

Submitted via Qualtrics

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Company/Organisation view

Law 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.

As noted in paragraphs 34 and 35 of the Consultation Paper, public float aims to measure the portion of an issuer's listed shares in the hands of the public. Shares which are not listed in Hong Kong do not contribute to the liquidity of the issuer's securities listed in Hong Kong and should be excluded from the calculation of the public float in order to provide a more accurate measure of the securities that are traded in the open market in Hong Kong.

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 for the reason set out in our response to Question 1.1(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.

We agree with the proposal for the reason set out in our response to Question 1.1(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.

We agree with the proposal for the reason set out in our response to Question 1.1(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.

We agree with the amendments to align with the proposal in Question 1.1.

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 exclusion will result in public float being a more accurate measure of the securities that are traded in the open market in Hong Kong.

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.

Shares that have been granted but unvested under a share award scheme should be regarded as being “in public hands”, as such shares are held by independent trustee for a share award scheme on behalf of independent scheme participants and are no longer under the control of the issuer.

We also suggest that the proposal should apply not only to share award schemes as set out in the proposed amendments to MB Rule 8.24, but to all share schemes involving existing shares of listed issuers, e.g. share option schemes which involve the transfers of existing shares held by independent trustees upon exercise of options, based on the same principle.

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 thresholds will provide more certainty to listing applicants with large market capitalisation.

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 proposal for the reason set out in our response to Question 3.1.

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.

Our view on the initial public float threshold in respect of the initial listing of A+H issuers is set out in our response to Question 7.

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.

Our view on the initial public float threshold in respect of a bonus issue of a new class of securities is set out in our response to Question 15.

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.

Investors should be provided with such information for their decision making.

However, we note that there may be uncertainty for new applicants which have estimated market capitalisation, based on the low and high ends of the initial offer price range, on either side of a particular threshold, as to the exact public float threshold which they need to meet. Clarification is required as to whether such applicants are expected to disclose the applicable initial public float thresholds based on the different scenarios.

We also suggest the practice of requiring issuers to disclose the actual public float upon listing in the allotment results be maintained.

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.

The same principle 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 believe that the ongoing public float requirements should be less stringent than the initial public float thresholds to cater for market fluctuations and other circumstances which are often beyond the control of the issuers.

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 see our response to Question 4.1(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.

We believe that the issuers should be allowed the flexibility to maintain a lower public float level after listing to cater for market fluctuations and other circumstances which are often beyond the control of the issuers.

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)?

No

Please give reasons for your views.

Suspending trading of listed issuers with public float below a prescribed level does not help to restore the public float of such issuers. The suspension will prevent the controlling shareholders from selling shares in the open market for

the purpose of restoring the public float of the listed issuers. We suggest that listed issuers should be given the opportunity to take action to remedy the issue within a prescribed remedial period before any suspension of trading is imposed on them.

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.

The nature of such other securities is such that their number in issue will reduce over time.

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 have reservations that an OTC market should be established in Hong Kong solely for shareholders of delisted companies to trade out of their positions, as it is often the case that there is a lack of any market demand for the securities of such companies, the majority of which fail to maintain sufficient operations or assets, under financial distress or are undergoing liquidation or insolvency proceedings.

We agree in general that there is potential for an OTC market to be established in Hong Kong as a platform for micro to small-sized companies, growing companies and startups in the Greater China region to cater for their funding needs while providing international investors with investment opportunities to alternative assets in the Greater China region not listed in overseas stock exchanges.

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.

As noted in paragraph 114 of the Consultation Paper, an OTC market will provide an off-exchange trading between two parties with less regulatory scrutiny and less stringent requirements. OTC market can allow for customized trading of a wider range of securities, including micro to small-sized companies, growing companies and startups, with higher flexibility in price, quantity and terms of transactions which do not need to comply with the formal requirements of exchanges.

However, these features also mean that there will be fewer investor safeguards and information asymmetry, as the true market value and trading volume of the securities quoted on the market are often not publicly reported. There will also be significant counterparty, liquidity, settlement and regulatory risks involved in trading of securities on an OTC market which will need to be considered closely.

Question 4.6(b)

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

Please see our response to Question 4.5.

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.

In light of the higher risks associated with securities quoted on an OTC market, trading of securities should be limited to sophisticated investors only and should not be open to retail investors.

