge that, for issuers that have maintained sufficient public float by relying on the Initial Prescribed Threshold throughout the financial year, mandating such information may not be meaningful.
159. For the above reasons, we will adopt the suggestion with modifications. We will require (i) issuers that have relied on the Alternative Threshold at any time within a financial year and (ii) PRC issuers with other listed shares (e.g. A+H issuers) that have relied on the market value limb of the applicable Ongoing Public Float Threshold at any time within a financial year to include, in their annual reports:
- (a) in respect of each month in which they relied on the aforesaid market value-based thresholds as at the end of that month, the market value and percentage of their public floats as at the end of that month; and
 - (b) a commentary on all material changes to their public float levels during that financial year.
160. We will not adopt the suggestion to extend the annual reporting requirement to interim reporting as suggested by one respondent (see paragraph 153(b)), as this information is already disclosed on a monthly basis, and so its inclusion in interim reports would not provide meaningful additional value to investors.
161. We do not currently prescribe a standard disclosure format for the disclosure of public float information in an annual report (see paragraph 153(c)), given that the facts and circumstances for each listed issuer may differ. Listed issuers are encouraged to tailor the relevant disclosure in a format that best reflects their individual circumstances.

Clarification

162. We wish to clarify that as stated in the proposed amendment to the Listing Rules⁷³, the disclosure should be made based on information that is publicly available to the issuer **or otherwise** within the knowledge of their directors or supervisors (in the case of a

⁷³ See the proposed amendments to MB Rule 13.32D(3) and GEM Rule 25.21D(3) in Appendices V and VI to the Conclusions and Further Consultation Paper.

PRC issuer). An issuer is expected to make reasonable efforts to determine its public float based on publicly available information (e.g. checking the filings made under Part XV of the SFO). Those directors may also be aware of non-public shareholdings that are not disclosed in public filings (e.g. in situations where the relationship of the shareholder with the issuer does not trigger public disclosure requirements⁷⁴). Issuers should use a combination of these two sources of information as the basis of their disclosure in annual reports.

163. In view of the majority support from respondents, we will adopt the proposed annual reporting requirement (see paragraph 145) with modification (see paragraph 159). This is in addition to the requirement to disclose the public float percentage in annual reports (see paragraph 146), which will also be implemented at the same time.

⁷⁴ See paragraph 124 of the Consultation Paper.

D. Annual Disclosure on Share Capital Structure and Shareholding Composition

Proposal

164. We proposed to require all issuers to state, in their annual reports, the structure of their share capital as at the end of the relevant financial year. This disclosure would be required to include details of the different type(s) and class(es) of securities, together with the percentage for each type of shares (as a percentage of the total number of shares), the ranking of each type of shares, and details of any special voting right structure (if applicable)⁷⁵.
165. In addition, as indicated in the Conclusions and Further Consultation Paper⁷⁶, we will adopt the proposal⁷⁷ to require listed issuers to disclose, in their annual reports, a statement showing the composition of ownership of the relevant class of shares listed on the Exchange (excluding treasury shares) as at the end of the relevant financial year. The groups of shareholders that an issuer must identify in the relevant document, to the extent applicable, include:
- (a) shareholders who are not members of “the public”, comprising the following categories:
 - (i) substantial shareholders of the listed issuer and their close associates (identified on an individually named basis);
 - (ii) directors, supervisors, chief executives of the listed issuer and their close associates (identified on an individually named basis); and
 - (iii) any other persons excluded from the definition of “public”⁷⁸; and
 - (b) shareholders who are members of “the public”, comprising the following categories:
 - (i) any persons who fall within the definition of “the public” and have disclosed their interests pursuant to Part XV of the SFO (identified on an individually named basis);
 - (ii) a trustee holding shares which are regarded as being held “in public hands”⁷⁹, i.e. an independent trustee holding granted (vested or unvested) shares of

⁷⁵ See paragraph 354 of the Conclusions and Further Consultation Paper.

⁷⁶ See paragraph 299 of the Conclusions and Further Consultation Paper.

⁷⁷ See paragraphs 126 of the Consultation Paper.

⁷⁸ These persons may include: (a) persons who are core connected persons only because of the person's connection with the listed issuer's subsidiar(ies), e.g. a director, chief executive or substantial shareholder of a subsidiary of the listed issuer or a close associate of any of them; and (b) those who are accustomed to take instructions from core connected person(s) of the issuer.

⁷⁹ Note to MB Rule 8.24 (Note 3 to GEM Rule 11.23).

a share scheme of the issuer on behalf of independent scheme participants;
and

- (iii) other members of the “the public”.

Responses received

166. A majority of respondents who commented (34 out of 41, or 83%) agreed with the proposed disclosure obligations in relation to share capital structure information (as set out in paragraph 164 above)⁸⁰. Among these, a vast majority of organisational respondents who commented (30 out of 32, or 94%) supported the proposal.

Comments

General approach

167. Respondents generally agreed that the proposed disclosure would improve market transparency and help investors understand an issuer’s equity profile and potential dilution risks, especially for issuers with more than one type or class of securities. They thought it would ensure that shareholders and potential investors have access to critical information necessary for assessing the overall share capital structure of an issuer, thereby facilitating more informed investment decisions.
168. Supporting respondents also said that the proposed disclosure is aligned with international practice, and would not impose significant additional burden on listed issuers, as much of the information is already maintained by issuers.
169. Two opposing organisational respondents expressed concerns that the proposed disclosure could impose additional compliance burdens while offering limited value to investors, particularly for issuers with simple or unchanged share capital structures. They suggested adopting a materiality-based approach, requiring disclosure only of significant changes in share capital.
170. One respondent suggested extending this disclosure to interim reports and monthly returns, to enable investors to track share capital structure developments timely throughout the year.

Our response and conclusion

171. As stated in paragraph 99 of the Conclusions and Further Consultation paper, most issuers already disclose share capital structure information on a regular basis. Also, issuers are already required to disclose movements in their share capital in their financial statements.⁸¹ For these reasons we believe the proposed disclosure would not impose a significant additional burden on issuers and would be helpful for the reasons stated by supporting respondents (see paragraphs 167 and 168).

⁸⁰ Question 3.5 of the Conclusions and Further Consultation Paper.

⁸¹ Paragraph 10 of Appendix D2 of the Main Board Listing Rules (GEM Rules 18.11 to 18.14).

172. We will not adopt the suggestion to extend this requirement to interim reports and monthly returns (see paragraph 170), as issuers are already required to disclose movements in their share capital in monthly returns and next day disclosure returns⁸². We believe that these existing disclosure requirements are sufficient to ensure that investors have timely access to information regarding any change in an issuer's share capital.
173. In view of the majority support from respondents, we will adopt, for all issuers, the proposal to require the disclosure of share capital structure information in annual reports (as set out in paragraph 164 above). This is in addition to the requirement to disclose the composition of shareholding (as set out in paragraph 165), which will also be implemented at the same time. The detailed requirements will be set out in the Exchange's guidance⁸³.

⁸² MB Rules 13.25A and 13.25B (GEM Rules 17.27A and 17.27B).

⁸³ Guidance on Public Float, paragraphs 12 to 14.

IV. Public Float Shortfalls

A. Obligations upon a Public Float Shortfall

Proposals

174. We proposed that, where an issuer's public float falls below the proposed applicable Ongoing Public Float Threshold, the following obligations would apply⁸⁴:

- (a) *Restoration*: consistent with the existing regulatory approach⁸⁵, an issuer must take active steps to restore its public float to meet the applicable Ongoing Public Float Threshold (i.e. its Initial Prescribed Threshold or the Alternative Threshold⁸⁶) as soon as possible;
- (b) *Initial announcement*: consistent with the existing regulatory approach⁸⁷, an issuer must publish an initial announcement of the Rule breach. We proposed requiring:
 - (i) an issuer to publish an announcement within one business day of it becoming aware of its public float shortfall, which must set out the market value (if applicable) and percentage of its public float, share ownership composition and the reason for its breach of the Rule⁸⁸; and
 - (ii) the issuer to also announce its plan and expected timeline to restore to the applicable Ongoing Public Float Threshold as soon as practicable. Details of such plan could be announced in a subsequent announcement as long as that subsequent announcement is published no later than 15 business days of it becoming aware of its public float shortfall;
- (c) *Subsequent monthly update announcement*: an issuer with a public float shortfall must provide monthly updates, by way of announcement, to notify the market of the status of its public float (including the market value (if applicable) and percentage of its public float) and to provide updates on its restoration plan⁸⁹; and
- (d) *Restrictions on actions that may further reduce public float*: for so long as an issuer does not comply with the applicable Ongoing Public Float Threshold, the issuer itself, and each of its directors, must not (and each director must use his best endeavours to ensure that his close associates do not) take any action that may

⁸⁴ See paragraph 360 of the Conclusions and Further Consultation Paper.

⁸⁵ MB Rule 13.32(2) (GEM Rule 17.37).

⁸⁶ For PRC issuers with other listed shares (e.g. A+H issuers), to restore to the relevant bespoke ongoing public float threshold.

⁸⁷ MB Rule 13.32(1) (GEM Rule 17.36).

⁸⁸ See Box 4 in the Conclusions and Further Consultation Paper for details of disclosure requirement for such an announcement.

⁸⁹ See Box 4 in the Conclusions and Further Consultation Paper for details of disclosure requirement for such an announcement.

further lower the issuer's public float percentage, unless the circumstances are exceptional.

Examples of such actions include a share repurchase by the issuer, or an acquisition of shares by its directors or their close associates.

Responses received

Regulatory approach

175. A majority of respondents who commented (34 out of 42, or 81%) agreed that the proposed additional obligations on an issuer with a public float shortfall (as set out in paragraph 174 above) would be sufficient to:

- (a) enable continued trading of the issuer's shares (on the basis that the proposal would enable sufficient information to be provided to potential investors and existing shareholders); and
- (b) incentivise relevant issuers to restore their public float to meet the applicable Ongoing Public Float Threshold as soon as practicable⁹⁰.

Among these, a vast majority of organisational respondents who commented (32 out of 33, or 97%) supported the proposal.

Initial announcement

176. A majority of respondents who commented (33 out of 41, or 80%) supported the proposed disclosure requirement for an initial announcement to be made by an issuer with a public float shortfall (as set out in paragraph 174(b) above)⁹¹. Among these, a vast majority of organisational respondents who commented (30 out of 32, or 94%) supported the proposal.

Subsequent monthly update announcements

177. A majority of respondents who commented (32 out of 41, or 78%) supported the proposed disclosure requirement for subsequent monthly update announcements to be made by an issuer with a public float shortfall (as set out in paragraph 174(c) above)⁹². Among these, a vast majority of organisational respondents who commented (30 out of 32, or 94%) supported the proposal.

Restrictions on actions to further lower public float

178. A majority of respondents who commented (34 out of 41, or 83%) supported the proposed restriction on an issuer with a public float shortfall, and its directors, from any action that may further lower the issuer's public float percentage, unless the

⁹⁰ Question 4.1 of the Conclusions and Further Consultation Paper.

⁹¹ Question 4.2 of the Conclusions and Further Consultation Paper.

⁹² Question 4.3 of the Conclusions and Further Consultation Paper.

circumstances are exceptional (as set out in paragraph 174(d) above)⁹³. Among these, all organisational respondents who commented (32 out of 32, or 100%) supported the proposal.

Comments

Regulatory approach

Continued trading

179. Respondents generally agreed with our regulatory approach to allow the continued trading in the securities of issuers whose public floats fell below the applicable Ongoing Public Float Thresholds, provided that the issuers would be subject to enhanced disclosure obligations. The proposed approach balances market efficiency and investor protection.
180. Supporting respondents believed that the proposed additional obligations would ensure timely provision of information to the market, which would enable continued orderly trading with sufficient market transparency to empower investors to make informed decisions.

Incentive to restore public float shortfall

181. Supporting respondents generally agreed that the proposed obligations (e.g. monthly updates on restoration plans) would incentivise issuers to take prompt and active steps to restore their public float.
182. The only organisational respondent opposing the proposal supported continued trading for issuers with a public float shortfall, but was concerned that the proposed measures may not be sufficient to ensure timely restoration of public float. Other opposing respondents did not provide substantive reasons.
183. A few supporting respondents also commented that issuers failing to meet the applicable Ongoing Public Float Threshold for extended periods, but not triggering a Significant Public Float Shortfall, may lack strong incentives to restore public float. This may result in issuers remaining indefinitely non-compliant, while restoration plans could remain vague or generic. In this regard:
- (a) A few respondents acknowledged that, under the proposal, the Exchange has the discretion to deem an issuer as having a Significant Public Float Shortfall if the issuer fails to restore it within “a reasonable period”⁹⁴. However, they commented that the discretionary language may be too vague and insufficient to create a sense of urgency for issuers to take timely action.

⁹³ Question 4.4 of the Conclusions and Further Consultation Paper.

⁹⁴ Paragraph 372(b) of the Conclusions and Further Consultation Paper

- (b) To provide stronger incentives for issuers to restore their public floats promptly, some respondents suggested the following:
 - (i) introducing a maximum restoration period (e.g. three to 12 months), after which issuers would be deemed to have a Significant Public Float Shortfall, with relevant measures imposed (e.g. identified by a special stock marker); and
 - (ii) increasing the frequency of updates over time (e.g. bi-weekly updates) if the public float shortfall persists or becomes more severe.

Initial announcement

184. Respondents generally supported the proposed two-stage disclosure framework, as they thought this ensures the disclosure would not be delayed due to the issuer needing time to finalise the details of its restoration plan. They thought the approach would reduce information asymmetry and so help maintain market integrity.
185. Supporting respondents agreed with the proposed disclosure deadlines as:
- (a) *One business day deadline*: this ensures prompt disclosure once an issuer becomes aware that it no longer meets the public float requirement. They thought this is essential to ensure that investors are kept fully informed and to minimise any risk of unequal information among market participants; and
 - (b) *15 business day deadline*: this is a balanced and sufficient timeframe, which enables issuers to assess the situation and formulate a meaningful restoration strategy, whilst ensuring timely information flow to the market and without imposing undue burden on issuers.
186. However, two organisational respondents opposed the proposal⁹⁵. They (and one supporting respondent) expressed concerns that the one-business day deadline may be too prescriptive and impracticable. They stated, for example, that it may take time for issuers relying on market value-based thresholds to calculate the market value of their public floats based on the VWAP. These respondents suggested extending the deadline to three to five days.
187. With respect to the 15-business-day deadline:
- (a) Some supporting respondents commented that 15 business days may not be sufficient for issuers to formulate an effective plan, especially when complex considerations are involved (e.g. identifying potential investors, structuring capital-raising activities, obtaining approvals). One respondent suggested allowing issuers to apply for a time extension if they can provide valid justifications.
 - (b) Conversely, one supporting respondent suggested shortening the timeline for restoration plan disclosure to 10 business days to reduce market uncertainty.

⁹⁵ Other opposing respondents did not provide substantive comments.

188. Two respondents suggested that the Exchange clarify its expectations on the content of restoration plans. They suggested that the plans should go beyond generic statements and should instead set out concrete steps and a clear timetable, and identify responsible parties, so that investors could properly assess the likelihood of timely restoration. One respondent also suggested that the plan should also be approved by the board and kept under board oversight.
189. One respondent suggested amending the drafting of the relevant Listing Rules to state clearly that issuers may publish details of their restoration plans in a subsequent announcement within the 15-business-day period without seeking prior consent from the Exchange.

Subsequent monthly update announcements

190. Respondents generally agreed that monthly update announcements would encourage issuers to act promptly to restore public float shortfalls. They agreed that regular disclosures would enhance market transparency and help maintain investor confidence.
191. The two opposing organisational respondents expressed concerns that monthly announcements may be excessive, and provided the following counter proposals:
- (a) updates could be included in monthly returns instead, unless there is any inside information or material progress that requires disclosure by way of a formal announcement; and
 - (b) monthly updates should apply only to issuers with a Significant Public Float Shortfall. Other issuers with a public float shortfall should be allowed to provide semi-annual updates.
192. Other opposing respondents did not provide substantive comments.

Content of the monthly update announcement

193. Three respondents suggested that monthly updates should include more granular disclosure to help investors assess the likelihood of restoration. Examples of such disclosure include:
- (a) progress updates against milestones in the restoration plan, including actions taken, future steps, and explanations for any significant delays; and
 - (b) a table showing the composition of ownership, including shares held by non-public holders (e.g. substantial shareholders, directors, and their close associates) and concentration of shareholdings (e.g. top five or top ten holders, including percentage holdings).

Clarification sought

194. One respondent sought clarification on the flexibility an issuer has to modify the restoration plan, once announced, as the issuer's circumstances and market conditions may change after its initial restoration plan was formulated. They sought clarity on

whether such modifications would require formal approval, especially if they affect the original timeline, and what the consequences are for deviations from the initial plan.

Restrictions on actions that may further reduce public float

195. Respondents generally agreed that the proposed restrictions would help prevent an issuer or its directors (and their close associates) from exacerbating a low public float situation and would help ensure issuers prioritise efforts to restore compliance.
196. Supporting respondents commented that the proposed restrictions on directors are aligned with their duties to use best endeavours to procure the issuer's compliance with the Listing Rules. By ensuring that directors actively work towards restoring compliance, the proposal reinforces the importance of market integrity.
197. Supporting respondents also supported the inclusion of a carve-out for exceptional circumstances to provide necessary flexibility for legitimate corporate actions that might otherwise be prohibited. A few respondents requested that the Exchange provide guidance on examples of situations which would be "exceptional" for more regulatory certainty.
198. Opposing respondents did not provide substantive reasons.

Other suggestions

199. Two respondents suggested that the restriction should be extended to all core connected persons of the issuer, including substantial shareholders, chief executives and supervisors (for PRC issuers).
200. One respondent suggested introducing reasonable penalties for directors (or his close associates) who knowingly take actions that further reduce public floats without justification, to reinforce deterrence.

Our response and conclusion

Regulatory approach

201. In response to respondents' concerns that the proposed measures may not be sufficient to ensure timely public float restoration (see paragraph 182), we would like to reiterate that:
 - (a) a public float shortfall constitutes a breach of the Listing Rules. Accordingly, issuers are obliged to restore their public float to meet the applicable Ongoing Public Float Thresholds in a timely manner; and
 - (b) the Exchange will have the discretion to take appropriate action(s), including to deem an issuer as having Significant Public Float Shortfall or to suspend the trading of, or cancel the listing of, the shares of the issuer⁹⁶, if the issuer fails to

⁹⁶ MB Rule 6.01(2) (GEM Rule 9.04(2)).

re-comply with the applicable ongoing public float requirements within a reasonable period⁹⁷.

202. At this stage, we will not prescribe a maximum restoration period as suggested by some respondents (see paragraph 183(b)(i)). Instead, the Exchange will retain the discretion to assess each case individually, taking into account the specific circumstances of the issuer and the actions undertaken to address the shortfall.

Initial announcement

203. We note the concern regarding the one-business-day deadline (see paragraph 186). However:
- (a) a public float shortfall constitutes a breach of the Listing Rules. An issuer is expected to promptly announce the breach once it becomes aware of it; and
 - (b) the Exchange would expect listed issuers relying on market value-based thresholds (i.e. the Alternative Threshold or the market value limb of the bespoke threshold applicable to PRC issuers with other listed shares) to put in place appropriate measures to monitor the VWAP of the shares listed on the Exchange to detect possible breaches.
204. With regards to the 15-business-day deadline, we note some respondents' concern that it may not be sufficient to formulate an effective restoration plan (see paragraph 187(a)). In this regard, issuers are expected to prepare their restoration plans on a best effort basis. If there are subsequent material changes to a restoration plan, issuers should promptly publish follow-up announcements to update the market and clearly explain the reasons for the changes.
205. We agree with respondents' suggestions regarding the clarity of restoration plans (see paragraph 188). For this purpose, we will clarify, in guidance⁹⁸, that the board of the issuer should, promptly after the public float shortfall occurs, devise and announce a concrete and viable action plan⁹⁹, which should include a clear timeframe in respect of each stage of work under the plan to demonstrate that the required minimum public float will be restored within a reasonable period. The Exchange may give guidance to issuers on the adequacy of their plans and comment on their timeframe, where appropriate. However, it is the issuer's obligation to devise an effective restoration plan in order to ensure re-compliance with the applicable Ongoing Public Float Threshold.
206. We have clarified the drafting of the relevant Listing Rules¹⁰⁰, as suggested by a respondent (see paragraph 189), to state that an issuer will not require the Exchange's

⁹⁷ Note to MB Rules 13.32E(2) and 19A.28E(2) (Note to GEM Rules 17.37E(2) and 25.21E(2)).

