

1 October 2025

Hong Kong Exchanges and Clearing Limited

By email to HKEX Listing Division / Ms Katherine Ng (Head of Listing)

Re: ASIFMA Response to HKEX's Further Consultation on Ongoing Public Float Requirements

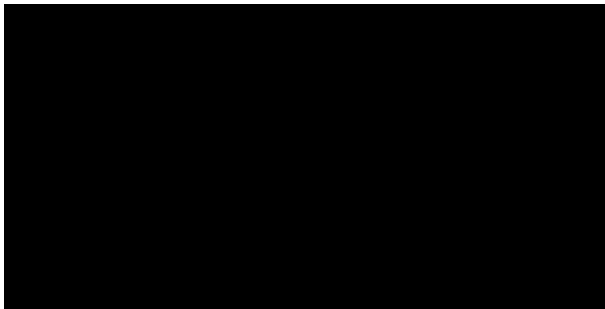
Dear Sirs/Madams,

We refer to the Consultation Paper titled "Further Consultation on Ongoing Public Float Requirements" (the **Consultation**) published on 1 August 2025 by Hong Kong Exchanges and Clearing Limited (**HKEX** or the **Stock Exchange**).

On behalf of members of the Equity Capital Markets Committee (**ECMC**) of Asia Securities Industry & Financial Markets Association (**ASIFMA**), we are submitting this response to the Consultation. Unless otherwise indicated, the terms used in this response will have the meanings defined in the Consultation and references to "**our members**" include those in the ECMC. Linklaters has assisted us in preparing and coordinating this response.

ASIFMA appreciates the initiatives by the Hong Kong regulators to review and refine the regulatory framework for Ongoing Public Float Requirements for listed issuers and welcomes the opportunity to provide comments on the proposals. We look forward to the opportunity to discuss these reforms with you.

Yours sincerely,



A. Proposed Ongoing Public Float Thresholds

Number	Questions and Response
1.1	<p>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 Consultation)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	Agree.
1.2	<p>If your answer to Question 1.1 is “yes”, 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 Consultation)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	Agree.
1.3	<p>If your answer to Question 1.1 is “yes”, 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 <u>rolling basis</u> by multiplying:</p> <p>(a) the number of shares held by the public as of the date of determination by</p> <p>(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 Consultation)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	Agree.
1.4	<p>If your answer to Question 1.1 is “yes”, 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?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	<p>Agree.</p> <p>A member suggests the Listing Rules should impose a hard minimum listing period of 6 months before an issuer may elect to rely on the Alternative Threshold. This offers clarity to the market and aligns with the policy intention of adopting the 125 trading days market value calculation. In addition, if, soon after listing, an issuer is able to and would like to elect the Alternative Threshold, this should have been addressed as part of the listing process and disclosed in the listing document.</p>
1.5	<p>If your answer to Question 1.1 is “yes”, 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?</p> <p>Please give reasons for your views and any alternative suggestions.</p>

Number	Questions and Response
Response	Agree.
1.6	Do you agree that the same ongoing public float requirements that apply to Main Board issuers should be applied to GEM issuers? Please give reasons for your views and any alternative suggestions.
Response	Members either do not hold strong view or agree with the proposal.

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

Number	Questions and Response
2.1	<p>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 Consultation)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	Agree.
2.2	<p>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 Consultation)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	Agree.

C. Regular Public Float Reporting

Number	Questions and Response
3.1	<p>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?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	Agree.
3.2	<p>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 Consultation)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	Agree.
3.3	<p>Do you agree with the proposal that the following types of issuers 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 Consultation):</p> <ul style="list-style-type: none"> (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 relevant bespoke ongoing public float threshold? <p>Please give reasons for your views and any alternative suggestions.</p>
Response	Agree.
3.4	<p>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 Consultation), as at the end of the relevant financial year?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	Agree.
3.5	<p>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 Consultation)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	Agree.

D. Public Float Shortfalls

Number	Questions and Response
4.1	<p>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 Consultation) are sufficient to:</p> <p>(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</p> <p>(b) incentivise relevant issuers to restore their public float to meet the applicable Ongoing Public Float Threshold as soon as practicable?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	Agree.
4.2	<p>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 Consultation), 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?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	Agree.
4.3	<p>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 Consultation)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	Agree.
4.4	<p>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 Consultation)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	Agree.
4.5	<p>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 Consultation)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>

Number	Questions and Response
Response	Members do not hold strong view on this proposal. A member suggests introducing a special marker on issuers with prolonged public float shortfall (but not quite Significant Shortfall) (e.g. > 12 months) to incentivise them to re-comply.
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 Consultation), such that there can be continued trading in the issuer's shares? Please give reasons for your views and any alternative suggestions.
Response	Agree.
4.7	If your answer to Question 4.6 is "yes", do you agree with: (a) the proposed Significant Public Float Shortfall thresholds (as set out in paragraphs 364 to 366 of the Consultation);
Response	Agree.
4.7	(b) the proposed delisting mechanism for issuers with a Significant Public Float Shortfall (as set out in paragraph 368 of the Consultation);
Response	Members in general agree with respect to Main Board issuers and do not hold strong views with respect to GEM issuers.
4.7	(c) the proposed additional disclosure obligations for issuers with a special stock marker (as set out in paragraph 369 of the Consultation); and
Response	Agree.
4.7	(d) the proposed conditions for removal of the special stock marker (as set out in paragraph 370 of the Consultation)?
Response	Agree.

E. Scope of Application

Number	Questions and Response
5.	Do you agree that the proposed ongoing public float requirements be applied to all existing listed issuers? Please give reasons for your views and any alternative suggestions.
Response	Agree.

F. Offers under the Takeovers Code

Number	Questions and Response
6.1	<p>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 Consultation)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	Agree.
6.2	<p>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 Consultation)?</p> <p>Please give reasons for your views and any alternative suggestions.</p>
Response	<p>Agree</p> <p>One member recommends the Exchange to provide more specificity around the circumstances/scenarios where the time-relief waiver will not be granted, e.g. following a general offer.</p>