HKEX
香港交易所

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Conclusions and Further Consultation Paper

Proposals to Optimise IPO Price Discovery and Open Market Requirements

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HOW TO RESPOND TO THIS CONCLUSIONS AND FURTHER CONSULTATION PAPER

The Exchange, a wholly-owned subsidiary of HKEX, invites written comments on the changes proposed in this paper, or comments on related matters that might have an impact upon the changes proposed in this paper, on or before **Wednesday, 1 October 2025**.

You can respond by completing the questionnaire which can be accessed via the link and QR code below:

Link: https://surveys.hkex.com.hk/jfe/form/SV_eCInFGrHJIaCGOi

QR code:

Our submission enquiry number is (852) 2840-3844.

Respondents are reminded that the Exchange will publish responses on a named basis in the intended consultation conclusions. If you do not wish your name to be disclosed to members of the public, please state so when responding to this paper. Our policy on handling personal data is set out in **Appendix IX**.

Submissions received during the consultation period by **Wednesday, 1 October 2025** will be taken into account before the Exchange decides upon any appropriate further action. The Exchange will develop a consultation conclusions paper which will be published in due course.

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EXECUTIVE SUMMARY

Purpose

1. This paper summarises market feedback on our Consultation Paper proposals to optimise IPO price discovery and open market requirements and contains conclusions to those proposals (see Chapters 3 to 5).

2. This paper also seeks feedback on detailed ongoing public float proposals (see Section IV of Chapter 3).

Conclusions to Consultation Paper Proposals

Background

3. On 19 December 2024, the Exchange published the Consultation Paper seeking market feedback on proposals to optimise our IPO price discovery and open market requirements. The three-month consultation period closed on Wednesday, 19 March 2025.

Responses received

4. A total of 1,253 non-duplicate[1] responses from a broad range of respondents were received to the Consultation Paper. We thank all respondents for taking the time to submit a response and providing feedback on our proposals.

5. A list of respondents to the Consultation Paper is set out in **Appendix I** to this paper.

6. The full results of a quantitative analysis of the responses are set out in **Appendix II** to this paper.

7. All the responses we received are available to view on the HKEX website (link) (except those from respondents who indicated that they do not want their responses to be published).

Summary

8. Having considered the responses to the Consultation Paper, the Exchange will adopt most of its proposals outlined in the Consultation Paper, with some modifications and clarifications as set out in Chapters 3 to 5 of this paper.

9. The key modifications to our proposals are summarised in paragraphs 10 to 21 below.

[1] 777 responses were found to duplicate other responses (representing a total of 81 distinct groups of responses) and will not be counted for the purpose of a quantitative and qualitative analysis of the responses.

Open market requirements

Tiered initial public float thresholds (Section II.A of Chapter 3)

10. We have amended the proposed tiered initial public float thresholds to remove Tier D[2] in view of respondents' comments (see paragraphs 128 to 134) that this tier would apply to very few issuers and that, in those cases, it may be more appropriate to assess the issuer's public float requirements on a case-by-case basis.

11. Accordingly, the initial public float thresholds[3] will be as set out below:

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

12. The Exchange will reserve the discretion to grant case-by-case waivers to new applicants from strict compliance with the new initial public float requirements where the

[2] The Consultation Paper stated that Tier D would apply to a class of equity securities with an expected market value (at the time of listing) exceeding HK$70 billion. It was proposed that such issuers would be subject to a minimum public float equal to the higher of: (a) the percentage that would result in the expected market value of such securities in public hands to be HK$7.0 billion at the time of listing; and (b) 5%.

[3] Consistent with the proposals in the Consultation Paper (paragraph 79), such thresholds will apply to any class of equity securities new to listing on the Exchange (including shares, convertible equity securities, options, and warrants), except for: (a) the initial listing of PRC Issuers with other listed shares (e.g. A+H Issuers) which will be subject to bespoke initial public float requirements (see Section II.B of Chapter 3 of this paper); and (b) a bonus issue of a new class of securities subject to satisfaction of certain conditions (see Section II.A of Chapter 5 of this paper). This means that, as stated in the Consultation Paper (paragraph 57 and Note to Table 5), the thresholds will also apply to PRC issuers that have no other listed shares at the time of listing on the Exchange. The initial public float for such issuers will be calculated as follows: the minimum percentage to be held in public hands will be calculated by reference to the issuer's H shares only and any other shares it has in issue that are in the class to which H shares belong will only be included in the denominator; and the expected market value of its relevant class of securities will be the expected market value of all shares in the class to which its H shares belong.

expected market value of the relevant class of securities significantly exceeds HK$45 billion[4] at the time of listing.

Initial free float requirements (Section II.C of Chapter 3)

13. For PRC issuers[5] with other listed shares[6] (e.g. A+H issuers), in view of respondents' comments (see paragraph 201), we will revise the proposed free float percentage threshold from 10% of the total number of H shares to 5% of the total number of issued shares in the class to which H shares belong[7]. The other elements of the proposed free float threshold for these issuers will remain unchanged.

14. Accordingly, the free float of PRC issuers with other listed shares must consist of H shares (for which listing is sought) that are held by the public and are not subject to any disposal restrictions at the time of listing that either:

    (a) represent at least 5% of the total number of issued shares in the class to which H shares belong, with an expected market value of at least HK$50 million; or

    (b) have an expected market value of at least HK$600 million at the time of listing.

IPO offering mechanism

Regulatory lock-up on cornerstone investment (Section I.A of Chapter 4)

15. As there was no consensus among respondents (see paragraph 411) on changing the existing requirement, the Exchange will retain the current six-month lock-up requirement on cornerstone investment (Option A) and not implement a staggered lock-up (Option B).

"Ring-fencing" the bookbuilding placing tranche (Section I.B.1 of Chapter 4)

16. In view of respondents' comments (see paragraphs 420 and 421) that more flexibility in the choice of offer structures should be provided, we will adopt our proposal but amend it to require that at least **40%** of the shares initially on offer be allocated to the bookbuilding placing tranche in each IPO (rather than the 50% proposed).

Allocation to the public subscription tranche (Section I.C of Chapter 4)

17. Having taken into consideration respondents' feedback, the Exchange will adopt the Consultation Paper proposal, with a modification to increase the highest allocation to the

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[4] Being the minimum market value that can rely on a 10% public float threshold (see Tier C of the table under paragraph 11).

[5] In this paper, the term "PRC issuer", as defined under the Listing Rules (MB Rule 19A.04; GEM Rule 1.01), refers to an issuer duly incorporated in Mainland China as a joint stock limited company.

[6] In this paper, the term "other listed shares" is used by reference to a PRC issuer to mean shares of the PRC issuer in the class to which H shares belong that are listed on other regulated market(s), such as A shares.

[7] For A+H issuers, this means A shares will be included in the denominator, as both H shares and A shares are ordinary shares and are considered as one class of shares under relevant PRC laws and regulations, having the same substantive rights such as voting, dividend and asset distribution on liquidation.

public subscription tranche, if the clawback is triggered under Mechanism A, to 35% (from the proposed 20%). The clawback triggering points of the existing Rules will be retained.

18. Accordingly, an applicant that chooses to adopt Mechanism A will be required to follow the initial allocation and clawback mechanism below:

	Initial allocation	Demand for shares in the public subscription tranche in number of times (x) the initial allocation		
		≥15x to <50x	≥50x to <100x	≥100x
Modified percentage of offer shares allocated to the public subscription tranche	5%	15%	25%	35%

19. The proposed minimum initial allocation of 10% of offer shares to the public subscription tranche (with no clawback mechanism) under Mechanism B will remain unchanged. However, the maximum allocation to the public subscription tranche possible under Mechanism B will increase to 60% of the total offering (from the 50% under the proposal) as a result of the reduction in minimum bookbuilding placing tranche allocation (see paragraph 16 above).

20. The Exchange will continue to have the discretion to grant case-by-case waivers to new applicants with a significant offer size from the prescribed allocation percentages under Mechanism A or Mechanism B, based on the individual facts and circumstances of each case and subject to appropriate waiver conditions. For issuers adopting Mechanism A, the typical and non-typical waivers, as set out in the Exchange's guidance[8], will continue to apply.

Pricing Flexibility Mechanism (Section II of Chapter 4)

21. Having considered the concerns raised by respondents, the Exchange will not adopt the proposal to allow issuers to set the final IPO price up to 10% above the indicative offer price or the top of the offer price range, after prospectus publication.

Implementation of the Listing Rules

22. Listing Rule amendments to implement these conclusions form **Appendices III** and **IV** to this paper. These will come into effect on 4 August 2025 (**Implementation Date**) and apply to: (a) all issuers; and (b) new applicants with listing documents published on or after that date.

[8] Guide for New Listing Applicants (last updated 1 August 2025), Chapter 4.14, paragraphs 4 to 7.

Further Consultation on Ongoing Public Float Proposals

23. In the Consultation Paper, we sought views on appropriate ongoing public float requirements if the proposed initial public float thresholds (as stated in the Consultation Paper) were supported by the market[9].

24. This paper includes detailed ongoing public float proposals (see Section IV of Chapter 3) that draw upon the feedback received in response to the Consultation Paper (see Section III of Chapter 3). These detailed proposals are summarised in Table 1 below. If adopted, these proposals would apply to all listed issuers[10].

Table 1: Summary of key proposals on ongoing public float

Subject	Key Proposals
Ongoing Public Float Thresholds (Section IV.A in Chapter 3)	
Initial Prescribed Threshold (see paragraph 310)	We propose to make consequential amendments to the existing ongoing public float thresholds[11], in view of the new tiered initial public float thresholds (see paragraph 11), so that a portion of the class of shares an issuer has listed on the Exchange that is held by the public must, at all times, represent at least: (a) 25% of the total number of issued shares in the class of shares listed (excluding treasury shares); or (b) any lower public float percentage prescribed at the time of its initial listing, (the "**Initial Prescribed Threshold**").
Alternative Threshold (see paragraph 312)	We propose to provide an optional alternative ongoing public float threshold whereby a portion of the class of shares an issuer has listed on the Exchange that is held by the public must, at all times: (a) have a market value of at least HK$1 billion[12]; and (b) represent at least 10% of the issuers' total number of issued shares in the class of shares listed (excluding treasury shares),

9 See Section B.2 in Chapter 1 of the Consultation Paper.

10 Existing listed issuers and issuers to be listed under the new initial public float requirements.

11 Currently, the Listing Rules require that at least 25% of an issuer's total number of issued shares (excluding treasury shares) must at all times be held by the public. In the case of an issuer that has been granted a public float waiver at the time of listing, the applicable minimum prescribed percentage will apply.

12 The market value of shares is proposed to be determined on a rolling basis by multiplying (a) the number of shares held by the public as of the date of determination by (b) the volume weighted average price of the shares listed on the Exchange over 125 trading days immediately prior to the date of determination. For the purpose of this paper, references to "trading day" have the meaning as in the Rules of the Exchange, excluding any day on which trading of the issuer's shares is suspended.

Subject	Key Proposals
	(the **"Alternative Threshold"**)[13]. This Alternative Threshold is proposed, in response to respondents' feedback[14], to provide issuers that have a sufficiently large public float in market value greater flexibility to conduct transactions for capital management purposes (e.g. share repurchases) after listing. An issuer relying on this Alternative Threshold (instead of the Initial Prescribed Threshold) must publish an announcement containing the reasons for relying on the Alternative Threshold and information as to the actual market value and percentage of its public float. It must also comply with additional regular disclosure obligations (see "Additional public float information" below).
Note: For the avoidance of doubt, the Initial Prescribed Threshold and the Alternative Threshold will also apply to PRC issuers with no other listed shares.	
PRC Issuers with Other Listed Shares (e.g. A+H issuers) (Section IV.B of Chapter 3)	
Threshold for PRC issuers with other listed shares (e.g. A+H issuers) (see paragraph 341)	We propose that PRC issuers with other listed shares (e.g. A+H issuers) be subject to bespoke ongoing public float thresholds so that their H shares listed on the Exchange and held by the public must, at all times: (a) have a market value of at least HK$1 billion; or (b) represent at least 5% of the total number of shares in the class to which H shares belong (excluding treasury shares)[15]. These bespoke ongoing public float thresholds, together with the Initial Prescribed Threshold and the Alternative Threshold, are referred to as the **Ongoing Public Float Threshold** for the purpose of our proposals.

[13] A listed issuer would not be able to rely on the Alternative Threshold if the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange. In addition, the Exchange may require the issuer to extend the 125-day period for the determination of the market value of shares (see footnote 12) if, during that period, its listed shares have been suspended from trading for more than five consecutive business days.

[14] The current 25% or lower percentage threshold that is determined at initial listing may become unnecessarily large, in absolute terms, post-listing for issuers with a very large market capitalisation (see paragraphs 242 to 249).

[15] For A+H issuers, this means A shares will be included in the denominator, as both H shares and A shares are ordinary shares and are considered as one class of shares under relevant PRC laws and regulations, having the same substantive rights such as voting, dividend and asset distribution on liquidation.

Subject	Key Proposals
Regular Public Float Reporting (Section IV.C of Chapter 3)[16]	
Confirmation of compliance (see paragraph 351)	We propose that **all** issuers be required to confirm, in their monthly returns and annual reports, whether they have met their applicable Ongoing Public Float Threshold.
Additional public float information (see paragraphs 352 and 353)	Monthly Reporting Issuers relying on the **Initial Prescribed Threshold** would be required to disclose, in each of their monthly returns, the Initial Prescribed Threshold applicable to them. The following types of issuers would be required to disclose, in each of their monthly returns, the market value and the percentage of their actual public float as of the end of the period to which the monthly return relates: (i) issuers relying on the **Alternative Threshold**; and (ii) **PRC issuers with other listed shares (e.g. A+H issuers)** relying on the **market value limb** of the bespoke ongoing public float thresholds applicable to them. Annual Reporting We propose that **all** issuers also be required to disclose the same information as at the end of the relevant financial year in each of their annual reports.
Consequence for Public Float Shortfall (Section IV.D of Chapter 3)	
Breach of Ongoing Public Float Threshold (see paragraph 360)	Consistent with the current regulatory approach[17], if an issuer's public float falls below the applicable Ongoing Public Float Threshold, the issuer must take steps to restore its public float to meet the applicable Ongoing Public Float Threshold as soon as possible. It would also be required to publish an initial announcement on a breach of the public float requirement. In addition, we propose that an issuer must: (a) issue the initial announcement on the Rule breach within one business day after becoming aware of its public float shortfall, and, as soon as reasonably practicable, and in any case no later than 15 business days, announce its plan and expected timeline to restore its public float; and

[16] Such proposed disclosure requirements are in addition to the ongoing public float disclosure proposed in the Consultation Paper, which we are minded to adopt (see Section III.C of Chapter 3).

[17] MB Rule 13.32(1) and (2) (GEM Rule 17.36 and 17.37).

Subject	Key Proposals
	(b) issue subsequent monthly announcements to notify the market of the status (including market value (if applicable) and percentage of the public float) of its public float and updates on its restoration plan. We also propose to clarify that, for so long as an issuer does not comply with the applicable Ongoing Public Float Threshold, the issuer itself, and each of its directors, must not (and each director must use his best endeavours to ensure that his close associates will not) take any action that may further lower the issuer's public float percentage, unless the circumstances are exceptional. Examples of such actions include a share repurchase by the issuer or an acquisition of shares by its directors or their close associates.
Stock marker for issuers with Significant Public Float Shortfall (see paragraphs 363 to 367)	We propose <u>not</u> to suspend trading in the shares of an issuer solely due to a shortfall in its public float below a specified threshold[18]. Instead, an issuer with a public float shortfall will be considered as having a **Significant Public Float Shortfall**, and a special stock marker will be imposed, <u>unless</u> a portion of the class of shares listed on the Exchange and held by the public: (a) represents at least 15% of the issuer's total number of issued shares in the class of shares listed (excluding treasury shares) (or for an issuer subject to a public float percentage lower than 25% at the time of its initial listing, 50% of the issuer's Initial Prescribed Threshold); **<u>or</u>** (b) has a market value of at least HK$500 million <u>and</u> represents at least 5% of the issuer's total number of issued shares in the class of shares listed (excluding treasury shares). A PRC issuer with other listed shares (e.g. an A+H issuer) and with a public float shortfall will be considered as having a **Significant Public Float Shortfall**, and a special stock marker will be imposed, <u>unless</u> its H shares listed on the Exchange and held by the public: (a) have a market value of at least HK$500 million; **<u>or</u>** (b) represent at least 5% of the issuer's total number of shares in the class to which H shares belong (excluding treasury shares). Issuers with a special stock marker imposed would be required to comply with additional disclosure obligations.

