

Submitted via Qualtrics

(Anonymous)

Company/Organisation view

Accounting Firm

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.

The Alternative Threshold provides greater flexibility for issuers with large market capitalizations to manage their capital effectively through corporate actions such as share repurchases. This flexibility would allow issuers to further optimize their financial resources. Additionally, the Alternative Threshold aligns with the regulatory approach taken for initial public float thresholds, ensuring consistency in the regulatory framework.

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)?

Yes

Please give reasons for your views and any alternative suggestions.

These threshold figures strike a balance between ensuring sufficient liquidity and providing issuers with the necessary flexibility to manage their capital.

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.

Using a rolling basis and the volume weighted average price over 125 trading days helps to smooth out short-term volatility in share prices, providing a stable measure of the market value of shares held by the public. This approach ensures that the public float threshold is based on a reliable and consistent metric, reducing the likelihood of false positives due to short-term market fluctuations.

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.

Requiring a minimum trading period ensures that the market value of shares held by the public is based on a substantial and representative sample of trading data. This prevents unreliable market value determinations.

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.

Extending the period can ensure that the market value determination is based on a continuous and uninterrupted trading record.

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.

This approach aligns with the regulatory approach taken for initial public float requirements.

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.

This approach addresses concerns raised by respondents about the difficulty for A+H issuers to comply with ongoing public float threshold that are purely percentage-based after a secondary fundraising on a PRC stock exchange.

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.

These non-PRC issuers have to face similar challenges as A+H issuers in managing public float levels. By applying the same thresholds for A+H issuers on these non-PRC issuers, the Exchange promotes a uniform standard for public float levels for issuers with similar characteristics.

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.

Confirming compliance with the Ongoing Public Float Thresholds in both monthly returns and annual reports provides a clear and consistent picture of an issuer's public float status, helping investors make well-informed decisions. This transparency is crucial for maintaining market integrity and investor confidence.

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.

Disclosing the minimum percentage threshold applicable to issuers relying on the Initial Prescribed Threshold provides clarity and transparency for investors. This information helps investors understand the specific public float requirements that apply to each issuer, enabling them to assess the issuer's compliance more accurately.

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.

This disclosure requirement ensures that investors have access to detailed and up-to-date information on the public float status of these issuers. For issuers relying on the Alternative Threshold or PRC issuers with other listed shares, providing the market value and percentage of publicly held shares is essential for assessing compliance with the Ongoing Public Float Thresholds.

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.

See response to Q3.3(a)

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.

Annual reports serve as a key source of information for investors, and including the required disclosures ensures that investors have a complete picture of the issuer's public float status throughout the year. This transparency supports informed decision-making and maintains market integrity.

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.

Providing detailed information on the share capital structure in annual reports enhances transparency and helps investors understand the complex ownership and governance structures of issuers. This disclosure is particularly important for issuers with multiple types or classes of securities, as it enables investors to assess the issuer's capital structure and associated risks more accurately.

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.

The proposed obligations enhance transparency and provide sufficient information to potential investors and existing shareholders. This transparency helps maintain market confidence and allows investors to make informed decisions. Additionally, the requirement for monthly updates and the imposition of restrictions on actions that may further reduce public float incentivizes issuers to take prompt and active steps to restore their public float.

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.

The one-business-day deadline for the initial announcement provides immediate notification to investors, while the 15-business-day deadline for the restoration plan gives issuers sufficient time to develop a comprehensive strategy. This requirement ensures timely and transparent communication with the market.

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.

Monthly updates ensure that investors have continuous and up-to-date information on the issuer's public float status and progress towards restoring it. Regular updates also incentivize issuers to remain focused on restoring their public float.

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.

This restriction ensures that issuers and their directors do not exacerbate the public float shortfall through actions such as share repurchases or acquisitions by directors and their close associates. As a result, this would help prevent further deterioration of the public float and encourages issuers to focus on restoring it.

Adding an exceptional circumstance allows for flexibility in cases where such actions are necessary for the issuer's long-term benefit.

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.

This approach balances the need for transparency with the practicalities of trading. By allowing continued trading without a special stock marker for non-Significant Public Float Shortfalls, the proposal avoids unnecessary disruption to the market.

Investors would still be aware of the public float shortfall through other additional disclosure requirements, thereby maintaining market integrity.

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.

The special stock marker and heightened disclosure requirements enhance transparency and allow investors to make informed decisions. The delisting mechanism serves as a strong deterrent against prolonged non-compliance, ensuring that issuers take prompt action to restore their public float.

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.

The proposed thresholds strike a balance between ensuring market integrity and avoiding overly stringent requirements that could hinder issuers' ability to restore their public float.

The delisting mechanism provides a clear and effective deterrent against prolonged non-compliance.

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.

See response to Q4.7(a)

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.

See response to Q4.7(a)

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.

See response to Q4.7(a)

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.

Consistent application across all listed issuers ensures fairness across the market.

To support existing issuers in adapting to these new requirements, the Exchange may consider introducing a transitional period to avoid significant disruptions in the short term.

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.

Retaining the timing-relief waiver allows issuers a reasonable period to restore their public float after a general offer, which can be crucial for maintaining market stability and providing issuers with the necessary time to adjust their capital structure.

This approach acknowledges the practical challenges that issuers may face immediately following a general offer and helps prevent unnecessary disruptions or other punitive measures that could harm investor confidence and market liquidity.

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)?

Yes

Please give reasons for your views and any alternative suggestions.

A Significant Public Float Shortfall indicates a more severe situation that requires immediate attention to restore the public float. Granting a waiver in such cases could undermine the purpose of the public float requirements to maintain an open market for trading.

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

