

RESPONSE TO HKEX CONSULTATION ON “PROPOSAL TO OPTIMIZE IPO PRICE DISCOVERY AND OPEN MARKET REQUIREMENTS”

Company Name: [REDACTED]

Contact Person: [REDACTED]

Submission Date: 10 March, 2025

4.1 If our proposed initial public float thresholds (see proposals in Section I.B.1 and Section I.D.1 of Chapter 1 of the Consultation Paper) are supported by the market, we seek views on the appropriate ongoing public float requirements for:

(a) Issuers, subject to the initial public float tiers proposed (see Table 5 in Section I.B.1 of Chapter 1 of the Consultation Paper)

Public Float Requirement	Existing	Proposed Change
IPO	As shown in Table 3	• Agree as shown in Table 5
Ongoing	As Shown in Table 3	• Agree as shown in Table 5 • To add % of total shares issued

For IPO, we agree that the existing threshold is too wide and the Exchange should introduce a smaller interval as shown in Table 5.

For ongoing requirement, we propose to include the percentage of total shares issued as an addition when counting for public float. This can attract more potential investors and ensure minimum shares available.

Table 3: Examples of applicable initial public float thresholds under existing requirement

Company	Market capitalisation at the time of listing	Minimum prescribed public float percentage	Corresponding minimum market value of publicly held shares
A	HK\$9.9 billion	25%	HK\$2.5 billion
B	HK\$10.1 billion	15%	HK\$1.5 billion

Note. We assume that Company B was approved by the Exchange to comply with a minimum prescribed public float percentage of 15%.

Table 5: Proposed initial public float thresholds

Tier	Expected market value of the relevant class of securities at the time of listing	Minimum percentage of such class of securities to be held in public hands at the time of listing
A	≤HK\$6 billion	25%
B	>HK\$6 billion to ≤HK\$30 billion	The higher of: (i) the percentage that would result in the expected market value of such securities in public hands to be HK\$1.5 billion at the time of listing; and (ii) 15%
C	>HK\$30 billion to ≤HK\$70 billion	The higher of: (i) the percentage that would result in the expected market value of such securities in public hands to be HK\$4.5 billion at the time of listing; and (ii) 10%
D	>HK\$70 billion	The higher of: (i) the percentage that would result in the expected market value of such securities in public hands to be HK\$7.0 billion at the time of listing; and (ii) 5%

(b) A+H issuers and other prescribed types of issuers (see Section I.D.1 of Chapter 1 of the Consultation Paper)

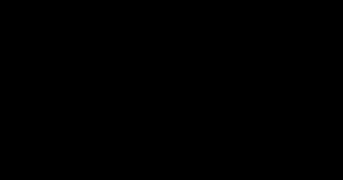
We agree that for the issuers that are already listed elsewhere, lowering the threshold from 15% to 10% and introducing HKD3bn market cap seem reasonable. For new issuers, they can follow the proposed change above to be consistent.

4.2 Should issuers be allowed the flexibility to maintain a lower public float level, after listing than that required at listing, in view of the issues we have described in the Consultation Paper (see paragraphs 102 to 109 of the Consultation Paper)?

Although we are neutral on this, we suggest to consider a more holistic perspective for existing and potential investors not only for issuers.

4.3 Should the existing regulatory approach of suspending trading of issuers with public float below a prescribed level (see paragraph 92(c) of the Consultation Paper) be maintained, in view of the issues we have described in the Consultation Paper (see paragraphs 110 to 111 of the Consultation Paper)?

We do not have a strong view on this.



4.4 Do you agree that ongoing public float requirements should be applied to shares only (as set out in paragraph 118 of the Consultation Paper)?

We agree that the ongoing requirement should apply to shares only.

4.5 & 4.6 Do you agree that an OTC market should be established in Hong Kong (as set out in paragraph 119 of the Consultation Paper)?

We suggest to table this for further study as it requires a new trading infrastructure. Generally, we support any value-add and or profit driving initiative for the Exchange to consider.