

Submitted via Qualtrics

(Anonymous)

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.

This proposal will improve operational flexibility and facilitate more dynamic capital management for issuers. Additionally, this initiative aligns Hong Kong's regulatory framework with other leading global exchanges that utilize market-value-based thresholds instead of rigid percentage requirements, thereby increasing Hong Kong's appeal 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.

We propose implementing a two-tier ongoing public float system as follows:

(i) A standard public float requirement of 10% for all issuers, regardless of their market capitalization, to serve as the primary ongoing threshold; and

(ii) A reduced threshold (e.g., 5%) for very large issuers with a market capitalization exceeding a specified amount (e.g., HK\$30 billion, similar to Tier C issuers under the

initial public float thresholds). Eligibility for this lower ongoing public float threshold for companies with substantial capitalization should be assessed at the time of listing, as is the current practice.

By broadening its applicability, our proposed two-tier system would enhance the effectiveness of the Exchange's initiative and strengthen 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.

This proposal would help mitigate the effects of short-term share price fluctuations, reduce the impact of volatility and trading anomalies, and offer a more stable and reliable metric 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.

The 125-day requirement is fair and reasonable, as this period provides sufficient trading data to calculate a reliable volume-weighted average price. If a listed issuer's shares have traded for fewer than 125 trading days since listing on the Exchange, it would not be able to rely on the Alternative Threshold.

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.

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.

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 the Exchange's initiative to establish bespoke ongoing public float thresholds for PRC issuers with other listed shares as it presents a thoughtful recognition of dual-listing complexities.

Furthermore, we recommend that the Exchange consider expanding the availability of bespoke ongoing public float thresholds to include all dual-listed issuers, subject to appropriate eligibility criteria and safeguards. Additionally, we suggest that the Exchange be granted the discretion to offer these bespoke thresholds 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.

Refer to the 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.

Requiring issuers to confirm their compliance with Ongoing Public Float Thresholds would enhance transparency and provide potential investors with valuable information, enabling them to better assess their investment targets.

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.

Requiring issuers to disclose the minimum percentage threshold applicable to them in their monthly returns would enhance market transparency.

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, which includes the market value and percentage of the portion of the class of shares held by the public, encourages transparency, enhanced investors' confidence in the liquidity and stability of the shares.

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, which includes the market value and percentage of the portion of the class of shares held by the public, encourages transparency, enhanced investors' confidence in the liquidity and stability of the shares.

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.

This disclosure aligns with global best practices in corporate governance, where transparency is crucial for maintaining investor trust and market integrity. Increased transparency may reduce opportunities for market manipulation by providing clear information on share distribution.

In addition, it enables stakeholders to compare the public float metrics of different issuers, assisting in market analysis and investment strategies.

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.

Clear disclosure of share capital structure allows shareholders and potential investors to make informed decisions. Understanding the types and classes of securities issued by a company helps investors evaluate risk and potential return.

In addition, for issuers with multiple classes of securities, detailed disclosure helps investors identify shareholder concentration risk. Understanding how shares are distributed can reveal potential vulnerabilities or conflicts of interest.

Transparency in financial reporting contributes to overall market confidence. Investors are more likely to engage with companies that provide comprehensive and understandable information.

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 support the proposed removal of the suspension requirement for issuers whose public float falls below the specified threshold. We believe that the goal of protecting investors and maintaining market integrity can still be achieved through the timely disclosures outlined in the proposal. This approach ensures that potential investors and existing shareholders receive adequate information while encouraging issuers to promptly 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.

We support the proposed requirement for timely disclosures, as it represents a practical, market-oriented approach to preventing the creation of a false market in an issuer's shares when there is an insufficient public float. By ensuring that information is communicated promptly, we can help maintain transparency and investor confidence.

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.

We believe this requirement enhances transparency, enables informed decision-making, and builds market confidence. Regular disclosures promote accountability, mitigate the risk of market manipulation, and encourage issuers to act promptly to rectify any public float shortfalls. Overall, this approach fosters a more transparent and efficient market environment that protects investors and supports issuers.

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 support the proposal that issuers and their directors should refrain from actions that could further lower the public float percentage while in non-compliance with the Ongoing Public Float Threshold. This approach protects investors, maintains market integrity, and encourages compliance.

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 policy enhances market accessibility, differentiates the severity of shortfalls, and minimizes disruptions to trading. Additionally, it avoids over-penalizing issuers for technical or minor non-compliance, helping to maintain liquidity and market confidence.

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.

This approach allows for continued trading, ensuring market accessibility and liquidity. It promotes transparency through increased disclosures, reduces disruption to trading, and encourages issuers to take corrective actions. Also, it allows existing shareholders and potential investors to clearly identify such issuers. This transparency enables informed investment decisions, ensuring that stakeholders are fully aware of the associated delisting risks.

We also recommend that the Exchange extend and align the general delisting timeline for suspended GEM issuers with that of Main Board issuers (i.e., 18 months). This would create greater regulatory consistency between the two markets. The existing difference in delisting timelines—18 months for the Main Board and 12 months for GEM—lacks a clear policy rationale, especially considering that both markets cater to public investors who deserve equal protection and opportunities for restoration.

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.

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 generally support the approach of allowing a reasonable timeframe for an issuer to restore the public float following a general offer. However, it is important to recognize that in such situations, the shortfall in public float is not due to any actions or omissions by the issuer or its directors, as they are passive participants in an external offer process initiated and controlled by the offeror. The offeror should therefore bear full responsibility for addressing any resulting public float compliance issues. To enhance regulatory consistency and accountability, we recommend the following:

(a)Align the public float restoration regime in general offer situations with the normal restoration mechanism proposed in paragraph 360 of the Conclusions and Further Consultation Paper, adopting the same timeline, reporting and disclosure requirements, and compliance mechanisms;

(b)Retain the positive obligation for the offeror to restore the public float "as soon as possible" after the completion of the general offer (if the issuer is to remain listed), without imposing any corresponding obligations on the issuer or its directors; and

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

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.