[18] Under current requirements, the Exchange will normally require suspension of trading in an issuer's securities where the percentage of its public float falls below 15% (or 10% in the case of an issuer that has been granted a lower percentage of public float at the time of listing). See MB Rule 13.32(3) (GEM Rule 17.37).

Subject	Key Proposals
Delisting mechanism (see paragraph 368)	If an issuer with a Significant Public Float Shortfall fails to restore its public float to meet the applicable Ongoing Public Float Threshold within 18 months (GEM: 12 months) (of the commencement of Significant Public Float Shortfall) it will be delisted.
Removal of special stock marker (see paragraph 370)	The special stock marker would be removed and would cease to apply to the issuer if it can demonstrate, and announce to the public, that its public float has been restored to meet the applicable Ongoing Public Float Threshold.

25. The proposed amendments to the Listing Rules to implement these new ongoing public float proposals are set out in **Appendices V** and **VI** to this paper.

Request for comment

26. We invite public comments on our ongoing public float proposals as set out in **Section IV of Chapter 3** of this paper and the related proposed Rule amendments as set out in **Appendices V** and **VI** to this paper. Responses should be submitted to us by **Wednesday, 1 October 2025**.

Next Steps

Implementation arrangements

27. The Consultation Paper proposed amendments to the existing initial public float requirements and stated that, based on the feedback received, the Exchange would consult on detailed ongoing public float requirements in a subsequent consultation. It also stated that changes to the initial and ongoing public float requirements would be implemented together, as one package, after the consultation on the ongoing public float proposals[19].

28. Having considered the responses to the proposals (see Sections I and II of Chapter 3), the Exchange believes that it would be in the interests of the Hong Kong market as a whole to implement its conclusions to the greatest extent possible to avoid unnecessary delay in addressing the specific issues identified in the Consultation Paper.

29. Accordingly, as stated above (see paragraph 22), the Exchange will implement its conclusions to cover all the proposals in the Consultation Paper. This is except for proposals relating to ongoing public float disclosure requirements in annual reports[20] as they are related to proposals that are subject to further consultation (see paragraph 26).

[19] See paragraph 117 of the Consultation Paper.

[20] See Section I.B.3 of Chapter 1 of the Consultation Paper, and Section III.C of Chapter 3 of this paper.

30. After the consultation period for our ongoing public float proposals (see paragraph 26) has ended, the Exchange will publish a paper containing feedback on our ongoing public float proposals and the Exchange's conclusions based on that feedback. That paper will also include final amendments to the Listing Rules for those proposals and the proposed ongoing public float disclosure requirement in annual reports[21]. It will also include detailed implementation arrangements for those requirements.

Transitional arrangements on ongoing public float

31. Prior to the implementation of the new ongoing public float requirements (if adopted), existing ongoing public float requirements will continue to apply to all issuers. We have made transitional consequential amendments to those existing ongoing public float requirements (see paragraph 272) to ensure they are compatible with the new initial public float requirements.

[21] Section I.B.3 of Chapter 1 of the Consultation Paper.

CHAPTER 1: INTRODUCTION

Number and Nature of Respondents

32. We received 2,030 responses to the Consultation Paper from individuals and organisations. Of these, 1,253 were non-duplicate responses (see Chapter 2 for our methodology of counting responses).

33. A full list of respondents to the Consultation Paper is set out in **Appendix I** to this paper. A breakdown of these respondents is set out in Table 2 (for organisations) and Table 3 (for individuals) below.

Table 2: Organisational respondents by category

Organisation Category	Number	%
Accounting Firms	3	3%
Corporate Finance Firms / Banks	11	11%
HKEX Participants	8	8%
Law Firms	33	33%
Listed Companies	4	4%
Investment Firms / Asset Managers	14	14%
Professional Bodies / Industry Associations	20	20%
Prospective Listing Applicants	1	1%
Other Companies / Organisations	5	5%
Total[22]	**99**	**100%**

[22] Total number excludes duplicates. The percentages may not add up to 100% due to rounding.

Table 3: Individual respondents by category

Individual Category	Number	%
Accountants	41	4%
Corporate Finance Staff	22	2%
HKEX Participant Staff	17	1%
Lawyers	14	1%
Listed Company Staff	91	8%
Staff at Investment Firms / Asset Managers	22	2%
Prospective Listing Applicant Staff	5	0%
Retail Investors	910	79%
Other Individuals	32	3%
Total[23]	**1,154**	**100%**

[23] Total number excludes duplicates. The percentages may not add up to 100% due to rounding.

CHAPTER 2: METHODOLOGY

Purpose of the Exchange's Methodology

34. In reviewing and drawing conclusions from the consultation responses, the Exchange's goal is to ensure that we come to a balanced view in the best interest of the market as a whole and in the public interest.

35. The effectiveness of this process depends on the submission of original responses from a broad range of respondents that give considered and substantive reasons for their views. The Exchange's methodology, accordingly, aims to accurately categorise respondents and identify different viewpoints. In line with the Exchange's past publicly stated practice, this requires a qualitative assessment of the responses in addition to a quantitative assessment.

Identifying the Category of a Respondent

36. In this paper, each respondent is categorised into an individual or an organisation and according to whether their response represented the view of:

    (a) for an organisation, one of the following: "Accounting Firm", "Corporate Finance Firm / Bank", "HKEX Participant", "Investment Firm / Asset Manager", "Law Firm", "Listed Company", "Professional Body / Industry Association", "Prospective Listing Applicant" or "Other Company / Organisation"; and

    (b) for an individual, one of the following: "Accountant", "Corporate Finance / Bank Staff", "HKEX Participant Staff", "Staff at Investment Firm / Asset Manager", "Lawyer", "Listed Company Staff", "Prospective Listing Applicant Staff", "Retail Investor" or "Other Individual".

37. This categorisation is based on each respondents' indication in their submission. Responses without an indication of the respondent's capacity or with a clearly incorrect capacity were re-categorised by the Exchange using the most appropriate description.

38. The Exchange categorised "Professional Bodies / Industry Associations" as a single group rather than strictly assigning them individually to other categories (e.g., by assigning qualified accountants' associations to the "Professional Bodies / Industry Associations" category instead of the "Accounting Firms" category). This is in line with the Exchange's past practice. Subjective judgement is required to assign professional bodies to other categories, and some do not fit easily with other categories of respondents.

39. It is not the Exchange's practice to categorise "Investment Firms / Asset Managers" by the size of their assets under management for the purposes of analysing consultation responses, as the Exchange believes that the size of an institution's global assets does not mean that we should necessarily attach more insight to their arguments or viewpoints. This would also raise issues as to the treatment of representative bodies that have considerable variances in number and type of members. Similarly, it is not the Exchange's practice to categorise professional bodies by their size and nature of their membership.

Qualitative Assessment

40. The Exchange performed a qualitative analysis to enable it to properly consider the broad spectrum of respondents and their views. A qualitative analysis enabled the Exchange to give due weight to responses submitted on behalf of multiple persons or institutions[24], and the underlying rationale for a respondent's position.

41. The Exchange treated all responses equally under the assumption that all respondents are sincere in the viewpoints they have expressed, including those responses influenced by external campaigns (see paragraph 50). Where a respondent raised points that were more relevant to other questions in the consultation, the Exchange has endeavoured to keep repetition between sections in this paper to a minimum by summarising those comments in the most relevant section.

Quantitative Assessment

42. The Exchange also performed an analysis to determine the support, in purely numerical terms, for the consultation proposals. The result of this quantitative analysis forms **Appendix II** to this paper.

43. With respect to each Consultation Paper question that invited a Yes/ No response, each response is placed into one of the following categories based on indication by the respondents[25]:

    (a) support;

    (b) not support; or

    (c) no comment.

44. With respect to each Consultation Paper question that required respondents to choose between two or more options, each response is placed into one of the following categories based on indication by the respondents:

[24] As stated below (see paragraph 45), for the purpose of the quantitative analysis, a submission made on behalf of multiple persons are only counted as one response.

[25] With respect to answers that did not expressly indicate a Yes/ No response, they are placed into the "no comment" category.

(a) preference for an option; or

(b) no preference/ no comment.

Counting responses not respondents

45. For the purpose of its quantitative analysis, the Exchange counted the number of responses received not the number of respondents those submissions represented. This means:

(a) a submission by a professional body is counted as one response even though that professional body may represent many individual members;

(b) a submission representing a group of individuals is counted as one response; and

(c) a submission by a law firm representing a group of market practitioners (e.g., sponsor firms or banks) is counted as one response.

46. However, when undertaking qualitative analysis of responses, the Exchange has taken into account the number and nature of the persons or firms represented by other respondents.

47. The Exchange's method of counting responses, not respondents they represent, is the Exchange's long established publicly stated policy.

Response Handling

Duplicate responses

48. The Exchange identified groups of duplicate responses, where two or more responses contained identical answers to all questions (as categorised in accordance with paragraphs 43 and 44) and substantially identical free-text responses.

49. Of the 2,030 responses in total, duplicate responses were submitted by 776 individuals and one organisation. The Exchange identified 81 distinct groups of duplicate responses. In line with the Exchange's long established publicly stated policy, these duplicate responses were disregarded in both qualitative and quantitative assessments.

50. The Exchange noted responses to the Consultation Paper that appeared to be prompted by campaigns conducted by external organisations and individuals on social media platforms. These responses (mostly from individual respondents) followed similar templates with the same viewpoint to selected questions, both in theme and tone[26]. We counted these responses for the purpose of both our qualitative and quantitative assessments of responses.

[26] The Exchange has identified at least 216 non-duplicate responses adopting similar templates. Since some respondents may have selectively adopted parts of certain templates, it was not possible for the Exchange to identify all responses influenced by these templates.

Publication of responses

51. Nine respondents indicated that they did not wish their responses to be published. Except for these responses, all responses received are available to view on the HKEX website (link).

52. 1,687 respondents requested their responses[27] be published anonymously. We have included these responses in the list of responses published on the HKEX website, identified by category only (e.g. “Individual”).

53. We counted these responses for the purpose of both our qualitative and quantitative assessments of responses.

[27] Including duplicate responses.

CHAPTER 3: OPEN MARKET REQUIREMENTS

54. In this chapter, we summarise market feedback received on the key proposals related to open market requirements (as set out in Section I of Chapter 1 of the Consultation Paper) and set out the Exchange's response to that feedback.

I. Calculation of Public Float

A. Basis for Calculation of Public Float Percentage

Proposals

55. We proposed to clarify the basis for calculating public float[28].

Comments received

Overall approach

56. We proposed that the public float percentage of securities new to listing be calculated, normally[29], by reference to the total number of securities of that class only[30].

57. A vast majority (91%) of organisational respondents who responded, and nearly half (47%) of all individual respondents who responded supported the proposal[31].

58. Respondents who supported the proposal thought that:

    (a) *In line with the regulatory objective of the public float requirement:* the proposed basis for calculation would better reflect the genuine public float of issuers available for trading in Hong Kong, and would be in line with the regulatory objective of the Exchange's public float requirements; and

[28] See paragraphs 44 to 47 of the Consultation Paper.

[29] As stated in paragraphs 45 to 46 of the Consultation Paper, the exceptions are:

(a) in the case of a PRC issuer, the numerator of its public float percentage would be calculated by reference to its H shares only; and the denominator would comprise all shares it has in issue (listed or unlisted, as the case may be) that are in the class to which H shares belong; and

(b) in the case of an issuer with other share class(es) listed overseas, the numerator of its public float percentage would be calculated by reference to only shares of the class for which listing is sought in Hong Kong, and the denominator would be calculated by reference to its total number of issued shares (of all classes).

[30] Question 1.1(a) of the Consultation Paper.

[31] A total of 78 organisational respondents and 929 individual respondents responded to this question.

(b) *In line with international practice:* the proposal was consistent with the approach towards calculating the public float adopted by other international stock exchanges[32].

59. A few opposing respondents raised the following comments:

(a) *Misunderstanding or confusion:* the proposal may lead to misunderstanding or confusion regarding an issuer's public float, as it is only based on a partial shareholding structure of an issuer; and

(b) *Failure to take into account shares that may contribute to an open market in the future:* shares that do not contribute to an open market currently (i.e. those not listed on the Exchange) should not be excluded from the calculation, as they may contribute to open market in the future.

60. Most individual respondents opposing the proposal did not provide substantive reasons.

PRC issuers[33]

61. We proposed that, in the case of a PRC issuer, the numerator of its public float percentage would be calculated by reference to its H shares only. Any other shares it has in issue (listed or unlisted, as the case may be) that are in the class to which H shares belong would only be included in the denominator. This proposal received majority support from both organisational and individual respondents.

PRC issuer with no other listed shares[34]

62. A vast majority (88%) of organisational respondents who responded, and approximately half (50%) of all individual respondents who responded, supported the proposal[35].

63. Supporting respondents agreed that, while the unlisted shares of a PRC issuer are in the class to which H shares belong, their lack of fungibility with H shares[36] means that those unlisted shares are not freely tradeable (or available for trading) by the investing public in Hong Kong and so they should be excluded from the numerator.

64. Some supporting respondents also noted that:

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[32] See paragraph 43 of the Consultation Paper.

[33] These are "PRC issuers" as defined under the Listing Rules (MB Rule 19A.04; GEM Rule 1.01), which refer to issuers duly incorporated in Mainland China as joint stock limited companies. Accordingly, red chip issuers i.e. issuers incorporated outside Mainland China, with its management and control or main business operations and asset in Mainland China, are excluded.

[34] Question 1.1(b) of the Consultation Paper.

[35] A total of 75 organisational respondents and 880 individual respondents responded to this question.

[36] Save for the possibility for conversion under the under the H share full circulation programme (subject to approval by the CSRC). See CSRC (November 2019), Guidelines on Applying for "Full Circulation" of Unlisted Domestic Shares of H-share Listed Companies (H 股公司境内未上市股份申请"全流通"业务指引) (Simplified Chinese version only), Article 5.

(a) *Consistent with existing approach:* the proposed approach is consistent with the existing approach, which has been widely accepted; and

(b) *Mitigates risk of manipulation:* by including unlisted shares (in the class to which H shares belong) in the denominator, the proposal prevents issuers (even those with a substantial unlisted shareholding) from listing only a minimal fraction of their ordinary shares as H shares in Hong Kong, in which case the H shares could be susceptible to price volatility or manipulation.

65. Most opposing respondents did not provide substantive reasons for opposing the proposal.

66. One respondent sought clarification on whether H shares converted from unlisted shares could be counted towards the numerator.

PRC issuers with other listed shares (e.g. A+H issuers)[37]

67. The majority (79%) of organisational respondents who responded, and approximately half (50%) of all individual respondents who responded supported the proposal[38].

68. Supporting respondents agreed that the proposed exclusion of A shares from the numerator was appropriate, as A shares listed on PRC stock exchanges are not fungible with H shares. This means that A shares are not available for trading in Hong Kong and so do not contribute to an open market.

69. Those who supported the proposal also noted that the proposal:

(a) *Equalises treatment for all PRC issuers:* the Exchange's proposal meant the same basis for the calculation of public float would be applied to all PRC issuers equally, irrespective of whether or not they have listed shares. They thought this would eliminate confusion, reduce uncertainty and help issuers better understand and comply with the Listing Rules; and

(b) *In line with international practice:* most other international stock exchanges calculate public float based only on the class of shares listed on their markets (i.e. excluding shares that could only be traded elsewhere). The Exchange's proposal aligns with this principle by limiting the numerator of the public float percentage to H shares only.

