

**Submitted via Qualtrics**

**KPMG**

**Company/Organisation view**

**Accounting Firm**

**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.**

By excluding securities that do not contribute to an open market in Hong Kong (such as unlisted shares or A shares listed on a PRC stock exchange), the public float percentage calculation would provide a more accurate representation of the liquidity and trading activities of securities listed in Hong Kong. This approach would also bring the Exchange's requirements more closely in line with other major international stock exchanges.

Additionally, the clarifications to the minimum market value in public hands requirement ensures that only securities contributing to the open market should be considered.

**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.**

See response to Q1.1(a).

**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.**

See response to Q1.1(a).

**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.**

See response to Q1.1(a).

**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.**

See response to Q1.1(a).

**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.**

The current definition of “the public” already excludes individuals receiving financing or instructions from core connected persons (CCPs).

Extending this exclusion to those who receive similar treatment from the issuer helps ensure consistency and aligns the definition of “the public” with overall regulatory objectives.

**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.**

The proposal would better align those unvested shares with the Exchange’s definition of “the public”.

**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.**

The tiered initial public float threshold provides greater regulatory certainty and consistency, particularly for large and mega cap issuers. By offering a more nuanced and flexible framework, the Exchange would reduce the need for case-by-case waivers, providing clearer expectations during the listing process. In addition, this approach ensures that mega cap issuers would not be unduly burdened with excessively high public float requirements, which can be a significant barrier to listing.

Moreover, the proposed tiered thresholds aligns more closely with public float requirements for other major international stock exchanges. For example, NASDAQ and NYSE's use of a fixed market value of publicly held shares rather than a percentage results in a lower public float threshold for mega cap issuers compared to smaller cap issuer (when considering implicit public float percentages). The proposed tiered thresholds achieve a similar outcome while maintaining the use of a percentage calculations to minimize confusion.

This alignment enhances the competitiveness of the Hong Kong Stock Exchange, removing a major hurdle for mega-sized companies looking to list in Hong Kong.

**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.**

See response to Q3.1.

**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.**

This approach ensures consistency and fairness across different types of securities, while also addressing the unique circumstances of A+H issuers and bonus issue of a new class of securities.

**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.**

See response to Q3.3(a).

**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.**

Such disclosures would ensure transparency and provide stakeholders with clear information about the regulatory requirements for the securities being listed. It also facilitates better understanding and comparability among different issuers, enhancing investor confidence.

**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.**

Given that GEM issuers typically have a market capitalization below HK\$6 billion, this would result in an initial public threshold of 25% under Tier A of the same tiered initial public float thresholds, which is appropriate and consistent with the current requirement. Applying the same approach for both Main

Board and GEM listings would help maintain regulatory consistency and uniformity.

**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.**

The current requirement for the ongoing public float threshold is established at the time of listing, taking into account the company's market capitalization at that moment. However, there is no mechanism to adjust this threshold to reflect changes in the issuer's market capitalization and, consequently, the market value of the shares held by the public after the listing. This approach does not account for any developments that occur post-listing, such as a company reaching a market capitalization of HK\$10 billion, which would presumably justify a lower public float threshold—following the same logic used to set the initial public float threshold. Additionally, it does not consider a company's transition from a single H-share issuer to an A+H issuer when assessing appropriate public float thresholds for ongoing compliance.

We believe that issuers' ongoing public float thresholds, specifically the percentages of shares held by the public, should be subject to re-evaluation on an ongoing basis rather than being fixed at the time of listing.

Given the benefits of a tiered approach, as well as the inclusion of market value as part of the thresholds suggested in the Consultation for the proposed initial public float requirement, we advocate for applying the same approach to ongoing public float requirements. Specifically, the market value of publicly held shares can serve as a robust indicator of whether an open market is being maintained, especially when the market value in absolute terms is sufficient to facilitate free trading of shares. The use of market value as a key factor in determining the minimum public float aligns with practices adopted by other major international stock exchanges.