⁹⁸ Guidance on Public Float, paragraph 17.

⁹⁹ This could be done, for example, by a placing of existing shares by the controlling or substantial shareholder(s), or a placing of new shares by the issuer.

¹⁰⁰ Note 1 to MB Rule 13.32E(1) and Note 1 to MB Rule 19A.28E(1) (Note 1 to GEM Rule 17.37E(1) and Note 1 to GEM Rule 25.21(1)).

prior consent to announce details in relation to its restoration plan in a subsequent announcement.

Subsequent monthly update announcements

207. Monthly announcements will enhance market transparency by providing timely information on the issuer's public float status and its restoration plan. This requirement will also incentivise issuers falling short of the applicable Ongoing Public Float Thresholds to restore their public floats to a position of compliance promptly. For these reasons, we have not adopted the alternative suggestions proposed by the respondents (see paragraph 191).
208. We agree with respondents' suggestions on the content of a monthly update announcement (see paragraph 193(a)). We will provide further guidance¹⁰¹ to require the following particulars to be included in the monthly update announcements:
- (a) progress updates against the milestones set out in the issuer's restoration plan to enable existing shareholders and potential investors to understand the action(s) taken and any forthcoming action(s) planned for re-complying with the applicable ongoing public float requirements; and
 - (b) clear explanations for any material delay(s) or deviation(s) from its original restoration plan.
209. We will not adopt the suggestion to require monthly disclosure of the composition of ownership of the relevant class of shares listed on the Exchange (see paragraph 193(b)), as such information will already have been disclosed in the initial announcement¹⁰². Mandating a monthly update of such information could place an additional administrative burden on issuers and potentially divert focus from the execution of the restoration plan.
210. We acknowledge that market conditions may change, which could affect issuers' restoration plans (see paragraph 194). As stated above (see paragraph 204), issuers should promptly announce any updates to their plans, with justifications for the changes.

Restrictions on actions to further lower public float

211. As a general principle, we expect listed issuers to ensure that a sufficient public float is always maintained upon completion of a corporate action. If an issuer already has a public float shortfall, we also expect the issuer itself and its directors not to take actions that will lower the issuer's public float percentage further. This is even if the action is taken pursuant to a pre-existing arrangement entered into prior to the occurrence of a public float shortfall, unless there are exceptional circumstances.

¹⁰¹ Guidance on Public Float, paragraph 24.

¹⁰² See Box 4 of the Conclusions and Further Consultation Paper.

212. We will set out, in guidance¹⁰³, examples of exceptional circumstances in which we will consider lifting these restrictions. Having considered respondents' feedback (paragraph 197), we will include the following as examples:
- (a) the issuer subsequently seeking privatisation (e.g. by purchasing shares through the making of a general offer);
 - (b) compliance with court orders or regulatory enforcement actions; and
 - (c) the temporary holding of shares pursuant to a pre-existing arrangement, followed immediately by disposal as part of a transaction to restore a public float shortfall.
213. We have not adopted the suggestion to extend the restriction to all core connected persons of the issuers (see paragraph 199) or to introduce additional penalty (see paragraph 200). Under existing requirements¹⁰⁴, the Exchange already has the power to impose sanctions on any of an issuer's directors, substantial shareholders, senior management or supervisors (in the case of a PRC issuer), if they are found to have caused by action or omission, or knowingly participated in, a contravention of the Listing Rules.
214. In view of the majority support from respondents, we will adopt the proposal (as set out in paragraph 174 above).

¹⁰³ Guidance on Public Float, paragraph 26.

¹⁰⁴ MB Rules 2A.09 and 2A.10B (GEM Rules 3.10 and 3.11B).

B. Alternative to Suspension of Trading upon a Public Float Shortfall

Proposals

215. We proposed not to suspend trading in the shares of an issuer solely due to a shortfall in its public float below a specified threshold^{105 106}.
216. Instead of suspension, we proposed to identify issuers with a “**Significant Public Float Shortfall**” (as set out in paragraphs 231 to 233 below) with a special stock marker added to its stock name. Such issuers would also be subject to additional disclosure obligations (see paragraph 236), and would be delisted if they failed to restore public float within a prescribed remedial period (see paragraph 235)¹⁰⁷.

Responses received

217. A majority of respondents who commented (35 out of 43, or 81%) agreed that the shares of issuers with a public float below the applicable Ongoing Public Float Threshold could be traded without a special stock marker, as long as such public float shortfall does not constitute a Significant Public Float Shortfall¹⁰⁸. Among these, a majority of organisational respondents who commented (33 out of 34, or 97%) supported the proposal.
218. A majority of respondents who commented (34 out of 43, or 79%) agreed that, instead of suspension, issuers with a Significant Public Float Shortfall should be identified with a special stock marker and subject to heightened disclosure requirements and a delisting mechanism (as set out in paragraph 216 above) such that there can be continued trading in the issuer’s shares¹⁰⁹. Among these, a majority of organisational respondents who commented (32 out of 34, or 94%) supported the proposal.

Comments

General approach for issuers with public float shortfalls not being a Significant Public Float Shortfall

219. Respondents generally agreed that issuers with a public float below the applicable Ongoing Public Float Threshold (not being a Significant Public Float Shortfall) should be allowed to continue trading without a special stock marker. They considered it important to distinguish between the severity of shortfalls, noting that not all pose the same degree of risk to market integrity or investor protection. They believed that the marker should be

¹⁰⁵ Under current requirements, the Exchange will normally require suspension of trading in an issuer’s securities where the percentage of its public float falls below 15% (or 10% in the case of an issuer that has been granted a lower percentage of public float at the time of listing). See MB Rule 13.32(3) (GEM Rule 17.37).

¹⁰⁶ See paragraph 361 of the Conclusions and Further Consultation Paper.

¹⁰⁷ See paragraph 363 of the Conclusions and Further Consultation Paper.

¹⁰⁸ Question 4.5 of the Conclusions and Further Consultation Paper.

¹⁰⁹ Question 4.6 of the Conclusions and Further Consultation Paper.

reserved for Significant Public Float Shortfalls to ensure that investors are adequately informed of heightened risks once the public float shortfall reaches a more substantial level.

- 220. Some respondents believed that the enhanced disclosure requirements would provide sufficient transparency and protection for investors to make informed decisions.
- 221. The only organisational respondent who disagreed with the proposal suggested imposing a special stock marker on all issuers with a public float shortfall (even if that shortfall does not constitute a Significant Public Float Shortfall) to alert investors of potential liquidity and concentration risks.
- 222. Other opposing respondents did not provide substantive comments.

Other suggestions

- 223. One respondent suggested that, with respect to issuers close to having a Significant Public Float Shortfall, a lighter identifier, such as placing the issuer on a “watch-list”, could be introduced to alert investors.

Issuers with Significant Public Float Shortfalls

- 224. Respondents generally agreed that the proposal was a balanced, risk-based, regulatory approach. They thought it addressed the risks associated with non-compliance, while avoiding the undesirable consequences of suspension of trading. These consequences included, among others: depriving existing shareholders of their ability to trade out of their position; potentially limiting the options for issuers to conduct transactions to facilitate public float restoration; and causing market disruption.
- 225. They stated the following further benefits of the proposal:
 - (a) *Benefits to shareholders:* The proposal allows continued trading, thereby maintaining trading liquidity for shareholders. The special stock marker and the heightened disclosure requirements would serve the purpose of alerting the issuer’s shareholders and potential investors of a Significant Public Float Shortfall and liquidity risks, enabling them to make informed investment decisions.
 - (b) *Benefits to issuers:* Under the proposed approach, issuers are incentivised to actively pursue remedial measures, as the proposal ensures ongoing visibility of their status which encourages accountability. The delisting mechanism provides a clear backstop to ensure that issuers that fail to rectify the shortfall within a reasonable timeframe are appropriately sanctioned.
- 226. Only two organisational respondents opposed the proposal:
 - (a) One of them considered that suspension would be a more appropriate consequence due to the seriousness of the breach.
 - (b) The other respondent agreed with the overall approach but found the delisting timeline to be too stringent (see paragraph 248).

227. Other opposing respondents did not provide substantive comments.

Our response and conclusion

228. We note some respondents' suggestions that issuers with a public float shortfall should also be identified by way of a stock marker or by being put on a "watch-list" (paragraphs 221 and 223). However, as stated above (see paragraph 174), issuers with a public float shortfall will already be subject to heightened disclosure obligations (e.g. regular monthly updates), which should provide sufficient market transparency.
229. With respect to issuers with a Significant Public Float Shortfall, we believe that a special stock marker, along with other consequences, are sufficiently strong investor protection measures that should provide a meaningful deterrent against prolonged non-compliance with ongoing public float requirements.
230. In view of the majority support from respondents, we will adopt the proposal (as set out in paragraphs 215 and 216 above).

C. Significant Public Float Shortfall

Proposals

Proposed Significant Public Float Shortfall thresholds

231. We proposed that an issuer with a public float shortfall would be considered as having a Significant Public Float Shortfall unless a portion of the issuer's class of shares listed on the Exchange and held by the public:
- (a) represents at least 15% of the issuer's total number of issued shares in the class of shares listed (excluding treasury shares) (or for an issuer subject to a minimum public float percentage lower than 25% at the time of its initial listing, represented at least 50% of the issuer's Initial Prescribed Threshold); **or**
 - (b) has a market value of at least HK\$500 million and represents at least 5% of the issuer's total number of issued shares in the class of shares listed (excluding treasury shares)^{110 111}.
232. We proposed that, for a PRC issuer with other listed shares, a public float shortfall be considered as a Significant Public Float Shortfall unless its H shares listed on the Exchange and held by the public:
- (a) have a market value of at least HK\$500 million; **or**
 - (b) represent at least 5% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares)¹¹².
233. We proposed that the Significant Public Float Shortfall threshold for a PRC issuer with other listed shares also apply to non-PRC issuers with part of their share class listed on a PRC stock exchange (e.g. RMB Shares). This is if those shares are in the same class as, but are not fungible with, the shares listed on the Exchange (see paragraph 108). References to "H shares", in respect of that threshold, would be modified to mean their shares listed on the Exchange¹¹³.
234. We proposed that, consistent with the determination of the market value components of the Ongoing Public Float Thresholds (see paragraph 56 above), the market value thresholds for the purpose of considering whether an issuer has a Significant Public Float Shortfall (see paragraphs 231 to 233) be determined by multiplying: (a) the number of the shares held by the public as of the date of determination; by (b) the VWAP of the shares listed on the Exchange over 125 consecutive trading days (or, for PRC issuers

¹¹⁰ If an issuer's shares have traded for fewer than 125 trading days since listing on the Exchange, limb (b) would not apply, i.e. a public float shortfall will be considered as a Significant Public Float Shortfall unless the portion of its class of shares listed on the Exchange and held by the public represents at least 15% of the issuer's total number of issued shares in the class of shares listed (excluding treasury shares) (or for an issuer subject to a public float percentage lower than 25% at the time of its initial listing, 50% of the issuer's Initial Prescribed Threshold).

¹¹¹ See paragraph 364 of the Conclusions and Further Consultation Paper.

¹¹² See paragraph 365 of the Conclusions and Further Consultation Paper.

¹¹³ See paragraph 366 of the Conclusions and Further Consultation Paper.

with other listed shares (e.g. A+H issuers), all trading days since listing, if shorter) immediately prior to the date of determination¹¹⁴.

Delisting

235. We proposed that the issuer with a Significant Public Float Shortfall should be delisted if it fails to restore its public float to meet the applicable Ongoing Public Float Threshold within 18 months (GEM: 12 months) (of the date of commencement of the Significant Public Float Shortfall)¹¹⁵.

Additional disclosure obligations

236. We proposed that an issuer with a special stock marker be required to comply with the following disclosure obligations (in addition to the proposed disclosure requirement under paragraph 174):
- (a) *Announcement*: within one business day upon becoming aware of a Significant Public Float Shortfall, the issuer must publish an announcement of this fact; and
 - (b) *Adequate warning of its low public float*: an issuer with a Significant Public Float Shortfall must include an appropriate warning statement in all announcements and documents required to be published by the Rules. That warning statement should inform the market that the issuer's shares will be delisted if it fails to restore its public float to meet the applicable Ongoing Public Float Threshold within the prescribed period (see paragraph 235). It should also state that shareholders and investors should exercise caution when trading its shares¹¹⁶.

Removal of the special stock marker

237. We proposed that the special stock marker be removed, and cease to apply to an issuer, if the issuer could demonstrate that its public float has been restored to meet the applicable Ongoing Public Float Threshold. The issuer must announce the restoration of its public float¹¹⁷.

Responses received

238. Of those who agreed with the regulatory approach we proposed to issuers with a Significant Public Float Shortfall:
- (a) *Significant Public Float Shortfall thresholds*: a vast majority of respondents who commented (31 out of 32, or 97%) agreed with the proposed Significant Public Float Shortfall thresholds (as set out in paragraphs 231 to 233 above)¹¹⁸. Among

¹¹⁴ See paragraph 367 of the Conclusions and Further Consultation Paper.

¹¹⁵ See paragraph 368 of the Conclusions and Further Consultation Paper.

¹¹⁶ See paragraph 369 of the Conclusions and Further Consultation Paper.

¹¹⁷ See paragraph 370 of the Conclusions and Further Consultation Paper.

¹¹⁸ Question 4.7(a) of the Conclusions and Further Consultation Paper.

these, a vast majority of organisational respondents who commented (29 out of 30, or 97%) supported the proposal;

- (b) *Delisting*: a vast majority of respondents who commented (31 out of 33, or 94%) agreed with the proposed delisting mechanism for issuers with a Significant Public Float Shortfall (see paragraph 235 above)¹¹⁹. Among these, a vast majority of organisational respondents who commented (29 out of 31, or 94%) supported the proposal;
- (c) *Additional disclosure obligations for issuers with a special stock marker*: all of respondents who commented (32 out of 32, or 100%) agreed with the proposed additional disclosure obligations for issuers with a special stock marker (see paragraph 236 above)¹²⁰;
- (d) *Removal of special stock marker*: all respondents who commented (31 out of 31, or 100%) agreed with the proposed conditions for removal of the special stock marker (see paragraph 237 above)¹²¹.

Comments

Significant Public Float Shortfall thresholds

- 239. Respondents generally agreed that the proposed thresholds were clear and objective benchmarks for triggering additional disclosure requirements and a timeline towards potential delisting.
- 240. Supporting respondents agreed with the formulation of the Significant Public Float Shortfall thresholds and the rationale as stated in the Conclusions and Further Consultation Paper¹²². They believed that the proposed thresholds struck a good balance between ensuring market integrity and avoiding overly stringent requirements that could hinder issuers' ability to restore their public float.
- 241. In particular, these respondents noted that the dual-limb approach is particularly important for larger issuers as, for them, a relatively low percentage of public float may still represent a substantial market value, which may not pose the same risks to market liquidity as smaller issuers do.
- 242. They also thought the proposed formulation would ensure that a drop in market value alone, due to share price fluctuations, would not trigger a Significant Public Float Shortfall if the percentage of public float remains adequate. This would avoid penalising issuers for temporary or market-driven changes. Instead, the proposal focuses regulatory action on situations where both the proportion and the market value of public floats fall to levels that could genuinely undermine market quality and investor interests.

¹¹⁹ Question 4.7(b) of the Conclusions and Further Consultation Paper.

¹²⁰ Question 4.7(c) of the Conclusions and Further Consultation Paper.

¹²¹ Question 4.7(d) of the Conclusions and Further Consultation Paper.

¹²² Paragraphs 377 to 378 of the Conclusions and Further Consultation Paper.

243. The organisational respondent who suggested lowering the market value limb of the Alternative Threshold to cater to the needs of smaller cap issuers (see paragraph 33) also suggested lowering the market value limb to the Significant Public Float Shortfall threshold. It was the only opposing respondent.

Delisting

244. Respondents generally agreed that the proposed delisting mechanism provides a clear and effective deterrent against prolonged non-compliance. They agreed that it would be in public interest to delist a company with persistent Significant Public Float Shortfall due to a lack of an open market in the company's shares.

Timeline

245. Supporting respondents agreed that the proposed 18-month period for Main Board issuers to rectify a Significant Public Float Shortfall prior to delisting is reasonable and in line with the existing delisting framework.
246. Two respondents suggested the Exchange retain the discretion not to apply the delisting mechanism. For example, discretion not to delist may be warranted where a public float shortfall arises from hostile acquisition by independent third parties seeking to gain leverage in negotiations with the issuer, or where extenuating circumstances (e.g. economic downturns or sector-specific disruptions) make full public float restoration challenging.
247. One of these respondents cautioned that a rigid delisting mechanism could undermine investor confidence, as the loss of listing status may significantly impair the value of an investor's holdings. Another respondent suggested extending the delisting period from 18 to 24 months for Main Board issuers in exceptional circumstances.
248. Only two respondents opposed the proposal. While they agreed that issuers with a special stock marker should be delisted after a defined period, they disagreed with the proposed timeframe. One suggested shortening the proposed Main Board timeline (i.e. 18 months) to align with that of GEM, while the other opposing respondent suggested aligning the GEM timeline (i.e. 12 months) with that of the Main Board. A few supporting respondents also suggested aligning the delisting timeframe for Main Board and GEM issuers. They provided the following reasons:
- (a) those suggesting 12 months believed that this is justified in view of the overall relaxation of public float requirements and removal of trading suspension for significant breaches; and
 - (b) those suggesting 18 months took the view that smaller GEM issuers may face challenges to restore public floats, and 12 months may not be sufficient.

Clarification sought

249. One respondent sought guidance on whether the calculation of the 18-month (or 12-month for GEM) period will be suspended or restarted in situations where the issuer

partially restores its public float, i.e. above the Significant Public Float Shortfall threshold but below the applicable Ongoing Public Float Threshold.

Additional disclosure obligations for issuers with a special stock marker

250. Respondents generally agreed with the additional disclosure obligations imposed on issuers identified with a special stock marker, as they thought this would improve transparency and would allow investors to track issuers' remedial actions. They believed this to be particularly important during periods of heightened risk, when investors need more frequent and substantive updates to assess whether the restoration plan is credible.

Other suggestions

251. Two respondents suggested more frequent updates from issuers with a Significant Public Float Shortfall. They suggested that the Exchange publish such information prominently on its website, to further enable investors to more effectively monitor issuers' restoration efforts and to make informed decisions.
252. One respondent recommended that the warning statement proposed (see paragraph 236(b)) be presented prominently at the beginning of all announcements.

Removal of special stock marker

253. Respondents generally supported the removal of the special stock marker when an issuer has fully restored its public float to the applicable Ongoing Public Float Threshold. While respondents acknowledged the asymmetry between the criteria for applying and removing the marker¹²³ they believed the more stringent condition for removing the marker to be appropriate. This would ensure that the removal clearly signals a return to regulatory compliance to restore market confidence. It would also incentivise prompt rectification and full restoration of the required public float level.

Other suggestions

254. The respondent that suggested identifying issuers close to having a Significant Public Float Shortfall (see paragraph 223) also suggested a phased approach to removing the stock marker whereby substantial progress towards compliance (e.g. achieving 90% of the threshold) would allow for a partial relaxation of restrictions.
255. Two respondents proposed distinguishing issuers that have a Significant Public Float Shortfall for the first time from those that previously had a Significant Public Float Shortfall that has been restored to a non-significant shortfall.

¹²³ The marker would be applied if the size of an issuer's public float constituted a Significant Public Float Shortfall but only removed if the issuer's public float rose high enough to meet the Ongoing Public Float Threshold applicable to the issuer.

Our response and conclusion

Significant Public Float Shortfall thresholds

256. While we note the comment advocating for a lower market value threshold to benefit smaller issuers (see paragraph 243), for the reasons set out above (in paragraph 43), and in view of other respondents' feedback, we believe that the proposed Significant Public Float Shortfall thresholds are appropriate.
257. In view of the majority support from respondents, we will adopt the proposed Significant Public Float Shortfall thresholds (as set out in paragraphs 231 to 233 above).

