

Submitted via Qualtrics

(Anonymous)

Company/Organisation view

Listed Company

Question 1.1(a)

Do you agree with our proposal to exclude securities that do not contribute to an open market in trading in Hong Kong from the calculation of the public float by requiring the public float percentage of securities new to listing be calculated normally by reference to the total number of securities of that class only (as set out in paragraph 44 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 1.1(b)

Do you agree with our proposal to exclude securities that do not contribute to an open market in trading in Hong Kong from the calculation of the public float by in the case of a PRC issuer with no other listed shares, requiring the numerator of its public float percentage to be calculated by reference to its H shares only, such that any shares it has in issue that are in the class to which H shares belong would only be included in the denominator (as set out in paragraph 45 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 1.1(c)

Do you agree with our proposal to exclude securities that do not contribute to an open market in trading in Hong Kong from the calculation of the public float by in the case of a PRC issuer with other listed shares (e.g. A shares listed on a PRC stock exchange), requiring

the numerator of its public float percentage to be calculated by reference to its H shares only, such that any other listed shares it has in issue would only be included in the denominator (as set out in paragraph 45 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 1.1(d)

Do you agree with our proposal to exclude securities that do not contribute to an open market in trading in Hong Kong from the calculation of the public float by in the case of an issuer with other share class(es) listed overseas, requiring the numerator of its public float percentage at listing to be calculated by reference to only the shares of the class for which listing is sought in Hong Kong, such that any shares of other classes it has in issue would only be included in the denominator (as set out in paragraph 46 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 1.2

Do you agree with our proposal to modify the requirement of MB Rule 8.09(1) (GEM Rule 11.23(2)(a)) to clarify that the minimum market value in public hands requirement applies to the securities for which listing is sought (as set out in paragraph 47 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 2.1

Do you agree that we should exclude from the definition of “the public” any person whose acquisition of securities has been financed by the

issuer and any person who is accustomed to take instructions from the issuer (as set out in paragraph 64 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the exclusion.

Question 2.2

Do you agree with our proposal to regard shares held by an independent trustee which are granted to independent scheme participants and unvested as shares held in public hands (as set out in paragraph 65 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 3.1

Do you agree that we should replace the current minimum initial public float thresholds with tiered initial public float thresholds according to the expected market value of the class of securities for which listing is sought on the Exchange at the time of listing?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 3.2

Do you agree with the proposed tiered initial public float thresholds (as set out in Table 5 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the tiered proposal.

Question 3.3(a)

Do you agree that the proposed tiered initial public float thresholds should be applied to any class of equity securities new to listing on the Exchange, except for the initial listing of A+H issuers (and other prescribed types of issuers)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 3.3(b)

Do you agree that the proposed tiered initial public float thresholds should be applied to any class of equity securities new to listing on the Exchange, except for a bonus issue of a new class of securities (as set out in paragraph 79 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 3.4

Do you agree that all issuers disclose, in their listing documents, the initial public float threshold that is applicable to the class of securities they seek to list on the Exchange?

Yes

Please give reasons for your views and any alternative suggestions.

Yes, we agree that such additional disclosure would be beneficial to investors. Furthermore, there should be clear disclosure upon the exercise of the over-allotment option (in full or in part).

Question 3.5

Do you agree that the same tiered initial public float thresholds (as set out in Table 5 of the Consultation Paper) should be applied to GEM issuers?

Yes

Please give reasons for your views and any alternative suggestions.

We agree that the thresholds should apply to GEM issuers.

Question 4.1(a)

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 issuers, subject to the initial public float tiers proposed (see Table 5 in Section I.B.1 of Chapter 1 of the Consultation Paper). Please give reasons for your views and any alternative suggestions.

We are of the view that the existing rules may not be in the interests of listed issuers and their shareholders as a whole. Therefore, we strongly support the proposal to revise the existing rules that an issuer must maintain its ongoing minimum public float at the same level of its initial listing.