Some respondents acknowledged that the inclusion of A shares in the denominator of the calculation may be seen as deviating from this principle. However, they agreed that this was a suitably bespoke approach that ensures the public float of A+H issuers is sufficiently large. They thought it could then represent a meaningful enough proportion of all shares in issue, of the same class, to attract a critical mass of investor interest.

[37] Question 1.1(c) of the Consultation Paper.

[38] A total of 76 organisational respondents and 860 individual respondents responded to this question.

70. Opposing respondents raised the following concerns:

(a) *A+H issuers may have an "artificially low" public float in Hong Kong:* the exclusion of A shares from the numerator would disadvantage A+H issuers with a significantly large A share public shareholder base and result in them having an "artificially low" public float percentage in Hong Kong. Some respondents alternatively suggested excluding A shares from the denominator for the same reasons;

(b) *Mutual market access:* the existing approach of including both A shares and H shares in the numerator reflects the fact that A shares and H shares belong to the same class of shares under PRC law. Also, it reflects the mutual market access programme (i.e. Stock Connect), applicable to many A+H issuers, which has enabled international investors to access A shares and domestic investors in Mainland China to access H shares.

Although they acknowledged that A shares of A+H issuers accessible via Northbound Stock Connect are non-fungible with the corresponding H shares, respondents thought that this accessibility to Hong Kong investors was a relevant consideration. The inclusion of A shares in the numerator would therefore provide a more comprehensive view of both the size of trading of an A+H issuer's shares and investor reach, which is crucial for assessing the company's ability to raise capital.

71. Two respondents believed that the intention of ensuring A+H issuers have a "critical mass" of shares listed in Hong Kong would be better addressed by an alternative approach of prescribing a standalone minimum market value requirement on the H shares of the listing applicant for which listing is sought in Hong Kong.

72. Most individual respondents opposing the proposal did not provide substantive reasons.

Issuers with other share class(es) listed overseas

73. We proposed that, in the case of an issuer with other share class(es) listed overseas, to continue to calculate its public float, at listing, as a percentage of the issuer's total number of issued shares (of all classes) (i.e. in the denominator). However, only shares of the class for which listing is sought in Hong Kong would count towards meeting minimum public float thresholds (i.e. in the numerator)[39].

74. A vast majority (85%) of organisational respondents who responded, and slightly less than half (48%) of all individual respondents who responded, supported the proposal[40].

75. Supporting respondents agreed with the proposal as only the class of shares for which listing is sought in Hong Kong would contribute to an open market in Hong Kong. Some respondents noted that the proposal sought to equalise the treatment of A+H issuers and issuers with other class(es) of shares listed overseas. In both cases, the proposal

[39] Question 1.1(d) of the Consultation Paper.

[40] A total of 74 organisational respondents and 836 individual respondents responded to this question.

would ensure that the amount of shares listed in Hong Kong was sufficiently large to represent a meaningful proportion of all shares in issue to attract a critical mass of investor interest.

76. Some opposing respondents noted that other international stock exchanges exclude other class(es) of shares from the denominator as these other class(es) are not relevant to an open market in trading (see paragraph 69(b)). They thought that including such other class(es) of shares in the denominator may make it harder for issuers with significant overseas listings to meet Hong Kong's public float requirement.

77. Two respondents suggested that the Exchange include shares listed on other regulated market(s) in the calculation of public float only when: (a) an overseas issuer has listings on the Exchange and other overseas market(s), and (b) the same class of shares are listed on all exchanges.

78. Most individual respondents opposing the proposal did not provide substantive reasons.

Clarifications and alternative suggestions

Disclosure requirements

79. Some respondents suggested imposing additional requirements to disclose all shares in issue, regardless of where they are traded, to enable investors to understand which shares are included in the calculation of public float. Some believed that such information is particularly important if the securities listed overseas are fungible with Hong Kong listed securities, such as Hong Kong shares and US-listed ADRs, as it would better reflect the "global float" of an issuer and would enable investors to understand which shares are freely transferable between markets.

80. One respondent further suggested a requirement to disclose the number of shares available for trading in Hong Kong as, in practice, it takes some time to transfer shares between stock exchanges and shares traded overseas may not be able to immediately contribute to an open market in the trading of listed securities in Hong Kong, even if they are fungible.

Scope of application

81. Two respondents sought clarification over whether, and how, the proposed basis for calculation of public float would apply to existing listed issuers as part of their ongoing public float requirement. In particular, they asked the Exchange to elaborate on the ongoing public float requirement applicable to A+H issuers, taking into account their A shares that are listed on PRC stock exchanges.

Basis for calculation of the minimum market value in public hands for new applicants

82. We proposed to clarify the minimum market value in public hands requirement by modifying it to state that the expected market value of the securities of a new applicant

for which listing is sought, that are held by the public, must be at least HK$125 million (GEM: HK$45 million), at the time of listing[41].

83. A vast majority (93%) of organisational respondents who responded and a slight majority (53%) of all individual respondents who responded supported the proposal[42].

84. Supporting respondents agreed that:

(a) *Provides greater clarity:* the proposal would clarify the scope of the requirement and eliminate confusion for issuers with multiple classes of securities. They thought the proposal better achieves the regulatory goal of ensuring an open market for the securities traded on the Exchange; and

(b) *Consistent with international practice:* the clarification was consistent with the Exchange's proposal on the basis for calculation of the public float and aligns with the practice of other international stock exchanges.

85. Most individual respondents opposing the proposal did not provide substantive reasons.

Our response and conclusion

Overall approach

86. Taking into account respondents' feedback, we will adopt the proposals relating to basis for calculating public float, except for the proposal to prescribe a different basis of calculation of public float for issuers with other share class(es) listed overseas (see paragraphs 94 to 96).

87. An illustration of our initial public float calculations for selected types of issuers, under current and new requirements, is set out in Table 11 (in **Appendix VII** to this paper).

88. With reference to the comments above regarding the inclusion of shares that *"may be listed"* (but are not yet listed) (see paragraph 59(b)), the Exchange would like to clarify that, consistent with existing practice, we will not include these shares in the numerator of the public float percentage as they do not currently contribute towards an open market on the Exchange (see paragraph 90 for the treatment for a PRC issuer with no other listed shares as an example). Accordingly, as stated the Consultation Paper[43], shares to be issued upon exercise of any option (e.g. under any over-allotment option or under share options scheme) will not be counted towards the issuer's public float until after the shares are issued.

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41 Question 1.2 of the Consultation Paper.

42 A total of 69 organisational respondents and 822 individual respondents responded to this question.

43 See paragraph 80 of the Consultation Paper.

PRC issuers

89. For the reasons stated in the Consultation Paper[44] and mentioned by supporting respondents as summarised above, we will exclude any other shares a PRC issuer has in issue (e.g. A shares in the case of an A+H issuer) from the numerator for the calculation of public float percentage.

PRC issuers with no other listed shares

90. With respect to a PRC issuer with no other listed shares, consistent with our current practice, at any point in time, only those unlisted shares that have already been converted into H shares (and not those that are eligible for future conversion) will count towards meeting the Exchange's initial public float thresholds, i.e. in the numerator (see respondent's comment in paragraph 66). Any other shares the issuer has in issue that are in the class to which H shares belong will be included in the denominator only.

PRC issuers with other listed shares

91. We did not accept the comments raised by opposing respondents (see paragraph 70 and 71) for the following reasons:

    (a) whilst A shares are made available for trading by Hong Kong investors via Northbound Stock Connect, they are not listed and traded on the Exchange. The public float in A shares is, instead, regulated by the relevant PRC stock exchanges. For this reason, A shares should not be included in the numerator of the public float percentage for the purpose of meeting the Exchange's public float requirement; and

    (b) a public float percentage requirement that includes A shares in the denominator, but not the numerator, would help ensure that the number of H shares held by the public, is large enough, relative to the A+H issuer's total number of shares in issue of the same class (i.e. A shares and H shares, which are both ordinary shares), to attract a "critical mass" of investor interest. Otherwise, there would be a risk that an issuer with a large proportion of A shares could list on the Exchange with only a nominal proportion of H shares held by the public. At the same time, the bespoke initial public float thresholds for such issuers (see Section II.B of this Chapter) take into account the unique characteristics of A+H issuers to ensure that the requirement will not be too high (i.e. commensurate with the capital needs of these issuers which are already listed) whilst balancing investor interest.

92. We wish to clarify that PRC issuers with other listed shares include:

    (a) A+H issuers (i.e. those with A shares listed on a PRC stock exchange and H shares listed on the Exchange), including those with depositary receipts

[44] See paragraphs 38 to 39 of the Consultation Paper

representing their A shares that are listed on overseas exchanges (e.g. global depository receipts (**GDRs**) listed on LSE or SIX)[45]; and

(b) issuers with other shares in the class to which H shares belong that are: (i) listed on other regulated market(s); and (ii) not fungible with H shares (e.g. D shares listed on the Frankfurt Stock Exchange).

In all these cases, when calculating the public float percentage, the other listed shares in the class to which H shares belong that are not fungible with H shares (e.g. A shares, including A shares represented by GDRs, and D shares) will only be included in the denominator.

93. We note that some A+H issuers may have: (a) depositary receipts (or depositary shares) representing their H shares listed on overseas exchanges (e.g. a US stock exchange); or (b) listed their H shares directly on an overseas exchange (e.g. LSE). In both cases, when calculating the public float percentage, the H shares underlying the depositary shares or the H shares directly listed overseas will be included in the numerator, while the denominator will comprise all issued shares in the class to which H shares belong, including H shares (whether represented by depositary receipts or otherwise) and A shares.

Issuers with other share class(es) listed overseas

94. The public float requirement for this category of issuers was initially proposed in 2002 and subsequently adopted based on the requirements for listing applicants of H shares[46] to provide a level playing field for all listing applicants applying for a listing on the Exchange[47].

95. We originally proposed to align the public float requirements for this category of issuers with those that apply to PRC issuers with other listed shares (e.g. A+H issuers) for consistency with existing requirements[48].

96. However, having considered respondents' comments (paragraphs 76 to 77), we will not adopt our proposal to prescribe a different basis of calculation of public float for such

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[45] The London Stock Exchange Connect and China-Switzerland Stock Connect, for example, require Chinese entities to be listed on a PRC stock exchange first before listing their GDRs on the relevant overseas exchange. As GDRs are normally issued on the overseas exchange representing a specific number of the A shares, these companies would fall in the same category as A+H issuers (for public float calculation purpose) when they list H shares in Hong Kong. See London Stock Exchange's website and Swiss Stock Exchange's website.

[46] At that time, domestic shares and H shares were deemed different classes of shares under PRC laws and regulations.

[47] HKEX (July 2002), Consultation Paper on Proposed Amendments to the Listing Rules Relating to Initial Listing and Continuing Listing Eligibility and Cancellation of Listing Procedures, paragraph 64.

[48] MB Rules 8.08(1)(b) and 19A.13A (GEM Rules 11.23(9) and 25.07A).

issuers. Currently, there does not appear to be any listed issuers that fall plainly into this category[49].

97. Most dual listed issuers, including issuers with depositary receipts or depository shares listed on an overseas exchange (e.g. ADSs listed on a US stock exchange)[50], do not fall within the category of "issuers with other share class(es) listed overseas". This is because the underlying shares of their depositary receipts or depositary shares are in the same class of, and are fungible with, the shares listed on the Exchange.

98. Accordingly, as stated in the Consultation Paper[51], in the case of issuers with depositary receipts or depository shares listed on an overseas exchange, when calculating the public float percentage, the shares listed on the Exchange (including the shares represented by depositary receipts or depository shares listed on the overseas exchange) will be included in both the numerator and the denominator.

Clarifications and alternative suggestions

Disclosure requirements

99. With regards to respondents' suggestion on disclosure of the shares in issue (see paragraph 79), there are existing disclosure requirements under the Rules and our guidance materials that allow the shareholders and potential investors to assess the overall shareholding structure of an issuer. Such disclosure covers shares not listed in Hong Kong (e.g. A shares). For example, our Rules currently require issuers to:

(a) disclose, in their annual reports[52] and interim reports[53], shareholding interests (including those of A shares) of substantial shareholders as well as directors and chief executives of issuers, whose interests are required to be disclosed under Part XV of the SFO; and

(b) publish monthly returns, which include information of issuers' equity securities (including different classes and types of shares, and, in the case of PRC issuers, unlisted shares and A shares, as the case may be) as at the close of each month[54].

In practice, most issuers disclose share capital structure information on a regular basis. To further enhance our requirements, we propose to mandate disclosure on

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[49] Some issuers listed on the Exchange have preference shares listed overseas that are treated as equity securities for accounting purposes but have characteristics that are akin to debt securities. Such preference shares are not comparable to A shares of A+H issuers.

[50] Depositary shares are typically the same shares listed on the Exchange but held by an overseas depositary. They do not form a different class of shares. See paragraph 56 of the Consultation Paper.

[51] See paragraphs 55 and 56 of the Consultation Paper.

[52] Paragraph 6.3(m) of Appendix D2 to the Main Board Listing Rules (GEM Rules 18.15 and 18.16).

[53] Paragraph 40.3(j) of Appendix D2 to the Main Board Listing Rules (GEM Rules 18.56 and 18.57).

[54] MB Rule 13.25B (GEM Rule 17.27B).

share capital structure information in annual reports (see paragraph 354 in Section IV.D of this Chapter).

100. With regards to respondents' suggestion for disclosure of the shares available for trading in Hong Kong (see paragraph 80), we believe that our current requirements are sufficient to serve the purpose of understanding the relative number of shares that are tradeable here. These requirements include:

(a) *At the time of listing:*

(i) in the case of an IPO (including one pursuant to a dual primary or secondary listing), the applicant is required to disclose the number of shares that have been or will be created and/or issued in the listing document[55]; and

(ii) in the case of a listing by introduction, an applicant is required to disclose, not later than one business day before commencement of trading, details of the available pool of securities at the time of listing to meet demand on the Hong Kong market[56]; and

(b) *On an ongoing basis:* the number of shares deposited in CCASS (i.e. shares available for trading in Hong Kong) for each issuer is available via the CCASS Shareholding Search on the HKEX website[57]. This information gives an indication to potential investors and shareholders as to the shares available for trading in Hong Kong.

Scope of application

101. With respect to the clarification sought by the respondents on the scope of application (see paragraph 81), the proposed ongoing public float requirements (see detailed proposals in Section IV of this Chapter, which cover requirements relating to A+H issuers) reflect the new basis of calculation. Pending implementation of the final ongoing public float requirements, the existing basis of calculation will continue to apply to existing issuers as part of the transitional arrangements (see paragraphs 272 to 274).

[55] Paragraph 15(1) of Appendix D1A of the Main Board Listing Rules (paragraph 15(1) of Appendix D1A of the GEM Listing Rules).

[56] Guide for New Listing Applicants (last updated 1 August 2025), Chapter 4.12, paragraph 12.

[57] https://www3.hkexnews.hk/sdw/search/searchsdw.aspx.

B. Meaning of "the Public"

Proposal

102. We proposed to revise the definition of "the public" as set out in paragraphs 103 and 108 below[58].

Comments received

Exclusion from the definition of "the public"

103. We proposed to exclude additional persons related to the issuer (as underlined below) from the definition of "the public":

(a) any person whose acquisition of shares has been financed directly or indirectly by the issuer (or CCPs); and

(b) any person who is accustomed to take instructions from the issuer (or CCPs) in relation to the acquisition, disposal, voting or other disposition of securities of the issuer registered in his name or otherwise held by him[59].

104. The proposal was supported by a vast majority (92%) of organisational respondents and a majority (57%) of individual respondents who responded to this question[60].

105. Supporting respondents believed the proposal would provide clearer guidance on the Exchange's requirement and remove existing ambiguity.

106. They agreed that securities held by persons under the issuer's influence or control do not genuinely contribute to the public float. They thought the proposal would also help avoid artificial inflation of the public float.

