

**Submitted via Qualtrics**

**(Anonymous)**

**Company/Organisation view**

**Professional Body / Industry Association**

**Question 1.1**

**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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We broadly agree with the initiative of the Exchange to provide issuers with greater latitude to conduct legitimate corporate activities such as share buybacks, thereby enhancing operational flexibility and supporting more dynamic capital management for issuers. The initiative also aligns Hong Kong's regulatory framework with other leading global exchanges that employ market-value-based thresholds rather than rigid percentage requirements, enhancing Hong Kong's attractiveness as a listing venue.

**Question 1.2**

**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)?**

No

**Please give reasons for your views and any alternative suggestions.**

While the Alternative Threshold represents a welcomed evolution in Hong Kong's public float regime, we respectfully reiterate our previous recommendation of a two-tier ongoing public float regime as follows:

(i) a flat 10% public float requirement for all issuers, irrespective of market capitalisation, as the core ongoing threshold; and

(ii) a lower threshold (e.g. 5%) for very large issuers with market capitalisation exceeding a specified level (e.g. HK\$30 billion as is the case for Tier C issuers under the initial public float thresholds). Eligibility for the lower ongoing public float threshold applicable to very large capitalisation companies would need to be determined at the time of listing as is currently the case.

Through broader applicability, our proposed two-tier regime would further enhance the effectiveness of the Exchange's initiative and the international competitiveness of the Hong Kong stock market.

### **Question 1.3**

**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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree with the Exchange's proposed calculation methodology for determining market value under the Alternative Threshold. Determining the public float market value using the 125-day volume weighted average price on a rolling basis would help smooth out the impact of short-term share price fluctuations, lessen the impact of volatility or short-term trading anomalies and provide a more stable and reliable measure for assessing compliance with the Alternative Threshold.

### **Question 1.4**

**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?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree that the 125-day requirement is fair and reasonable, as this period provides sufficient trading data to calculate a reliable volume-weighted average price.

**Question 1.5**

**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?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree with the Exchange's proposal to require extension of the 125-trading-day calculation period when an issuer's shares have been suspended from trading for more than five consecutive business days. This mechanism represents a prudent regulatory safeguard that ensures the integrity of the Alternative Threshold determination process.

**Question 1.6**

**Do you agree that the same ongoing public float requirements that apply to Main Board issuers should be applied to GEM issuers?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We believe that extending the same requirements to GEM issuers would promote a consistent approach to public float across both boards and simplify the overall regulatory framework.

**Question 2.1**

**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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We welcome in principle the Exchange's proposal to establish bespoke ongoing public float threshold figures for PRC issuers with other listed shares as it presents a thoughtful recognition of dual-listing complexities. We suggest that the Exchange to expand the availability of bespoke ongoing public float thresholds beyond PRC issuers to encompass all dual-listed issuers (subject to appropriate eligibility criteria and safeguards). In addition, the Exchange shall be granted the power and discretion to offer the bespoke ongoing public float thresholds to issuers on a case-by-case basis upon formal application by eligible issuers.

## **Question 2.2**

**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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

Please see our response to question 2.1 above.

## **Question 3.1**

**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?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We believe the proposal would improve transparency and provide investors with useful information to better assess and make informed investment decisions.

**Question 3.2**

**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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

The proposal will create greater transparency for the market.

**Question 3.3(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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

The expanded disclosure regime, covering 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, encourages transparency.

**Question 3.3(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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

The expanded disclosure regime, covering 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, encourages transparency.

**Question 3.4**

**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?**

Yes

**Please give reasons for your views and any alternative suggestions.**

It allows stakeholders to assess issuer adherence over time and provide a holistic compliance picture of the issuer.

**Question 3.5**

**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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We support the enhanced disclosure of share capital structure details in annual reports, as this information provides helpful information for shareholders and potential investors, especially for issuers with more than one type or class of securities and is fundamental for understanding equity ownership and shareholder concentration risk.

**Question 4.1**

**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?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We welcome the proposed removal of the suspension requirement in the event of a shortfall in its public float below a specified threshold, and believe that the objective of protecting investors and the market in cases of insufficient public float would be achieved through timely disclosures as proposed.

#### **Question 4.2**

**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?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree that timely disclosures would be a market-oriented practical step to prevent creation of a false market in issuers' shares in cases of insufficient public float.

#### **Question 4.3**

**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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

**Question 4.4**

**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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

**Question 4.5**

**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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

The special stock marker should only be applied to issuers with a Significant Public Float Shortfall to avoid over-penalising issuers for technical or minor non-compliance and help maintain liquidity and market confidence. Please see our response to question 4.6.

**Question 4.6**



**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?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree that a special stock marker should be reserved for issuers with a Significant Public Float Shortfall, as existing shareholders and investors can then clearly identify such issuers and make informed investment decisions with full knowledge of the potential delisting risk.

We also respectfully take this opportunity to recommend the Exchange to extend and align the general delisting timeline for suspended GEM issuers with that applicable to Main Board issuers (i.e., 18 months), thereby creating greater regulatory consistency across the two markets. The current disparity between Main Board (18 months) and GEM (12 months) delisting timelines lacks clear policy justification, particularly given that both markets serve public investors who deserve equivalent protection and restoration opportunities.

**Question 4.7(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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

**Question 4.7(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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

**Question 4.7(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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

**Question 4.7(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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

**Question 5**

**Do you agree that the proposed ongoing public float requirements be applied to all existing listed issuers?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We agree with the universal application of proposed public float requirements to all existing listed issuers to ensure regulatory consistency and market integrity. This approach will enhance the Exchange's reputation as a well-regulated, transparent, fair and competitive capital market.

### **Question 6.1**

**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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

We are generally supportive of the approach of allowing reasonably sufficient time for an issuer to restore the public float after a general offer. It is nevertheless essential to recognise that in general offer situations, the public float shortfall is not caused by any action or omission of the issuer or its directors as they are passive recipients of an external offer process initiated and controlled by the offeror. The offeror, however, shall bear full responsibility for addressing any resulting public float compliance issue. We therefore recommend that to enhance regulatory consistency and accountability:

(a)the public float restoration regime under general offer situations be aligned with the normal restoration mechanism as proposed under paragraph 360 of the Conclusions and Further Consultation Paper (by adopting the same restoration timeline, reporting and disclosure requirements and compliance mechanisms to post-general offer situations);

(b)the positive obligation for the offeror to restore the public float “as soon as possible” following completion of the general offer (if the issuer is to remain listed) to be retained (but with no corresponding obligations imposed on the issuer or its directors); and

(c)the Exchange should explicitly reserve and exercise its disciplinary powers under Rules 2A.09-2A.10(B) of the Listing Rules to impose appropriate sanctions against offerors (who typically become substantial shareholders upon completion) who fail to demonstrate diligent efforts toward public float restoration, while expressly exempting issuers and directors from any disciplinary liability arising from offer-related public float shortfalls.

### **Question 6.2**

**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)?**

No

**Please give reasons for your views and any alternative suggestions.**

Please see our response to question 6.1 above.

**Please provide your overall comments (if any) regarding the Conclusions and Further Consultation Paper which have not been covered in the questions above.**