

Submitted via Qualtrics

(Anonymous)

Company/Organisation view

Listed Company

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 proposal provides issuers that have a sufficiently large public float in market value greater flexibility to conduct transactions for capital management purposes (e.g. share repurchases) and to grant share awards to core connected persons (e.g. directors) after 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 proposed threshold figures are reasonable to, on one hand, provide flexibility to issuers to conduct transactions and grant share awards, and on the other hand, ensure that the amount of shares listed in Hong Kong would be sufficiently large to represent a meaningful proportion of all issued shares to attract a critical mass of investor interest.

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.

Given that market volatility is quite common in recent years (and likely in the near future) and share prices fluctuate from time to time, determination on a rolling basis over 125 trading days (or even longer period) helps derive fair market value of shares.

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.

Without the 125 trading day requirement, investors of newly listed issuers may worry about the potential change in the issuer's public float shortly after listing.

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.

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.

GEM issuers should be entitled the same flexibility as Main Board issuers, so that they can conduct transactions for capital management purposes to benefit its shareholders and attract investors.

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.

Without the bespoke ongoing public float threshold, the ability of a PRC issuer with other listed shares to conduct secondary fundraising activities on other markets (which would then lead to reduction in the proportion of H shares listed on HKEX) would be further restricted.

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.

Similar to the situation of a PRC issuer with other listed shares, without the bespoke ongoing public float threshold, the ability of a non-PRC issuer with shares listed on a

PRC stock exchange to conduct secondary fundraising activities on other markets (which would then lead to reduction in the proportion of H shares listed on HKEX) would be further restricted.

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.

Under the current regime, the exact public float threshold of most issuers (in particular, those who have been granted public float waivers) are only shown in their prospectuses and allotment results announcements, which may have been published long time ago (and some may even be no longer be available online). Given that the shortfall in public float could lead to delisting, the proposed disclosure enables the investors to be better informed of the issuer's public float status and hence any risk of being delisted.

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.

Under the existing regime, the exact public float threshold of most issuers (in particular, those who have been granted public float waivers) are only shown in their prospectuses and allotment results announcements, which may have been published long time ago (and some may even be no longer be available online). Given that the shortfall in public float could lead to delisting, the proposed disclosure enables the investors to be better informed of the issuer's public float status and hence any risk of being delisted.

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.

Given that the shortfall in public float could lead to delisting and the Alternative Threshold under the new regime may change from time to time (unlike the stable public float threshold under the existing regime), the proposed disclosure enables the investors to be better informed of the issuer's public float status and hence any risk of being delisted.

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.

Given that the shortfall in public float could lead to delisting and the bespoke ongoing public float under the new regime may change from time to time (unlike the stable public float threshold under the existing regime), the proposed disclosure enables the investors to be better informed of the issuer's public float status and hence any risk of being delisted.

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.

The annual report of an issuer should consolidate the useful information (including relevant information proposed to be included in monthly returns) for the public to make informed investment decisions.

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 annual report of an issuer should consolidate the useful information (including share capital structure information) for the public to make informed investment decisions.

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.

Given that the shortfall in public float could lead to delisting, the proposed disclosures ensure that the public would be well informed of such higher risk, and any investors

continuing to trade the issuer's shares do so on an informed basis and shall take their own risks.

The proposed disclosures also impose burdens on the issuers with public float shortfall. In order to avoid any further disclosure or other obligations, such issuers would be incentivized to actively restore the shortfall 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?

Yes

Please give reasons for your views and any alternative suggestions.

Given that the shortfall in public float could lead to delisting, the proposed disclosures ensure that the public would be well informed of such higher risk, and any investors continuing to trade the issuer's shares do so on an informed basis and shall take their own risks.

The subsequent announcement requirement incentivizes the issuers with public float shortfall to actively make practicable plans to restore its public float in due course, and the public should also be informed of such restoration plans as these plans may affect the investment

decisions of shareholders and potential investors.

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.

The proposed monthly updates requirement imposes burdens on the issuers with public float shortfall. In order to avoid any further disclosure or other obligations, such issuers would be incentivized to actively restore the shortfall as soon as practicable.

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.

Once there is a public float shortfall, the issuer should take active steps to restore the shortfall soon rather than increasing such shortfall, unless there are exceptional circumstances.

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.

If the public float shortfall of an issuer does not constitute a Significant Public Float Shortfall, the risk of delisting is relatively low, and allowing its shares to be traded without a special stock marker helps prevent market overreaction.

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.

An issuer with Significant Public Float Shortfall has a high risk of being delisted. By identifying such issuer with a special stock marker, the public would be warned of such higher delisting risk to make informed investment decision.

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 threshold figures are reasonable to, on one hand, provide flexibility to issuers to have insignificant public float shortfall without being identified with a special stock marker, and on the other hand, ensure that the investors are warned of the higher delisting risk of relevant issuers.

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.

An issuer should be delisted if it persistently lacks open market in its shares.

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.

Given that the shortfall in public float could lead to delisting, the special stock marker enables the investors to identify issuers with higher delisting risk due to Significant Public Float Shortfall, so that any investors continuing to trade the shares of an issuer with a special stock marker do so on an informed basis and shall take their own risks.

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.

If an issuer has restored its public float to a lower level, its risk of being delisted due to public float shortfall would be lowered, therefore the special stock marker (which indicates an issuer with higher delisting risk due to Significant Public Float) is no longer required.

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.

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.

The grant of timing-relief waiver motivates the offeror to actively restore public float in order to keep the issuer's listing status after completion of the general 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)?

Yes

Please give reasons for your views and any alternative suggestions.

An issuer with Significant Public Float Shortfall has a higher delisting risk after all and such shortfall should always be made up as soon as practicable in any event to protect the shareholders. The issuer and the offeror should be mindful that that timing-relief waiver is not available for an issuer with Significant Public Float Shortfall upon completion of the general offer, and they should avoid a post-closing Significant Public Float Shortfall when planning for the general offer structure.

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