A new standard should be introduced for issuers with larger market caps and public floats (based on dollar value instead of %) to maintain a lower ongoing minimum public float (in terms of %). Our reasons for such amendment include:

- As issuers are now required to maintain an ongoing minimum public float at the level of its initial listing. In practice, many issuers have little or no room to reduce its public float from the moment of its listing. Any such room will only be created if the issuer issues further shares or if its non-public shareholders dispose their interests.
- Such issuers therefore have no room to conduct share buybacks or take advantage of the new treasury shares regime. These restrictions may not be in the interests of the issuer or its shareholders as a whole.
- Issuers may have difficulty in creating the buffer through share issuances, particularly if the issuer does not have any need to further raise capital through equity financing. Further share issuance also dilutes the investors' interests in the issuer, which may not be preferred by the investors.
- Disposals by controlling shareholders solely for the purpose of creating a buffer may also not be in the interests of such shareholder, or even the interests of the issuer. This is particularly important as other investors may expect controlling shareholders to demonstrate confidence in the issuer through continued and stable ownership of shares.

We also consider that a suspension of trading due to a breach of public float is, in most cases, not in the interests of the issuers and the public shareholders. The rules should be revised to avoid trading suspension to the extent possible to provide shareholders' opportunities to sell down their shares. Suspension with clear consequences of cancellation of listing should only be targeted at extreme cases only, such as issuers with both a low public float and a low market capitalisation.

To move forward, we propose that:

- a. The current requirement that trading will be suspended if an issuer's public float falls below 15% should be abolished.
- b. A breach of the public float requirement should only be triggered if an issuer's public float falls below 25% or an alternative threshold based on (1) the market value and (2) percentage of securities in public hands.
- c. Large cap issuers should be considered differently to those that have a smaller market and a small percentage of its shares in public hands. Thresholds can be based on the initial public float tiers proposed in the Consultation Paper.
- d. A new category of the extreme cases should be introduced. Trading should only be suspended if (1) an issuer's public float falls below 15% (the current suspension trigger point) and (2) the issuer's market cap falls below a prescribed amount (such as HK\$75 million, being 15% of the minimal market cap at listing of HK\$ 500 million).
- e. An issuer must meet both tests to ensure that only those issuers that are small in market cap and without sufficient shares in public hands fall into this category. We do not believe that issuers with a small market cap should automatically be regarded as not having sufficient shares in public hands.
- f. Once an issuer is suspended from trading, the Listing Rules should provide that listing will be cancelled if public float is not restored within a reasonably short time frame. The current regime of allowing the Exchange

with cancellation of listing powers at any time or following an 18-month prolonged suspension period lacks certainty.

Question 4.1(b)

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+H issuers and other prescribed types of issuers (see Section I.D.1 of Chapter 1 of the Consultation Paper). Please give reasons for your views and any alternative suggestions.

Please refer to our response to Question 4.1(a) above.

Question 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)?

Yes

Please give reasons for your views.

Please refer to our response to Question 4.1(a) above.

Question 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)?

Yes

Please give reasons for your views.

We believe suspension should only be reserved for the most extreme cases. Suspension of trading is neither in the interests of public shareholders (as shareholders will lose the ability to dispose their shares) nor in the interests of the issuer and investors given the difficulty to restore a public float while being suspended from trading.

Please see our response to Question 4.1(a) on our proposals on suspension of issuers with public float below a prescribed level.

Question 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)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree that it should be applied to shares only.

Question 4.5

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

Yes

Please give reasons for your views and any alternative suggestions.

The introduction of an OTC market may allow minority public shareholders to sell their shares even when an issuer is no longer listed on the Exchange. However, we consider that further and thorough consideration should be given to this issue.

Question 4.6(a)

What are your views on the potential benefits and risks of establishing an OTC market? Please give reasons for your views.

See response to Question 4.5 above.

Question 4.6(b)

What are your views on functions that an OTC market should serve? Please give reasons for your views.

See response to Question 4.5 above.

Question 4.6(c)

What are your views on whether such OTC market should be open to retail investors? Please give reasons for your views.

Yes, it is often the retail investors who are stranded in delisted issuers and wish to dispose their interest in such issuers.

Question 5.1

Do you agree with our proposal to mandate disclosure of actual public float in listed issuers' annual reports?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 5.2

Do you agree with the details proposed to be disclosed (as set out in paragraph 126 of the Consultation Paper), including that only persons connected at the issuer level would be required to be identified on an individually named basis in the disclosure of shareholding composition (as set out in paragraph 126(b)(i)(1) and (2) of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 5.3

Do you agree that issuers should be required to disclose the relevant information based on information that is publicly available to the issuer and within the knowledge of its directors (as set out in paragraph 127 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree that the disclosure should be based on publicly available information as issuers may not necessarily have access to non-public information of its shareholders.