Question 5.1

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

No

Please give reasons for your views and any alternative suggestions.

We disagree with the proposal, as the proposal will be onerous for listed issuers to disclose the actual public float in their annual reports.

It is noted that some listed issuers may have practical difficulties in collecting the information to ascertain the exact public float at a particular date, especially for issuers the shares of which are actively traded with high daily turnover. In particular, as the definition of core connected person includes substantial shareholders, the shares held by substantial shareholders are excluded from the calculations of public float. It is often the case that such substantial shareholders are external investors unrelated to the issuer, its directors and management. These investors are only required to make filings under Part XV of the SFO under certain circumstances (e.g. when there is an increase or decrease in the percentage level of their interest). It will be time consuming and cumbersome for issuers to enquire with the substantial shareholders as to their exact shareholding, complicated by the fact that they are not obliged to respond unless an investigation is made under section 329 of the SFO.

Furthermore, the disclosure could be misleading if the listed issuers make the disclosure solely based on information that is publicly available and within the knowledge of their directors, as information that is publicly available may not reflect the real position of listed issuers' free float, especially for issuers the shares of which are actively traded with high daily turnover.

Taken into account that there is already information readily available to the public, including existing filings made under Part XV of the SFO and high shareholding concentration announcements on the SFC's website, we do not think the mandatory disclosure of actual public float in listed issuers' annual reports is necessary.

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)?

Please give reasons for your views and any alternative suggestions.

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)?

Please give reasons for your views and any alternative suggestions.

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.

While we are generally supportive of a minimum free float requirement, we are of the view that the requirement should be based on the shares for which listing is sought and not on the shares which are held in public hands.

Shares held in non-public hands may not necessarily subject to lock-up restrictions. In particular, shares held by directors and substantial shareholders which are not controlling shareholders are not subject to restrictions under MB Rule 10.07(1) (GEM Rule 13.16A(1)). Those shares, which can be freely traded upon listing, should be considered as part of the free float of an issuer.

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 are generally supportive of the proposed threshold, on the condition that it should be based on the shares for which listing is sought and not on the shares which are held in public hands.

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 are generally supportive of the proposed modification, on the condition that it should be based on the H shares for which listing is sought and not on the H shares which are held in public hands.

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 are generally supportive of the proposal to apply the proposed initial free float requirement to shares only, as the objective of imposing a minimum free float requirement is to ensure that there will be a minimum pool of shares, and not other form of securities, that can be freely traded upon listing.

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)?

No

Please give reasons for your views and any alternative suggestions.

We do not think it is necessary to impose such an exclusion.

The determination of free float should only be based on the number of shares which are subject to lock-up restrictions imposed by the Exchange, applicable laws and regulations, and contractual lock-up agreements.

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 are supportive of the proposal to ensure consistency and avoid over-complicating the requirements across all listing applicants.

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 in general, which better meets the capital raising needs of issuers and increase the attractiveness to PRC issuers that seek listing of their H shares in Hong Kong.

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.

The proposal ensures equal treatment for all issuers.

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 requirement will be redundant in light of the proposal set out in Question 7.1.

Question 8

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

allow a staggered release of the six-month lock-up (as set out in Option B in paragraph 205 of the Consultation Paper)

Please give reasons for your views and any alternative suggestions.

A staggered release of the six-month lock-up restrictions will alleviate the impact of sharp price volatility and improve post-listing liquidity. The relaxation of the restrictions will also increase the attractiveness for institutional investors to participate in cornerstone investments and IPOs in Hong Kong, especially when most other jurisdictions do not impose such requirement on cornerstone investors, as observed by the Exchange in paragraph 204 of the Consultation Paper.

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)?

No

Please give reasons for your views and any alternative suggestions.

We consider the requirement restrictive, as the issuers and the syndicate members should have the flexibility to determine the optimal offering structure based on the prevailing market conditions and perceived investor sentiment as well as the issuers' desired shareholder base.

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)?

Please give reasons for your views.

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 are of the view that whether there is an adequate spread of holders of the securities should be considered from the perspective of the IPO as a whole, not only on the placing tranche. The allocation of shares to and in the placing tranche may depend on a number of factors, including the offer size and the prevailing market conditions, as well as the perceived interest in the public tranche and the anticipated reallocation of shares between the public and placing tranches.