Delisting

258. The delisting mechanism prescribes a clear timeline to facilitate the timely delisting of issuers that have a Significant Public Float Shortfall. This also provides certainty to the market. The delisting mechanism aims at incentivising issuers with a Significant Public Float Shortfall to act promptly towards public float restoration.
259. Consistent with existing practice¹²⁴, an issuer's inability to obtain cooperation from major shareholders would generally not be considered valid grounds for the Exchange to refrain from delisting the issuer if it fails to restore sufficient public float within the remedial period.
260. An issuer would be delisted within 18 months (GEM: 12 months) from the date of commencement of the Significant Public Float Shortfall if it fails to restore its public float to the applicable Ongoing Public Float Threshold. This is regardless of whether the issuer has partially restored its public float during this period (see paragraph 249).
261. We note respondents' comments on aligning the delisting timeframes for Main Board and GEM issuers, while there was no consensus on the appropriate timeframe (see paragraph 248). GEM is positioned as a market for small and mid-sized companies. The higher investment risks associated with these companies (e.g. price volatility due to the relatively small public floats of GEM issuers in absolute dollar terms) mean that additional measures are required to help ensure investors can have confidence in the sustainability of the public floats of GEM listed issuers. For these reasons, we will adopt the proposed shorter delisting timetable for GEM, which is in line with our existing approach to the delisting of long-suspended issuers listed on the Main Board and GEM¹²⁵.
262. In view of the majority support from respondents, we will adopt the proposed delisting mechanisms for issuers with a Significant Public Float Shortfall (see paragraph 235 above).

¹²⁴ HKEX Guidance Letter (HKEX-GL95-18), Guidance on long suspension and delisting, last updated in November 2024, paragraph 54.

¹²⁵ See paragraph 89 of the [Consultation Conclusions on Delisting and Other Rule Amendments](#) (May 2018).

Additional disclosure obligations for issuers with a special stock marker

- 263. Issuers with a Significant Public Float Shortfall will be required to give monthly updates, by way of an announcement, regarding the status of the shortfall and their restoration plans (see paragraph 174(c)). We believe the frequency and availability of such updates should enhance market transparency and incentivise such issuers to restore the shortfall. Accordingly, we will not adopt respondents' suggestions to require more frequent updates (see paragraph 251).
- 264. We have clarified the drafting of the Listing Rules to state that the warning statement must be presented prominently at the beginning of all announcements, as suggested by a respondent (see paragraph 252).
- 265. In view of the majority support from respondents, we will adopt the proposed additional disclosure obligations for issuers with a special stock marker (see paragraph 236 above).

Removal of the special stock marker

- 266. As an issuer with a public float shortfall is required to provide regular updates on its actual public float each month (see paragraph 174(c)), we believe that it would not be necessary to adopt the comment with respect to issuers that have partially restored their public floats (see paragraphs 254 to 255).
- 267. In view of the majority support from respondents, we will adopt the proposed conditions for removal of the special stock marker (see paragraph 237 above).

V. Scope of Application

Proposal

268. We proposed that all existing issuers be subject to the proposed ongoing public float requirements¹²⁶.

Responses received

269. A majority of respondents who commented (36 out of 42, or 86%) agreed that the proposed ongoing public float requirements should be applied to all existing listed issuers¹²⁷. Among these, all organisational respondents who commented (33 out of 33, or 100%) supported the proposal.

Comments

270. Many respondents agreed that the proposal would help ensure regulatory consistency and fairness, so that all issuers listed on the Exchange would be subject to a universal set of public float requirements. This would, in turn, enhance regulatory clarity, strengthen investor confidence, and minimise market confusion.
271. Respondents noted that the proposal would also allow existing listed issuers (in particular large cap issuers) to benefit from the flexibility provided by the proposed Alternative Threshold.

Transitional arrangement

272. A few opposing respondents suggested providing transitional arrangements for existing listed issuers to adapt to the new ongoing public float requirements, thereby avoiding any significant short-term market disruptions. Suggestions for the length of the transition period ranged between six and 24 months.
273. One respondent suggested that the Exchange clarify the transitional arrangements. The respondent asked how the Exchange would handle cases where trading in the securities of a listed issuer has been suspended because of a public float shortfall under the existing regime, if that shortfall did not constitute a Significant Public Float Shortfall under the new regime.

Our response and conclusion

274. We acknowledge respondents' suggestion to put in place a transitional period for existing listed issuers to adapt to the proposed new ongoing public float requirements (see paragraph 272). However, we believe that this may not be necessary for the following reasons:

¹²⁶ See paragraph 386 of the Conclusions and Further Consultation Paper.

¹²⁷ Question 5 of the Conclusions and Further Consultation Paper.

- (a) the new thresholds are generally consistent with, and in places less stringent than, existing requirements;
 - (b) with respect to the new monthly disclosure requirements¹²⁸, most issuers will be required to disclose only the applicable Initial Prescribed Threshold they are subject to, with a confirmation of compliance. We will not require an issuer to disclose its actual public float in its monthly returns unless:
 - (i) it has changed to the **Alternative Threshold**; or
 - (ii) it is a **PRC issuer with other listed shares (e.g. an A+H issuer)**, and is relying on the **market value limb** of the relevant bespoke ongoing public float threshold;
 - (c) with respect to the new annual disclosure requirement¹²⁹, as this will only apply to annual reports for financial years commencing on or after 1 January 2026, there is sufficient time for listed issuers to prepare for the requirements; and
 - (d) with respect to issuers in breach of the ongoing public float requirements, the new requirements will mandate more granular disclosure than current requirements. However, as any such existing issuers should already be implementing plans to restore their public float shortfalls, they should already be in possession of that information and so we do not think a transitional period is justified.
275. Upon the implementation of the Ongoing Public Float Rule Amendments, an existing listed issuer may elect to rely on the Alternative Threshold provided that the issuer meets the necessary conditions for doing so¹³⁰ (see Section I.A of this Chapter). We wish to clarify that when calculating market value for that purpose, the 125-trading-day reference period (see Section I.B of this Chapter) may include trading days prior to the effective date of the Ongoing Public Float Rule Amendments.
276. In relation to issuers whose securities were suspended from trading because of a public float shortfall under the existing regime¹³¹, there will be no change to the resumption conditions or deadline imposed on them by the Exchange under that regime. Trading in their securities will remain suspended until all the resumption conditions are fulfilled, including the resumption condition to restore their public float to meet the 25% threshold under the existing regime¹³² by that resumption deadline.
277. Irrespective of whether an issuer with a public float shortfall has been suspended under the existing regime, upon the implementation of the Ongoing Public Float Rule

¹²⁸ MB Rules 13.32D(1) and 19A.28D(1) (GEM Rules 17.37D(1) and 25.21D(1)).

¹²⁹ MB Rules 13.32D(2) and 19A.28D(2) (GEM Rules 17.37D(2) and 25.21D(2)).

¹³⁰ These conditions include satisfaction of the Alternative Threshold figures as set out in MB Rules 13.32B(2) and 19A.28B(1)(b) (GEM Rules 17.37B(2) and 25.21B(1)(b)) and the 125-trading-day requirement as set out in Notes 1 and 2 to MB Rule 13.32C and Notes 1 and 2 to MB Rule 19A.28C (Notes 1 and 2 to GEM Rule 13.32C and Notes 1 and 2 to GEM Rule 25.21C).

¹³¹ As of the close of 16 December 2025, two issuers were suspended because the percentage of their public float fell below 15%.

¹³² This means that at least 25% of the issuer's total number of issued shares must be held by the public.

Amendments, if the issuer continues to have a public float shortfall (determined based on the new Ongoing Public Float Threshold):

- (a) the issuer must restore its public float shortfall to meet the applicable Ongoing Public Float Threshold as soon as practicable; and
- (b) for so long as there is a shortfall, the issuer will be subject to the additional continuing obligations imposed on an issuer with a public float shortfall (see Section IV.A of this Chapter). This means that it must, amongst others, substantiate its restoration plan with relevant details in its subsequent monthly update announcements.

278. In view of the majority support from respondents, we will apply the proposal to apply the new ongoing public float requirements to all existing listed issuers (see paragraph 276 for our clarification regarding existing suspended issuers).

VI. Offers under the Takeovers Code

Proposals

279. We proposed to retain the current practice that, upon completion of an offer under Takeovers Code, the Exchange may consider granting a timing-relief waiver, from the ongoing public float requirement, for a reasonable period after a general offer to enable the issuer to restore its public float¹³³.
280. We also proposed that the timing-relief waiver not be granted if the public float shortfall, after completion of the general offer, is a Significant Public Float Shortfall¹³⁴.
281. If this timing-relief waiver is granted, the issuer would not be considered as being in breach of the ongoing public float requirement. However, we proposed that the issuer and its directors still be subject to the same level of disclosure as if it had been in breach¹³⁵ (see Section IV.A of this Chapter).

Responses received

282. A majority of respondents who commented (35 out of 41, or 85%) supported the proposal (as set out in paragraph 279 above)¹³⁶. Among these, all organisational respondents who commented (32 out of 32, or 100%) supported the proposal.
283. Of those who supported the proposal, a majority of respondents who commented (26 out of 35, or 74%) agreed that such a waiver should not be granted to the issuer if the public float shortfall upon completion of the general offer is a Significant Public Float Shortfall (as set out in paragraph 280 above)¹³⁷. Among these, a majority of organisational respondents who commented (23 out of 32, or 72%) supported the proposal.

Comments

Timing-relief waiver

General comments

284. Respondents generally agreed with the Exchange's proposal. They noted that the proposed approach is consistent with the existing regulatory framework and would maintain regulatory flexibility by allowing issuers to restore their public float within a reasonable period, as it is not uncommon for public float to fall below the applicable threshold after a successful general offer. They thought this struck the right balance between upholding market integrity and catering to practical realities.

¹³³ MB Rule 13.33 (GEM Rule 11.23(11)).

¹³⁴ See paragraph 391 of the Conclusions and Further Consultation Paper.

¹³⁵ Ibid.

¹³⁶ Question 6.1 of the Conclusions and Further Consultation Paper.

¹³⁷ Question 6.2 of the Conclusions and Further Consultation Paper.

285. Some supporting respondents agreed that the proposal would help address the following difficulties for an issuer to restore public float following the completion of a general offer:
- (a) *Passive role of the issuer:* a public float shortfall resulting from a general offer is unpredictable and outside the control of the issuer or its directors, as they are passive parties in the offer process; and
 - (b) *Time needed to restore public float:* it normally takes time for the issuer (and the offeror) to complete transactions necessary for restoration of the issuer's public float.
286. Respondents also believed that the proposal would motivate the offeror to restore the public float. This is because a positive obligation with a time limit would be imposed on the offeror.
287. Opposing respondents did not provide any substantive reason.

Specific comments

The waiver approach

288. A few respondents asked the Exchange to elaborate on the following in its consideration of granting a timing-relief waiver:
- (a) *Granting of a waiver:* whether there are specific circumstances under which a timing-relief waiver may not be granted following the completion of a general offer;
 - (b) *Length of the waiver period:* (i) whether the length of the waiver period would be tiered based on the severity of the public float shortfall; and (ii) whether the waiver period can be extended; and
 - (c) *Withdrawal of a waiver:* whether the Exchange would retain its discretion, on a case-by-case basis, to withdraw timing-relief waivers previously granted if insufficient progress in public float restoration is demonstrated.

Consequences of a public float shortfall

289. Several respondents sought clarification on whether an issuer would still be subject to any of the proposed consequences of a public float shortfall (e.g. the relevant disclosure obligations) (see Section IV.A of this Chapter) if it has been granted a timing-relief waiver. A few respondents recommended that the restoration, reporting and disclosure requirements be aligned with those applicable to issuers with a public float shortfall.

Disciplinary power

290. A few respondents argued that the offeror of a general offer should bear most responsibility for any public float shortfall resulting from that offer. They suggested that the Exchange reserve its power to impose disciplinary sanctions against the offeror in case of a prolonged non-compliance with the public float requirement.

291. These respondents went further to suggest that the Exchange refrain from bringing any disciplinary action against the issuer and/or its directors arising from such public float shortfall.

Significant Public Float Shortfall

292. Those respondents who supported the Exchange's proposed approach to a Significant Public Float Shortfall resulting from a general offer agreed that a timing-relief waiver should not be granted for the following reasons:

- (a) *Market integrity*: a Significant Public Float Shortfall poses greater risks to market integrity and investor confidence. A more stringent approach to this type of shortfall would be a clear signal to the market that maintaining adequate public float, on an ongoing basis, is a critical obligation for each issuer. This helps preserve the integrity of the proposed regulatory framework.
- (b) *Incentive for public float restoration*: the proposed approach (including the imposition of a special stock marker) would help incentivise the issuer and its directors to work with the offeror to restore the issuer's public float, as soon as practicable, upon completion of the general offer.
- (c) *Public float transparency*: the disclosure obligations imposed on an issuer with a Significant Public Float Shortfall would also enhance transparency, ensuring investors are informed about the issuer's public float status on a timely basis.

293. Those who disagreed with the proposed approach argued that, upon completion of a general offer, the practical difficulties of public float restoration (as mentioned in paragraph 285) would still arise regardless of whether the public float shortfall is a Significant Public Float Shortfall. The extent of the shortfall would, in practice, mean that additional, rather than less, time would be required to execute a restoration plan.

294. One respondent suggested that the Exchange consider granting a timing-relief waiver to an issuer with a Significant Public Float Shortfall and limit the length of the waiver period to three to six months. This is provided that the issuer demonstrates a credible and detailed restoration plan and commits to making relevant disclosure.

Our response and conclusion

Timing-relief waiver

The waiver approach

295. Regarding the Exchange's waiver approach, we wish to clarify that consistent with its existing practice:
- (a) *Granting of a waiver and length of the waiver period*: the Exchange will assess each application for a timing-relief waiver on a case-by-case basis based on information submitted by the issuer, and a waiver (typically for a period of three to six months) will be granted taking into account factors including (but not limited to)

the level of severity of the public float shortfall, and the issuer's proposed restoration plan and timeline; and

- (b) *Withdrawal of a waiver*: the Exchange will continue to retain its discretion to withdraw or amend a timing-relief waiver if there is a change in the issuer's circumstances.

Consequences of a public float shortfall

- 296. Where a timing-relief waiver is granted, the issuer will not be considered as being in breach of the ongoing public float requirement until the expiry of the waiver.
- 297. However, we wish to clarify that even if a timing-relief waiver is granted, such an issuer with a public float shortfall would still be subject to the same level of disclosure and obligations (including publication of an initial announcement and subsequent monthly update announcements) as if it were an issuer that had breached the public float requirement (see Section IV.A of this Chapter). We have amended the Listing Rules to make this clear¹³⁸.
- 298. To keep the market informed:
 - (a) the issuer would also be required to announce the granting of a timing-relief waiver by the Exchange.
 - (b) upon successful public float restoration, an issuer would also be expected to make an announcement to update the market.

Disciplinary power

- 299. Under the existing Rules, the Exchange may bring disciplinary action against an offeror following the completion of a general offer if the issuer fails to restore a public float shortfall, on the basis that the directors of the offeror have breached an undertaking¹³⁹ and/or because the offeror will have become the issuer's substantial shareholder (and possibly its controlling shareholder).¹⁴⁰
- 300. The Exchange will not adopt respondents' further suggestion to refrain from bringing disciplinary actions against the issuer and/or its directors (see paragraph 291). This is because:
 - (a) the proposed timing-relief waiver mechanism would already achieve an appropriate balance between flexibility and safeguarding investor interests by

¹³⁸ See MB Rule 13.33(2) (GEM Rule 17.38B(2)).

¹³⁹ As stated in paragraph 390(a) of the Conclusions and Further Consultation Paper, offerors will continue to be required to: (i) undertake to restore a public float shortfall upon completion of its offer under Takeovers Code if the offeror intends the issuer to remain listed afterwards; and (ii) disclose the undertaking in the offer document (see MB Rule 14.81(3) (GEM Rule 19.81(3))).

¹⁴⁰ MB Rule 2A.09 (GEM Rule 3.10).

allowing additional time for the issuer to re-comply with the ongoing public float requirement following a general offer; and

- (b) the issuer and its directors should bear the responsibility to ensure ongoing compliance with the Listing Rules, even though a public float shortfall resulting from a general offer may be outside of their control. This is consistent with our position on other public float breaches.

301. The directors of the offeror and the new directors to be appointed to the board of the issuer are required to undertake, at the close of the offer, to take appropriate steps to ensure public float sufficiency¹⁴¹. Accordingly, the Exchange expects these parties to have discussed and agreed with the issuer and/or its directors regarding the restoration plan upon completion of the offer.

302. In view of the above and the majority support from respondents, we will adopt the proposed approach to granting a timing-relief waiver to an issuer from the ongoing public float requirement upon completion of an offer under the Takeovers Code (as set out in paragraph 279 above).

Significant Public Float Shortfall

303. We acknowledge that a Significant Public Float Shortfall, at the close of a general offer, is usually a natural outcome of a high level of acceptance that is beyond the issuer's control. We also acknowledge that it may also take the issuer (and the offeror) more time to restore its public float under such circumstances.

304. However, it is noted that a Significant Public Float Shortfall is associated with a heightened risk of shareholding concentration and market manipulation in the absence of a meaningful number of shares in public hands. Due to these heightened risks we believe it is necessary to subject the issuer to:

- (a) the stock market requirement (in addition to the disclosure requirements) to ensure the investing public is informed of such risk; and
- (b) the delisting mechanism to incentivise the issuer to restore its public float within a designated period.

305. In view of the above and the majority support from respondents, we will adopt the proposal of refraining from granting a timing-relief waiver in the case of a Significant Public Float Shortfall (as set out in paragraph 280 above).

¹⁴¹ See footnote 139.

CHAPTER 3: HOUSEKEEPING RULE AMENDMENTS

306. We have taken the opportunity to make various housekeeping amendments to the Rules that do not involve any change to policy direction. This Chapter sets out a summary of the intended objective of these Rule amendments, and such amendments are set out in Part B of **Appendices IV and V** to this paper.

I. Consequential Changes Relating to the Conclusions and Further Consultation Paper

307. Amendments to the Listing Rules pursuant to the proposals adopted in the Conclusions and Further Consultation Paper took effect on 4 August 2025. We will update a number of references and terminologies in the Rules to better reflect particular aspects of the proposals that have been implemented:

- (a) amend (i) Note to MB Rule 8.24¹⁴², (ii) Note 3 to GEM Rule 11.23¹⁴³ and (iii) GEM Rule 25.07A¹⁴⁴ to correct clerical errors;
- (b) update MB Rule 19B.08¹⁴⁵ by replacing the references to “total number of issued shares of the issuer” to “the public float of the issuer at the time of listing”;
- (c) update (i) paragraph 3.2 of Practice Note 18 of the Main Board Listing Rules and (ii) paragraph 3A of Practice Note 6 of the GEM Listing Rules¹⁴⁶ to align with the wording of MB Rule 18C.08¹⁴⁷; and
- (d) update (i) paragraph 9 of Appendix D1B to the Main Board Listing Rules and (ii) paragraph 9 of Appendix D1B to the GEM Listing Rules¹⁴⁸ to expressly state that a listed issuer seeking to list a new class of securities would be required to disclose, in its listing document, the expected percentage of public float in the relevant class of securities immediately upon listing.

¹⁴² This Rule sets out the meaning of “the public”.

¹⁴³ Ibid.

¹⁴⁴ This Rule sets out the public float requirements for PRC issuers.

¹⁴⁵ This Rule sets out the basis for determining the public float of an issuer of depositary receipts.

¹⁴⁶ These two paragraphs prescribe the minimum percentage of shares on offer in an IPO that must be allocated to investors in the placing tranche (other than cornerstone investors).

¹⁴⁷ See Section III.D in Chapter 5 of the Conclusions and Further Consultation Paper for a relevant minor amendment to MB Rule 18C.08 (effective from 4 August 2025 onwards).

¹⁴⁸ These two paragraphs set out information about the securities for which listing is sought that should be included in a listing document of a listed issuer.

II. Consequential Changes Relating to the SFC's Streamlined Authorisation Process and Documentary Requirements for REITs

308. With effect from 13 October 2025, the SFC has streamlined the authorisation process and documentary requirements for REITs. As part of these changes, the SFC will no longer issue an “approval-in-principle” of the authorisation application. Instead, a “conditional authorisation letter” will be issued, and applicants must fulfil and comply with all conditions specified in the letter before the authorisation becomes effective. We will update Chapter 20 of the Main Board Listing Rules to reflect these changes accordingly.