107. One respondent sought clarifications on whether the proposed Rule amendment should also capture an issuer's subsidiaries.

Unvested shares held by an independent trustee granted to independent scheme participants

108. We proposed that unvested shares held by an independent trustee on behalf of independent scheme participants (i.e. shares which have been granted to an independent grantee)[61] would continue to be regarded as shares held in public hands[62].

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58 See paragraphs 64 to 65 of the Consultation Paper.

59 Question 2.1 of the Consultation Paper.

60 A total of 74 organisational respondents and 807 individual respondents responded to this question.

61 In this context, "independent" means persons who are not CCPs of the issuer.

62 Question 2.2 of the Consultation Paper.

109. Of the respondents who supported our amendments to the definition of "the public", 94% of the organisational respondents and 87% of the individual respondents who responded to this question[63] agreed with this further proposal. Most supporting respondents did so because the trustees in such shares were less likely to be influenced by the issuer.

110. However, some respondents believed that the exception was not justified. These respondents took the view that unvested shares should be excluded because these shares were still held by the trustee and so are subject to trading restrictions. Counting such shares as held by "the public" could overstate an issuer's public float.

111. On the other hand, some respondents thought the exception to be too narrow. They thought that all shares under a share award scheme should be treated as being held by "the public" if the trust beneficiaries are all independent (i.e. none of them is a core connected person).

112. Some respondents sought clarifications on the following aspects of the further proposal:

    (a) the circumstances under which a trustee would be considered independent. Respondents thought it may be unclear as to what degree of involvement/ control by the issuer would render a trustee being regarded as having "[taken] instructions from the issuer";

    (b) whether funding by an issuer in connection with shares granted, or to be granted, to independent scheme participants under share schemes would constitute a share acquisition "financed by an issuer", and so render the shares being excluded from being regarded as held by "the public";

    (c) with respect to shares that have been granted and vested, whether those that remain held by independent trustees for administrative convenience would be considered as being held by "the public". Even if the vested shares have been transferred to independent scheme participants, since their acquisition involved some element of funding by the issuer, respondents asked whether those shares would still be excluded from being regarded as held by "the public"; and

    (d) whether the proposal would also apply to share option schemes.

113. One respondent suggested that issuers should provide additional disclosure (e.g. periodic updates on vested and unvested shares in share schemes) to help investors assess the tradability of shares and avoid a misinterpretation of the public float.

Our response and conclusion

114. In view of the majority support from respondents, the Exchange will adopt the proposal with amendments to incorporate respondents' comments (see highlighted amendments to MB Rule 8.24[64] in Box 1 below and as set out in **Appendix III** to this paper).

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[63] A total of 67 organisational respondents and 442 individual respondents responded to this question.

[64] Corresponding amendments will be made to Notes 2 and 3 to GEM Rule 11.23. See **Appendix IV** to this paper.

Box 1: Amendments to MB Rule 8.24

8.24 The Exchange will not regard any core connected person of the issuer as a member of "the public" or shares held by him as being "in public hands". In addition, the Exchange will not recognise as a member of "the public":—

(1) any person whose acquisition of securities has been financed directly or indirectly by the issuer (or any of its subsidiaries) or a core connected person of the issuer;

(2) any person who is accustomed to take instructions from the issuer (or any of its subsidiaries) or a core connected person of the issuer in relation to the acquisition, disposal, voting or other disposition of securities of the issuer registered in his name or otherwise held by him; and

…

Note: *Notwithstanding that the underlying shares subject to a share scheme were initially funded by an issuer and/or held by a trustee who is accustomed to take instructions from the issuer, for the purpose of this rule, the Exchange will regard shares that have been: (a) issued or transferred to specified participants; and (b) shares held by trustees for the benefit of specified participants in respect of awards or options granted to them under a share scheme (as defined in rule 17.01A), as being "in public hands", provided that:*

(i) the trustee is not a core connected person of the issuer, or is a core connected person of the issuer only because one or more of the beneficiaries under the trust is a core connected person of the issuer; and

(ii) the relevant participants are not core connected persons of the issuer and are not accustomed to take instructions from the issuer or any of its subsidiaries or any of its core connected persons in relation to the acquisition, disposal, voting or other disposition of securities of the issuer registered in the participants' names or otherwise held by the participants (including those shares granted to them under the share scheme).

115. The changes clarify the following aspects of our proposals:

(a) *Subsidiaries of an issuer* (see respondent's comment in paragraph 107): we will exclude from the definition of "the public" any person whose acquisition of securities has been financed by, or who takes instruction from, an issuer's subsidiaries (i.e. not only the issuer or its CCPs); and

(b) *Scope of shares regarded as being held by "the public" when being held by a trustee under a share scheme and granted to independent scheme participants* (see respondents' comments in paragraph 112):

(i) the only factor affecting a trustee's independence for such purpose is whether it is a CCP of the issuer. However, in the case where a trustee is the issuer's CCP only because one or more of the beneficiaries under the trust is the issuer's CCP[65], the Exchange considers that the key determining factor as to whether the relevant shares can be regarded as being held by "the public" is the independence of the grantees. Consequently, we will still regard shares granted to independent grantees in such circumstances as being held by "the public"; and

(ii) shares held by trustees in respect of options granted to specified participants under a share option scheme will be covered by the new requirement.

116. This means that:

(a) shares held by a trustee under a share scheme that are not yet granted to any share scheme participants will not be regarded as being held by "the public";

(b) shares held by an independent trustee (or a trustee that is a core connected person only because one or more of the beneficiaries under the trust is the issuer's core connected person) under a share scheme that have been granted to independent share scheme participants, regardless of whether those shares are unvested or vested, will be regarded as being held by "the public"; and

(c) shares transferred to independent share scheme participants under a share scheme (i.e. vested share awards) will be regarded as being held by "the public".

Disclosure in respect of share schemes

117. The Listing Rules already require listed issuers to disclose, in their annual reports and interim reports, information in relation to options and awards granted, and to be granted, under their share scheme(s). These Rules require information on vested and unvested shares in share schemes to be disclosed[66]. Accordingly, we do not plan to impose additional disclosure obligations, at this stage, as suggested by a respondent (see paragraph 113).

[65] See definition of "close associate" in MB Rule 1.01 (GEM Rule 1.01) and HKEX Frequently Asked Questions FAQ12.1 – No.1 (last updated May 2024).

[66] MB Rule 17.07 (GEM Rule 23.07).

II. Initial Public Float Related Requirements

A. Initial Public Float Thresholds

Proposals

118. We proposed to amend our initial public float requirements by introducing a tiered structure[67] (see Table 4 below).

Comments received

Proposal to replace the current initial public float requirements with tiered thresholds

119. We sought views on whether we should replace the existing initial public float requirements [68] 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[69].

120. Most organisational respondents who responded (85%) supported our proposal, while slightly less than half (47%) of all individual respondents supported our proposal[70].

121. Supporting respondents welcomed the proposal as it would provide greater certainty for new applicants as to their applicable public float requirement. In particular:

(a) *Increase regulatory certainty:* it was noted that the current process of applying for public float waivers creates uncertainty for issuers and working parties, which can be a barrier to some larger listing applicants choosing to list in Hong Kong. Until the outcome of the waiver application is known, an issuer does not have any certainty as to its offering size;

(b) *In line with international practice:* other leading international stock exchanges have adopted a similar tiered approach to effectively accommodate companies of varying sizes; and

(c) *Minimise possibility for anomalies:* the proposal would remove anomalies for companies with a market capitalisation slightly below HK$10 billion, as mentioned in the Consultation Paper[71].

122. Some opposing respondents (buy-side firms and retail investors) made the following comments:

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67 See paragraphs 78 to 82 and Table 5 of the Consultation Paper.

68 MB Rules 8.08(1)(a) (GEM Rules 11.23(7)) and MB Rule 8.08(1)(d) (GEM Rule 11.23(10)).

69 Question 3.1 of the Consultation Paper.

70 A total of 80 organisational respondents and 785 individual respondents responded to this question.

71 See paragraph 73 of the Consultation Paper.

(a) *Insufficient shares available for trading:* lowering the initial public float thresholds could reduce the amount of shares available for trading. It was also noted that quite often some of the shares counted towards public float are subject to disposal restrictions (whether under applicable laws or regulations or voluntarily by the shareholder(s) under the prevailing market practice). Insufficient shares available for trading may breach the internal risk thresholds of asset managers, making it impossible for them to participate in certain deals;

(b) *Risk of share price manipulation:* reducing the public float may increase the risk of market manipulation in the aftermarket due to "cornering" by large shareholders and high shareholder concentration.

(c) *Complicated design:* some respondents preferred the current requirement (with a case-by-case waiver approach) to the proposed tiered structure as they thought the latter would complicate the Exchange's requirements; and

(d) *Unfair to smaller companies:* some individual respondents considered the proposal unfair to smaller companies as the proposal would give favourable treatment to large market capitalisation issuers only.

123. Respondents expressed diverging views on whether, if the proposed tiered structure was adopted, the Exchange should retain the discretion to grant public float waivers or adhere strictly to the codified percentage thresholds.

The proposed tiers

124. We proposed the tiered initial public float thresholds as set out in Table 4[72].

Table 4: Proposed initial public float thresholds

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

[72] Question 3.2 of the Consultation Paper.

Tier	Expected market value of the relevant class of securities at the time of listing	Minimum percentage of such class of securities to be held in public hands at the time of listing
D	>HK$70 billion	The higher of: (i) the percentage that would result in the expected market value of such securities in public hands to be HK$7.0 billion at the time of listing; and (ii) 5%

Note. In the case of a PRC issuer with no other listed shares at the time of listing, the minimum percentage to be held in public hands will be calculated by reference to its H shares only. Any other shares it has in issue that are in the class to which H shares belong would only be included in the denominator. As for the expected market value of the relevant class of securities in the second column, it means the expected market value of all shares in the class to which H shares belong.

125. Of those who agreed with our proposal to replace the initial public float requirements with tiered thresholds, most organisational respondents (85%) and individual respondents (94%) who responded to this further question supported the proposed tier thresholds[73].

126. Supporting respondents agreed that:

(a) *Balance investor protection and deal flexibility:* the proposed tiered approach struck a good balance between market liquidity, investor protection, and burden on issuers and removed unfairness in the application of the initial public float requirements between issuers of different sizes;

(b) *Sufficiently large public float for large cap issuers:* for very large issuers, a lower percentage could still represent a substantial absolute market value of publicly held shares and so should provide a sufficient public float.

127. Most opposing respondents did not provide specific comments on the minimum initial public float threshold that should be imposed.

Tiers A to C

128. Some sell-side respondents and market practitioners considered the proposed thresholds to be too high, and suggested providing further flexibility to issuers in Tiers A to C to better address their practical needs and allow more room for them to respond to prevailing market conditions. Suggested alternative thresholds included:

[73] A total of 66 organisational respondents and 361 individual respondents responded to this question.

(a) lowering the lower end of the market value range for Tiers B and C (e.g., from HK$6 billion to HK$4 billion for Tier B[74]; and from HK$30 billion to HK$20 billion for tier C[75]); or

(b) applying a single 10% threshold to all issuers except those with a very large market capitalisation at listing, who should be subject to a lower threshold.

Tier D

129. A few respondents considered the minimum public float threshold for Tier D to be too high and suggested alternative minimum public float thresholds ranging from HK$2.5 billion to HK$5 billion.

130. Other respondents found the proposed initial public float threshold for Tier D issuers to be too low. They made the following comments regarding this tier:

(a) *Insufficient to support active trading:* they were concerned that an initial public float of 5% would be too low to support an active trading market; and

(b) *Out of line with international practice:* it was noted that other international stock exchanges, that impose a percentage-based initial public float requirement, generally put in place a higher percentage threshold (ranging between 10% and 12%).

131. Some respondents believed that Tier D was unnecessary, as it would only apply to those very few issuers with mega market capitalisations. For those issuers, a few respondents suggested that their applicable initial public float requirement should be determined on a case-by-case basis.

Scope of application

132. We proposed that the initial public float thresholds apply to any class of equity securities new to listing on the Exchange (including shares, convertible equity securities, options, and warrants), except for:

(a) the initial listing of A+H issuers (and other prescribed types of issuers), which would be subject to bespoke initial public float requirements (as set out in Section II.B of this Chapter); and

[74] The proposed threshold is the same as the minimum market capitalisation requirement under MB Rule 8.05(3). Under this suggestion, the minimum public float market value for Tier B would be adjusted, accordingly, from HK$1.5 billion to HK$1 billion.

[75] The proposed threshold is twice the existing HK$10 billion threshold for a public float waiver of between 15% and 25%. Under this suggestion, the minimum public float market value for Tier C would be adjusted, accordingly, from HK$4.5 billion to HK$3 billion. This HK$3 billion market value would be aligned with the bespoke market value threshold for PRC issuers with other listed shares (e.g. A+H issuers) (see Section II.B of this Chapter).

(b) a bonus issue of a new class of securities subject to satisfaction of certain conditions (as set out in Section II.A of Chapter 5).[76]

133. Of those who agreed with our proposal to replace the initial public float requirements with tiered thresholds, most respondents supported the proposal. Specifically:

(a) 94% of the organisational respondents and 98% of the individual respondents who responded to the question[77] supported the proposal in respect of the proposed exception for A+H issuers (and other prescribed types of issuers)[78];

(b) 92% of the organisational respondents and 98% of the individual respondents who responded to the question[79] supported the proposal in respect of the proposed exception for bonus issues[80].

General approach

134. Most respondents agreed that the proposals would provide clarity. They believed that these equity securities should be treated in the same way as shares to ensure fairness and consistency.

135. Two respondents disagreed with applying the initial public float thresholds to other equity securities (such as warrants), as those instruments may not carry shareholder rights. They thought doing so could hinder the issuance and listing of such securities.

The initial listing of A+H issuers

136. Supporting respondents agreed that A+H issuers should be subject to a different threshold due to the nature of such issuers. In particular:

(a) *Non-fungibility between A shares and H shares:* as A shares are not fungible with H shares, they should not be included in the calculation of the H shares' public float; and

(b) *Listing on another market:* a significant portion of shares of A+H issuers were already listed in the form of A shares on PRC stock exchanges.

Bonus issue of a new class of securities

137. Supporting respondents agreed that the proposal addressed the unique circumstances of a bonus issue of a new class of securities. In particular, respondents believed that, as the new class of securities is distributed as a bonus issue pro rata to existing shareholders, there should be no need to impose additional public float requirements.

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[76] Question 3.3 of the Consultation Paper.

[77] A total of 50 organisational respondents and 225 individual respondents responded to this question.

[78] Question 3.3(a) of the Consultation Paper.

[79] A total of 49 organisational respondents and 220 individual respondents responded to this question.

[80] Question 3.3(b) of the Consultation Paper.

Listing document disclosure

138. We proposed to require 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[81].

139. Of those who agreed with our proposal to replace the initial public float requirements with tiered thresholds, all organisational respondents (100%) and most individual respondents (95%) who responded to the question supported the proposal[82].

140. Supporting respondents noted that:

(a) *Enhances transparency:* listing document disclosure would enhance transparency, give investors more clarity on the applicable basis of public float calculations, and enable investors in assessing the level of liquidity at listing;

(b) *Promotes accountability:* a mandatory disclosure requirement would promote accountability and reduce the risk of error or non-compliance; and

(c) *Consistent with current requirement:* the proposal was consistent with the current requirement that the percentage public float immediately after listing is disclosed in the listing document.

141. One respondent asked the Exchange to clarify whether a listing applicant should disclose the applicable public float threshold at both the bottom and top end of its offer price range.

GEM issuers

142. We proposed to apply the same tiered initial public float thresholds (as set out in Table 5 above) to GEM issuers[83].

143. Of those who agreed with our proposal to replace the initial public float requirements with tiered thresholds, a vast majority of organisational respondents (89%) and almost all individual respondents (97%) who responded to the question supported the proposal of applying those tiered requirements to GEM[84].

