

Submitted via Qualtrics

Quam Capital Limited

Company/Organisation view

Corporate Finance Firm / Bank

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.

It provides greater flexibility for issuers on meeting public float requirement.

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.

Small cap issuers cannot benefit from the Alternative Threshold.

Suggestion: Lower the market value required for meeting the market value limb of the Alternative Threshold.

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.

It smooths out short-term price fluctuations, providing a more stable and representative valuation that reflects genuine market activity and liquidity over a period.

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.

The period should be long enough to smooth out the fluctuation in share prices for newly listed issuers.

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.

It provides a more representative reflection of the issuer's true market value and liquidity over a continuous trading horizon, protecting investors from misleading valuations caused by trading disruptions.

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?

No

Please give reasons for your views and any alternative suggestions.

Issuers listed on GEM are significantly smaller in market capitalisation than Main Board in general. Applying the same ongoing public float requirement would make the Alternative Threshold meaningless to GEM issuers.

Suggestion: Lower the market value required for meeting the market value limb of the Alternative Threshold for GEM issuers.

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.

Given that the 5% threshold reflects the typical H-share portion the smaller A+H issuers currently maintain on the Exchange, balancing sufficient liquidity with capital management flexibility.

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.

Given that the shares of these non-PRC issuers listed on the PRC stock exchange are not fungible with the shares listed on the Exchange, like the A+H issuers.

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.

It enhances transparency and accountability, providing timely and consistent information to regulators and investors about market liquidity and compliance status.

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.

It enhances transparency and accountability, providing timely and consistent information to regulators and investors about market liquidity and compliance status.

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.

It enhances transparency and accountability, providing timely and consistent information to regulators and investors about market liquidity and compliance status.

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.

It enhances transparency and accountability, providing timely and consistent information to regulators and investors about market liquidity and compliance status.

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 enhances transparency and accountability, providing timely and consistent information to regulators and investors about market liquidity and compliance status.

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.

It offers clearer picture for shareholders and prospective investors on share capital structure, particularly for issuers that have multiple types or classes of securities outstanding.

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 proposal to remove suspension gives shareholders the ability to trade out of their position and introducing enhanced disclosure and remedial requirements encourages issuers to restore public float as soon as practicable.

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?

No

Please give reasons for your views and any alternative suggestions.

Given the Alternative Threshold and the bespoke ongoing public float threshold for PRC issuers are based on market value of shares which may fluctuate, it would be impracticable and burdensome for some issuers to track the volume weighted average price of their shares continuously to determine whether they meet the relevant thresholds and issue the initial announcement within one business day.

Suggestion: allowing 5 business days for the initial announcement to be published.

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.

It ensures that investors are better informed of issuers' public float status and any shortfall that may lead to the risk of delisting.

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 prevents exacerbating an already low public float situation and helps in restoring the public float.

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.

It avoids unnecessary market stigma and supports normal trading activities while the shortfall is being addressed. It balances investor awareness with maintaining market liquidity and orderly trading.

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 proposal to remove suspension gives shareholders the ability to trade out of their position while the heightened disclosure requirements provide regular updates on the issuer's status and efforts to address the public float shortfall. The delisting mechanism provides a strong incentive for timely restoration of public float, helping maintain market integrity and protect investors.

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)?

No

Please give reasons for your views and any alternative suggestions.

Given our suggestion on lowering the market value required for meeting the market value limb of the Alternative Threshold, the market value threshold here should also be lowered.

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.

Given that the existing issuers can also benefit from the flexibility under the proposed ongoing public float requirements.

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.

While public float should be restored as soon as possible following a general offer, it takes time for the offeror to complete this process. Issuers subject to the same level of disclosure obligations upon the breach of ongoing public float requirements enhances transparency and provides timely updates to investors.

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.