Trading suspensions due to public float falling short of a prescribed level can create significant challenges for issuers trying to restore their public float levels. Such suspensions may lead to actions suggested in the Consultation that are not necessarily in the best interests of the issuers or their shareholders, potentially undermining the goal of trading suspensions to ensure fair and orderly markets.

We believe the regulatory framework should be designed to preserve an open market while minimizing the burden on issuers in restoring their public float, as well as reducing disruptions for all shareholders in trading their shares. From the perspective of investor awareness, it is important for investors to understand the risks associated with investing in stocks that have low public float and/or trading volume. By providing adequate disclosures, investors can make informed decisions without the need for trading suspensions.

We look forward to the Exchange seeking additional market feedback on detailed ongoing public float proposals in a subsequent consultation to refine and optimize the regulatory framework.

#### **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.**

See response to Q4.1(a).

#### **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.**

See response to Q4.1(a).

**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)?**

**Please give reasons for your views.**

See response to Q4.1(a).

**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.**

Convertible securities, options, warrants and similar rights are inherently different from ordinary shares and are subject to their own terms and conditions. Applying ongoing public float requirements to these instruments would create unnecessary complexity and practical challenges for issuers. The primary focus should remain on maintaining adequate liquidity and market participation in the core equity securities.

**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.**

We welcome the proposal to explore the establishment of an OTC market in Hong Kong, and we believe that further consultation will be necessary to fully consider the implications and regulatory requirements of such a market.

The objectives for establishing an OTC market should be viewed holistically, and it is essential to consider the broader regulatory and market framework to



ensure that all necessary components are in place to support a robust OTC market in Hong Kong. Despite these challenges, the development of an OTC market would help improve Hong Kong's overall market infrastructure and foster a multi-level capital market, enhancing the city's competitiveness on the global stage.

We look forward to a subsequent consultation on a potential OTC market in Hong Kong.

**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 Q4.5.

**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 Q4.5.

**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.**

See response to Q4.5.

**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.**

The current requirement to confirm the sufficiency of public float without disclosing actual percentages limits the usefulness of the information for investors. The enhanced transparency would significantly benefit investors by

providing investors with more accurate and detailed information about the composition of public float.

To further support the proposals under Question 5, we recommend encouraging issuers to establish robust internal controls and procedures to ensure that all relevant parties are aware of their disclosure obligations. This may include regular communication with core connected persons and other significant shareholders to gather and update shareholding information.

### **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.**

The proposal to identify only persons connected at the issuer level on an individually named basis is reasonable and practical, given that the information is already required under Part XV of the Securities and Futures Ordinance (SFO) and should be readily available to the issuer. Identifying these individuals provide transparency without placing an undue burden on issuers.

### **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.**

Requiring issuers to disclose information based on publicly available data and the knowledge of their directors is practical and feasible. It ensures that the information is accessible and verifiable, thereby enhancing trust and confidence in the disclosed information.

**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.**

A minimum free float requirement would help ensure there is a sufficient pool of shares available for trading immediately after listing, which is essential for maintaining liquidity and market stability.

Currently, some issuers may list with very low free float due to disposal restrictions on shares held by controlling shareholders, pre-IPO investors and cornerstone investors. This can lead to a situation where the issuer satisfies public float requirements on the surface, but do not actually have sufficient shares to promote an open market upon listing. Requiring a minimum initial free float addresses this issue and enhances market integrity and investor confidence.

**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.**

The thresholds are aligned with other major international stock exchanges and are designed to ensure that there is a meaningful free float available for trading.

The minimum HK\$50 million threshold is 10% of the minimum market capitalization required for an initial listing, which helps maintain consistency across different types of applicants. The maximum HK\$600 million threshold is also consistent with the current free float threshold for Specialist Technology Companies under Chapter 18C of the Listing Rules, providing a solid reference point.

**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.**

The proposed modification recognizes the specific challenges faced by PRC issuers and ensures that the free float requirement is achievable without creating unnecessary barriers.

**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.**

Convertible securities and other derivative instruments are typically newly issued at listing and are not subject to disposal restrictions, making them less relevant for the free float requirement. The proposals keep the requirements straightforward and practical for issuers, while ensuring that the focus remains on the availability of tradeable shares in the market.