CHAPTER 4: IMPLEMENTATION OF THE LISTING RULES

309. Part A of **Appendices IV and V** to this paper sets out the Ongoing Public Float Rule Amendments the Exchange intends to implement. These are:
- (a) the conclusions contained in Chapter 2 of this paper; and
 - (b) the other proposals relating to ongoing public float which the Exchange had indicated an intention to adopt in the Conclusions and Further Consultation Paper, i.e. to apply ongoing public float requirements to shares listed on the Exchange only, and to mandate disclosure of actual public float and a statement on shareholding composition in listed issuers' annual reports (and the basis for such disclosure).¹⁴⁹
310. These Ongoing Public Float Rule Amendments will come into effect on 1 January 2026 and apply to all listed issuers¹⁵⁰, superseding and replacing the transitional ongoing public float requirements currently in place¹⁵¹.
311. In respect of the regular public float disclosure obligations (as set out in Section III of Chapter 2 of this paper):
- (a) the new monthly disclosure requirements will apply to monthly returns from the month ending 31 January 2026¹⁵² onwards. A preview version of each of the revised e-Forms for the monthly return¹⁵³ reflecting the new disclosure requirements is available on the HKEX website ([Main Board](#) and [GEM](#)); and
 - (b) the new annual disclosure requirements will apply to annual reports for financial years commencing on or after 1 January 2026.
312. The Exchange will publish the Guidance on Public Float¹⁵⁴, to be effective on 1 January 2026, to facilitate issuers' compliance with the new Rules. A preview version of this guidance letter is available on the HKEX website ([link](#)).

¹⁴⁹ See paragraphs 270, 299 and 305 of the Conclusions and Further Consultation Paper.

¹⁵⁰ Including all issuers listed before 1 January 2026 and those that are to be listed on or after that date.

¹⁵¹ To ensure compatibility with the initial public float requirements, the Exchange made transitional consequential amendments to its ongoing public float requirements on 4 August 2025. These transitional arrangements are set out in paragraph 272 and Table 12 of the Conclusions and Further Consultation Paper.

¹⁵² The first monthly return is to be filed by no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the fifth business day following 31 January 2026. See MB Rule 13.25B (GEM Rule 17.27B).

¹⁵³ Form FF301 (Monthly Return for Equity Issuer and Hong Kong Depositary Receipts listed under Chapter 19B of the Exchange Listing Rules on Movements in Securities); and Form FF302 (Monthly Return for Collective Investment Scheme listed under Chapter 20 of the Exchange Listing Rules (other than listed open-ended Collective Investment Scheme) on Movements in Units).

¹⁵⁴ HKEX Guidance Letter (HKEX-GL121-26), Guidance on Public Float, to be effective on 1 January 2026.

Housekeeping Rule Amendments

313. Part B of **Appendices IV** and **V** to this paper sets out housekeeping Rule amendments as detailed in Chapter 3 above. These Rule amendments will take effect on 1 January 2026.

DEFINITIONS

TERM	DEFINITION
“Alternative Threshold”	the proposed alternative ongoing public float threshold as defined in paragraph 312 of the Conclusions and Further Consultation Paper, which requires a portion of the class of shares an issuer has listed on the Exchange that is held by the public must, at all times: <ul style="list-style-type: none"> (a) have a market value of at least HK\$1 billion; and (b) represent at least 10% of the issuer’s total number of issued shares in the class of shares listed (excluding treasury shares).
“A share issuer”	a PRC issuer that has A shares listed on a PRC stock exchange
“A shares”	domestic shares of a PRC issuer that are listed on a PRC stock exchange
“A+H issuer”	an issuer that is both an A share issuer and an H share issuer
“close associate”	as defined in MB Rule 1.01 (GEM Rule 1.01)
“Conclusions and Further Consultation Paper”	the Conclusions and Further Consultation Paper on Proposals to Optimise IPO Price Discovery and Open Market Requirements published in August 2025 (link)
“Consultation Paper”	the Consultation Paper on Proposals to Optimise Price Discovery and Open Market Requirements published in December 2024 (link)
“core connected person”	as defined in MB Rule 1.01 (GEM Rule 1.01), as follows: <ul style="list-style-type: none"> (a) for a company other than a PRC issuer, or any subsidiary of a PRC issuer, means a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them; and (b) for a PRC issuer, means a director, supervisor, chief executive or substantial shareholder of the PRC issuer or any of its subsidiaries or close associate of any of them
“domestic shares”	shares of a PRC issuer which are subscribed for in Renminbi
“GEM”	GEM operated by the Exchange
“GEM Listing Rules” or “GEM Rules”	Rules Governing the Listing of Securities on GEM

TERM	DEFINITION
“H share issuer”	a PRC issuer that has H shares listed on the Exchange
“H shares”	shares of a PRC issuer that are listed on the Exchange
“HKEX”	Hong Kong Exchanges and Clearing Limited
“Initial Prescribed Threshold”	<p>the ongoing public float threshold as defined in paragraph 310 of the Conclusions and Further Consultation Paper, which requires a portion of the class of shares an issuer has listed on the Exchange that is held by the public must, at all times, represent at least:</p> <p>(a) 25% of the total number of issued shares in the class of shares listed (excluding treasury shares); or</p> <p>(b) any lower public float percentage prescribed at the time of its initial listing.</p>
“IPO”	initial public offering
“Listing Rules” or “Rules”	the Main Board and GEM Listing Rules
“Main Board”	the main board of the Exchange
“Main Board Listing Rules” or “MB Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mainland China” or “Mainland”	for the purpose of this paper, means the PRC, other than the regions of Hong Kong, Macau and Taiwan
“non-PRC issuer”	an issuer that is not a PRC issuer
“Ongoing Public Float Rule Amendments”	the Rule amendments as set out in Part A of Appendices IV and V to this paper
“Ongoing Public Float Thresholds”	the proposed Initial Prescribed Threshold and Alternative Threshold, or the bespoke ongoing public float thresholds applicable to PRC issuers with other listed shares (e.g. A+H issuers), as the case may be
“other listed shares”	for a PRC issuer, means shares of a PRC issuer in the class to which H shares belong that are listed on other regulated market(s), such as A shares
“PRC”	the People’s Republic of China

TERM	DEFINITION
“PRC issuer”	as defined in MB Rule 19A.04 (GEM Rule 1.01), which refers to an issuer which is duly incorporated in Mainland China as a joint stock limited company
“PRC stock exchange”	as defined in MB Rule 19A.04 (GEM Rule 1.01), being the Shenzhen Stock Exchange, the Shanghai Stock Exchange, or the Beijing Stock Exchange
“public float”	in the context of the Exchange’s requirements, means shares of an issuer that are held in the hands of the public
“REIT”	real-estate investment trust
“RMB Shares”	Renminbi-denominated shares issued and listed on a PRC stock exchange by a non-PRC issuer
“securities”	shares (including preference shares, depositary receipts and treasury shares), convertible equity securities and options, warrants or similar rights to subscribe or purchase shares or convertible equity securities, but excluding interests in a Collective Investment Scheme (as defined in Part I of Schedule 1 to the SFO)
“SEHK” or “Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of HKEX
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Cap. 571)
“Significant Public Float Shortfall”	a situation where specified conditions regarding an issuer’s actual public float (see paragraphs 231 to 233) could not be met, upon which the Exchange proposes to impose a special stock marker to the issuer’s shares and require the issuer to comply with certain additional obligations (see paragraphs 216, 235 and 236)
“substantial shareholder”	as defined in MB Rule 1.01 (GEM Rule 1.01), as follows: in relation to a company means a person (including a holder of depositary receipts) who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the company (excluding voting rights attaching to treasury shares), provided always that a depositary shall not be a substantial shareholder merely by reason of the fact that it is holding shares of the issuer for the benefit of the holders of depositary receipts

TERM	DEFINITION
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“trading day”	in the case of an issuer, has the meaning as in the Rules of the Exchange, but excludes any day on which trading of the issuer’s shares was halted or suspended
“treasury shares”	shares repurchased and held by an issuer in treasury, as authorised by the laws of the issuer’s place of incorporation and its articles of association or equivalent constitutional documents
“VWAP”	as defined in paragraph 56, being the volume weighted average price

APPENDIX I: LIST OF RESPONDENTS

Named Respondents

The following is a list of 25 respondents to the Conclusions and Further Consultation Paper who have agreed to have their names published:

Organisational respondents
Accounting Firm
Ernst & Young
Corporate Finance Firm / Bank
Quam Capital Limited
Investment Firms / Asset Managers
Chartwell Capital Limited
Yu Ming Investment Management Limited
Law Firms
Deacons
Fangda Partners
Freshfields
Herbert Smith Freehills Kramer
Howse Williams
Jia Yuan Law Office
Kirkland & Ellis
Latham & Watkins LLP
Simmons & Simmons
Slaughter and May
Sullivan & Cromwell (Hong Kong) LLP

Listed Company

Weiye Holdings Limited

Professional Bodies / Industry Associations

Asia Securities Industry & Financial Markets Association

Asian Corporate Governance Association

Association of Hong Kong Capital Market Practitioners

CFA Society Hong Kong

Hong Kong Securities & Futures Professionals Association

Hong Kong Sponsor Principal Association Limited

The Hong Kong Chartered Governance Institute

The Law Society of Hong Kong

Individual respondent

Zhou

Anonymous Respondents

The following is a breakdown, by category, of the 19 respondents to the Conclusions and Further Consultation Paper who have opted to remain anonymous:

Organisation Category	Number
Accounting Firm	1
Corporate Finance Firms / Banks	2
Law Firms	2
Listed Companies	3
Professional Body / Industry Association	1
Other Company / Organisation	1

Individual Category	Number
Accountants	2
HKEX Participant Staff	1
Listed Company Staff	1
Retail Investors	5

APPENDIX II: QUANTITATIVE ANALYSIS OF RESPONSES

This appendix provides a summary of quantitative responses¹ from the respondents to all questions in the Conclusions and Further Consultation Paper. The total number of each question includes only respondents who commented on that question. The sum of percentages for each row may not add up to 100% due to rounding.

NO.	QUESTION	YES	%	NO	%	TOTAL
Q1.1	Do you agree with the proposal to implement the Alternative Threshold, which will provide an alternative ongoing public float threshold for issuers in addition to the Initial Prescribed Threshold (as set out in paragraphs 310 to 312 of the Conclusions and Further Consultation Paper)?	36	84%	7	16%	43
Q1.2	Do you agree with the proposed threshold figures (i.e. HK\$1 billion and 10%) for the Alternative Threshold (as set out in paragraph 312 of the Conclusions and Further Consultation Paper)?	29	83%	6	17%	35
Q1.3	Do you agree that for the purpose of determining whether the market value of shares held by the public meets the market value limb of the Alternative Threshold, the market value of an issuer's shares will be determined on a rolling basis by multiplying (a) the number of shares held by the public as of the date of determination by (b) the volume weighted average price of the shares listed on the Exchange over 125 trading days immediately prior to the date of determination (as set out in paragraph 316 of the Conclusions and Further Consultation Paper)?	34	97%	1	3%	35

¹ Excluding duplicate responses.

NO.	QUESTION	YES	%	NO	%	TOTAL
Q1.4	Do you agree that a listed issuer would not be able to rely on the Alternative Threshold if the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange?	34	97%	1	3%	35
Q1.5	Do you agree that, in the case of an issuer seeking to switch from relying on the Initial Prescribed Threshold to the Alternative Threshold, if its listed shares have been suspended from trading for more than five consecutive business days during the 125-trading-day period for determination of the market value of shares, the Exchange may require the issuer to extend the 125-day period to demonstrate that it can meet the Alternative Threshold over a reasonable period after resumption of trading?	33	97%	1	3%	34
Q1.6	Do you agree that the same ongoing public float requirements that apply to Main Board issuers should be applied to GEM issuers?	28	74%	10	26%	38
Q2.1	Do you agree with the proposed bespoke ongoing public float threshold figures (i.e. HK\$1 billion or 5%) for a PRC issuer with other listed shares (such as an A+H issuer) (as set out in paragraph 341 of the Conclusions and Further Consultation Paper)?	35	85%	6	15%	41
Q2.2	Do you agree that the bespoke ongoing public float thresholds for PRC issuers with other listed shares should also apply (as modified) to non-PRC issuers with shares listed on a PRC stock exchange (e.g. RMB shares), if those shares are in the same class as, but are not fungible with, the shares listed on the Exchange (as set out in paragraph 342 of the Conclusions and Further Consultation Paper)?	35	85%	6	15%	41

NO.	QUESTION	YES	%	NO	%	TOTAL
Q3.1	Do you agree with the proposal that all issuers be required to confirm, in their monthly returns and annual reports, whether they have met their applicable Ongoing Public Float Thresholds?	35	83%	7	17%	42
Q3.2	Do you agree with the proposal that issuers relying on the Initial Prescribed Threshold must disclose the minimum percentage threshold applicable to them in their monthly returns (as set out in paragraph 352(a)) of the Conclusions and Further Consultation Paper)?	35	83%	7	17%	42
Q3.3(a)	Do you agree with the proposal that issuers relying on the Alternative Threshold must disclose, in their monthly returns, the market value and percentage of the portion of the class of shares they have listed on the Exchange that are held by the public (as set out in paragraph 352(b) of the Conclusions and Further Consultation Paper)?	33	80%	8	20%	41
Q3.3(b)	Do you agree with the proposal that PRC issuers with other listed shares (e.g. A+H issuers) relying on the market value limb of the relevant bespoke ongoing public float threshold must disclose, in their monthly returns, the market value and percentage of the portion of the class of shares they have listed on the Exchange that are held by the public (as set out in paragraph 352(b) of the Conclusions and Further Consultation Paper)?	33	80%	8	20%	41
Q3.4	Do you agree with the proposal that all issuers also be required to disclose, in each of their annual reports, the relevant information proposed to be included in their monthly returns (see paragraph 352 of the Conclusions and Further Consultation Paper), as at the end of the relevant financial year?	34	83%	7	17%	41

NO.	QUESTION	YES	%	NO	%	TOTAL
Q3.5	Do you agree with the proposed disclosure obligations in relation to share capital structure information in annual reports for all issuers (as set out in paragraph 354 of the Conclusions and Further Consultation Paper)?	34	83%	7	17%	41
Q4.1	Do you agree that the additional obligations we propose to apply to issuers if their public float falls below the applicable Ongoing Public Float Threshold (as set out in paragraph 360 of the Conclusions and Further Consultation Paper) are sufficient to: (a) enable continued trading of the issuer's shares (on the basis that the proposal would enable sufficient information to be provided to potential investors and existing shareholders); and (b) incentivise relevant issuers to restore their public float to meet the applicable Ongoing Public Float Threshold as soon as practicable?	34	81%	8	19%	42
Q4.2	Do you agree with the proposed disclosure requirement for the initial announcement to be made by an issuer with a public float shortfall within one business day of it becoming aware that there is a public float shortfall (as set out in paragraph 360(b) of the Conclusions and Further Consultation Paper), including the proposed requirement that the issuer must also announce its plan and expected timeline to restore to the applicable Ongoing Public Float Threshold, which can be announced in a subsequent announcement that must be published no later than 15 business days of it becoming aware that there is a public float shortfall?	33	80%	8	20%	41
Q4.3	Do you agree that if an issuer's public float falls below the applicable Ongoing Public Float Threshold, it must provide monthly updates, by way of announcement, to notify the market of the status of its public float and updates on its restoration plan (as set out in paragraph 360(c) of the Conclusions and Further Consultation Paper)?	32	78%	9	22%	41

NO.	QUESTION	YES	%	NO	%	TOTAL
Q4.4	Do you agree that, for so long as an issuer does not comply with the applicable Ongoing Public Float Threshold, the issuer itself, and each of its directors, must not (and each director must use his best endeavours to ensure that his close associates do not) take any action that may further lower the issuer's public float percentage, unless the circumstances are exceptional (as set out in paragraph 360(d) of the Conclusions and Further Consultation Paper)?	34	83%	7	17%	41
Q4.5	Do you agree that shares of issuers with a public float below the applicable Ongoing Public Float Threshold can be traded without a special stock marker, as long as such public float shortfall does not constitute a Significant Public Float Shortfall (as set out in paragraph 363 of the Conclusions and Further Consultation Paper)?	35	81%	8	19%	43
Q4.6	Do you agree that, instead of suspension, issuers with a Significant Public Float Shortfall should be identified with a special stock marker and subject to heightened disclosure requirements and a delisting mechanism (as set out in paragraphs 361 to 369 of the Conclusions and Further Consultation Paper), such that there can be continued trading in the issuer's shares?	34	79%	9	21%	43
Q4.7(a)	Do you agree with the proposed Significant Public Float Shortfall thresholds (as set out in paragraphs 364 to 366 of the Conclusions and Further Consultation Paper)?	31	97%	1	3%	32
Q4.7(b)	Do you agree with the proposed delisting mechanism for issuers with a Significant Public Float Shortfall (as set out in paragraph 368 of the Conclusions and Further Consultation Paper)?	31	94%	2	6%	33

NO.	QUESTION	YES	%	NO	%	TOTAL
Q4.7(c)	Do you agree with the proposed additional disclosure obligations for issuers with a special stock marker (as set out in paragraph 369 of the Conclusions and Further Consultation Paper)?	32	100%	0	0%	32
Q4.7(d)	Do you agree with the proposed conditions for removal of the special stock marker (as set out in paragraph 370 of the Conclusions and Further Consultation Paper)?	31	100%	0	0%	31
Q5	Do you agree that the proposed ongoing public float requirements be applied to all existing listed issuers?	36	86%	6	14%	42
Q6.1	Do you agree with our proposal to retain the current practice of granting a timing-relief waiver to an issuer from the ongoing public float requirement for a reasonable period after a general offer to restore the public float (as set out in paragraph 391 of the Conclusions and Further Consultation Paper)?	35	85%	6	15%	41
Q6.2	If your answer to Question 6.1 is “yes”, do you agree that such a timing-relief waiver from the ongoing public float requirement should not be granted to the issuer if the public float shortfall upon completion of the general offer is considered as a Significant Public Float Shortfall (as set out in paragraph 391 of the Conclusions and Further Consultation Paper)?	26	74%	9	26%	35

APPENDIX III: METHODOLOGY

Purpose of the Exchange's Methodology

1. In reviewing and drawing conclusions from the consultation responses, the Exchange's goal is to ensure that we come to a balanced view in the best interest of the market as a whole and in the public interest.
2. The effectiveness of this process depends on the submission of original responses from a broad range of respondents that give considered and substantive reasons for their views. The Exchange's methodology, accordingly, aims to accurately categorise respondents and identify different viewpoints. In line with the Exchange's past publicly stated practice, this requires a qualitative assessment of the responses in addition to a quantitative assessment.

Identifying the Category of a Respondent

3. In this paper, each respondent is categorised into an individual or an organisation and according to whether their response represented the view of:
 - (a) for an organisation, one of the following: "Accounting Firm", "Corporate Finance Firm / Bank", "HKEX Participant", "Investment Firm / Asset Manager", "Law Firm", "Listed Company", "Professional Body / Industry Association", "Prospective Listing Applicant" or "Other Company / Organisation"; and
 - (b) for an individual, one of the following: "Accountant", "Corporate Finance / Bank Staff", "HKEX Participant Staff", "Staff at Investment Firm / Asset Manager", "Lawyer", "Listed Company Staff", "Prospective Listing Applicant Staff", "Retail Investor" or "Other Individual".
4. This categorisation is based on each respondents' indication in their submission. Responses without an indication of the respondent's capacity or with a clearly incorrect capacity were re-categorised by the Exchange using the most appropriate description.
5. The Exchange categorised "Professional Bodies / Industry Associations" as a single group rather than strictly assigning them individually to other categories (e.g., by assigning qualified accountants' associations to the "Professional Bodies / Industry Associations" category instead of the "Accounting Firms" category). This is in line with the Exchange's past practice. Subjective judgement is required to assign professional bodies to other categories, and some do not fit easily with other categories of respondents.
6. It is not the Exchange's practice to categorise "Investment Firms / Asset Managers" by the size of their assets under management for the purposes of analysing consultation responses, as the Exchange believes that the size of an institution's global assets does not mean that we should necessarily attach more insight to their arguments or viewpoints. This would also raise issues as to the treatment of representative bodies

that have considerable variances in number and type of members. Similarly, it is not the Exchange's practice to categorise professional bodies by their size and nature of their membership.

