

18 March 2025

Ms Bonnie Chan  
Chief Executive Officer  
Hong Kong Exchanges and Clearing Limited  
8/F, Two Exchange Square  
8 Connaught Place, Central  
Hong Kong

Dear Bonnie,

**Re: HKEX Consultation Paper (CP) on Proposals to Optimise IPO Price Discovery  
and Open Market Requirements**

The Hong Kong General Chamber of Commerce welcomes the opportunity to forward our views on the captioned.

Our general responses to the CP's proposals are given as below:

1. We support the CP's proposals in principle, given the objectives to relax the current regulatory requirements regarding the price discovery process for IPOs, and the proposed open market requirements. The current approach adopted is consistent with internationally-recognised good regulatory practice, which is only to regulate whenever there is a demonstrable need to do so.
2. We appreciate that the present approach is quite contrary to the one which HKEX has recently adopted on the issue of whether a "hard cap" of 9 years should be imposed on the tenure of independent non-executive directors<sup>1</sup>. The Chamber earlier had expressed its reservations to the latter as no-evidential justification has been produced for such a requirement.

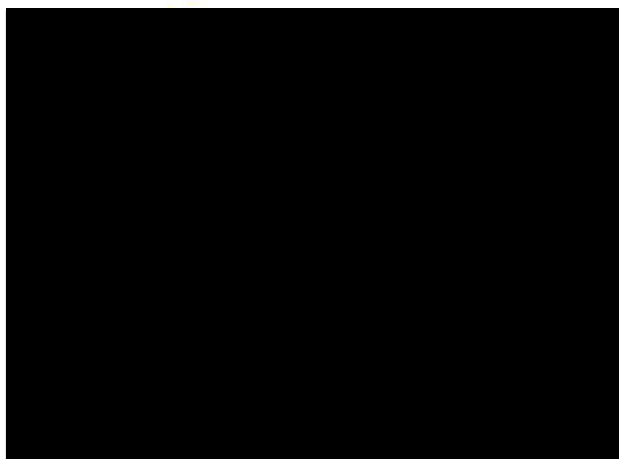
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<sup>1</sup> HKEX. (2024). Consultation conclusions - Review of Corporate Governance Code and related listing rules. In [https://www.hkex.com.hk/?sc\\_lang=en](https://www.hkex.com.hk/?sc_lang=en). <https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/June-2024-Review-of-CG-Code/Conclusions-Dec-2024/cp202406cc.pdf>

3. With the same objective of removing unnecessary requirements, we recommend that the requirement of enhanced disclosure in the prospectus of a possible downward adjustment of up to 10 per cent below the indicative offer price be removed<sup>2</sup>. We believe that investors' interests are sufficiently protected by the rules simply stating that such a downward adjustment is allowed. Requiring issuers to publicly declare this possibility, as a condition of implementing it, may place them at a disadvantage compared to other issuers who choose not to do so. Moreover, requiring such issuers also to disclose the potential impact of such downward adjustment on their future expansion plans, sufficiency of working capital and other matters, involves the unnecessary and inappropriate disclosure of confidential and commercially-sensitive information.
4. Lastly, HKGCC concurs that an OTC market should be established in Hong Kong, for the reasons given in the CP (See section I.B.2). However, we believe that it is important that companies that have temporarily had to transfer to the OTC market, but subsequently wish to re-enter the main market, should not have to face unnecessary obstacles in doing so, and an expedited path should be available.

We hope you will give our comments your due consideration.



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<sup>2</sup> CP para 271. (b)