**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.**

Shares held by an independent trustee under a share scheme are typically subject to vesting conditions and are not available for immediate trading, which means they do not contribute to the immediate liquidity of the market. Excluding these shares from the initial free float requirement aligns with the objective and avoid overstating the liquidity available to investors.

**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.**

Biotech Companies and Specialist Technology Companies often face unique challenges, but the proposed free float requirement is designed to be flexible enough to accommodate these differences while maintaining market integrity. By standardizing the requirement, it simplifies compliance for issuers and provides a clear, uniform standard for all new applicants, regardless of the route used to list.

#### **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.**

The current minimum 15% threshold has been identified as being too high for issuers with very large market capitalizations, particularly A+H issuers. Lowering the threshold to 10% aligns with stakeholder feedback and reduces the barrier to entry for these issuers.

Additionally, a maximum market value threshold of HK\$3 billion is reasonable, as it ensures a significant amount of shares are available for trading while accommodating the commercial needs of mega-cap issuers.

#### **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.**

As mentioned in the first section of the consultation, for PRC issuers with other listed shares (i.e. A+H issuers), the numerator of the public float percentage should be calculated by reference to its H shares only. Under this proposal, the calculation basis for minimum initial public float thresholds and minimum H-share thresholds would be identical. Having two different thresholds based on the same calculation would be both redundant and confusing for issuers.

By setting the public thresholds at the same level as the listing thresholds, the requirement ensures that a meaningful portion of H shares are freely tradable and available to the public. This approach helps promote market liquidity and investor confidence. Additionally, maintaining a single, unified threshold simplifies compliance for issuers and reduces administrative burdens.

**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.**

The proposal aligns with the clarified market value requirement for securities held in public hands, ensuring regulatory consistency and reducing unnecessary complexity.

**Question 8**

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

**Please give reasons for your views and any alternative suggestions.**

We do not have a strong preference for either option. Instead, we list out key benefits and considerations for both options as follows:

- (a) retain the existing six-month lock-up

The existing six-month lock-up period clearly demonstrates the cornerstone investors' long-term commitment, which helps instil confidence among other investors, thereby stabilizing share price and mitigating the risk of significant price drops upon listings.

However, the longer lock-up period may reduce institutional participation, as independent institutional investors who prefer flexibility or have mandates prohibiting illiquid investments may be deterred from participating as cornerstone investors. Potential market overhang is also an issue, as a large number of shares may flood the market at the end of the lock-up period, leading to significant volatility on share price.

(b) allow a staggered release of the six-month lock-up

The relatively more gradual introduction of shares into the market helps reduce the risk of significant price volatility, which can improve post-listing liquidity. Relaxation of the lock-up requirement may also encourage more independent institutional investors to participate as cornerstone investors, enhancing market confidence and due diligence.

That said, the staggered release may be perceived as a reduced commitment, potentially undermining the confidence-building aspect of cornerstone investments. The implementation of a staggered release system may also add complexity for issuers and underwriters, requiring careful coordination and communication, to avoid creating multiple overhang events that could have an even greater impact on share price volatility.

### **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.**

A balanced allocation between the bookbuilding placing tranche and the public subscription tranche helps enhance the overall efficiency, fairness and stability of the IPO price discovery process.

Currently, there is no minimum allocation requirement for the bookbuilding placing tranche, and the allocation is determined based solely on issuer's discretion. In the absence of a minimum allocation requirement, issuers can potentially allocate a very small portion of shares to the bookbuilding placing tranche, which increases the risk of mispricing or manipulation to achieve specific pricing targets.

In addition, a small bookbuilding placing tranche may discourage institutional investors from participating in the IPO altogether, as the number of shares allocated to them may not be worth their due diligence efforts. Moreover, the current clawback mechanism for public subscription of up to 50% also contributes to a small bookbuilding placing tranche.