Qualitative Assessment

7. The Exchange performed a qualitative analysis to enable it to properly consider the broad spectrum of respondents and their views. A qualitative analysis enabled the Exchange to give due weight to responses submitted on behalf of multiple persons or institutions¹, and the underlying rationale for a respondent's position.
8. The Exchange treated all responses equally under the assumption that all respondents are sincere in the viewpoints they have expressed. Where a respondent raised points that were more relevant to other questions in the consultation, the Exchange has endeavoured to keep repetition between sections in this paper to a minimum by summarising those comments in the most relevant section.

Quantitative Assessment

9. The Exchange also performed an analysis to determine the support, in purely numerical terms, for the consultation proposals set out in the Conclusions and Further Consultation Paper. The result of this quantitative analysis forms **Appendix II** to this paper.
10. With respect to each consultation question that invited a yes/ no response, each response is placed into one of the following categories based on indication by the respondents:
 - (a) support;
 - (b) not support; or
 - (c) no comment.

Counting responses not respondents

11. For the purpose of its quantitative analysis, the Exchange counted the number of responses received not the number of respondents those submissions represented. This means:
 - (a) a submission by a professional body is counted as one response even though that professional body may represent many individual members;
 - (b) a submission representing a group of individuals is counted as one response; and

¹ As stated below (see paragraph 11), for the purpose of the quantitative analysis, a submission made on behalf of multiple persons are only counted as one response.

- (c) a submission by a law firm representing a group of market practitioners (e.g., sponsor firms or banks) is counted as one response.
12. However, when undertaking qualitative analysis of responses, the Exchange has taken into account the number and nature of the persons or firms represented by other respondents.
13. The Exchange's method of counting responses, not respondents they represent, is the Exchange's long established publicly stated policy.

Response Handling

Duplicate response

14. Of the 44 responses in total, one duplicate response was submitted by one individual. In line with the Exchange's long established publicly stated policy, such duplicate response was disregarded in both qualitative and quantitative assessments.

Publication of responses

15. Three respondents indicated that they did not wish their responses to be published. Except for these responses, all responses received are available to view on the HKEX website ([link](#)).
16. 19 respondents requested their responses² be published anonymously. We have included these responses in the list of responses published on the HKEX website, identified by category only (e.g. "Individual").
17. We counted these responses for the purpose of both our qualitative and quantitative assessments of responses.

² Including duplicate responses.

APPENDIX IV: AMENDMENTS TO MAIN BOARD LISTING RULES

Part A

This part sets out the amendments to the Main Board Listing Rules in relation to the Ongoing Public Float Rule Amendments. These amendments will take effect on 1 January 2026.

Rules that have been added or amended compared to those included in the Conclusions and Further Consultation Paper are highlighted in yellow.

Chapter 1

GENERAL

INTERPRETATION

...

- 1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

...

“public float” shares in the hands of the public

...

Chapter 6

GENERAL

TRADING HALT, SUSPENSION, CANCELLATION AND WITHDRAWAL OF LISTING

6.01 Listing is always granted subject to the condition that where the Exchange considers it necessary for the protection of the investor or the maintenance of an orderly market, it may at any time direct a trading halt or suspend dealings in any securities or cancel the listing of any securities in such circumstances and subject to such conditions as it thinks fit, whether requested by the issuer or not. The Exchange may also do so where:—

- (1) [Repealed 1 August 2018]
- (2) the Exchange considers there are insufficient securities in the hands of the public (as required under~~see rule 8.08(1)~~13.32B); or
- (3) the Exchange considers that the issuer does not carry on a business as required under rule 13.24; or
- (4) the Exchange considers that the issuer or its business is no longer suitable for listing.

...

Chapter 7

EQUITY SECURITIES

METHODS OF LISTING

...

Placing

...

- 7.11 The Exchange may be prepared to allow preliminary arrangements and placings to be made to dispose of securities before the start of dealings where necessary to comply with the requirement in rule 8.08(1) or rule 13.32B on the minimum prescribed public float~~that a minimum prescribed percentage of any class of listed securities must at all times be held by the public.~~

...

Chapter 8

EQUITY SECURITIES

QUALIFICATIONS FOR LISTING

...

Basic Conditions

...

Open market requirements

8.08 There must be an open market in the securities for which listing is sought. This will normally mean that for a class of securities new to listing:—

- (1) at least a minimum prescribed percentage of that class of securities must be held by the public at the time of listing, determined by reference to the following table, which must also at all times be held by the public:—

...

Notes:

1. ...

2. ~~*[Repealed 1 January 2026]In the case of an issuer listed on the Exchange with a listing document issued before 4 August 2025, the relevant minimum prescribed percentage of listed securities in public hands that must be maintained by the issuer at all times shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.*~~

Chapter 10

EQUITY SECURITIES

RESTRICTIONS ON PURCHASE AND SUBSCRIPTION

...

Restrictions and Notification Requirements on Issuers Purchasing their own Shares on a Stock Exchange

...

10.06 ...

(2) ...

- (f) an issuer whose primary listing is on the Exchange may not purchase its shares on the Exchange if that purchase would result in the number of listed ~~securities~~**shares** which are in the hands of the public falling below the ~~relevant~~applicable prescribed minimum ~~percentage~~threshold for that issuer under rule 13.32B ~~(as determined by the Exchange at the time of listing under rule 8.08)~~; and

...

Restrictions on disposal of shares by controlling shareholders following a new listing

10.07 ...

Note: (1) Controlling shareholder(s) ~~is/are free to~~ may purchase additional securities and dispose of securities thus purchased in the relevant period, subject to compliance with the requirements of rule ~~8.08~~13.32B to maintain an open market in the securities and a sufficient public float.

...

...

Chapter 13

EQUITY SECURITIES

CONTINUING OBLIGATIONS

...

GENERAL MATTERS RELEVANT TO THE ISSUER'S SECURITIES

Changes in issued shares – next day disclosure return and monthly return

...

13.25B A listed issuer shall, by no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the fifth business day next following the end of each calendar month, submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the Exchange's website, a monthly return in relation to:

- (1) movements in the listed issuer's equity securities (including treasury shares), debt securities and any other securitised instruments, as applicable, during the period to which the monthly return relates, in such form and containing such information as the Exchange may from time to time prescribe (irrespective of whether there has been any change in the information provided in its previous monthly return). Such information includes, among other things, the number as at the close of such period of equity securities (including treasury shares), debt securities and any other securitised instruments, as applicable, issued, sold or transferred and which may be issued, sold or transferred pursuant to options, warrants, convertible securities or any other agreements or arrangements; and
- (2) information in relation to the listed issuer's public float as prescribed under rule 13.32D(1).

...

~~Minimum prescribed public holdings and other~~ Other listings

- 13.32 (1) ~~Issuers shall maintain the minimum percentage of listed securities as prescribed by rule 8.08(1) at all times in public hands. An issuer shall inform the Exchange immediately and publish an announcement:—~~
- (a) ~~[Repealed 1 January 2026]if it becomes aware that the number of listed securities which are in the hands of the public has fallen below the relevant prescribed minimum percentage; and~~

- (b) if any part of the securities of the issuer or any of its subsidiaries becomes listed or dealt in on any other stock exchange, stating which stock exchange.

Note: ~~[Repealed 1 January 2026]In the case of an issuer listed on the Exchange with a listing document issued before 4 August 2025, the relevant prescribed minimum percentage shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.~~

- (2) ~~[Repealed 1 January 2026]Once the issuer becomes aware that the number of listed securities in the hands of the public has fallen below the relevant prescribed minimum percentage (as determined at the time of the issuer's initial listing) the issuer shall take steps to ensure compliance at the earliest possible moment.~~

Notes: ...

- (2) ~~*[Repealed 1 January 2026]Any lower percentage of securities in public hands that may apply to eligible issuers under rule 8.08(1) only applies at the time of listing and will not be open for application post listing.*~~

- (3) ~~[Repealed 1 January 2026]If the percentage falls below the minimum, the Exchange reserves the right to require suspension of trading in an issuer's securities until appropriate steps have been taken to restore the minimum percentage of securities in public hands. In this connection, the Exchange will normally require suspension of trading in an issuer's securities where the percentage of its public float falls below 15% in the case of an issuer with a minimum prescribed percentage of public float of 25% at the time of listing (or 10% in the case of an issuer with a minimum prescribed percentage of public float of between 15% and 25% at the time of listing).~~

- (4) ~~[Repealed 1 January 2026]Where the percentage has fallen below the minimum, the Exchange may refrain from suspension if it is satisfied that there remains an open market in the securities and either:~~

- (a) ~~the shortfall in the prescribed percentage arose purely from an increased or newly acquired holding of the listed securities by a person who is, or after such acquisition becomes, a core connected person only because he is a substantial shareholder of the issuer and/or any of its subsidiaries. Such substantial shareholder must not be a controlling shareholder or single largest shareholder of the issuer. He must also be independent of the issuer, directors and any other substantial shareholders of the issuer and must not be a director of the issuer. If the substantial shareholder has any representative on the board of directors of the issuer, he must demonstrate that such representation is on a non-executive basis. In general, the Exchange would expect this to apply to holdings of the listed~~

~~securities by institutional investors with a wide spread of investments other than in the listed securities concerned. Holdings of the listed securities by venture capital funds which have been involved in the management of the issuer before and/or after listing would not qualify. It is the responsibility of the issuer to provide sufficient information to the Exchange to demonstrate the independence of such substantial shareholder and to inform the Exchange of any change in circumstances which would affect his independence as soon as it becomes aware of such change; or~~

~~(b) the issuer and the controlling shareholder(s) or single largest shareholder undertake to the Exchange to take appropriate steps to ensure restoration of the minimum percentage of securities to public hands within a specified period which is acceptable to the Exchange.~~

(5) ~~[Repealed 1 January 2026]At any time when the percentage of securities in public hands is less than the required minimum, and the Exchange has permitted trading in the securities to continue, the Exchange will monitor closely all trading in the securities to ensure that a false market does not develop and may suspend the securities if there is any unusual price movement.~~

Public float

Definitions and determination of percentage and market value of public float

13.32A For the purpose of rules 13.32B to 13.32G, save where the context otherwise requires:

(1) the following terms shall have the following meanings:

“Alternative
Threshold” has the meaning given to it in rule 13.32B(2)

“Initial Prescribed
Threshold” has the meaning given to it in rule 13.32B(1)

“Significant Public
Float Shortfall” has the meaning given to it in rule 13.32F

“trading day” in the case of an issuer, has the meaning defined in the Rules of the Exchange, but also excludes any day on which trading of the issuer’s shares was halted or suspended

(2) the percentage of an issuer’s public float is the portion of the class of shares listed on the Exchange and held by the public, as a percentage of its total

number of issued shares in that class of shares (excluding treasury shares); and

- (3) the market value of an issuer's public float is calculated by multiplying (a) the number of the shares held by the public as of the date of determination by (b) the volume weighted average price of the class of shares listed on the Exchange over the 125 trading days immediately prior to the date of determination.

Note: The volume weighted average price of the relevant class of shares referred to in this sub-paragraph (3) is calculated by dividing the total turnover (as stated in the Exchange's daily quotation sheets) by the total number of shares traded (as stated in the Exchange's daily quotation sheets) for the 125 trading days immediately prior to the date of determination, as adjusted for any applicable corporate actions.

Minimum prescribed public float

13.32B There must be an open market in the shares listed on the Exchange. This will normally mean that a portion of the class of shares listed on the Exchange and held by the public must, at all times:

- (1) represent at least 25% of the issuer's total number of issued shares in that class of shares (excluding treasury shares), or any lower minimum percentage of public float prescribed at the time of listing under rule 8.08(1) (the "Initial Prescribed Threshold"); or
- (2) alternatively:
- (a) have a market value of at least HK\$1,000,000,000; and
- (b) represent at least 10% of the issuer's total number of issued shares in that class of shares (excluding treasury shares),
- (the "Alternative Threshold").

Note: Where an issuer was granted a waiver from strict compliance with the minimum percentage of public float as prescribed by rule 8.08(1) (as amended from time to time) at the time of listing, the Initial Prescribed Threshold shall mean the minimum percentage of public float prescribed under that waiver.

13.32C If an issuer changes its reliance on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 13.32B, the issuer must, as soon as practicable, publish an announcement containing the reasons for the change and a statement setting out the market value and percentage of its public float as at the latest practicable date.

Notes: 1. The Alternative Threshold is not available to an issuer if the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange.

2. In the case of an issuer intending to **change its reliance** on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 13.32B, if during the 125 trading days immediately prior to the date of determination (referred to as the “reference period” for the purpose of this note) its listed shares have been suspended from trading for more than five consecutive business days, the Exchange may require the issuer to extend the reference period for the purpose of rule 13.32A(3) to demonstrate that the market value of its shares can meet the Alternative Threshold over a reasonable period after resumption of trading. Such an issuer should consult the Exchange at the earliest opportunity as to whether it may rely on the Alternative Threshold.

3. In the case of an issuer changing its reliance on the Alternative Threshold to the Initial Prescribed Threshold for compliance with rule 13.32B, the issuer must, as soon as practicable, publish an announcement containing the reasons for the change and the percentage of its public float as at the latest practicable date.

Disclosure in monthly returns and annual reports

13.32D (1) An issuer must include, in each monthly return made under rule 13.25B:

- (a) a statement confirming compliance with rule 13.32B, or an appropriate negative statement;
- (b) for an issuer relying on the Initial Prescribed Threshold for compliance with rule 13.32B, the minimum percentage threshold applicable to the issuer; and
- (c) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 13.32B, a statement setting out the market value and percentage of its public float,

as **at the end** of the **month** to which the monthly return relates.

(2) An issuer must include, in its annual report:

- (a) a statement confirming compliance with rule 13.32B, or an appropriate negative statement;
- (b) for an issuer relying on the Initial Prescribed Threshold for compliance with rule 13.32B, the minimum percentage threshold applicable to the issuer; and
- (c) a statement setting out:
 - (i) the percentage of its public float;

- (ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 13.32B, the market value of its public float; and
- (iii) the composition of (1) the ownership of the relevant class of shares listed on the Exchange and (2) the issuer's share capital,

as at the end of the financial year to which the annual report relates.

(3) An issuer that has relied on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 13.32B at any time within a financial year must, in addition to the requirement referred to in sub-paragraph (2) of this rule, also include in its annual report for that financial year:

- (a) in respect of each month in which the issuer relied on the Alternative Threshold as at the end of that month, the market value and percentage of its public float as at the end of that month; and
- (b) a commentary on all material changes to its public float levels during that financial year.

(4) The statements referred to in sub-paragraphs (1) to (3) of this rule should be based on information that is publicly available to the issuer or otherwise within the knowledge of its directors as at the latest practicable date prior to the issue of the monthly return or annual report (as the case may be).

Note: The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this rule.

Public float shortfall

13.32E (1) Upon becoming aware of its non-compliance with rule 13.32B, an issuer must:

- (a) take active steps to re-comply with rule 13.32B at the earliest possible moment; and
- (b) publish an announcement within one business day to inform the public of the non-compliance and the relevant information, including:
 - (i) the percentage of its public float;
 - (ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) at the point of its non-compliance with rule 13.32B, the market value of its public float;
 - (iii) the reason(s) for the non-compliance;
 - (iv) its plan and expected timeline to restore its public float;

- (v) the composition of ownership of the relevant class of shares listed on the Exchange; and
- (vi) any such other information as the Exchange may from time to time prescribe.

Notes: 1. An issuer may announce details in relation to its restoration plan in a subsequent announcement, provided that the subsequent announcement must be published within 15 business days upon the issuer becoming aware of its non-compliance with rule 13.32B.

2. The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this sub-paragraph (1).

(2) For so long as an issuer remains non-compliant with rule 13.32B, the issuer must:

- (a) publish an announcement on a monthly basis, and no later than the date of publication of its monthly return under rule 13.25B, to provide an update on:
 - (i) the percentage of its public float;
 - (ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) at the point of its non-compliance with rule 13.32B, the market value of its public float;
 - (iii) the status of its public float restoration plan, including action(s) taken during the relevant period to restore its public float; and
 - (iv) the expected timing for restoration; and
- (b) not take any action that may further lower the percentage of its public float, unless the issuer can demonstrate that there are exceptional circumstances.

Note: The Exchange may exercise its discretion to take appropriate action(s) (including to subject the issuer to the procedures set out in rule 13.32G and to exercise its powers under rule 6.01(2)) if, in the opinion of the Exchange, the issuer fails to re-comply with rule 13.32B within a reasonable period.

(3) For so long as an issuer remains non-compliant with rule 13.32B, each director must not, and must use his best endeavours to ensure that his close associates do not, take any action that may further lower the percentage of the issuer's public float, unless the director can demonstrate that there are exceptional circumstances.

Significant Public Float Shortfall

13.32F An issuer that fails to comply with rule 13.32B will be regarded as having a “Significant Public Float Shortfall” unless a portion of its class of shares listed on the Exchange and held by the public:

- (1) represents at least 15% of the issuer’s total number of issued shares in that class of shares (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold; or
- (2) has a market value of at least HK\$500,000,000 and represents at least 5% of the issuer’s total number of issued shares in that class of shares (excluding treasury shares).

Note: *If the issuer’s shares have traded for fewer than 125 trading days since listing on the Exchange, this rule will be modified and restated in its entirety as follows:*

“An issuer that fails to comply with rule 13.32B will be regarded as having a “Significant Public Float Shortfall” unless a portion of its class of shares listed on the Exchange and held by the public represents at least 15% of the issuer’s total number of issued shares in that class of shares (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold.”

13.32G (1) In addition to the obligation under rule 13.32E, an issuer must publish an announcement to inform the public of the occurrence of a Significant Public Float Shortfall within one business day after becoming aware of such shortfall.

- (2) From the day on which an issuer first has a Significant Public Float Shortfall up to and until the issuer has re-complied with rule 13.32B, any listing document, circular, announcement or notice issued by the issuer pursuant to the Exchange Listing Rules must contain, on its front cover or inside front cover or as a heading, a prominent and legible warning statement in the following form:

“[The issuer] is regarded as having a Significant Public Float Shortfall under Rule 13.32F. Accordingly, shareholders and potential investors of [the issuer] are advised to exercise caution when dealing in the shares of [the issuer] because:

- (a) [the issuer] has failed to maintain the minimum public float required under Rule 13.32B, resulting in a shortfall that constitutes a Significant Public Float Shortfall as defined under Rule 13.32F; and
- (b) the Exchange will cancel the listing of the shares of [the issuer] if [the issuer] fails to re-comply with Rule 13.32B within the prescribed period under Rule 13.32G(3) (i.e. by [date]).”
- (3) The Exchange will cancel the listing of an issuer’s shares if the issuer has a Significant Public Float Shortfall and fails to re-comply with rule 13.32B for a

continuous period of 18 months beginning from the commencement of the Significant Public Float Shortfall.

- Notes:
1. The Exchange will add a designated marker to the stock name of the listed shares of an issuer with a Significant Public Float Shortfall.
 2. The designated marker referred to in note 1 to this rule will be removed if the issuer can demonstrate to the Exchange, and publish an announcement to inform the public, that it has re-complied with rule 13.32B.

General offers

- 13.33 (1) Notwithstanding the requirement of rule 13.32B, where an issuer is the subject of a general offer and fails to comply with rule 13.32B at the close of the general offer, ~~that the prescribed minimum percentage of securities must at all times remain in public hands,~~ the Exchange may consider granting a temporary waiver to ~~an~~ the issuer ~~which is the subject of a general offer under the Takeovers Code (including a privatisation offer),~~ for a reasonable period after the close of the general offer to ~~restore the percentage~~ re-comply with rule 13.32B, provided that the public float shortfall is not a Significant Public Float Shortfall (as defined in rule 13.32F).
- (2) Notwithstanding the granting of a temporary waiver pursuant to rule 13.33(1), rule 13.32E will continue to apply until the issuer re-complies with rule 13.32B.
- (3) ~~The~~ An issuer that has been granted the temporary waiver pursuant to rule 13.33(1) must ~~restore the minimum percentage of securities in public hands immediately after~~ ensure compliance with rule 13.32B prior to the expiration of the waiver, if granted.