144. Most supporting respondents believed that applying the same requirements to GEM issuers would ensure a consistent and fair approach to public float requirements across both boards and simplify the regulatory framework. It was also noted that while the market capitalisation of GEM issuers was generally smaller, the proposal would allow those who wish to list on GEM to be able to benefit from the tiered public float thresholds in the same way and at the same levels as Main Board listing applicants.

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[81] Question 3.4 of the Consultation Paper.

[82] A total of 59 organisational respondents and 240 individual respondents responded to this question.

[83] Question 3.5 of the Consultation Paper.

[84] A total of 45 organisational respondents and 217 individual respondents responded to this question.

145. However, a few respondents suggested providing further flexibility to GEM issuers by lowering the proposed thresholds (e.g. reducing the public float requirement to 20%) to reduce their compliance burden.

Our response and conclusion

The tiered approach

146. Our proposed tiered structure intends to codify the waivers we have granted in the past so that new applicants can enjoy more regulatory certainty. The proposed thresholds also remove unfairness in marginal cases[85] and will bring our initial public float requirements more closely in line with those of other international stock exchanges.

147. The new free float requirement (see Section II.C of this Chapter) should help address respondents' concerns (see paragraph 122(a)) by ensuring a minimum amount of public float is not subject to disposal restrictions at listing.

148. For the same reason, we do not believe that the proposal would heighten the risk of share price manipulation. There are other safeguards in place that more directly address concerns regarding shareholder concentration, including the requirement for a minimum of 300 shareholders (GEM: 100 shareholders) at listing[86].

149. The changes to the IPO offering mechanism (see Chapter 4 of this paper) should help optimise IPO price discovery, hence lowering the risk of manipulation of valuation multiples to obtain a more favourable public float threshold.

The proposed tiers

150. While some respondents provided suggestions on alternative market value and public float thresholds for Tiers A to C, there was no consensus on where those alternative thresholds should be set.

Tier D

151. In response to feedback, we will remove Tier D. As stated by some respondents, this tier would only apply to very few issuers. We believe it may be more appropriate to assess the necessary public float for such issuers on a case-by-case basis.

152. In view of the above, the Exchange will adopt the proposed tiered initial public float threshold without Tier D as set out in Table 5 below.

[85] See paragraphs 73 and 86 of the Consultation Paper.

[86] MB Rule 8.08(2) (GEM Rule 11.23(2)(b)).

Table 5: Revised initial public float thresholds

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

Note: In the case of a PRC issuer with no other listed shares at the time of listing, the minimum percentage to be held in public hands will be calculated by reference to its H shares only. Any other shares it has in issue that are in the class to which H shares belong would only be included in the denominator. As for the expected market value of the relevant class of securities in the second column, it means the expected market value of all shares in the class to which H shares belong.

153. The Exchange will reserve the discretion to grant case-by-case waivers to new applicants from strict compliance with the new initial public float requirements where the expected market value of the relevant class of securities significantly exceeds HK$45 billion[87] at the time of listing.

Scope of application

154. We proposed applying the tiered initial public float thresholds (see Table 5 above) to the initial listing of issuers other than A+H issuers (and other prescribed types of issuers), to whom bespoke initial public float requirements[88] would apply instead. However, as stated below (see paragraph 183), we do not intend to adopt the proposal to apply the bespoke initial public float thresholds to issuers with other share class(es) listed overseas.

155. Accordingly, the revised initial public float thresholds will apply to any class of securities new to listing on the Exchange, except for PRC issuers with other listed shares (e.g. A+H issuers) which will be subject to the bespoke initial public float requirements (as set out in Section II.B of this Chapter).

156. The proposed initial public float requirement would apply to any class of equity securities new to listing (including shares, convertible equity securities, options and warrants). This is to ensure that there is an open market in these securities immediately upon listing.

[87] Being the minimum market capitalisation of a listing applicant that can rely on a 10% public float threshold.

[88] See paragraph 79(a) of the Consultation Paper.

157. An illustration of our public float calculations and applicable thresholds for selected types of issuers, under current and new requirements, is set out in Table 11 in **Appendix VII** to this paper.

Listing document disclosure

158. In view of the majority support from respondents, the Exchange will adopt the proposal.

159. For this purpose, the Exchange will require an applicant (or a listed issuer, as the case may be) to disclose, in its listing document, the prescribed minimum public float percentage applicable to the class of securities new to listing under different circumstances (e.g. if the offer price is fixed at the bottom end, mid-point or top end of the offer price range)[89].

160. This requirement will enable investors to understand how the final offer price would affect the expected market value of securities for which listing is sought, and, in turn, how this would impact the minimum public float threshold that would apply to the issuer[90].

161. With respect to the disclosure of expected percentage of public float in listing documents:

(a) in the case of a listing applicant, the current requirement to disclose, in its listing document, the expected percentage of public float immediately upon listing, will continue to apply[91]; and

(b) in the case of a listed issuer seeking to list a new class of securities, the Exchange will also require disclosure, in its listing document, of the expected percentage of public float in the relevant class of securities immediately upon listing.

162. The Exchange will also require, in the case of a new class of securities to be listed, the following to be disclosed in the allotment results announcement:

(a) the prescribed minimum public float percentage threshold, determined based on its final offer price; and

(b) a statement confirming compliance with the applicable public float threshold (see Table 5) immediately following completion of the offering.

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[89] See Guide for New Listing Applicants (last updated 1 August 2025), Chapter 3.6, paragraph 2. This approach is in line with the current disclosure on amount and allocation of proceeds in the "Use of Proceeds" section in a listing document. See Guide for New Listing Applicants (last updated 1 August 2025), Chapter 3.12, paragraph 3.

[90] See Table 5. For example, in the case of an applicant with an expected market value between HK$7 billion and HK$8 billion based on its initial offer price range, its minimum prescribed public float percentage would range from 18.8% to 21.4% (being HK$1.5 billion divided by HK$8 billion and HK$7 billion respectively).

[91] Guide for New Listing Applicants (last updated 1 August 2025), Chapter 3.6, paragraph 2.

GEM issuers

163. The Exchange believes that GEM issuers should be subject to the same initial public float requirements that apply to Main Board issuers to maintain consistency of approach.

164. In view of the majority support from respondents, we will adopt the proposal for GEM issuers.

B. Requirements for PRC Issuers with Other Listed Shares (e.g. A+H Issuers)

Proposals

165. We proposed to reduce the relative proportion of shares that A+H issuers (and other prescribed types of issuers) must list in Hong Kong[92] and that this proportion also satisfy the proposed initial public float threshold[93].

Comments received

Minimum relative amounts of shares made available for trading in Hong Kong

166. We proposed to lower the Minimum 15% Threshold by replacing it with the requirement that:

(a) in the case of a new applicant that is a PRC issuer with other listed shares (such as an A+H issuer), H shares for which listing is sought on the Exchange[94], at the time of listing, either:

(i) represent at least 10% of the total number of shares in the class to which H shares belong[95] (excluding treasury shares); or

(ii) have an expected market value of at least HK$3 billion.

(b) in the case of a new applicant that is an issuer with other share class(es) listed overseas, the class of shares for which listing is sought on the Exchange must, at the time of listing, either:

(i) represent at least 10% of the total number of issued shares (excluding treasury shares); or

(ii) have an expected market value of at least HK$3 billion[96].

167. A vast majority (86%) of organisational respondents and a majority (59%) of individual respondents who responded[97] agreed with our proposed revised minimum thresholds for shares to be listed on the Exchange for A+H issuers (and other prescribed types of issuers).

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92 H shares in the case of a PRC issuer.

93 See paragraphs 162 to 166 of the Consultation Paper.

94 In the case of a new applicant that is an issuer with other share class(es) listed overseas, the reference to "H shares for which listing is sought" is modified to mean the class of shares for which listing is sought.

95 In the case of a new applicant that is an issuer with other share class(es) listed overseas, the reference to "shares in the class to which H shares belong" is modified to mean issued shares.

96 Question 7.1 of the Consultation Paper.

97 A total of 78 organisational respondents and 695 individual respondents responded to this question.

168. Supporting respondents were of the view that:

(a) *Existing threshold is overly burdensome:* the existing Minimum 15% Threshold was too high, particularly for issuers with a large market capitalisation. The proposal would further attract A+H issuers to seek a listing in Hong Kong;

(b) *Greater deal flexibility:* the proposed threshold would provide greater flexibility for A+H issuers to meet their capital raising needs, while ensuring a meaningful amount to attract the interest of a critical mass of investors in Hong Kong; and

(c) *Alignment with international practice:* the proposal would better align the Exchange's requirements with those of international exchanges, which do not require issuers with multiple classes of shares to meet a minimum percentage threshold for the class to be listed.

169. Opposing organisational respondents (comprising mainly buy-side firms) thought that A-share issuers should adhere to the existing Minimum 15% Threshold, arguing that any retraction from this requirement would result in a listing that was not meaningful. Most opposing individual respondents did not provide substantive reasons for opposing the proposal.

170. Some respondents commented that the proposed thresholds may still be too high for A share issuers. They noted that 10% may still be considered as a significant dilution, to existing A shareholders, by an A+H issuer, given that an H share offering is likely viewed as a "follow-on" offering of the issuer, and an expected market value of at least HK$3 billion is a very high bar for a Hong Kong IPO.

171. A respondent further explained that A share issuers often adopt a prudent approach when determining the amount of IPO funds to raise and the uses of those proceeds, due to currency exchange control restrictions and A share regulations, as well as the potential discount of the H share price relative to the A share price. Therefore, setting the minimum threshold at too high a level may discourage H-share listings.

172. A few respondents provided alternative suggestions for the percentage threshold and/or market value threshold. The alternative suggestions for the percentage thresholds ranged from 3.5% to 5% of the total number of shares in the class to which H shares belong, and market value threshold suggestions ranged from HK$1.5 billion to HK$2.5 billion.

Public float threshold

173. We proposed that, for A+H issuers (and other prescribed types of issuers), the minimum initial public float thresholds applicable to them should be the same as the minimum threshold of shares they must list on the Exchange[98].

[98] Question 7.2 of the Consultation Paper.

174. A significant majority (91%) of organisational respondents and a majority (60%) of individual respondents who responded to the question[99] agreed with our proposal.

175. Supporting respondents generally agreed that, by doing so, the requirement ensures that a meaningful portion of H shares are held by the public. A single threshold also simplifies the regime while achieving the intended purpose.

176. Opposing respondents did not provide substantive comments.

Minimum market value

177. For A+H issuers (and other prescribed types of issuers), we proposed to remove the HK$125 million (GEM: HK$45 million) minimum market value requirement for the class for which listing is sought. [100]

178. A vast majority of organisational respondents (90%) and a majority of individual respondents (58%) who responded to this question[101] agreed with our proposal.

179. Supporting respondents generally agreed that our proposal on minimum market value in public hands (see paragraphs 82 to 84 above) would make the minimum market value requirements for A+H issuers (and other prescribed types of issuers)[102] redundant and duplicative.

180. Opposing respondents did not provide substantive comments.

Our response and conclusion

181. The thresholds of 10% or HK$3 billion in market value were proposed after considering previous waivers granted to A+H issuers. The listings of those issuers demonstrated that a listing of H shares representing less than 15% of the total number of their issued shares would still constitute a meaningful amount and support active trading on the Exchange.

182. We also note that 15 (88%) of the 17 A share issuers that conducted an IPO of H shares on the Main Board between 2017 and 2024 had an H share offer size of HK$3 billion or more. Accordingly, we believe that our proposed threshold is not too high.

183. For the same reasons as stated above (see paragraph 94 to 96), we do not intend to adopt the proposal to apply the bespoke initial public float threshold to issuers with other share class(es) listed overseas (see paragraph 166(b)).

184. In view of the majority support from respondents, we will adopt the proposals with modification as stated in paragraph 183.

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[99] A total of 68 organisational respondents and 688 individual respondents responded to this question.

[100] Question 7.3 of the Consultation Paper.

[101] A total of 67 organisational respondents and 684 individual respondents responded to this question.

[102] MB Rule 8.08(1)(b) (GEM Rule 11.23(9)) and MB Rule 19A.13A (GEM Rule 25.07A)

C. Initial Free Float Requirement

Proposals

185. We sought feedback on imposing a minimum free float requirement at the time of listing for all new applicants[103].

Comments received

General Comments

186. We proposed to require all new listing applicants to ensure that a portion of the class of shares for which listing is sought on the Exchange be held by the public and not subject to any disposal restrictions at the time of listing (i.e. free float in public hands)[104].

187. Most (82%) organisational respondents and more than half (59%) of all individual respondents who responded to this question[105] supported the proposal.

188. Supporting respondents agreed that the proposed free float requirement would ensure that there is a minimum pool of tradable shares at listing to facilitate an open market in those shares. They stated that the proposal would mitigate the risk of share price manipulation as it would reduce the risk of concentration of shares in the hands of a few investors. This would, in turn, increase investor confidence.

189. However, some respondents expressed concerns that the proposed requirement may be too burdensome and so may become a barrier to future listings. They noted that:

    (a) *Back testing results:* only 70% of issuers that were primary listed on the Main Board between 2020 and 2023 could meet the proposed requirement[106]; and

    (b) *Difficulty for specific types of issuers:* the requirement may be particularly difficult to meet for: (i) PRC issuers with no other listed shares (see paragraph 200); and (ii) Biotech Companies and Specialist Technology Companies (see paragraphs 212 and 213).

190. Some respondents (mainly sell-side representatives and market practitioners) opposed the requirement for other reasons as set out below:

    (a) *Regulatory lock-up constraints:* existing regulatory lock-up requirements on controlling shareholders and cornerstone investors would make the free float requirement difficult to meet. In particular, under bearish and volatile market conditions, an IPO may need to rely heavily on cornerstone investors. The

[103] See paragraph 139 of the Consultation Paper.

[104] Question 6.1 of the Consultation Paper.

[105] A total of 77 organisational respondents and 710 individual respondents responded to this question.

[106] See paragraph 154 of the Consultation Paper.

proposed initial free float requirement would pose challenges and increase execution risks.

(b) *Free float may not increase liquidity:* liquidity is influenced by a variety of qualitative and quantitative factors, including but not limited to: market capitalisation; market sentiment; and the issuer's circumstances and development. Imposing a minimum free float requirement would not necessarily improve market liquidity.

(c) *Interaction with other proposals:* the proposal to "ring-fence" the bookbuilding placing tranche (see Section I.B.1), if adopted, would already be sufficient to ensure a minimum level of free float at the time of listing.

Thresholds

191. We proposed that a new applicant ensure that the free float in public hands either[107]:

(a) represents at least 10% of the number of shares in the relevant class for which listing is sought, with an expected market value of at least HK$50 million (GEM: HK$15 million); or

(b) has an expected market value of at least HK$600 million at the time of listing.

192. Of the respondents that supported imposing a free float requirement at the time of listing for all new applicants, a majority of organisational respondents who responded (78%) and individual respondents who responded (87%)[108] agreed with the proposed initial free float thresholds.

193. Supporting respondents believed that:

(a) *Right balance:* the proposed thresholds would strike a balance between promoting market liquidity and avoiding undue barriers to listings in Hong Kong; and

(b) *Providing flexibility:* the two-pronged approach would provide flexibility for issuers with different sizes and investor mix by: (i) helping to ensure that small and mid-cap issuers maintain a reasonable level of liquidity; and (ii) preventing unnecessary dilution or fragmentation of ownership for large-cap issuers.

194. Some respondents (mainly sell-side representatives and law firms) found the proposed thresholds too high in light of the back testing results (see paragraph 189(a)). Some of them provided alternative percentage threshold suggestions, that ranged from 2% to 5%, and monetary value thresholds that ranged from HK$50 million to HK$300 million.

195. Conversely, two respondents (both buy-side firms) found the proposed threshold too low.

[107] Question 6.2 of the Consultation Paper.

[108] A total of 58 organisational respondents and 413 individual respondents responded to this question.