By ring-fencing at least 50% of the IPO shares to be allocated to the bookbuilding placing tranche (as well as reducing the impact of the clawback mechanism, as proposed in Q11.1), the proposals ensure that a significant portion of shares is allocated to price-setting investors.

These investors are typically more sophisticated investors, who are better equipped to assess the value of the Company and contribute to a fair valuation. These investors are also typically more focused on long-term growth, after having done their research and due diligence on the companies they invest in. Both factors lead to a reduced risk of significant post-listing price fluctuations, which contributes to market stability.

By encouraging the increased participation of bookbuilding placees, the proposals foster a more informed and robust IPO process, which benefits all stakeholders involved, ultimately leading to a healthier and more sustainable capital market.

## **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.**

Given the unique characteristics and growth potential of Specialist Technology Companies, maintaining a tailored approach ensures that these companies can access the capital they need without being constrained by additional requirements that may not be suitable for their specific circumstances.

**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.**

The removal of this guideline would provide issuers with greater autonomy to allocate shares based on market condition and investor demand, potentially leading to more efficient and effective placements.

**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)?**

Yes

**Please give reasons for your views and any alternative suggestions.**

While we support the removal of the guideline, we also believe that alternative safeguarding measures should be implemented to ensure that this change does not compromise market integrity or lead to concentration among a small number of large holders.

**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.**

See response to Q9.1 for context.

We agree with the proposal to require issuers to adopt either Mechanism A or Mechanism B, as both mechanisms help ensure a balanced allocation between the bookbuilding placing tranche and the public subscription tranche.

The flexibility for an issuer to choose between two mechanisms based on their specific circumstances and market structure would allow issuers to structure their IPOs in a manner that best suits their needs, while still adhering to regulatory standards.

### **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.**

See response to Q9.2.

### **Question 12.1**

**Do you agree that we should retain the Allocation Cap?**

Yes

**Please give reasons for your views.**

The Allocation Cap serves a critical function in minimizing the risk of public subscription investors being “stuffed” with IPO shares at prices that are undesirable to placing tranche placees. The fair and balanced distribution of

shares between different tranches help maintain market confidence and fairness.

**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.**

**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.**

**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.**

The Existing Pricing Flexibility Mechanism only allows for downward adjustments, and can lead to significant delays and additional costs when issuers need to adjust the final offer price upward.

Allowing upward pricing flexibility would provide issuers with greater flexibility to respond to market conditions and demand, potentially leading to more accurate pricing and reducing the need for costly and time-consuming relaunches.

This amendment would enhance the efficiency and attractiveness of the Hong Kong IPO market.

### **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.**

The 10% limit ensures that the initial offer price range remains a meaningful guide for investors, while still allowing issuers to make necessary adjustments based on market conditions.

This approach aligns with the goal of enhancing pricing accuracy without introducing excessive volatility.

### **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 generally favour Option A.

This approach offers greater flexibility in pricing, enabling the issuer to better navigate potential market fluctuations and uncertainties. Additionally, it provides a wider range of options for bookbuilding placees during the IPO price discovery process, helping to determine a more accurate IPO price.

While both options are valid and have their merits, Option A helps ensure that the initial offer price range remains useful, while also having the flexibility to accommodate any necessary adjustments.

**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.**

The proposed Opt-in Arrangement gives public offer subscribers the flexibility to decide whether to participate in the pricing flexibility mechanism based on their risk appetite. By allowing investors to opt-in or opt-out, the mechanism respects their preferences, providing a more tailored experience.

This approach ensures that investors are fully informed and can make decisions aligned with their investment strategies, thereby enhancing overall market participation and satisfaction.

**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.**

Transparent and comprehensive disclosures are crucial for maintaining investor trust and ensuring that all stakeholders are well-informed about potential adjustments.

The alignment of disclosures for both upward and downward adjustments ensure consistency and fairness, helping to mitigate concerns about market manipulation and providing clear guidance to investors.

**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.**

**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.**

**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.**

**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.**

**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.**

**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.**

**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.**

**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.**

**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.**

**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.**

**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.**



**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.**

**Overall Comments**

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