Concentration of shareholdings

- 13.34 Where the Exchange has reason to believe ~~that there is a lack of genuine open market in the securities of an issuer, or that the securities of an issuer listed on the Exchange~~ may be concentrated in the hands of a few shareholders to the detriment or without the knowledge of the investing public, the issuer must ~~forthwith~~ promptly upon request by the Exchange:
- (a) publish an announcement ~~in accordance with rule 2.07C~~ to inform the public that ~~its securities may not have a genuine market or its shareholding may have been concentrated in the hands of a few shareholders; and~~ remind the public to exercise caution when dealing in its securities; and
 - (b) conduct an investigation under section 329 of the Securities and Futures Ordinance and publish an announcement ~~in accordance with rule 2.07C~~ containing the findings of the investigation.
- 13.35 ~~[Repealed 1 January 2026]~~ An issuer shall include in its annual report a statement of sufficiency of public float. The statement should be based on information that is

~~publicly available to the issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report.~~

...

Chapter 14

EQUITY SECURITIES

NOTIFIABLE TRANSACTIONS

...

Takeovers and mergers

...

Contents of offer document

14.81 The offer document must contain:—

...

(3) a prominent and legible statement in the following form:

“The Stock Exchange of Hong Kong Limited (the “Exchange”) has stated that:

(a) if, at the close of the offer, ~~less than the minimum prescribed percentage applicable to the listed issuer, being []% of the issued shares (excluding treasury shares), are held by the public, or if the Exchange believes that:—~~

- a false market exists or may exist in the trading of the shares; or
- ~~that there are insufficient shares in public hands to maintain an orderly market~~ does not exist or may not exist;

it will consider exercising its discretion to suspend dealings in the shares; and

(b) if, at the close of the offer, the listed issuer has a Significant Public Float Shortfall (as defined in rule 13.32F), then:—

- the Exchange will add a designated marker to the stock name of the listed shares; and
- the Exchange will cancel the listing of the issuer’s shares if the issuer fails to re-comply with rule 13.32B for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

[[The Offeror] intends ~~[the listed issuer]~~ [the listed issuer] to remain listed on the Exchange. The directors of [the Offeror] and the new directors to be appointed to the Board of ~~[the listed issuer]~~ [the listed issuer] will jointly and severally

undertake to the Exchange that if, at the close of the offer, [the listed issuer] fails to comply with the requirement of rule 13.32B, they will take appropriate steps to ensure that sufficient public float exists in [the listed issuer]'s shares the issuer's compliance with rule 13.32B at the earliest possible moment.”

...

Chapter 19A

EQUITY SECURITIES

ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

...

Chapter 8 – Qualifications for Listing

...

Open market requirements

19A.13A There must be an open market in the securities for which listing is sought.

PRC issuers with no other listed shares

...

- (1A) ~~[Repealed 1 January 2026]~~A PRC issuer with no other listed shares must maintain the relevant minimum prescribed percentage of H shares held by the public (as calculated and determined under rule 19A.13A(1) at the time of listing) at all times.

Note: In the case of a PRC issuer with no other listed shares listed on the Exchange with a listing document issued before 4 August 2025, the relevant minimum prescribed percentage of H shares in public hands that must be maintained by the issuer at all times shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.

PRC issuers with other listed shares

...

- (2A) ~~[Repealed 1 January 2026]~~A PRC issuer with other listed shares must maintain the relevant minimum prescribed percentage of H shares held by the public (as calculated and determined under rule 19A.13A(2) at the time of listing) at all times.

Notes:

- 1. In the case of a PRC issuer with other listed shares which is listed on the Exchange in reliance upon the market value threshold under rule 19A.13A(2)(b), the relevant minimum prescribed percentage shall mean the percentage derived by dividing HK\$3,000,000,000 by the total market value of the issuer's total issued shares in the class to which H shares belong at the time of listing.*

2. ~~In the case of a PRC issuer with other listed shares listed on the Exchange with a listing document issued before 4 August 2025 (including a PRC issuer which becomes a PRC issuer with other listed shares after 4 August 2025), the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) must be at least 25% of the issuer's total number of issued shares (excluding treasury shares).~~

...

Chapter 13 – Continuing Obligations

19A.27B Rules 13.32A to 13.32G are amended and replaced by rules 19A.28A to 19A.28G in their entirety, respectively, when applied to PRC issuers.

...

Public float

Definitions and determination of percentage and market value of public float

19A.28A For the purpose of rules 19A.28B to 19A.28G, save where the context otherwise requires:

- (1) the following terms shall have the following meanings:

<u>“Alternative Threshold”</u>	<u>in the case of a PRC issuer with no other listed shares, has the meaning given to it in rule 19A.28B(1)(b)</u>
--------------------------------	---

<u>“Initial Prescribed Threshold”</u>	<u>in the case of a PRC issuer with no other listed shares, has the meaning given to it in rule 19A.28B(1)(a)</u>
---------------------------------------	---

<u>“Significant Public Float Shortfall”</u>	<u>has the meaning given to it in rule 19A.28F(1) or (2) (as the case may be)</u>
---	---

<u>“trading day”</u>	<u>in the case of a PRC issuer, has the meaning defined in the Rules of the Exchange, but also excludes any day on which trading of the PRC issuer's H shares was halted or suspended</u>
----------------------	---

- (2) the percentage of a PRC issuer's public float is the portion of H shares listed on the Exchange and held by the public, as a percentage of its total number of issued shares in the class to which H shares belong (excluding treasury shares);

- (3) in the case of a PRC issuer with no other listed shares, the market value of the PRC issuer's public float is calculated by multiplying (a) the number of H shares held by the public as of the date of determination by (b) the volume weighted average price of the PRC issuer's H shares over the 125 trading days immediately prior to the date of determination; and
- (4) in the case of a PRC issuer with other listed shares, the market value of the PRC issuer's public float is calculated by multiplying (a) the number of H shares held by the public as of the date of determination by (b) the volume weighted average price of the PRC issuer's H shares over the 125 trading days, or all trading days since listing, whichever is shorter, immediately prior to the date of determination.

Note: The volume weighted average price of a PRC issuer's H shares referred to in sub-paragraphs (3) and (4) of this rule is calculated by dividing the total turnover (as stated in the Exchange's daily quotation sheets) by the total number of H shares traded (as stated in the Exchange's daily quotation sheets) for the 125 trading days, or all trading days since listing, as the case may be, immediately prior to the date of determination, as adjusted for any applicable corporate actions.

Minimum prescribed public float

19A.28B There must be an open market in the shares listed on the Exchange.

PRC issuers with no other listed shares

- (1) For a PRC issuer with no other listed shares, this will normally mean that a portion of H shares listed on the Exchange and held by the public must, at all times:
- (a) represent at least 25% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares), or any lower minimum percentage of public float prescribed at the time of listing under rule 19A.13A(1) (the "Initial Prescribed Threshold"); or
- (b) alternatively:
- (i) have a market value of at least HK\$1,000,000,000; and
- (ii) represent at least 10% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares),
- (the "Alternative Threshold").

Note: Where a PRC issuer with no other listed shares was granted a waiver from strict compliance with the minimum percentage of public float as prescribed by rule 19A.13A(1) (as amended from time to time) at the

time of listing, the Initial Prescribed Threshold shall mean the minimum percentage of public float prescribed under that waiver.

PRC issuers with other listed shares

- (2) For a PRC issuer with other listed shares, this will normally mean that a portion of H shares listed on the Exchange and held by the public must, at all times:
- (a) have a market value of at least HK\$1,000,000,000; or
 - (b) represent at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

19A.28C If a PRC issuer with no other listed shares changes its reliance on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 19A.28B, the PRC issuer must, as soon as practicable, publish an announcement containing the reasons for the change and a statement setting out the market value and percentage of its public float as at the latest practicable date.

Notes:

1. The Alternative Threshold is not available to a PRC issuer with no other listed shares if the PRC issuer's H shares have traded for fewer than 125 trading days since listing on the Exchange.
2. In the case of a PRC issuer with no other listed shares intending to change its reliance on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 19A.28B, if during the 125 trading days immediately prior to the date of determination (referred to as the "reference period" for the purpose of this note) its listed H shares have been suspended from trading for more than five consecutive business days, the Exchange may require the PRC issuer to extend the reference period for the purpose of rule 19A.28A(3) to demonstrate that the market value of its H shares can meet the Alternative Threshold over a reasonable period after resumption of trading. Such a PRC issuer should consult the Exchange at the earliest opportunity as to whether it may rely on the Alternative Threshold.
3. In the case of a PRC issuer with no other listed shares changing its reliance on the Alternative Threshold to the Initial Prescribed Threshold for compliance with rule 19A.28B, the PRC issuer must, as soon as practicable, publish an announcement containing the reasons for the change and the percentage of its public float as at the latest practicable date.

Disclosure in monthly returns and annual reports

- 19A.28D (1) A PRC issuer must include, in each monthly return made under rule 13.25B:
- (a) a statement confirming compliance with rule 19A.28B, or an appropriate negative statement;

(b) for a PRC issuer with no other listed shares:

(i) relying on the Initial Prescribed Threshold for compliance with rule 19A.28B, the minimum percentage threshold applicable to the PRC issuer; or

(ii) relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 19A.28B, a statement setting out the market value and percentage of its public float; and

(c) for a PRC issuer with other listed shares relying on the market value threshold under rule 19A.28B(2)(a) (instead of the percentage threshold under rule 19A.28B(2)(b)), a statement setting out the market value and percentage of its public float.

as at the end of the month to which the monthly return relates.

(2) A PRC issuer must include, in its annual report:

(a) a statement confirming compliance with rule 19A.28B, or an appropriate negative statement;

(b) for a PRC issuer with no other listed shares relying on the Initial Prescribed Threshold for compliance with rule 19A.28B, the minimum percentage threshold applicable to the PRC issuer; and

(c) a statement setting out:

(i) the percentage of its public float;

(ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 19A.28B(2)(a) (instead of the percentage threshold under rule 19A.28B(2)(b)), for compliance with rule 19A.28B, the market value of its public float; and

(iii) the composition of (1) the ownership of the H shares listed on the Exchange and (2) the PRC issuer's share capital.

as at the end of the financial year to which the annual report relates.

(3) For: (i) a PRC issuer with no other listed shares that has relied on the Alternative Threshold (instead of the Initial Prescribed Threshold); or (ii) a PRC issuer with other listed shares that has relied on the market value threshold under rule 19A.28B(2)(a) (instead of the percentage threshold under rule 19A.28B(2)(b)) for compliance with rule 19A.28B at any time within a financial year, the PRC issuer must, in addition to the requirement referred to in subparagraph (2) of this rule, also include in its annual report for that financial year:

- (a) in respect of each month in which the PRC issuer relied on:
 - (i) in the case of a PRC issuer with no other listed shares, the Alternative Threshold; or
 - (ii) in the case of a PRC issuer with other listed shares, the market value threshold under rule 19A.28B(2)(a).
 - as at the end of that month, the market value and percentage of its public float as at the end of that month; and
 - (b) a commentary on all material changes to its public float levels during that financial year.
- (4) The statements referred to in sub-paragraphs (1) to (3) of this rule should be based on information that is publicly available to the PRC issuer or otherwise within the knowledge of its directors or supervisors as at the latest practicable date prior to the issue of the monthly return or annual report (as the case may be).

Note: The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this rule.

Public float shortfall

- 19A.28E (1) Upon becoming aware of its non-compliance with rule 19A.28B, a PRC issuer must:
- (a) take active steps to re-comply with rule 19A.28B at the earliest possible moment; and
 - (b) publish an announcement within one business day to inform the public of the non-compliance and the relevant information, including:
 - (i) the percentage of its public float;
 - (ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 19A.28B(2)(a) (instead of the percentage threshold under rule 19A.28B(2)(b)), at the point of its non-compliance with rule 19A.28B, the market value of its public float;
 - (iii) the reason(s) for the non-compliance;
 - (iv) its plan and expected timeline to restore its public float;

- (v) the composition of ownership of the H shares listed on the Exchange; and
- (vi) any such other information as the Exchange may from time to time prescribe.

Notes:

1. A PRC issuer **may** announce **details in relation to** its restoration plan in a subsequent announcement, provided that the subsequent announcement must be published within 15 business days upon the PRC issuer becoming aware of its non-compliance with rule 19A.28B.
 2. The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this sub-paragraph (1).
- (2) For so long as a PRC issuer remains non-compliant with rule 19A.28B, the PRC issuer must:
- (a) publish an announcement on a monthly basis, and no later than the date of publication of its monthly return under rule 13.25B, to provide an update on:
 - (i) the percentage of its public float;
 - (ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 19A.28B(2)(a) (instead of the percentage threshold under rule 19A.28B(2)(b)), at the point of its non-compliance with rule 19A.28B, the market value of its public float;
 - (iii) the status of its public float restoration plan, including action(s) **taken** during the relevant period to restore **its** public float; and
 - (iv) the expected timing for restoration; and
 - (b) not take any action that may further lower the percentage of its public float, unless the PRC issuer can demonstrate that there are exceptional circumstances.

Note: The Exchange may exercise its discretion to take appropriate action(s) (including to subject the PRC issuer to the procedures set out in rule 19A.28G, and **to** exercise its powers under rule 6.01(2)) if, in the opinion of the Exchange, the PRC issuer fails to re-comply with rule 19A.28B within a reasonable period.

- (3) For so long as a PRC issuer remains non-compliant with rule 19A.28B, each director and supervisor must not, and must use his best endeavours to ensure that his close associates do not, take any action that may further lower the percentage of the PRC issuer's public float, unless the director or supervisor can demonstrate that there are exceptional circumstances.

Significant Public Float Shortfall

19A.28F (1) A PRC issuer with no other listed shares that fails to comply with rule 19A.28B(1) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public:

- (a) represents at least 15% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the PRC issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold; or
- (b) has a market value of at least HK\$500,000,000 and represents at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

Note: If the H shares of the PRC issuer with no other listed shares have traded for fewer than 125 trading days since listing on the Exchange, this rule will be modified and restated in its entirety as follows:

"A PRC issuer with no other listed shares that fails to comply with rule 19A.28B(1) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public represents at least 15% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the PRC issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold."

(2) A PRC issuer with other listed shares that fails to comply with rule 19A.28B(2) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public:

- (a) has a market value of at least HK\$500,000,000; or
- (b) represents at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

19A.28G (1) In addition to the obligation under rule 19A.28E, a PRC issuer must publish an announcement to inform the public of the occurrence of a Significant Public Float Shortfall within one business day after becoming aware of such shortfall.

(2) From the day on which a PRC issuer first has a Significant Public Float Shortfall up to and until the PRC issuer has re-complied with rule 19A.28B, any listing document, circular, announcement or notice issued by the PRC issuer pursuant to the Exchange Listing Rules must contain, on its front cover or inside front

cover or as a heading, a prominent and legible warning statement in the following form:

"[The PRC issuer] is regarded as having a Significant Public Float Shortfall under Rule 19A.28F. Accordingly, shareholders and potential investors of [the PRC issuer] are advised to exercise caution when dealing in the H shares of [the PRC issuer] because:

(a) [the PRC issuer] has failed to maintain the minimum public float required under Rule 19A.28B, resulting in a shortfall that constitutes a Significant Public Float Shortfall as defined under Rule 19A.28F; and

(b) the Exchange will cancel the listing of the H shares of [the PRC issuer] if [the PRC issuer] fails to re-comply with Rule 19A.28B within the prescribed period under Rule 19A.28G(3) (i.e. by [date])."

(3) The Exchange will cancel the listing of a PRC issuer's H shares if the PRC issuer has a Significant Public Float Shortfall and fails to re-comply with rule 19A.28B for a continuous period of 18 months beginning from the commencement of the Significant Public Float Shortfall.

Notes:

1. The Exchange will add a designated marker to the stock name of the listed H shares of a PRC issuer with a Significant Public Float Shortfall.
2. The designated marker referred to in note 1 to this rule will be removed if the PRC issuer can demonstrate to the Exchange, and publish an announcement to inform the public, that it has re-complied with rule 19A.28B.

...

Chapter 19C

EQUITY SECURITIES

SECONDARY LISTINGS OF OVERSEAS ISSUERS

...

Exceptions to the Rules

- 19C.11 The following rules do not apply to an overseas issuer that has, or is seeking, a secondary listing on the Exchange: 3.09F; 3.09G; 3.09H; 3.12A; 3.13A; 3.17; 3.21 to 3.23; 3.25 to 3.27C; 3.28; 3.29; 4.06; 4.07; Chapter 7; 8.08(1); 8.08A; 8.09(4) (exception limited to issues outside the Exchange's markets); 8.18 (exception limited to issues outside the Exchange's markets); 9.11(10)(b); 10.05; 10.06(2)(a) to (c); 10.06(2)(e); 10.06(4); 10.06(5); 10.06A(1); 10.06A(3); 10.06B; 10.07(1); 10.07(2) to (4); 10.08; 13.11 to 13.22; 13.23(1); 13.23(2); 13.25A; 13.27; 13.28; 13.29; 13.31(1); 13.32A to 13.32G; ~~13.35~~; 13.36; 13.37; 13.38; 13.39(1) to (5A); 13.39(6) to (7) (exception limited to circumstances other than where a spin-off proposal requires approval by shareholders of the parent); 13.40 to 13.42; 13.44 to 13.45; 13.47; 13.48(2); 13.49; 13.51(1); 13.51(2) (except that each director or member of the overseas issuer's governing body must provide their contact information and personal particulars as soon as possible as required under rule 3.20); 13.51B; 13.51C; 13.52(1)(b) to (d); 13.52(1)(e)(i) to (ii); 13.52(1)(e)(iv) (exception limited to issues outside the Exchange's markets); 13.52(2); 13.67; 13.68; 13.74; 13.80 to 13.87 (exception limited to circumstances other than where a spin-off proposal requires approval by shareholders of the parent); 13.88; 13.89; 13.91; Chapter 14; Chapter 14A; Chapter 15 (exception limited to issues outside the Exchange's markets); Chapter 16 (exception limited to issues outside the Exchange's markets); Chapter 17; Practice Note 4 (exception limited to issues outside the Exchange's markets); Practice Note 15 paragraphs 1 to 3(b) and 3(d) to 5 (exception limited to circumstances where the spun-off assets or businesses are not to be listed on the Exchange's markets and the approval of shareholders of the parent is not required); Appendix C3; Appendix C1; Appendix D2; and Appendix C2.

...

C. Corporate Governance/ Environmental, Social and Governance

Appendix C1

CORPORATE GOVERNANCE CODE

...

PART 2 – PRINCIPLES OF GOOD CORPORATE GOVERNANCE, CODE PROVISIONS AND RECOMMENDED BEST PRACTICES

...

F. SHAREHOLDERS ENGAGEMENT

F.1 Effective communication and conduct of shareholders meetings

...

Recommended Best Practices

F.1.5 ...

- (b) indication of important shareholders' dates in the coming financial year; and
- (c) ~~[Repealed 1 January 2026]the percentage of public float, based on information that is publicly available to the issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report; and~~

...

...

Appendix D2

DISCLOSURE OF FINANCIAL INFORMATION

...

Information in annual reports

...

- 34A. A listed issuer shall include the information relating to its public float and other details required to be included in annual reports under rule 13.32D ~~a statement of sufficiency of public float. The statement should be based on information that is publicly available to the listed issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report.~~

...

Part B

This part sets out the amendments to the Main Board Listing Rules in respect of the consequential changes set out in Chapter 3 of this paper. These amendments will take effect on 1 January 2026.

I. Consequential Changes Relating to the Conclusions and Further Consultation Paper

Chapter 8

EQUITY SECURITIES

QUALIFICATIONS FOR LISTING

...

Basis of allocation and “the public”

...

- 8.24 The Exchange will not regard any core connected person of the issuer as a member of “the public” or shares held by him as being “in public hands”. In addition, the Exchange will not recognise as a member of “the public”:—

...

Note: Notwithstanding that the underlying shares subject to a share scheme were initially financed by an issuer and/or held by a trustee who is accustomed to take instructions from the issuer, for the purpose of this rule, the Exchange will regard: (a) shares that have been:—(a) issued or transferred to specified participants; and (b) shares held by trustees for the benefit of specified participants in respect of awards or options granted to them under a share scheme (as defined in rule 17.01A), as being “in public hands”, provided that:

...