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 do not think other measures should be implemented, as capital market intermediaries are already subject to certain obligations and expected standards of conduct under paragraph 21 of the SFC Code of Conduct when conducting bookbuilding and placing activities. In particular, capital market intermediaries should be satisfied that the shares have been marketed to a

sufficient number of clients and the likelihood of undue concentration of holdings is reasonably low. They are also required to take reasonable steps to ensure that all orders placed in an order book represent bona fide demand of its investor clients, and to ensure a fair allocation of shares to its investor clients.

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.

The proposal provides listing applicants with the flexibility to elect between the mechanisms with or without clawback after considering the prevailing market conditions.

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)?

No

Please give reasons for your views.

We are of the view that Specialist Technology Companies should also be allowed to elect between the mechanisms with or without clawback to increase the flexibility that the issuers and syndicate members have when deciding on the best offering structure.

Allowing Specialist Technology Companies to have the flexibility to elect between the two mechanisms will have minimal impact on the price discovery process in light of the objective of MB Rule 18C.08.

Question 12.1

Do you agree that we should retain the Allocation Cap?

Yes

Please give reasons for your views.

We agree that the Allocation Cap should be retained to minimise the risk of investors under the public subscription tranche from being stuffed with IPO shares.

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 the proposed consequential amendments to align with the proposal in Question 12.1.

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)?

No

Please give reasons for your views and any alternative suggestions.

We note that if the amendments are adopted, listing applicants which select Mechanism B will be subject to a Maximum Allocation Cap Percentage Threshold at 15%, which will be lower than the current threshold of the lesser of (i) double of initial allocation to public subscription tranche (i.e. 20%) and (ii) 30% of the total offering (before over-allocation), even though the initial allocation of shares to the public subscription tranche stays the same at 10%.

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 proposal will provide flexibility to listing applicants to respond to market conditions and meet market demands.

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 proposal to align with the proposal in Question 13.1.

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.

Option (a) is in line with the current practice of downward price adjustment and provides more flexibility to listing issuers and syndicate members as compared to Option (b).

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 with the proposal to align with the proposal in Question 13.1.

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 to align with the proposal in Question 13.1.

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.

We agree with the proposal as it only involves a bonus issue to existing shareholders. Additional distribution requirements are redundant given that listed issuers are already subject to ongoing public float requirements.

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.

The proposal is consistent with the current disclosure practice with most listing documents.

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.

It is noted that overseas issuers that have, or are seeking, secondary listing on the Exchange are usually not subject to any initial free float requirement imposed by the stock exchange where the primary listing is maintained. Furthermore, shareholders of such overseas issuers have the right to request repositioning their shares that are registered on the principal segment of the issuers' register of members to the Hong Kong share register. Such repositioning may create difficulties for such issuers to ascertain the exact free float of its shares to be traded in Hong Kong when its secondary listing commences on the Exchange. Accordingly, it will be onerous and impractical for such overseas issuers to comply with an initial free float requirement.

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 to align with the proposal in Question 7.

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 to align with the proposal in Question 11.1.

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.

The proposal provides a basis for determining the market value of unlisted shares of PRC issuers, which do not have any trading price quoted on other stock exchanges.

In light of the increase in the number of A+H dual listing issuers, we appreciate it if the Exchange can publish guidance on the calculation of the expected market capitalisation of a new applicant which has shares listed on other regulated markets (including PRC issuers and other overseas issuers) concurrently with the implementation of the new amendments.

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 to align with the proposal in Question 20.1.

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)?

No

Please give reasons for your views and any alternative suggestions.

We suggest that the requirements for listing document under Chapter 7 of the Main Board Listing Rules (Chapter 10 of the GEM Listing Rules) and for formal notice should be aligned, such that a formal notice is required to be published as long as the relevant offers or placings are required to be supported by a listing document under Chapter 7.

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.

Successor Company's warrants are continuations or replacements of SPAC Warrants which subsist upon completion of the De-SPAC Transaction. The actual spread of the Successor Company's warrants is therefore determined by the spread of the SPAC Warrants as a result of dealings on the open market before completion of the De-SPAC Transaction as well as the level of redemptions (if there is any right for redemption extended to the holders). The Successor Company does not have no control over the spread of its warrants.

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.

Please see our response to Question 22.

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.

The proposal provides clarity to the Specialist Technology Companies and the syndicate members.

Overall Comments

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