Question 6.1

Do you agree that the Exchange should require a minimum free float in public hands at the time of listing for all new applicants (as set out in paragraph 139 of the Consultation Paper)?

Yes

Please give reasons for your views.

We agree with the proposal.

Question 6.2

Do you agree with our proposed initial free float thresholds (as set out in paragraph 140 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 6.3

Do you agree with our proposed modification of the initial free float thresholds to PRC issuers (as set out in paragraphs 142 to 143 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 6.4

Do you agree with our proposal to apply the proposed initial free float requirement to shares only (as set out in paragraph 144 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 6.5

Do you agree that shares considered to be in public hands that are held by an independent trustee under a share scheme should not be counted towards the proposed initial free float requirement (as set out in paragraph 145 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 6.6

Do you agree that existing free float related requirements for Biotech Companies and Specialist Technology Companies should be replaced with the proposed initial free float requirement so that the same requirement applies to all issuers (as set out in paragraph 146 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 7.1

Do you agree with our proposed revised minimum thresholds on shares to be listed on the Exchange for A+H issuers and other prescribed types of issuers (as set out in paragraph 162 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 7.2

Do you agree that the minimum initial public float thresholds for A+H issuers and other prescribed types of issuers should be the same as the minimum thresholds on shares to be listed on the Exchange (as set out in paragraph 164 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 7.3

Do you agree with our proposal to remove the minimum market value requirement for the class sought to be listed by issuers with other share class(es) listed overseas and H shares of PRC issuers (as set out in paragraph 166 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 8

In respect of the lock-up requirement on IPO securities placed to cornerstone investors, would you prefer to:

retain the existing six-month lock-up (as set out in Option A in paragraph 205 of the Consultation Paper)

Please give reasons for your views and any alternative suggestions.

We consider that having one lock-up expiry period would provide more certainty in transactions.

Question 9.1

Do you agree that at least 50% of the total number of shares initially offered in an IPO should be allocated to investors in the bookbuilding placing tranche (as set out in paragraphs 227 and 228 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 9.2

Do you agree that the proposed requirement should not be applied to the initial listing of Specialist Technology Companies (as set out in paragraphs 229 of the Consultation Paper)?

Yes

Please give reasons for your views.

We agree with the proposal.

Question 10.1

Do you agree with the proposed removal of the guideline on minimum spread of placees, being not less than three holders for each HK\$1 million of the placing, with a minimum of 100 holders in an IPO placing tranche (as set out in paragraph 230 of the Consultation Paper)?

Yes

Please give reasons for your views.

We agree with the proposal.

Question 10.2

Do you consider that other safeguarding measures should be implemented to ensure an adequate spread of holders in the placing tranche, in light of the proposal (as set out in paragraph 230 of the Consultation Paper)?

No

Please give reasons for your views and any alternative suggestions.

We consider that given no other international stock exchanges impose similar requirements on the spread of placees, no additional safeguarding measures would be required.

Question 11.1

Do you agree with the proposal to require issuers to adopt either Mechanism A or Mechanism B with respect to a minimum allocation of offer shares to the public subscription tranche (as set out in paragraphs 248 to 250 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal to reform the clawback mechanism on the basis that:

- the current mechanism leads to significant mispricing risk. Retail investors are price takers and if an IPO is “hyped up” by the local press, issuers may effectively price their shares at the top end, which may in turn be above the fair valuation views of sophisticated investors. Such potential mispricing may lead to stagnant trading and price fluctuation post-IPO
- the mechanism increases uncertainty for institutional investors on their opportunity to receive an allocation in IPOs and may discourage them to participate in IPOs, which in turn may materially adversely impact liquidity in the market
- a mispriced IPO may harm the retail investors’ interest as well if the IPO does not have sufficient institutional investor base and in turn suffer from volatile price fluctuation after listing. Share price movement should be based on the financial performance of the issuers and informed trading by the investors instead of speculative applications on IPOs

Question 11.2

Do you agree with the proposal to require Specialist Technology Companies to only adopt the existing initial allocation and clawback mechanism designed for them, i.e. Mechanism A (as set out in paragraph 251 of the Consultation Paper)?

Yes

Please give reasons for your views.

We agree with the proposal.

Question 12.1

Do you agree that we should retain the Allocation Cap?

Yes

Please give reasons for your views.

We agree with the proposal.