Chapter 19B

EQUITY SECURITIES

DEPOSITARY RECEIPTS

Preliminary

...

19B.08 For the purpose of determining the ~~total number of issued shares of the issuer~~public float of the depositary receipts under rule 8.08, the Exchange will take account of the issuer's underlying shares which will be treated as the same class as the depositary receipts representing those shares provided that there is no restriction on the conversion of those shares into depositary receipts.

...

Appendix D1B

Contents of Listing Documents

Equity Securities

In the case where listing is sought for equity securities of an issuer some part of whose share capital is already listed and/or where treasury shares are sold or transferred by the issuer

...

Information about the securities for which listing is sought and the terms and conditions of their issue and distribution (Note 7)

9. ...

- (2) In case of a new class of securities to be listed, a statement that all necessary arrangements have been made enabling the securities to be admitted into CCASS or an appropriate negative statement; ~~and~~
- (3) In case of a new class of securities to be listed, a statement of the minimum prescribed percentage of securities to be held by the public pursuant to rule 8.08; and
- (4) In case of a new class of securities to be listed, the expected percentage of public float in the relevant class of securities immediately upon listing.

The Stock Exchange of Hong Kong Limited

Practice Note 18

to the Rules Governing the Listing of Securities
(the “Exchange Listing Rules”)

Issued pursuant to rule 1.06 of the Exchange Listing Rules

INITIAL PUBLIC OFFER OF SECURITIES

...

3. Allocation of Shares

...

- 3.2 At least 40% of the total number of shares ~~initially~~ offered in the initial public offering (excluding any shares to be issued pursuant to the exercise of any offer size adjustment option and/or over-allotment option) must be allocated to investors in the placing tranche (other than Cornerstone Investors).

...

II. Consequential Changes Relating to the Streamlined Authorisation Process of SFC-Authorised REITs

Chapter 20

INVESTMENT VEHICLES

AUTHORISED COLLECTIVE INVESTMENT SCHEMES

...

Application Procedures and Requirements

Preliminary

...

- 20.07 No formal application of listing under this Chapter may be made unless and until the Commission has ~~confirmed that it has no further comments on~~ issued a conditional authorisation letter in relation to the CIS Disclosure Document.

...

Documentary Requirements

- 20.14 The following documents must be lodged with the Exchange at the time of submission of Form A2 in accordance with rule 20.08:

...

- (2) a copy of the Commission's ~~confirmation that it has no further comments on~~ conditional authorisation letter in relation to the CIS Disclosure Document;

...

Bookbuilding and placing activities

- 20.23B In the context of a REIT, where references are made to the requirements under these Exchange Listing Rules, unless the context otherwise requires, the following modifications shall apply:

...

- (i) references to "expected hearing date" of the Listing Committee shall refer to the expected date of issue of the ~~approval in principle~~ conditional authorisation letter by the Commission in the context of a REIT seeking the Commission's authorisation;

...

The Stock Exchange of Hong Kong Limited

Practice Note 22

to the Rules Governing the Listing of Securities
(the “Exchange Listing Rules”)

Issued pursuant to rule 1.06 of the Exchange Listing Rules

PUBLICATION OF APPLICATION PROOFS, OC ANNOUNCEMENTS AND POST HEARING INFORMATION PACKS (PHIPs)

...

Prescribed Timing for Publishing PHIPs

12. A new applicant must at the earliest practicable time submit a PHIP through HKEx-ESS for publication on the Exchange’s website upon the following taking place:
 - (a) in the case of the new applicant for listing of equity securities, receipt of a post hearing letter from the Exchange together with a request to post a PHIP; and in the case of a new CIS applicant required to publish its PHIP under rule 20.26, receipt of ~~an approval in principle~~ conditional authorisation letter from the Commission together with a request to post a PHIP; and

...

APPENDIX V: AMENDMENTS TO GEM LISTING RULES

Part A

This part sets out the amendments to the GEM Listing Rules in relation to the Ongoing Public Float Rule Amendments. These amendments will take effect on 1 January 2026.

Rules that have been added or amended compared to those included in the Conclusions and Further Consultation Paper are highlighted in yellow.

Chapter 1

GENERAL

INTERPRETATION

- 1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

...

“public float” shares in the hands of the public

...

Chapter 9

GENERAL

TRADING HALT, SUSPENSION AND RESUMPTION OF DEALINGS, CANCELLATION AND WITHDRAWAL OF LISTING

...

Trading halt or suspension

...

- 9.04 Under rule 9.01, the Exchange may direct a trading halt or suspend dealings in an issuer's securities regardless of whether or not the issuer has requested the same and may do so in any circumstances, including:—

...

- (2) where the Exchange considers there are insufficient securities in the hands of the public (as required under~~see~~ rule 17.37B41.23); or

...

...

Chapter 10

EQUITY SECURITIES

METHODS OF LISTING

...

Placing

...

- 10.16 The Exchange may be prepared to allow preliminary arrangements and placings to be made to dispose of securities before the start of dealings where necessary to comply with the requirements of rule 11.23 or rule 17.37B on the minimum prescribed public float~~that a minimum prescribed percentage of any class of listed securities must at all times remain held by the public.~~

...

Chapter 11

EQUITY SECURITIES

QUALIFICATIONS FOR LISTING

...

Conditions relevant to the securities for which listing is sought

...

Open market and market value requirements

- 11.23 There must be an open market in the securities for which listing is sought. This will normally mean that:

...

- (7) for a class of securities new to listing, at least a minimum prescribed percentage of that class of securities must be held by the public at the time of listing, determined by reference to the following table, ~~which must also at all times be held by the public:—~~

...

Notes:

...

2. ~~[Repealed 1 January 2026]In the case of an issuer listed on the Exchange with a listing document issued before 4 August 2025, the relevant minimum prescribed percentage of listed securities in public hands that must be maintained by the issuer at all times shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.~~

...

- (11) ~~[Repealed 1 January 2026]notwithstanding the requirement that the minimum prescribed percentage of securities must at all times remain in public hands, the Exchange may consider granting a temporary waiver to an issuer which is the subject of a general offer under the Takeovers Code (including a privatisation offer), for a reasonable period after the close of the general offer to restore the percentage. The issuer must restore the minimum percentage of securities in public hands immediately after the expiration of the waiver, if granted.~~

Notes: ...

- 5 ~~[Repealed 1 January 2026]~~Issuers should note that the minimum prescribed percentage of securities must remain in public hands at all times. If the percentage falls below the minimum, the Exchange reserves the right to cancel the listing or suspend trading until appropriate steps have been taken to restore the minimum percentage of securities in public hands (see rule 17.36).
- 6 ~~[Repealed 1 January 2026]~~Where the percentage has fallen below the minimum, the Exchange may refrain from suspension if the Exchange is satisfied that there remains an open market in the securities and either:
- (a) ~~the shortfall in the prescribed percentage arose purely from an increased or newly acquired holding of the listed securities by a person who is, or after such acquisition becomes, a core connected person only because he is a substantial shareholder of the issuer and/or any of its subsidiaries. Such substantial shareholder must not be a controlling shareholder or single largest shareholder of the issuer. He must also be independent of the issuer, directors and any other substantial shareholders of the issuer and must not be a director of the issuer. If the substantial shareholder has any representative on the board of directors of the issuer, he must demonstrate that such representation is on a nonexecutive basis. In general, the Exchange would expect this to apply to holdings of the listed securities by institutional investors with a wide spread of investments other than in the listed securities concerned. Holdings of the listed securities by private equity or venture capital funds which have been involved in the management of the issuer before and/or after listing would not qualify. It is the responsibility of the issuer to provide sufficient information to the Exchange to demonstrate the independence of such substantial shareholder and to inform the Exchange of any change in circumstances which would affect his independence as soon as it becomes aware of such change; or~~
 - (b) ~~the issuer and the controlling shareholder(s) or single largest shareholder undertake to the Exchange to take appropriate steps to ensure restoration of the minimum percentage of securities to public hands within a specified period which is acceptable to the Exchange.~~
- 7 ~~[Repealed 1 January 2026]~~At any time when the percentage of securities in public hands is less than the required minimum, and

~~the Exchange has permitted trading in the securities to continue, the Exchange will monitor closely all trading in the securities to ensure that a false market does not develop and may suspend the securities if there is any unusual price movement.~~

...

Chapter 13

EQUITY SECURITIES

RESTRICTIONS ON PURCHASE, DISPOSAL AND SUBSCRIPTION

Restrictions on preferential treatment

...

13.02 (1) ...

- (b) that the minimum prescribed percentages of public shareholders required by rules 11.23(7) and 11.23(9) ~~are~~ is achieved.

...

...

Restrictions and notification requirements on issuers purchasing their own shares on a stock exchange

...

Dealing restrictions

13.11 ...

- (5) an issuer shall not purchase its shares on GEM if that purchase would result in the number of listed securities which are in the hands of the public falling below the ~~relevant applicable~~ minimum prescribed percentage threshold for that issuer under rule 17.37B ~~(as determined by the Exchange at the time of listing under rule 11.23);~~

...

...

Restrictions on disposal of shares following the listing of a new applicant

...

13.16A ...

- (2) ...

Note: Controlling shareholder(s) ~~is/are free to~~ may purchase additional securities and dispose of securities thus purchased in the relevant period,

subject to compliance with the requirements of rule ~~11.23~~17.37B to maintain an open market in the securities and a sufficient public float.

...

Chapter 17

EQUITY SECURITIES

CONTINUING OBLIGATIONS

...

General matters relevant to the issuer's securities

Changes in issued shares – Next day disclosure return and monthly return

...

17.27B A listed issuer shall, by no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the fifth business day next following the end of each calendar month, submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the Exchange's website a monthly return in relation to:

- (1) movements in the listed issuer's equity securities (including treasury shares), debt securities and any other securitised instruments, as applicable, during the period to which the monthly return relates, in such form and containing such information as the Exchange may from time to time prescribe (irrespective of whether there has been any change in the information provided in its previous monthly return). Such information includes, among other things, the number as at the close of such period of equity securities (including treasury shares), debt securities and any other securitised instruments, as applicable, issued, sold or transferred and which may be issued, sold or transferred pursuant to options, warrants, convertible securities or any other agreements or arrangements; and
- (2) information in relation to the listed issuer's public float as prescribed under rule 17.37D(1).

...

Minimum prescribed public holding

17.36 ~~[Repealed 1 January 2026]An issuer shall inform the Exchange immediately and publish an announcement, if it becomes aware that the number of listed securities which are in the hands of the public has fallen below the minimum percentage prescribed by rule 11.23(7).~~

17.37 ~~[Repealed 1 January 2026]Once the issuer becomes aware that the number of listed securities in the hands of the public has fallen below the minimum prescribed percentage (as determined at the time of the issuer's initial listing), the issuer shall take steps to ensure that compliance is resumed from the earliest practicable opportunity.~~

- Notes: 1 ~~Pursuant to the provisions of Chapter 9, the Exchange reserves the right to suspend trading in the issuer's securities or cancel the listing of such securities where the Exchange considers that there are insufficient securities in the hands of the public.~~
- 2 ~~In this regard, issuers should also be aware of the notes to rule 11.23.~~
- 3 ~~In the case of an issuer listed on the Exchange with a listing document issued before 4 August 2025, the relevant prescribed minimum percentage shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.~~

Public float

Definitions and determination of percentage and market value of public float

17.37A For the purpose of rules 17.37B to 17.37G, save where the context otherwise requires:

- (1) the following terms shall have the following meanings:

"Alternative Threshold" has the meaning given to it in rule 17.37B(2)

"Initial Prescribed Threshold" has the meaning given to it in rule 17.37B(1)

"Significant Public Float Shortfall" has the meaning given to it in rule 17.37F

"trading day" in the case of an issuer, has the meaning defined in the Rules of the Exchange, but also excludes any day on which trading of the issuer's shares was halted or suspended

- (2) the percentage of an issuer's public float is the portion of the class of shares listed on the Exchange and held by the public, as a percentage of its total number of issued shares in that class of shares (excluding treasury shares); and
- (3) the market value of an issuer's public float is calculated by multiplying (a) the number of the shares held by the public as of the date of determination by (b) the volume weighted average price of the class of shares listed on the Exchange over the 125 trading days immediately prior to the date of determination.

Note: The volume weighted average price of the relevant class of shares referred to in this sub-paragraph (3) is calculated by dividing the total turnover (as stated in the Exchange's daily quotation sheets) by the total number of shares traded (as stated in the Exchange's daily quotation sheets) for the 125 trading days immediately prior to the date of determination, as adjusted for any applicable corporate actions.

Minimum prescribed public float

17.37B There must be an open market in the shares listed on the Exchange. This will normally mean that a portion of the class of shares listed on the Exchange and held by the public must, at all times:

(1) represent at least 25% of the issuer's total number of issued shares in that class of shares (excluding treasury shares), or any lower minimum percentage of public float prescribed at the time of listing under rule 11.23(7) (the "Initial Prescribed Threshold"); or

(2) alternatively:

(a) have a market value of at least HK\$1,000,000,000; and

(b) represent at least 10% of the issuer's total number of issued shares in that class of shares (excluding treasury shares),

(the "Alternative Threshold").

Note: Where an issuer was granted a waiver from strict compliance with the minimum percentage of public float as prescribed by rule 11.23(7) (as amended from time to time) at the time of listing, the Initial Prescribed Threshold shall mean the minimum percentage of public float prescribed under that waiver.

17.37C If an issuer changes its reliance on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 17.37B, the issuer must, as soon as practicable, publish an announcement containing the reasons for the change and a statement setting out the market value and percentage of its public float as at the latest practicable date.

Notes: 1. The Alternative Threshold is not available to an issuer if the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange.

2. In the case of an issuer intending to change its reliance on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 17.37B, if during the 125 trading days immediately prior to the date of determination (referred to as the "reference period" for the purpose of this note) its listed shares have been suspended from trading for more than five consecutive business days, the Exchange may require the issuer to extend the reference period for the purpose of rule 17.37A(3) to

demonstrate that the market value of its shares can meet the Alternative Threshold over a reasonable period after resumption of trading. Such an issuer should consult the Exchange at the earliest opportunity as to whether it may rely on the Alternative Threshold.

3. In the case of an issuer changing its reliance on the Alternative Threshold to the Initial Prescribed Threshold for compliance with rule 17.37B, the issuer must, as soon as practicable, publish an announcement containing the reasons for the change and the percentage of its public float as at the latest practicable date.

Disclosure in monthly returns and annual reports

17.37D (1) An issuer must include, in each monthly return made under rule 17.27B:

- (a) a statement confirming compliance with rule 17.37B, or an appropriate negative statement;
- (b) for an issuer relying on the Initial Prescribed Threshold for compliance with rule 17.37B, the minimum percentage threshold applicable to the issuer; and
- (c) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 17.37B, a statement setting out the market value and percentage of its public float,

as at the end of the month to which the monthly return relates.

(2) An issuer must include, in its annual report:

- (a) a statement confirming compliance with rule 17.37B, or an appropriate negative statement;
- (b) for an issuer relying on the Initial Prescribed Threshold for compliance with rule 17.37B, the minimum percentage threshold applicable to the issuer; and
- (c) a statement setting out:
 - (i) the percentage of its public float;
 - (ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 17.37B, the market value of its public float; and
 - (iii) the composition of (1) the ownership of the relevant class of shares listed on the Exchange and (2) the issuer's share capital.

as at the end of the financial year to which the annual report relates.

(3) An issuer that has relied on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 17.37B at any time within a financial year must, in addition to the requirement referred to in sub-paragraph (2) of this rule, also include in its annual report for that financial year:

(a) in respect of each month in which the issuer relied on the Alternative Threshold as at the end of that month, the market value and percentage of its public float as at the end of that month; and

(b) a commentary on all material changes to its public float levels during that financial year.

(4) The statements referred to in sub-paragraphs (1) to (3) of this rule should be based on information that is publicly available to the issuer or otherwise within the knowledge of its directors as at the latest practicable date prior to the issue of the monthly return or annual report (as the case may be).

Note: *The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this rule.*

Public float shortfall

17.37E (1) Upon becoming aware of its non-compliance with rule 17.37B, an issuer must:

(a) take active steps to re-comply with rule 17.37B at the earliest possible moment; and

(b) publish an announcement within one business day to inform the public of the non-compliance and the relevant information, including:

(i) the percentage of its public float;

(ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) at the point of its non-compliance with rule 17.37B, the market value of its public float;

(iii) the reason(s) for the non-compliance;

(iv) its plan and expected timeline to restore its public float;

(v) the composition of ownership of the relevant class of shares listed on the Exchange; and

(vi) any such other information as the Exchange may from time to time prescribe.

Notes: 1. *An issuer may announce details in relation to its restoration plan in a subsequent announcement, provided that the subsequent*

announcement must be published within 15 business days upon the issuer becoming aware of its non-compliance with rule 17.37B.

2. The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this sub-paragraph (1).

(2) For so long as an issuer remains non-compliant with rule 17.37B, the issuer must:

(a) publish an announcement on a monthly basis, and no later than the date of publication of its monthly return under rule 17.27B, to provide an update on:

(i) the percentage of its public float;

(ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) at the point of its non-compliance with rule 17.37B, the market value of its public float;

(iii) the status of its public float restoration plan, including action(s) taken during the relevant period to restore its public float; and

(iv) the expected timing for restoration; and

(b) not take any action that may further lower the percentage of its public float, unless the issuer can demonstrate that there are exceptional circumstances.

Note: The Exchange may exercise its discretion to take appropriate action(s) (including to subject the issuer to the procedures set out in rule 17.37G and to exercise its powers under rule 9.04(2)) if, in the opinion of the Exchange, the issuer fails to re-comply with rule 17.37B within a reasonable period.

(3) For so long as an issuer remains non-compliant with rule 17.37B, each director must not, and must use his best endeavours to ensure that his close associates do not, take any action that may further lower the percentage of the issuer's public float, unless the director can demonstrate that there are exceptional circumstances.

Significant Public Float Shortfall

17.37F An issuer that fails to comply with rule 17.37B will be regarded as having a "Significant Public Float Shortfall" unless a portion of its class of shares listed on the Exchange and held by the public:

(1) represents at least 15% of the issuer's total number of issued shares in that class of shares (excluding treasury shares) or, if the Initial Prescribed Threshold

applicable to the issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold; or

- (2) has a market value of at least HK\$500,000,000 and represents at least 5% of the issuer's total number of issued shares in that class of shares (excluding treasury shares).

Note: If the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange, this rule will be modified and restated in its entirety as follows:

"An issuer that fails to comply with rule 17.37B will be regarded as having a "Significant Public Float Shortfall" unless a portion of its class of shares listed on the Exchange and held by the public represents at least 15% of the issuer's total number of issued shares in that class of shares (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold."

17.37G (1) In addition to the obligation under rule 17.37E, an issuer must publish an announcement to inform the public of the occurrence of a Significant Public Float Shortfall within one business day after becoming aware of such shortfall.

- (2) From the day on which an issuer first has a Significant Public Float Shortfall up to and until the issuer has re-complied with rule 17.37B, any listing document, circular, announcement or notice issued by the issuer pursuant to the Exchange Listing Rules must contain, on its front cover or inside front cover or as a heading, a prominent and legible warning statement in the following form:

"[The issuer] is regarded as having a Significant Public Float Shortfall under Rule 17.37F. Accordingly, shareholders and potential investors of [the issuer] are advised to exercise caution when dealing in the shares of [the issuer] because:

- (a) [the issuer] has failed to maintain the minimum public float required under Rule 17.37B, resulting in a shortfall that constitutes a Significant Public Float Shortfall as defined under Rule 13.32F; and

- (b) the Exchange will cancel the listing of the shares of [the issuer] if [the issuer] fails to re-comply with Rule 17.37B within the prescribed period under Rule 17.37G(3) (i.e. by [date])."

- (3) The Exchange will cancel the listing of an issuer's shares if the issuer has a Significant Public Float Shortfall and fails to re-comply with rule 17.37B for a continuous period of 12 months beginning from the commencement of the Significant Public Float Shortfall.

Notes: 1. The Exchange will add a designated marker to the stock name of the listed shares of an issuer with a Significant Public Float Shortfall.