PRC issuers

196. We proposed that, in the case of a new applicant that is a PRC issuer with no other listed shares, the free float requirement would be modified so that H shares (for which listing is sought) held by the public and not subject to any disposal restrictions at the time of listing must either:

    (a) represent at least 10% of the total number of issued shares in the class to which H shares belong, with an expected market value of at least HK$50 million (GEM: HK$15 million); or

    (b) have an expected market value of at least HK$600 million at the time of listing.

197. In the case of a new applicant that is a PRC issuer with other listed shares, such as an A+H issuer, we proposed to require that H shares held by the public and not subject to any disposal restrictions at the time of listing must either:

    (a) represent at least 10% of total number of H shares, with an expected market value of at least HK$50 million (GEM: HK$15 million); or

    (b) have an expected market value of at least HK$600 million at the time of listing.[109]

198. Of the respondents that supported imposing a free float requirement at the time of listing for all new applicants, a majority (81%) of organisational respondents and most (84%) of individual respondents who responded to the question[110] agreed with the proposed modifications of the initial free float thresholds for PRC issuers.

199. Supporting respondents agreed that a tailored basis for calculation should apply to PRC issuers with no other listed shares and PRC issuers with other listed shares (e.g. A+H issuers) due to their unique characteristics.

PRC issuers with no other listed shares

200. Some respondents expressed the following reservations regarding the calculation of free float for PRC issuers with no other listed shares:

    (a) *Existing lock up requirements under PRC law:* as the existing shares of a PRC company issued before listing are subject to a 12-month lock-up period under relevant PRC laws, the proposal would mean that a PRC company would have to rely on newly issued H shares to satisfy the threshold.

        They thought that this would be unduly burdensome for these issuers and may discourage cornerstone investments as a tool to increase deal certainty[111].

[109] Question 6.3 of the Consultation Paper.

[110] A total of 53 organisational respondents and 407 individual respondents responded to this question.

[111] This is because shares issued to cornerstone investors are subject to lock-up (see Section I.A of Chapter 4).

(b) *Unequal treatment:* the proposed threshold was disproportionate compared to the initial free float requirement for those with other listed shares (e.g. A+H issuers), as the shares to be included in the denominator of the percentage threshold was different[112].

PRC issuers with other listed shares

201. Supporting respondents agreed with the proposed initial free float thresholds for PRC issuers with other listed shares (e.g. A+H issuers). In particular, some expressly agreed with the percentage threshold being determined based on the total number of H shares only. If the threshold was instead based on all shares in issue in the class to which H shares belong, they thought the requirement could become excessively onerous given that the A share component of an A+H issuer is usually of a substantial size.

202. On the other hand, a few respondents were concerned that basing the percentage threshold on the total number of H shares may be too low to be meaningful, as it could mean (in combination with the bespoke initial public float thresholds for such issuers) that only 1% of the total number of shares in the class to which H shares belong or HK$300 million in expected market value would form a free float[113].

Scope of application

203. We proposed that the initial free float requirements should apply to shares only[114].

204. Of the respondents who supported imposing a free float requirement at the time of listing, almost all (96%) organisational respondents and most (84%) individual respondents who responded to the question[115] agreed that the initial free float requirement should apply to shares only, for the reasons set out in the Consultation Paper[116].

Shares in a share scheme

205. We proposed 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.[117]

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[112] Under the proposal in the Consultation Paper: (a) in the case of a PRC issuer with no other listed shares, the denominator of the free float percentage was proposed to be calculated based on the total number of issued shares in the class to which H shares belong (including unlisted shares); (b) in the case of a PRC issuer with other listed shares, the denominator of the free float percentage was proposed to be calculated based on the total number of H shares only.

[113] Being 10% of the proposed initial public float threshold of a new applicant that is a PRC issuer with other listed shares (such as an A+H issuer) i.e. 10% of the total number of shares in the class to which H shares belong or a market value of HK$3 billion. See Section II.B of this Chapter.

[114] Question 6.4 of the Consultation Paper.

[115] A total of 55 organisational respondents and 402 individual respondents responded to this question.

[116] See paragraph 151 of the Consultation Paper.

[117] Question 6.5 of the Consultation Paper.

206. Of the respondents that supported imposing a free float requirement at the time of listing for all new applicants, a vast majority (95%) of organisational respondents and most (80%) individual respondents who responded to the question [118] agreed with the proposal.

207. Most respondents thought that these shares should not be included because they are typically subject to vesting conditions and are not available for immediate trading.

208. One respondent further commented that including such shares could incentivise issuers to artificially inflate their free float percentage by issuing large numbers of shares to share schemes (e.g. those with long vesting periods), creating the appearance of a sufficient free float while restricting actual liquidity.

209. However, some respondents commented that the exclusion of shares from the free float calculation should depend on whether those shares are subject to any lock-up or other dealing restrictions. If those shares are free to be traded on the Exchange upon listing, then they thought such shares should be counted towards the initial free float requirement, and the corporate structure by which these shares are held (e.g. through an independent trustee) should not matter.

Biotech Companies and Specialist Technology Companies

210. We proposed that the existing free float related requirements for Biotech Companies and Specialist Technology Companies be replaced with the proposed initial free float requirements so that the same requirement applies to all issuers[119].

211. Of the respondents that supported imposing a free float requirement at the time of listing for all new applicants, almost all (98%) organisational respondents and a majority (83%) of individual respondents who responded to the question[120] agreed with the proposed initial free float thresholds.

212. Most respondents agreed that it was appropriate to apply the same requirement to Biotech Companies and Specialist Technology Companies as it would ensure a consistent regulatory approach across all issuer types, thereby reducing regulatory complexity.

213. A few respondents suggested applying a lower free float threshold for Biotech Companies and Specialist Technology Companies. They noted that new economy companies may have: (a) few retail investors; (b) a narrow pool of institutional investors, ; and/or (c) concentrated ownership by founders, venture capital investors, or private equity funds, who may be reluctant to dilute their stakes or release significant shares to the public at the time of listing, especially if the company is pre-revenue or in its early development stages.

[118] A total of 55 organisational respondents and 400 individual respondents responded to this question.

[119] Question 6.6 of the Consultation Paper.

[120] A total of 53 organisational respondents and 396 individual respondents responded to this question.

Our response and conclusion

214. We acknowledge that introducing a free float requirement may increase execution risks for some IPOs. However, we believe that the requirement will improve the integrity of the market as a whole.

215. The main purpose of the requirement is to minimise the potential risk of share price manipulation where a large proportion of the shares in public hands are subject to disposal restrictions in the early phase of listing[121].

216. As the Exchange does not impose any minimum offer size requirement, the bookbuilding portion of an IPO can represent a small proportion of the total number of shares in issue in the class for which listing is sought or have a small market value. This means that "ring-fencing" the bookbuilding placing tranche will not, in itself, achieve the aims of our proposals. Accordingly, we believe it is necessary to impose a free float requirement as separate additional measure.

217. A new listing applicant would be expected to include a statement confirming compliance with the free float requirement in the listing document and allotment results announcement.

Thresholds

218. Table 6 below shows updated back testing results on issuers that were primary listed on the Main Board between 2020 and 2024:

Table 6: Results of back testing against the proposed free float thresholds for specified types of issuers*

Year of Listing	Specified types of issuers* that would have met the proposed free float thresholds (%)
2020	100% (37 out of 37)
2021	97% (30 out of 31)
2022	77% (24 out of 31)
2023	58% (14 out of 24)
2024	64% (21 out of 33)
Overall (2020-2024)	**81% (126 out of 156)**

* "Specified types of issuers" refer to issuers primary listed on the Main Board, excluding PRC issuers, Biotech Companies and Specialist Technology Companies (see footnote 122).

[121] As stated in paragraph 136 of the Consultation Paper, some issuers that could meet the 25% public float requirement had a low level of free float (less than 5% of the issued share capital) upon listing, in which case there could be insufficient shares available for trading in the aftermarket.

219. It is noted that most of the specified types of issuers[122] would have met the proposed requirement. Failure of 19% (30 out of 156) to meet the proposed thresholds could be attributed to one or more of the following reasons:

(a) the cornerstone placing tranche comprised a large portion of their total offering size (31% on average for such issuers); and

(b) the shares subject to voluntary lock-up (e.g. those held by pre-IPO investors) comprised a large portion of their issued share capital (32% on average for such issuers).

220. Based on the above analysis, the Exchange takes the view that the proposed threshold should not create undue burden on these specified types of issuers:

(a) following the implementation of the IPO allocation proposals (see Section I of Chapter 4), the size of the cornerstone placing tranche would be capped at around 50% of the total offering[123]. This would help ensure that at least 50% of the offer would not be subject to any regulatory lock-up; and

(b) to fulfil the proposed free float thresholds, an issuer has the options of having a large offer size or negotiating appropriate voluntary lock-up agreements with existing shareholders that take into account the new free float requirements.

221. Accordingly, the Exchange will adopt the proposed free float thresholds for these specified types of issuers.

PRC issuers

PRC issuers with no other listed shares

222. We acknowledge respondents' feedback that the proposed free float requirement may be challenging for PRC issuers with no other listed shares, in view of the mandatory 12-month lock-up period on existing shareholders under PRC laws (see comments in paragraph 200(a) above).

223. We note that, as shown in Table 7, less than half (27 out of 62, or 44%) of the PRC issuers with no other listed shares that were primary listed on the Main Board between 2020 and 2024 would have met our proposed free float thresholds.

[122] See Table 6. PRC issuers, Biotech Companies and Specialist Technology Companies were excluded from this analysis because: (a) the basis for determining the free float percentage of PRC issuers is different from that for other issuers under the Exchange's proposal, and we have performed a separate analysis on PRC issuers (see paragraphs 222 to 230); and (b) Biotech Companies and Specialist Technology Companies are currently subject to other free float related requirements and (see our analysis in paragraph 232).

[123] The implied cap on allocation under the cornerstone placing tranche would be: 55% for Mechanism A; and 50% for Mechanism B (see also paragraph 435).

Table 7: Results of back testing against the proposed free float thresholds for PRC issuers with no other listed shares

Year of Listing	PRC issuers with no other listed shares that would have met the proposed free float thresholds (%)
2020	100% (3 out of 3)
2021	83% (5 out of 6)
2022	56% (5 out of 9)
2023	35% (6 out of 17)
2024	30% (8 out of 27)
Overall (2020-2024)	**44% (27 out of 62)**

224. However, we also note that:

(a) *Equalised treatment:* our proposal would ensure consistent treatment with non-PRC issuers (see also paragraphs 226 to 229 for the modification to the proposed requirements for PRC issuers with other listed shares, e.g. A+H issuers, to equalise the basis for calculating the free float percentage of PRC issuers);

(b) *More new shares would be available for trading in Hong Kong:* our proposal would encourage PRC issuers with no other listed shares to issue new shares, to compensate for the amount of publicly held shares subject to lock-up under PRC laws, to ensure shares of a sufficient amount are freely tradeable upon listing in Hong Kong; and

(c) *Consistent with PRC stock exchange requirements:* although our proposed initial free float requirement may imply a minimum offer size for such issuers due to the lock-up requirement under PRC laws, we note that this minimum size is comparable to that required by PRC stock exchanges[124].

225. In view of the above, the Exchange will adopt its proposed free float thresholds for PRC issuers with no other listed shares. We encourage PRC issuers that envisage difficulties meeting the proposed free float requirement to consult us at an early stage.

PRC issuers with other listed shares

226. We agree with respondents' comments that the proposed free float requirement for PRC issuers with other listed shares could be too low to be meaningful (see paragraph 202 above). Consequently, we will modify the percentage limb of the initial free float

[124] As stated in paragraph 76 of the Consultation Paper, the Shanghai Stock Exchange and the Shenzhen Stock Exchange impose a minimum offer size requirement equivalent to 25% of the issuer's total issued share capital (or 10% if the share capital is over RMB 400 million, calculated based on the par value per share).

requirement for PRC issuers with other listed shares (e.g. A+H issuers) as set out below. We believe that they should, instead of the 10% of total number of H shares threshold proposed in the Consultation Paper (see paragraph 197(a)), ensure that their H shares held by the public and not subject to any disposal restrictions, at the time of listing:

(a) represent at least 5% of the total number of issued shares in the class to which H shares belong (i.e. A shares and H shares in the case of A+H issuers), with an expected market value of at least HK$50 million (GEM: HK$15 million); or

(b) have an expected market value of at least HK$600 million.

227. The modified percentage threshold takes into account:

(a) the bespoke public float threshold of 10% or HK$3 billion for those issuers (see Section II.B of this Chapter), which is typically met by A+H issuers with newly issued H shares offered upon listing (as there is no mechanism to convert A shares into H shares); and

(b) the implied cap on cornerstone investment (see paragraph 220(a)), which means that approximately 50% of the total offering[125] would not be counted toward an issuer's free float.

228. The market value threshold remains the same as proposed (i.e. HK$600 million) for consistency with that applicable to other issuers.

229. All A+H issuers listed between 2020 and 2024 would have been able to meet such modified free float thresholds[126].

230. An illustration of the new initial free float requirement for selected types of issuers is set out in Table 11 (in **Appendix VII** to this paper).

Scope of application and shares in a share scheme

231. In view of the majority support from respondents, we will adopt the proposals with respect to the scope of application and shares in a share scheme as proposed in the Consultation Paper. Consequential amendments have been made to the Rules on the requirement relating to shares in a share scheme[127] to reflect the modification to the proposed amendment to the definition of "the public" (see Section I.B of this Chapter).

Biotech Companies and Specialist Technology Companies

232. The Exchange acknowledges that Biotech Companies and Specialist Technology Companies have to rely heavily on pre-IPO investment and that this investment is

[125] The implied cap on allocation under the cornerstone placing tranche would be: 55% for Mechanism A; and 50% for Mechanism B (see also paragraph 435).

[126] Based on the assumption that: (i) H shares in public hands comprise those on offer in the H share IPO; and (ii) the only H shares in public hands subject to disposal restrictions are those placed to cornerstone investors.

[127] Note 1 to MB Rule 8.08A (Note 1 to GEM Rule 11.23A).

normally subject to voluntary lock-up at the time of listing. However, most (79%, or 22 out of 28) Biotech Companies and Specialist Technology Companies (in both cases, excluding PRC issuers[128]) primary listed on the Main Board between 2020 and 2024 would have met our proposed free float thresholds. Those who would have failed to meet those thresholds had voluntary lock-up on existing shareholders (including pre-IPO investors), which, on average, comprised 45% of their issued share capital, which could have been adjusted to meet the proposals.

233. In view of the majority support from respondents and the abovementioned considerations, the Exchange will adopt the Consultation Paper proposal to replace the existing free float related requirements for Biotech Companies and Specialist Technology Companies with the proposed initial free float requirements for consistency.

[128] PRC issuers are excluded from our analysis here as those are separately discussed in paragraphs 222 to 228 above.

III. Ongoing Public Float Related Requirements

A. Ongoing Public Float Requirements

Views sought

234. We sought views on the appropriate ongoing public float requirements if our proposed initial public float thresholds were supported by the market[129].

Comments received

Ongoing public float requirements

235. Respondents' suggestions on the appropriate ongoing public float requirements can be broadly categorised as follows[130]:

(a) *Single percentage based*: some respondents suggested setting one, percentage based, minimum threshold for all issuers regardless of their size. Suggestions ranged between 5%[131] and 10%.

(b) *Minimum market value based*: some respondents suggested prescribing a market value-based ongoing public float threshold for all issuers. They thought this would ensure that a sufficiently critical mass of shares, by dollar amount, is available for trading for all issuers.

These respondents believed that a percentage-based threshold could result in undesirable outcomes. For example, there could be minimal shares available for trading in a small cap issuer even with a large public float percentage. On the other hand, the shares available for trading for a large cap issuer that is subject to a much lower minimum percentage threshold could be much more than sufficient. Among these respondents:

(i) a few suggested adopting a single minimum market value threshold for all issuers (e.g. HK$75 million); but

(ii) most suggested adopting a combined minimum percentage and market value threshold (with suggestions ranging from 10% to 25% in percentage terms, and from HK$100 million to HK$1 billion in market value terms) to accommodate issuers of varying sizes.

[129] See paragraphs 115 to 118 and Question 4.1 of the Consultation Paper.