Question 12.2

Subject to the proposals on minimum allocation of offer shares to the public subscription tranche (as set out in paragraph 248 of the Consultation Paper) being adopted, do you agree with the proposed consequential amendments to the triggering conditions of the restrictions on Reallocation and PO Over-allocation (as set out in paragraph 262 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with such consequential amendments.

Question 12.3

Subject to the proposals on minimum allocation of offer shares to the public subscription tranche (as set out in paragraph 248 of the Consultation Paper) being adopted, do you agree with the proposed consequential amendments to lower the proposed Maximum Allocation Cap Percentage Threshold from 30% to 15% (as set out in paragraph 263 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with such consequential amendments.

Question 13.1

Do you agree that the Existing Pricing Flexibility Mechanism should be amended to include upward pricing flexibility?

Yes

Please give reasons for your views and any alternative suggestions.

We agree upward flexibility should be provided to issuers to increase the deal certainty.

Question 13.2

Do you agree with our proposals to adopt an offer price adjustment limit of 10% in both directions (as set out in paragraph 281 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposed limit.

Question 13.3

In respect of the initial offer price range, would you prefer adjustment to be made:

up to 30% of the bottom of that range (as set out in Option A of paragraph 282 of the Consultation Paper)

Please give reasons for your views and any alternative suggestions.

We prefer Option A as it provides more flexibility to issuers.

Question 13.4

Do you agree with our Proposed Opt-in Arrangement (as set out in paragraphs 283 to 284 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree that investors should be given the opportunity to opt-into such flexibility.

Question 13.5

Do you agree with our proposal to extend the current disclosure requirements (as set out in paragraph 285 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 14

Do you agree with our proposals to make consequential and housekeeping amendments to the Placing Guidelines (as set out in paragraphs 302 and 303 of the Consultation Paper and Appendices I and II to the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 15

Do you agree with our proposal to disapply the proposed initial public float requirement in the case of a bonus issue of a new class of securities involving options, warrants or similar rights to subscribe for or purchase shares (as set out in paragraph 306 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 16

Do you agree with our proposal to add new provisions under Appendices D1A and D1B to the Main Board Listing Rules to require disclosure of the minimum prescribed percentage of public float in listing documents (as set out in paragraph 311 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 17

Do you agree with our proposal to waive the initial free float requirement for overseas issuers that have, or are seeking, a secondary listing on the Exchange (as set out in paragraph 315 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 18

Do you agree with our proposal to repeal the requirement that PRC issuers list H-shares that have an expected market value, at the time of listing, of HK\$50 million (as set out in paragraph 319 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 19

Subject to the proposals on minimum allocation of offer shares to the public subscription tranche (as set out in paragraph 248 of the Consultation Paper) being adopted, do you agree with the proposed consequential amendment to enable GEM listing applicants to choose either Mechanism A or Mechanism B (as set out in paragraph 325 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 20.1

Do you agree with our proposals on the determination of market capitalisation for new applicants that have other classes of shares apart from the class for which listing is sought or are PRC issuers (as set out in paragraph 333 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 20.2

Do you agree with our proposal to introduce an equivalent GEM Listing Rule provision on the basis for determining the market value of other class(es) of shares for a new applicant (as set out in paragraph 335 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 21

Do you agree with our proposal to amend the Listing Rules (MB Rule 12.02 (GEM Rule 16.07)) to require issuers to publish a formal notice on the date of issue of a listing document for offers or placings where any amount placed is made available directly to the general public (as set out in paragraph 339 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 22.1

Do you agree with our proposal to amend Chapter 18B of the Main Board Listing Rules so that the open market requirements of MB Rule 8.08 do not apply to Successor Company's warrants (as set out in paragraph 349(a) of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 22.2

Do you agree with our proposal to amend Chapter 18B of the Main Board Listing Rules so that the minimum market value requirement of MB Rule 8.09(4) does not apply to SPAC Warrants and Successor Company's warrants (as set out in paragraph 349(b) of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Question 23

Do you agree with our proposal to amend MB Rule 18C.08 so that the 50% minimum requirement is to be determined by reference to the total number of shares initially offered in the IPO (as set out in paragraph 352 of the Consultation Paper)?

Yes

Please give reasons for your views and any alternative suggestions.

We agree with the proposal.

Overall Comments

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

As a listed company, we wish to emphasise the importance of reforming the ongoing public float requirements to allow sizeable issuers to have more flexibility to manage their capital, which will be beneficial to enhancing investor interest in the company and therefore overall liquidity.