2. The designated marker referred to in note 1 to this rule will be removed if the issuer can demonstrate to the Exchange, and publish an announcement to inform the public, that it has re-complied with rule 17.37B.

...

Sufficiency of public float

17.38A ~~[Repealed 1 January 2026]~~ ~~An issuer shall include in its annual report a statement of sufficiency of public float. The statement should be based on information that is publicly available to the issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report.~~

~~Note: GEM listed issuers that have been allowed a lower minimum prescribed percentage of public float (including those which have been granted a waiver under repealed GEM Rule 11.23(5)) have a grace period of three years to comply with the public float requirement under rule 11.23. Accordingly, all GEM issuers must comply with the public float requirement by no later than 30 June 2011.~~

General offers

17.38B (1) Notwithstanding the requirement of rule 17.37B, where an issuer is the subject of a general offer and fails to comply with rule 17.37B at the close of the general offer, the Exchange may consider granting a temporary waiver to the issuer for a reasonable period after the close of the general offer to re-comply with rule 17.37B, provided that the public float shortfall is not a Significant Public Float Shortfall (as defined in rule 17.37F).

(2) Notwithstanding the granting of a temporary waiver pursuant to rule 17.38B(1), rule 17.37E will continue to apply until the issuer re-complies with rule 17.37B.

(3) An issuer that has been granted the temporary waiver pursuant to rule 17.38B(1) must ensure compliance with rule 17.37B prior to the expiration of the waiver.

Concentration of shareholdings

17.38C Where the Exchange has reason to believe that the securities of an issuer listed on the Exchange may be concentrated in the hands of a few shareholders to the detriment or without the knowledge of the investing public, the issuer must promptly upon request by the Exchange:

(1) publish an announcement to inform the public that its shareholding may have been concentrated in the hands of a few shareholders; and remind the public to exercise caution when dealing in its securities; and

- (2) conduct an investigation under section 329 of the Securities and Futures Ordinance and publish an announcement containing the findings of the investigation.

...

Chapter 18

EQUITY SECURITIES

FINANCIAL INFORMATION

...

Annual reports

...

Information to accompany directors' report and annual financial statements

...

- 18.08B An issuer shall include in its annual report the information relating to its public float and other details required to be included in annual reports under rule 17.37D ~~a statement of sufficiency of public float with information as required under rule 17.38A.~~

...

Chapter 19

EQUITY SECURITIES

NOTIFIABLE TRANSACTIONS

...

Takeovers and mergers

...

Contents of offer document

19.81 The offer document must normally contain:

...

(3) a prominent and legible statement in the following form:

“The Stock Exchange of Hong Kong Limited (the “Exchange”) has stated that:

(a) if, at the close of the offer, ~~less than the minimum prescribed percentage applicable to the listed issuer, being []% of the issued shares (excluding treasury shares), are held by the public, or if the Exchange believes that:~~

- a false market exists or may exist in the trading of the shares; or
- ~~that there are insufficient shares in public hands to maintain an orderly market~~ does not exist or may not exist;

it will consider exercising its discretion to suspend dealings in the shares; and

(b) if, at the close of the offer, the listed issuer has a Significant Public Float Shortfall (as defined in rule 17.37F), then:—

- the Exchange will add a designated marker to the stock name of the listed shares; and
- the Exchange will cancel the listing of the issuer's shares if the issuer fails to re-comply with rule 17.37B for a continuous period of 12 months from the commencement of the Significant Public Float Shortfall.

[[The Offeror] intends [the listed issuer] to remain listed on the Exchange. The directors of [the Offeror] and the new directors to be appointed to the Board of [the listed issuer] will jointly and severally undertake to the Exchange that if, at the close of the offer, [the listed issuer] fails to comply with the

requirement of rule 17.37B, they will to take appropriate steps to ensure that sufficient public float exists in [the listed issuer]’s sharesthe issuer’s compliance with rule 17.37B at the earliest possible moment.]”

...

...

Chapter 25

EQUITY SECURITIES

ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

...

Chapter 11 – Qualifications for Listing

...

Open market requirements

25.07A There must be an open market in the securities for which listing is sought.

PRC issuers with no other listed shares

...

- (1A) ~~[Repealed 1 January 2026]~~A PRC issuer with no other listed shares must maintain the relevant minimum prescribed percentage of H shares held by the public (as calculated and determined under rule 25.07A(1) at the time of listing) at all times.

Note: In the case of a PRC issuer with no other listed shares listed on the Exchange with a listing document issued before 4 August 2025, the relevant minimum prescribed percentage of H shares in public hands that must be maintained by the issuer at all times shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.

PRC issuers with other listed shares

...

- (2A) ~~[Repealed 1 January 2026]~~A PRC issuer with other listed shares must maintain the relevant minimum prescribed percentage of H shares held by the public (as calculated and determined under rule 25.07A(2) at the time of listing) at all times.

Notes:

- ~~1. In the case of a PRC issuer with other listed shares which is listed on the Exchange in reliance upon the market value threshold under rule 25.07A(2)(b), the relevant minimum prescribed percentage shall mean the percentage derived by dividing HK\$3,000,000,000 by the total~~

~~market value of the issuer's total issued shares in the class to which H shares belong at the time of listing.~~

2. ~~In the case of a PRC issuer with other listed shares listed on the Exchange with a listing document issued before 4 August 2025 (including a PRC issuer which becomes a PRC issuer with other listed shares after 4 August 2025), the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) must be at least 25% of the issuer's total number of issued shares (excluding treasury shares).~~

...

Chapters 17 and 18 – Continuing Obligations and Financial Information

General

25.20B Rules 17.37A to 17.37G are amended and replaced by rules 25.21A to 25.21G in their entirety, respectively, when applied to PRC issuers.

Public float

Definitions and determination of percentage and market value of public float

25.21A For the purpose of rules 25.21B to 25.21G, save where the context otherwise requires:

- (1) the following terms shall have the following meanings:

<u>"Alternative Threshold"</u>	<u>in the case of a PRC issuer with no other listed shares, has the meaning given to it in rule 25.21B(1)(b)</u>
<u>"Initial Prescribed Threshold"</u>	<u>in the case of a PRC issuer with no other listed shares, has the meaning given to it in rule 25.21B(1)(a)</u>
<u>"Significant Public Float Shortfall"</u>	<u>has the meaning given to it in rule 25.21F(1) or (2) (as the case may be)</u>
<u>"trading day"</u>	<u>in the case of a PRC issuer, has the meaning defined in the Rules of the Exchange, but also excludes any day on which trading of the PRC issuer's H shares was halted or suspended</u>

- (2) the percentage of a PRC issuer's public float is the portion of H shares listed on the Exchange and held by the public, as a percentage of its total number of issued shares in the class to which H shares belong (excluding treasury shares);
- (3) in the case of a PRC issuer with no other listed shares, the market value of the PRC issuer's public float is calculated by multiplying (a) the number of H shares held by the public as of the date of determination by (b) the volume weighted average price of the PRC issuer's H shares over the 125 trading days immediately prior to the date of determination; and
- (4) in the case of a PRC issuer with other listed shares, the market value of the PRC issuer's public float is calculated by multiplying (a) the number of H shares held by the public as of the date of determination by (b) the volume weighted average price of the PRC issuer's H shares over the 125 trading days, or all trading days since listing, whichever is shorter, immediately prior to the date of determination.

Note: The volume weighted average price of a PRC issuer's H shares referred to in sub-paragraphs (3) and (4) of this rule is calculated by dividing the total turnover (as stated in the Exchange's daily quotation sheets) by the total number of H shares traded (as stated in the Exchange's daily quotation sheets) for the 125 trading days, or all trading days since listing, as the case may be, immediately prior to the date of determination, as adjusted for any applicable corporate actions.

Minimum prescribed public float

25.21B There must be an open market in the shares listed on the Exchange.

PRC issuers with no other listed shares

- (1) For a PRC issuer with no other listed shares, this will normally mean that a portion of H shares listed on the Exchange and held by the public must, at all times:
 - (a) represent at least 25% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares), or any lower minimum percentage of public float prescribed at the time of listing under rule 25.07A(1) (the "Initial Prescribed Threshold"); or
 - (b) alternatively:
 - (i) have a market value of at least HK\$1,000,000,000; and
 - (ii) represent at least 10% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares),
- (the "Alternative Threshold").

Note: Where a PRC issuer with no other listed shares was granted a waiver from strict compliance with the minimum percentage of public float as prescribed by rule 25.07A(1) (as amended from time to time) at the time of listing, the Initial Prescribed Threshold shall mean the minimum percentage of public float prescribed under that waiver.

PRC issuers with other listed shares

- (2) For a PRC issuer with other listed shares, this will normally mean that a portion of H shares listed on the Exchange and held by the public must, at all times:
- (a) have a market value of at least HK\$1,000,000,000; or
 - (b) represent at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

25.21C If a PRC issuer with no other listed shares changes its reliance on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 25.21B, the PRC issuer must, as soon as practicable, publish an announcement containing the reasons for the change and a statement setting out the market value and percentage of its public float as at the latest practicable date.

Notes:

1. The Alternative Threshold is not available to a PRC issuer with no other listed shares if the PRC issuer's H shares have traded for fewer than 125 trading days since listing on the Exchange.
2. In the case of a PRC issuer with no other listed shares intending to change its reliance on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 25.21B, if during the 125 trading days immediately prior to the date of determination (referred to as the "reference period" for the purpose of this note) its listed H shares have been suspended from trading for more than five consecutive business days, the Exchange may require the PRC issuer to extend the reference period for the purpose of rule 25.21A(3) to demonstrate that the market value of its H shares can meet the Alternative Threshold over a reasonable period after resumption of trading. Such a PRC issuer should consult the Exchange at the earliest opportunity as to whether it may rely on the Alternative Threshold.
3. In the case of a PRC issuer with no other listed shares changing its reliance on the Alternative Threshold to the Initial Prescribed Threshold for compliance with rule 25.21B, the PRC issuer must, as soon as practicable, publish an announcement containing the reasons for the change and the percentage of its public float as at the latest practicable date.

Disclosure in monthly returns and annual reports

25.21D (1) A PRC issuer must include, in each monthly return made under rule 17.27B:

- (a) a statement confirming compliance with rule 25.21B, or an appropriate negative statement;
- (b) for a PRC issuer with no other listed shares:
 - (i) relying on the Initial Prescribed Threshold for compliance with rule 25.21B, the minimum percentage threshold applicable to the PRC issuer; or
 - (ii) relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 25.21B, a statement setting out the market value and percentage of its public float; and
- (c) for a PRC issuer with other listed shares relying on the market value threshold under rule 25.21B(2)(a) (instead of the percentage threshold under rule 25.21B(2)(b)), a statement setting out the market value and percentage of its public float,

as at the end of the month to which the monthly return relates.

(2) A PRC issuer must include, in its annual report:

- (a) a statement confirming compliance with rule 25.21B, or an appropriate negative statement;
- (b) for a PRC issuer with no other listed shares relying on the Initial Prescribed Threshold for compliance with rule 25.21B, the minimum percentage threshold applicable to the PRC issuer; and
- (c) a statement setting out:
 - (i) the percentage of its public float;
 - (ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 25.21B(2)(a) (instead of the percentage threshold under rule 25.21B(2)(b)), for compliance with rule 25.21B, the market value of its public float; and
 - (iii) the composition of (1) the ownership of the H shares listed on the Exchange and (2) the PRC issuer's share capital,

as at the end of the financial year to which the annual report relates.

(3) For: (i) a PRC issuer with no other listed shares that has relied on the Alternative Threshold (instead of the Initial Prescribed Threshold); or (ii) a PRC issuer with other listed shares that has relied on the market value threshold under rule 25.21B(2)(a) (instead of the percentage threshold under rule 25.21B(2)(b)) for compliance with rule 25.21B at any time within a financial year,

the PRC issuer must, in addition to the requirement referred to in sub-paragraph (2) of this rule, also include in its annual report for that financial year:

- (a) in respect of each month in which the PRC issuer relied on:
 - (i) in the case of a PRC issuer with no other listed shares, the Alternative Threshold; or
 - (ii) in the case of a PRC issuer with other listed shares, the market value threshold under rule 25.21B(2)(a),
as at the end of that month, the market value and percentage of its public float as at the end of that month; and
- (b) a commentary on all material changes to its public float levels during that financial year.

- (4) The statements referred to in sub-paragraphs (1) to (3) of this rule should be based on information that is publicly available to the PRC issuer or otherwise within the knowledge of its directors or supervisors as at the latest practicable date prior to the issue of the monthly return or annual report (as the case may be).

Note: The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this rule.

Public float shortfall

25.21E (1) Upon becoming aware of its non-compliance with rule 25.21B, a PRC issuer must:

- (a) take active steps to re-comply with rule 25.21B at the earliest possible moment; and
- (b) publish an announcement within one business day to inform the public of the non-compliance and the relevant information, including:
 - (i) the percentage of its public float;
 - (ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 25.21B(2)(a) (instead of the percentage threshold under rule 25.21B(2)(b)), at the point of its non-compliance with rule 25.21B, the market value of its public float;
 - (iii) the reason(s) for the non-compliance;
 - (iv) its plan and expected timeline to restore its public float;

- (v) the composition of ownership of the H shares listed on the Exchange; and
- (vi) any such other information as the Exchange may from time to time prescribe.

Notes:

1. A PRC issuer may announce details in relation to its restoration plan in a subsequent announcement, provided that the subsequent announcement must be published within 15 business days upon the PRC issuer becoming aware of its non-compliance with rule 25.21B.
 2. The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this sub-paragraph (1).
- (2) For so long as a PRC issuer remains non-compliant with rule 25.21B, the PRC issuer must:
- (a) publish an announcement on a monthly basis, and no later than the date of publication of its monthly return under rule 17.27B, to provide an update on:
 - (i) the percentage of its public float;
 - (ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 25.21B(2)(a) (instead of the percentage threshold under rule 25.21B(2)(b)), at the point of its non-compliance with rule 25.21B, the market value of its public float;
 - (iii) the status of its public float restoration plan, including action(s) taken during the relevant period to restore its public float; and
 - (iv) the expected timing for restoration; and
 - (b) not take any action that may further lower the percentage of its public float, unless the PRC issuer can demonstrate that there are exceptional circumstances.

Note: The Exchange may exercise its discretion to take appropriate action(s) (including to subject the PRC issuer to the procedures set out in rule 25.21G, and to exercise its powers under rule 9.04(2)) if, in the opinion of the Exchange, the PRC issuer fails to re-comply with rule 25.21B within a reasonable period.

- (3) For so long as a PRC issuer remains non-compliant with rule 25.21B, each director and supervisor must not, and must use his best endeavours to ensure

that his close associates do not, take any action that may further lower the percentage of the PRC issuer's public float, unless the director or supervisor can demonstrate that there are exceptional circumstances.

Significant Public Float Shortfall

25.21F (1) A PRC issuer with no other listed shares that fails to comply with rule 25.21B(1) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public:

- (a) represents at least 15% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the PRC issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold; or
- (b) has a market value of at least HK\$500,000,000 and represents at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

Note: If the H shares of the PRC issuer with no other listed shares have traded for fewer than 125 trading days since listing on the Exchange, this rule will be modified and restated in its entirety as follows:

"A PRC issuer with no other listed shares that fails to comply with rule 25.21B(1) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public represents at least 15% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the PRC issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold."

(2) A PRC issuer with other listed shares that fails to comply with rule 25.21B(2) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public:

- (a) has a market value of at least HK\$500,000,000; or
- (b) represents at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

25.21G (1) In addition to the obligation under rule 25.21E, a PRC issuer must publish an announcement to inform the public of the occurrence of a Significant Public Float Shortfall within one business day after becoming aware of such shortfall.

(2) From the day on which a PRC issuer first has a Significant Public Float Shortfall up to and until the PRC issuer has re-complied with rule 25.21B, any listing document, circular, announcement or notice issued by the PRC issuer pursuant to the Exchange Listing Rules must contain, on its front cover or inside front cover or as a heading, a prominent and legible warning statement in the following form:

"[The PRC issuer] is regarded as having a Significant Public Float Shortfall under Rule 25.21F. Accordingly, shareholders and potential investors of [the PRC issuer] are advised to exercise caution when dealing in the H shares of [the PRC issuer] because:

(a) [the PRC issuer] has failed to maintain the minimum public float required under Rule 25.21B, resulting in a shortfall that constitutes a Significant Public Float Shortfall as defined under Rule 25.21F; and

(b) the Exchange will cancel the listing of the H shares of [the PRC issuer] if [the PRC issuer] fails to re-comply with Rule 25.21B within the prescribed period under Rule 25.21G(3) (i.e. by [date])."

(3) The Exchange will cancel the listing of a PRC issuer's H shares if the PRC issuer has a Significant Public Float Shortfall and fails to re-comply with rule 25.21B for a continuous period of 12 months beginning from the commencement of the Significant Public Float Shortfall.

Notes: 1. The Exchange will add a designated marker to the stock name of the listed H shares of a PRC issuer with a Significant Public Float Shortfall.

2. The designated marker referred to in note 1 to this rule will be removed if the PRC issuer can demonstrate to the Exchange, and publish an announcement to inform the public, that it has re-complied with rule 25.21B.

...

C. Corporate Governance/ Environmental, Social and Governance

Appendix C1

CORPORATE GOVERNANCE CODE

...

PART 2 – PRINCIPLES OF GOOD CORPORATE GOVERNANCE, CODE PROVISIONS AND RECOMMENDED BEST PRACTICES

...

F. SHAREHOLDERS ENGAGEMENT

F.1 Effective communication and conduct of shareholders meetings

...

Recommended Best Practices

F.1.5 ...

- (b) indication of important shareholders' dates in the coming financial year; and
- (c) ~~[Repealed 1 January 2026]the percentage of public float, based on information that is publicly available to the issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report; and~~

...

...

Part B

This part sets out the amendments to the GEM Listing Rules in respect of the consequential changes set out in Chapter 3 of this paper. These amendments will take effect on 1 January 2026.

I. Consequential Changes Relating to the Conclusions and Further Consultation Paper

Chapter 11

EQUITY SECURITIES

QUALIFICATIONS FOR LISTING

...

Conditions relevant to the securities for which listing is sought

...

Open market and market value requirements

- 11.23 There must be an open market in the securities for which listing is sought. This will normally mean that:

...

(11) ...

Notes: ...

- 3 *The Exchange will also not recognise as a member of “the public”:*

...

Notwithstanding that the underlying shares subject to a share scheme were initially financed by an issuer and/or held by a trustee who is accustomed to take instructions from the issuer, for the purpose of this note, the Exchange will regard: (i) shares that have been:—(i) issued or transferred to specified participants; and (ii) shares held by trustees for the benefit of specified participants in respect of awards or options granted to them under a share scheme (as defined in rule 23.01A), as being “in public hands”, provided that:

...

Chapter 25

EQUITY SECURITIES

ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

...

Chapter 11 – Qualifications for Listing

...

Open market requirements

25.07A ...

PRC issuers with other listed shares

- (2) Where a new applicant ~~that~~ is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must:

...

The Stock Exchange of Hong Kong Limited

Practice Note 6

to the Rules Governing the Listing of Securities on GEM
of The Stock Exchange of Hong Kong Limited
(the “GEM Listing Rules”)

Issued pursuant to rule 1.07 of the GEM Listing Rules

Initial Public Offer of Securities

...

Allocation of shares

...

- 3A. At least 40% of the total number of shares ~~initially~~ offered in the initial public offering (excluding any shares to be issued pursuant to the exercise of any offer size adjustment option and/or over-allotment option) must be allocated to investors in the placing tranche (other than Cornerstone Investors).

...

Appendix D1B

CONTENTS OF LISTING DOCUMENTS

Equity Securities

In the case where listing is sought for equity securities of an issuer some part of whose share capital is already listed and/or where treasury shares are sold or transferred by the issuer

...

Information about the securities for which listing is sought and the terms and conditions of their issue and distribution (*Note 11*)

9. ...

(5) In case of a new class of securities to be listed, the expected percentage of public float in the relevant class of securities immediately upon listing.

Hong Kong Exchanges and Clearing Limited

8/F, Two Exchange Square,
8 Connaught Place,
Central, Hong Kong

hkexgroup.com | hkex.com.hk

info@hkex.com.hk

T +852 2522 1122

F +852 2295 3106