[130] Respondents did not differentiate the approach that would apply to: (a) issuers in general; and (b) A+H issuers (and other prescribed types of issuers).

[131] This is the lowest initial public float percentage threshold under the Consultation Paper proposal.

(c) *Tiered structure, percentage based:* some respondents suggested a tiered structure that corresponds to the proposed initial public float tiers. Among these respondents:

(i) a few respondents suggested requiring that issuers maintain the same public float percentage as prescribed at listing on an ongoing basis; but

(ii) a majority of these respondents thought that tiers should be prescribed that set percentage thresholds at a lower level than at initial listing to allow flexibility (see paragraph 242 below), with suggested public float thresholds ranging between 4% and 20%. Of these:

(1) most did not comment on whether the ongoing public float thresholds should be determined based on the market capitalisation of an issuer at listing or post-listing; whereas

(2) a few respondents suggested adjusting the minimum percentage in response to changes in an issuer's ongoing market capitalisation over time.

Ongoing minimum percentage and market value of listed shares for A+H issuers and other prescribed types of issuers

236. We did not intend to impose any ongoing requirement in respect of the minimum amount of shares listed on the Exchange by A+H issuers (and other prescribed types of issuers)[132].

237. Some respondents suggested that the Exchange impose an ongoing requirement in respect of the minimum number of shares or market value of the shares listed in Hong Kong (i.e. H shares in the case of a A+H issuer) to ensure a "critical mass" is continually available for trading in Hong Kong. They commented that if there is no such ongoing requirement:

(a) A+H issuers may gravitate towards the A share market for secondary fundraisings, which may potentially result in reduced trading volume and liquidity of H shares. In turn, this may deter institutional investors from participation.

(b) there may be a limited number of H shares available for trading, which could increase the risks of price distortion and market volatility, undermining the attractiveness of the H share market.

238. Some respondents agreed that there should be more flexibility for A+H issuers to maintain a reduced public float post-listing. In particular, it was noted that, for these issuers, the absolute number of publicly held shares listed in Hong Kong would remain unchanged if the issuer issue additional shares elsewhere. They believed that this

[132] See paragraph 180 of the Consultation Paper.

flexibility would enable such issuers to raise funds on the stock exchange most suited to their strategic goals.

239. A few respondents provided suggestions as to the ongoing public float thresholds applicable to A+H issuers. All of them considered it appropriate to set the ongoing public float threshold based on a combination of percentage and market value thresholds, with suggestions on the percentage threshold ranging from 3.5% to 10%, and market value threshold suggestions ranging from HK$30 million to HK$3 billion.

Flexibility in lower ongoing public float thresholds

240. We sought feedback on whether issuers should be allowed the flexibility to maintain a lower public float level after listing[133].

241. A majority (76%) of organisational respondents and nearly half (48%) of individual respondents who responded to this question[134] supported providing flexibility to issuers to maintain a lower public float level after listing. For this question, most opposing individual respondents did not provide substantive reasons.

Flexibility for corporate transactions

242. Many supporting respondents commented that the obligation to maintain a fixed public float at the same level required at listing unnecessarily constrains listed issuers by preventing them from conducting legitimate transactions, such as on market share repurchases, that are beneficial to the issuer and its shareholders as a whole.

243. Respondents noted that, in practice, public float waivers would not be granted to give a "buffer" to issuers to manage their capital under existing requirements. Consequently, issuers were reluctant to conduct such transactions if doing so may result in a breach of the public float requirement.

244. Some respondents believed that an ongoing public float regime that provided a better balance between flexibility for issuers to conduct corporate actions and regulatory oversight would enhance the Exchange's attractiveness as a listing venue.

245. Some market practitioners provided examples to illustrate the difficulties and complexities caused by the existing ongoing public float requirement when structuring certain corporate actions, including the following:

(a) *Share repurchases:*

(i) Whilst issuers may be interested in conducting share repurchases for better capital management, such transactions cannot be conducted by issuers without sufficient public float headroom. More flexible public float requirements would mean more issuers would be able to repurchase their

[133] Question 4.2 of the Consultation Paper.

[134] A total of 75 organisational respondents and 724 individual respondents responded to this question.

shares: if they thought their trading price to be undervalued; for share incentive purposes; or to satisfy outstanding convertible instruments.

(ii) A more flexible public float requirement would also enable more issuers to take advantage of the benefits of the new Listing Rule requirements relating to treasury shares. These allow issuers to hold repurchased shares in treasury for future resale to provide them greater flexibility to quickly adjust their share capital and so minimise their cost of capital[135].

(b) *Share issuance to existing shareholders:*

(i) Some PRC state-owned issuers may be subject to restrictions from issuing new shares (including H shares) to the public at a price below their net asset value per share. This means that they may not be able to issue new H shares to increase the size of their public float in Hong Kong if those shares trade below their net asset value per share. For these issuers, if they do not have public float headroom, they may also be unable to issue shares at net asset value to non-public shareholders, as this would reduce their public float percentage[136]. Greater flexibility in the ongoing public float requirements would benefit such issuers.

(ii) A lack of public float headroom may also prevent institutional investors from increasing their stakes in high growth new economy companies once those companies have achieved success and grown in value (if those investors are substantial shareholders of the issuers).

Better conditions for high-growth companies

246. Many sell-side representatives and market practitioners commented that some issuers' market capitalisations have increased substantially post-listing, and they should be provided greater flexibility to manage their capital structure in the best interests of the company, even if it involves maintaining a public float percentage below the minimum set at the time of listing. This is because a sufficiently high market value is, in itself, an indicator of strong public demand and strong public trading activity in the shares. Allowing such issuers flexibility to better manage their capital would, in turn, enhance investor interest and overall market liquidity.

247. These respondents found it unfair to tie listed issuers whose market capitalisation had grown in value, over time, to the public float requirements applied to them at initial listing. Under the Exchange's proposed tiered initial public float thresholds, a new applicant that had grown, as an unlisted company prior to listing, to a large size would have more flexibility in its public float percentage, whereas an issuer that subsequently,

[135] For example, listed issuers may resell the treasury shares in small lots on the market at full market price as an alternative fundraising means to a placing, where new shares are typically sold at a discount to market price. See HKEX (October 2023), Consultation paper on Proposed Amendments to Listing Rules Relating to Treasury Shares, paragraph 23.

[136] By increasing the number of shares in issue in the denominator whilst maintaining the same number of H shares in public hands in the numerator.

as a listed company, grew to the same size would not. This would discourage high growth companies from listing on the Exchange.

Public float size is not strongly correlated with liquidity

248. A few supporting respondents noted that some issuers with high public floats nevertheless had low liquidity in the trading of their shares.

249. These respondents stated that liquidity in trading is driven by a variety of factors, mainly investor demand, and not only public float. A respondent pointed out that more liquidity may be generated in an issuer's shares if issuers could better manage their share capital, as returns on equity could be enhanced through corporate transactions such as share buybacks.

Opposing views

250. Some buy-side representatives, market practitioners and a few retail investors did not support allowing issuers to maintain a lower public float than at listing for the following reasons:

(a) this could reduce the number of shares available for trading, which may increase price volatility; and

(b) a lower ongoing public float could concentrate shares among a few major shareholders, increasing the risk of share price manipulation.

Suspension of trading

251. We sought feedback on whether the existing regulatory approach of suspending the share trading of issuers whose public float fell below a prescribed level should be maintained.[137]

252. A slight majority of organisational respondents (59%) and individual respondents (57%) who responded[138] took the view that the existing regulatory approach of suspending issuers with public float below a prescribed threshold should be maintained.

253. Some of these respondents noted the current regulatory approach had the following benefits:

(a) *Market integrity and investor protection:* suspension provided protection against risks such as price manipulation and volatility associated with low public float. Some respondents thought suspension would protect retail investors from trading in a distorted market, as they may lack the resources needed to properly assess risks associated with issuers with a low public float; and

[137] Question 4.3 of the Consultation Paper.

[138] A total of 63 organisational respondents and 715 individual respondents responded to this question.

(b) *Strong deterrent:* the threat of trading suspension provided a strong deterrent against prolonged non-compliance and incentivised issuers to promptly restore their public float.

254. Of the respondents who supported retaining the existing regulatory approach of suspension and provided substantive reasons (24 respondents), a large portion (67% i.e. 16 respondents) nevertheless suggested that the Exchange should exercise greater discretion before imposing a suspension. Their main suggestions are set out below:

(a) *Grace period*: the Exchange should allow grace periods (with suggestions ranging from three to six months) to allow issuers more time to restore their public float without suspension, provided that, during the grace period, those issuers were subject to enhanced disclosure (for example, on their restoration plan);

(b) *Narrower circumstances for triggering suspension:* suspension should be exercised only in egregious or extreme cases. Two respondents thought suspension should only be exercised when issuers have low public float both in percentage terms and in market value terms; and

(c) *Waivers for exceptional cases*: based on expanded criteria that were clearly stated to provide for regulatory certainty.

255. Many buy-side representatives (e.g. institutional investors) and market practitioners (e.g. law firms) opposed suspending issuers solely due to a shortfall in public float. They took the view that trading suspensions for public float breaches were disproportionate and often counterproductive, doing more harm than good to shareholders and the market. They gave the following reasons:

(a) *In principle, the basis for suspension should be very narrow:* a number of respondents thought it a fundamental stock market principle that shares should remain available for trading, unless a false market exists due to undisclosed inside information.

(b) *Effect on shareholders*: suspension of trading can be severely detrimental to shareholders, effectively trapping minority shareholders in their holdings with no exit opportunity and depriving them of market liquidity precisely when most needed. Suspension works against, rather than in favour of, the interests of these investors. They would, instead, be left in a state of uncertainty regarding the value and future prospects of their investment. Suspension could also create challenges for portfolio managers (particularly those at passive index-based funds) to determine the fair value of a suspended stock in a fund's portfolio.

(c) *Suspension increases the difficulty of restoring a public float*: suspension poses significant challenges for issuers that wish to conduct transactions (e.g. share placings) to restore the public float as there is no longer a live market price to use as a benchmark for the shares to be sold. Suspension also removes the ability for willing controlling shareholders to sell their shares to the market to restore the public float.

(d) *Issuers with a low public float may still have an open market in their shares*: an open market may still exist even if an issuer's public float drops below the existing 15% suspension threshold, as there may be a sufficiently critical mass of shares, in dollar value, available for trading between public shareholders.

(e) *Low public float could be caused by events outside of an issuer's control:* a public float shortfall could also be caused by manipulation, as evidenced by cases where potential hostile bidders/ third parties have deliberately "forced" a suspension by acquiring shares in the market to gain leverage over the issuer.

Alternative suggestions to trading suspension

256. Some respondents suggested that a breach of ongoing public float requirement should be addressed through more transparent disclosure, instead of directing a trading suspension, to allow issuers some time for restoration.

257. Some proposed that the Exchange should allow an issuer to continue trading even when their public float fell short of minimum requirements by implementing the following additional safeguard measures:

(a) *Identification of issuers:* some respondents suggested the introduction of a mechanism to identify issuers with a low public float, similar to SFC's current approach of issuing warnings on high concentration in shareholdings.

(b) *Enhanced disclosure:*

(i) *Initial announcement:* if an issuer's public float falls below the prescribed threshold, some respondents suggested requiring issuers to disclose their public float shortfall and undertake that they will take all reasonable steps to restore public float on or before a specified timeline.

(ii) *Periodic updates:* some respondents suggested requiring issuers to make periodic announcements on the progress of their ongoing efforts to restore public float.

Triggering thresholds

258. A few respondents suggested alternative suspension triggering thresholds or thresholds for imposing enhanced identification or disclosure requirements (see paragraph 257). A majority thought that the triggering thresholds should be determined not solely by reference to a percentage of issued share capital, but also by reference to a minimum market value of shares in public hands. Their suggestions ranged from 5% to 15% in percentage terms, and from HK$75 million to HK$125 million in market value terms.

Delisting

259. Three respondents suggested that, in extreme cases where an issuer's public float falls far below a minimum threshold for an extended period of time, the Exchange should consider delisting the issuer. One respondent suggested that, if an issuer has been

given a special marker for 18-24 months (see paragraph 257(a)), the Exchange should cancel the issuer's listing.

Scope of application

260. We proposed that ongoing public float requirements should be applied to shares only[139].

261. A majority (94%) of organisational respondents and slightly more than half (51%) of individual respondents who responded[140] to this question agreed with the proposal[141].

262. Supporting respondents generally agreed that ongoing public float requirements should be applied to shares only for the reasons stated in the Consultation Paper[142]. Some respondents noted that including equity-linked instruments in the public float calculation could potentially mislead investors about the public float of the said shares.

Our response

Regulatory approach

263. In view of the changes to the initial public float thresholds and the basis for calculation of public float (see Sections I.A, II.A and II.B of this Chapter), changes are required to be made to the ongoing public float requirements.

264. We note that respondents had different views on the appropriate ongoing public float requirements (see paragraphs 235 to 239), and there was no consensus on the basis (i.e. single or tier-based) or form of thresholds (i.e. in percentage or market value terms). However, many respondents believed that, post-listing, the Exchange should continue to take into account the market value of public float when prescribing the ongoing minimum public float threshold (see paragraphs 235(b), 235(c)(ii)(2), 238 and 239).

265. We also note respondents' feedback that A+H issuers should be subject to an ongoing public float requirement in respect of the minimum number of H shares or market value of the H shares listed in Hong Kong to ensure a "critical mass" is continually available for trading in Hong Kong (see paragraphs 237 to 239).

Flexibility in ongoing public float thresholds

266. Having considered the responses (see paragraphs 242 to 250 above), we believe there is strong support to provide more flexibility in ongoing public float thresholds for issuers with sufficiently large public float in market value.

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[139] Question 4.4 of the Consultation Paper.

[140] Most individual respondents opposing the proposal did not provide substantive reasons.

[141] A total of 70 organisational respondents and 715 individual respondents responded to this question.

[142] See paragraph 118 of the Consultation Paper.

Suspension from trading

267. We note that many respondents (whether they indicated support or opposition) also advocated for greater flexibility in, and/or an alternative approach to, suspending trading of an issuer's securities solely due to public float breaches (see paragraph 254 to 257).

268. We also note that many opposing respondents cited the deterrent effect as the reason for maintaining suspension (see paragraph 253(b)).

269. Accordingly, we believe that there are grounds to consult on a set of ongoing public float requirements with alternative consequences to trading suspension, as long as such alternative provides sufficient deterrent to non-compliance. As suggested by some respondents (see paragraph 257), our proposed alternative consequences to suspension include: (a) a mechanism to enable investors to identify issuers with significant public float shortfall; and (b) enhanced disclosure requirements (see Section IV.D of this Chapter for details).

Scope of application

270. In view of the majority support from respondents (see paragraphs 261 to 262), we are minded to adopt the proposal to apply ongoing public float requirements to shares listed on the Exchange only.

Detailed ongoing public float proposals

271. Having considered the respondents' feedback, we have developed detailed proposals on ongoing public float requirements. The proposed requirements, and the rationale for them, are set out in Section IV of this Chapter.

Transitional arrangements

272. Whilst the final ongoing public float requirements are subject to further consultation as set out in Section IV of this Chapter, we have made transitional consequential amendments to existing ongoing public float Listing Rule requirements as follows:

    (a) New applicants listed on the Exchange with listing documents published on or after the Implementation Date under the new initial public float requirements must maintain the relevant minimum public float percentage prescribed at the time of their listing, at all times, until the implementation of the new ongoing public float requirements (if adopted), meaning:

        (i) 25% or any lower minimum percentage prescribed at the time of listing (see Table 5)[143]; or

        (ii) in the case of a PRC issuer with other listed shares (e.g. A+H issuers), H shares held by the public that represent either:

[143] Except for a PRC issuer with other listed shares (e.g. A+H issuers) as they are subject to bespoke initial public float requirements (as set out in Section II.B of this Chapter).

