

Submitted via Qualtrics

(Anonymous)

Company/Organisation view

Law 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.

This threshold provides appropriate flexibility for issuers with large market capitalisations while still ensuring sufficient liquidity in the market. The Alternative Threshold of HK\$1 billion market value (representing $\geq 10\%$) strikes an appropriate balance between maintaining an open market and allowing issuers to conduct legitimate capital management activities. This approach aligns with our previous response to Question 4.2 in the December 2024 consultation, where we supported allowing issuers flexibility to maintain lower public float levels after listing, particularly for companies whose market capitalisation has increased substantially post-listing.

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.

The HK\$1 billion threshold ensures that there is a critical mass of shares available for trading whilst the 10% minimum provides an appropriate floor to prevent excessive concentration of shareholdings. These figures strike an appropriate balance between providing meaningful flexibility for large capitalisation issuers whilst maintaining

sufficient liquidity for market participants. The thresholds are set at levels that ensure continued market integrity and investor protection.

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 using the volume weighted average price over 125 trading days on a rolling basis. This methodology provides a more stable and representative measure of market value. The 125-day period is sufficiently long to capture meaningful trading patterns whilst being responsive to genuine market developments. The volume weighting ensures that the calculation reflects actual trading activity rather than being distorted by periods of low liquidity or unusual price movements. This approach provides predictability for issuers whilst ensuring the market value calculation reflects genuine market conditions.

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 issuers should be required to wait until they have been listed for at least 125 trading days before they can rely on the Alternative Threshold. This requirement ensures that there is sufficient trading history to calculate a meaningful volume weighted average price over the requisite 125-day period. Newly listed issuers need time to establish genuine market pricing and trading patterns before the Alternative Threshold

calculation can provide a reliable measure of market value. Without this minimum trading period, the market value calculation would be based on insufficient data and could be subject to the volatility and price discovery issues that often characterise the early trading period following an initial public offering. The 125-day requirement provides consistency with the calculation methodology and ensures that only issuers with established trading records can access this flexibility.

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 this would be appropriate in the circumstances.

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 agree.

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 agree with the proposed bespoke ongoing public float threshold figures for PRC issuers with other listed shares. These thresholds appropriately recognise the unique characteristics of A+H 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.

We agree.

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 agree with this reporting requirement. Regular confirmation of public float compliance in monthly and annual returns provides appropriate transparency and enables the Exchange to monitor compliance on an ongoing basis.

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.

We agree with the proposed disclosure requirements. These disclosures ensure that relevant public float information is readily available.

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.

We agree. This ensures that detailed public float information is readily available.

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.

We agree. This ensures that detailed public float information is readily available.

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.

We agree with the proposed disclosure details. This level of detail supports informed investment decisions and market transparency.

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.

The requirement for all issuers to state in their annual reports the structure of their share capital as at the end of the relevant financial year, including 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), provides comprehensive transparency about issuers' capital structures. This disclosure complements the public float reporting requirements and enables investors to understand the full context of an issuer's shareholding structure.

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.

This approach provides appropriate transparency to enable continued informed trading whilst creating sufficient incentives for prompt restoration of compliance.

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.

These timeframes balances the need for prompt disclosure with practical considerations for developing meaningful restoration plans.

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.

Regular monthly updates ensure ongoing transparency about the issuer's efforts to restore compliance and provide investors with current information about the status of

restoration efforts. This frequency strikes an appropriate balance between maintaining market transparency and avoiding excessive disclosure burden.

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.

We agree with this restriction. Preventing actions that would further reduce public float during non-compliance periods ensures that issuers focus on restoration rather than exacerbating the shortfall.

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.

We agree with this approach.

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 approach provides appropriate investor protection through enhanced disclosure whilst avoiding the severe detriment to shareholders that results from trading suspensions.

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.

We agree with all these elements.

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.

We agree with all these elements.

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.

We agree with all these elements.

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.

We agree with all these elements.

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 that the proposed requirements should apply to all existing listed issuers.

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.

Timing-relief waivers provide appropriate flexibility for issuers subject to general offers, recognising that public float shortfalls in such circumstances may be temporary and that issuers need reasonable time to implement restoration measures. This approach balances the need for public float compliance with the practical realities of takeover situations.

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.

We agree.

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