(1) 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or

(2) in the case of an issuer listed in reliance upon the market value threshold of HK$3 billion, the percentage derived by dividing HK$3 billion by the total market value of the issuer's total issued shares in the class to which H shares belong at the time of listing.

(b) All other issuers (i.e. including all existing listed issuers) will continue to be subject to the existing minimum ongoing public float thresholds[144], based on the existing basis for calculation.

(c) Consistent with existing requirements[145], if an issuer's public float percentage falls below the prescribed minimum threshold, the Exchange reserves the right to require suspension of trading in an issuer's securities until appropriate steps have been taken to restore the minimum percentage of securities in public hands.

Consequential amendments have been made to clarify the scenarios under which the brightline suspension thresholds of 15% and 10% under the Main Board Listing Rule would apply, which are consistent with current requirements[146]:

(i) the 15% suspension threshold would apply in the case of an issuer with a minimum prescribed percentage of public float of 25% at the time of listing;

(ii) the 10% suspension threshold would apply in the case of an issuer with a minimum prescribed percentage of public float of between 15% and 25% at the time of listing.

273. The Listing Rules that are implemented following the further consultation on ongoing public float requirements (as set out in this paper) will supersede and replace the transitional consequential amendments set out above.

274. A summary of the applicable minimum ongoing public float thresholds under the transitional arrangements and the proposed requirements (with the corresponding references to Listing Rules) is set out in Table 12 in **Appendix VIII** to this paper.

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[144] For most existing issuers, this means 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing. The Exchange has previously granted public float waivers to certain issuers after listing due to their exceptional circumstances. For the avoidance of doubt, those waivers will continue to apply.

[145] MB Rule 13.32(3) (GEM Rule 17.37).

[146] The Listing Rules are currently silent on whether these brightline thresholds apply to: (a) issuers with a minimum prescribed percentage of public float of less than 15% at the time of listing; (b) PRC issuers with other listed shares (e.g. A+H issuers); and (c) GEM issuers. The suspension requirement for such issuers will continue to be assessed on a case-by-case basis pending implementation of the final ongoing public float requirements.

B. Potential OTC Market

Views sought

275. We sought feedback on the concept of an OTC market in Hong Kong.[147]

Comments received

276. A vast majority (81%) of organisational respondents who responded and a slight majority (59%) of individual respondents who responded[148] indicated that they would welcome the establishment of an OTC market in Hong Kong. Respondents were also asked to provide their views on the potential benefits and risks of establishing an OTC market, the functions it should serve, and whether it should be open to retail investors[149].

277. Supporting respondents believed that an OTC market would be beneficial as:

(a) an OTC market would, in principle, provide the shareholders of delisted issuers with an exit opportunity; and

(b) an OTC market could also provide a platform for trading in securities that cannot meet the listing requirements of the Main Board or GEM. This would expand the range of investments available to investors, and serve as a testing ground and incubator for new financial products to foster innovation.

278. Opposing respondents were of the view that there is insufficient justification to establish and OTC market as:

(a) the pool of delisted issuers would be too small to sustain an OTC market; and

(b) the OTC market may overly fragment Hong Kong's markets. Such respondents believed that all eligible securities should be listed on the Main Board or GEM.

279. Many respondents emphasised the importance of considering the broader regulatory and market framework to ensure that all essential components are in place to support a robust OTC market in Hong Kong. They thought that further work would be necessary to fully assess the implications and regulatory requirements of such a market.

Our response

280. We thank the respondents for their valuable feedback. We will continue to work with various stakeholders on the viability of an OTC market in Hong Kong and will update the market on progress in due course.

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[147] Question 4.5 of the Consultation Paper.

[148] A total of 72 organisational respondents and 721 individual respondents responded to this question.

[149] Question 4.6 of the Consultation Paper.

C. Ongoing Public Float Disclosure

Proposal

281. We proposed to enhance annual public float disclosure requirements for increased transparency[150].

Comments received

General comments

282. We proposed to mandate disclosure of actual public float in listed issuers' annual reports[151].

283. A significant majority (92%) of organisational respondents and most (79%) individual respondents who responded to this question[152] agreed with our proposal to mandate disclosure of actual public float in listed issuers' annual reports.

284. Supporting respondents generally agreed that the proposal would enhance transparency of an issuer's actual public float, which would provide useful information (in addition to the existing sufficiency statement) to investors to enable them to make informed investment decisions.

285. Some respondents noted that the additional disclosure should not be unduly burdensome to listed issuers, as they are already required to confirm their compliance with public float requirements, and so they would already possess the necessary information.

286. Some of these supporting respondents suggested imposing additional disclosure obligations on issuers, including:

(a) disclosure of the minimum ongoing public float applicable to the issuer in its annual reports, as it is useful information for the market as well as for structuring potential transactions; and

(b) more regular filings of actual public float, such as in issuers' monthly returns, to provide timely updates to investors and regulators; and

(c) requiring ongoing disclosure of the "free float" of an issuer's shares (see Section II.C of this Chapter).

287. Respondents who opposed the proposal stated that the requirement would be impracticable and unduly burdensome for issuers. Some suggested that disclosure of

[150] See paragraphs 126 to 128 of the Consultation Paper.

[151] Question 5.1 of the Consultation Paper.

[152] A total of 73 organisational respondents and 732 individual respondents responded to this question.

actual public float should remain as a recommended best practice only. Their concerns included:

(a) *Limitations on the proposed disclosure*:

(i) disclosure based on publicly available data may not accurately reflect shareholders' latest positions. For example, filings made under Part XV of the SFO are subject to certain triggering events, such as a substantial shareholder acquiring or disposing shares crossing a whole percentage number. If the annual report disclosure is made only based on such filings, the information disclosed may not reflect the shareholder's latest shareholding as of the end of the relevant financial year; and

(ii) the proposed disclosure would be provided as of the financial year end date of the issuer, which would be outdated by the time the annual report is published.

(b) *Challenge to obtain information on interests held by core connected persons*: The term "core connected persons" is widely defined and includes close associates of directors and substantial shareholders (among others) of all subsidiaries of an issuer. The interests held by these parties may be beyond the control and knowledge of the issuers and their directors, as these individuals can be independent external investors. Monitoring their shareholdings on an annual basis could be costly and burdensome, particularly for issuers with numerous subsidiaries or substantial shareholders that have large or complicated corporate or investment structures.

288. Two respondents suggested mandating disclosure of the percentage of the public float as a range (instead of an exact figure).

Identification of persons connected at the issuer level

289. We proposed that issuers disclose additional information on their shareholding composition to supplement the public float disclosure and that issuers be required to identify persons connected at the issuer level on an individually named basis[153] as part of the proposed disclosure (as set out in paragraph 126 of the Consultation Paper)[154].

290. Of the respondents who agreed with the proposal to mandate disclosure of actual public float in listed issuers' annual reports, a vast majority (89%) of organisational respondents and a majority (83%) of individual respondents who responded to this question[155] also agreed with this disclosure proposal.

291. Supporting respondents were of the view that the proposal struck a balance between enhancing transparency for investor and minimising compliance burden on issuers,

[153] See paragraph 126(b)(i)(1) and (2) of the Consultation Paper.

[154] Question 5.2 of the Consultation Paper.

[155] A total of 57 organisational respondents and 350 individual respondents responded to this question.

given persons connected at the issuer level are more likely to influence corporate decision-making.

292. A few respondents thought that persons connected at the subsidiary level should also be identified on an individually named basis as they may also exert an influence on the listed issuer.

293. On the other hand, some respondents suggested that, to preserve the personal privacy of individuals, listed issuers should only need to disclose the nature of the relationship between a core connected person without revealing their actual names if they are not directly involved in the issuer's management or operations.

Basis of public float disclosure

294. We proposed that issuers be required to disclose their actual public float in their annual reports based on information publicly available to the issuer and within the knowledge of its directors[156].

295. Of the respondents who agreed that the actual public float to be disclosed in annual reports, almost all (95%) organisational respondents and a vast majority (93%) of individual respondents who responded to the question[157] also agreed that such disclosure should be based on information that is publicly available to the issuer and within the knowledge of its directors.

296. Supporting respondents generally thought that this approach struck an appropriate balance between transparency and the compliance burden on listed issuers.

297. Respondents who opposed to the proposal did not provide substantive reasons.

Other suggestion

298. To improve transparency, some respondents suggested that issuers should disclose the impact of outstanding convertible instruments separately, including potential dilution effects and number of shares that could be counted towards public float upon conversion.

Our response

General comments

299. In view of the majority support from respondents, we are minded to adopt the proposals in the Consultation Paper, i.e. to mandate disclosure of actual public float in listed issuers' annual reports and require issuers to disclose additional information on their shareholding composition to supplement this disclosure, with persons connected at the issuer level identified on an individually named basis.

[156] Question 5.3 of the Consultation Paper.

[157] A total of 57 organisational respondents and 347 individual respondents responded to this question.

300. While disclosure based on publicly available information may not reflect the most up-to-date public float information of an issuer as at the date of the publication of an annual report (see paragraph 287(a)), we believe that such information would still be valuable to existing shareholders and potential investors. Any caveats and assumptions relating to the disclosure should be stated clearly to facilitate understanding of the disclosure.

301. We do not think that the public float percentage should be disclosed in a range (see comment in paragraph 288), as this can create unnecessary uncertainty and confusion.

302. With respect to respondents' suggestions on imposing additional disclosure obligations (see paragraph 286):

(a) we have taken into account such suggestions and proposed additional disclosure requirements as part of our ongoing public float proposals for further consultation (see Section IV.C of this Chapter). These proposals include requirements to disclose the minimum ongoing public float threshold applicable to an issuer and to give a confirmation of compliance with the applicable ongoing public float threshold on a monthly basis; and

(b) we do not intend to impose an additional obligation for issuers to disclose their "free float" on an ongoing basis. This is because our proposed free float requirement (see Section II.C of this Chapter) will only apply to new applicants upon listing. Its purpose is to help optimise the first period of formation of the price for an issuer's shares as a listed issuer. After listing, our proposed ongoing public float proposals should be sufficient to ensure an open market in the trading of an issuer's shares without the need for the additional "free float" requirement.

Identification of connected persons

303. We note that persons connected at the subsidiary level may also exert influence on a listed issuer. However, we are also mindful of the practical difficulties that their identification on an individually named basis may cause, especially for issuers with many subsidiaries. Under our proposal, shareholdings of persons connected at subsidiary level would be disclosed aggregately on an unnamed basis[158].

304. We believe that the identities of connected persons at the issuer level should be disclosed on an individually named basis, given their close proximity to the listed issuer.

Basis of public float disclosure

305. In view of the majority support from respondents, we are minded to adopt the proposal.

[158] See paragraph 126(b)(i)(3) of the Consultation Paper.

Other suggestion

306. In respect of the suggested disclosure on equity securities other than shares (including convertible instruments) (see paragraph 298), we wish to clarify that there are existing requirements in place:

(a) where listing is sought for such securities, an issuer is currently required to fully disclose their potential dilution impact in their listing documents[159] (see also paragraph 298); and

(b) issuers should disclose in their annual and interim reports the dilution impact on their issued shares if all outstanding convertible securities were to be converted as at the relevant year end or period end[160].

Implementation plan

307. The proposed ongoing public float disclosure requirements set out above (in this Section III.C of this Chapter) are interlinked with the ongoing public float proposals set out in this paper (see Section IV of this Chapter) below. Consequently, these disclosure requirements will be implemented upon our conclusion to the consultation on the ongoing public float proposals (see paragraph 30).

[159] For example, see paragraph 17 of Chapter 4.2 of the Guide for New Listing Applicants (last updated 1 August 2025) for pre-IPO convertible securities, MB Rule 17.02 (GEM Rule 23.02) for pre-IPO share options and awards, and MB Rules 18B.09(1) and 18B.51(3) for SPAC listings and De-SPAC Transactions.

[160] HKEX Guidance Letter, Guidance on the issue of convertible securities by listed issuers (HKEX-GL80-15), May 2015 (last updated in June 2024), paragraph 14.

IV. Further Consultation on Ongoing Public Float Requirements

308. Drawing on the feedback received in response to the Consultation Paper (see Section III of this Chapter), we seek views on the following ongoing public float requirements. Proposed amendments to the Listing Rules to implement these proposals are set out in **Appendices V** and **VI** to this paper.

Current Requirements

309. The existing ongoing public float requirements are set out in the Consultation Paper (paragraphs 90 to 101 and paragraphs 120 to 121).

A. Proposed Ongoing Public Float Thresholds

Proposal

Initial Prescribed Threshold

310. In view of the changes to the initial public float thresholds (see Section II.A of Chapter 3), consequential amendments will be made to the existing ongoing public float thresholds[161] so that a portion of the class of shares an issuer has listed on the Exchange that is held by the public must, at all times, represent at least:

(a) 25% of the total number of issued shares in the class of shares listed (excluding treasury shares); or

(b) any lower public float percentage prescribed at the time of its initial listing,

(the "**Initial Prescribed Threshold**").

311. Limb (b) of the Initial Prescribed Threshold would apply to:

(a) existing issuers that already obtained public float waivers from the 25% threshold, at listing, under the current initial public float requirements[162]; and

(b) issuers that are listed under Tier B or Tier C of the new initial public float thresholds (see paragraph 78 of the Consultation Paper and Table 5 of this paper), and any issuers that were granted a waiver for a lower initial public float threshold (see paragraph 153).

[161] See paragraph 90 of the Consultation Paper.

[162] MB Rule 8.08(1)(d) (GEM Rule 11.23(10)). In addition, the Exchange has previously granted public float waivers to certain issuers after listing due to their exceptional circumstances. For the avoidance of doubt, those waivers will continue to apply such that limb (b) of the Initial Prescribed Threshold would apply to those issuers.

Alternative Threshold

312. In addition, we propose to permit an alternative ongoing public float threshold whereby a portion of the class of shares an issuer has listed on the Exchange that is held by the public must, at all times:

    (a) have a market value of at least HK$1 billion (as determined in accordance with paragraph 316 below); and

    (b) represent at least 10% of the issuers' total number of issued shares in the class of shares listed (excluding treasury shares),

    (the "**Alternative Threshold**"). We expect that this Alternative Threshold will mainly be relevant for issuers with a market capitalisation of more than HK$4 billion, as 25% of their listed shares will have a market value that can meet limb (a) of this threshold.

313. In the event an issuer elects to rely on the Alternative Threshold, it would have to:

    (a) make an announcement containing the reasons for relying on the Alternative Threshold and information as to the actual market value and percentage of its public float; and

    (b) provide additional disclosure in its monthly returns and annual reports (see paragraphs 352(b) and 354).

314. For the avoidance of doubt, the Initial Prescribed Threshold and the Alternative Threshold apply to PRC issuers with no other listed shares.

315. PRC issuers with other listed shares (e.g. A+H issuers) would, instead, be subject to bespoke ongoing public float thresholds (as set out in Section IV.B of this Chapter).

Determination of market value threshold

316. For the purpose of determining whether the market value of shares held by the public meets the market value limb of the Alternative Threshold (see paragraph 312(a)), we propose that the market value of shares be determined on a rolling basis by multiplying (a) the number of shares held by the public as of the date of determination by (b) the volume weighted average price of the shares listed on the Exchange over 125 trading days[163] immediately prior to the date of determination. See Box 2 for an illustration of how the aforesaid volume weighted average price is to be determined on this basis[164].

[163] Being the approximate number of trading days within a six-month period.

[164] Determination of market value of shares on this basis is similar to that set out in FAQ8 – No. 3 (last updated in June 2024) for the purpose of calculating the volume weighted average market capitalisation requirement under MB Rule 9B.03(2).

Box 2: Illustration of how to determine the volume weighted average price of the shares listed on the Exchange

1. List the daily turnover of the relevant shares (i.e. issued shares in the class of shares listed) and daily number of shares traded over the 125 trading days.
2. Calculate the total turnover and the total number of shares traded over the 125 trading days.
3. The volume weighted average price of the relevant shares over the 125 trading days is calculated by dividing the total turnover, over that period, by the total number of shares traded over the same period. For example, in the table below, the volume weighted average price is 3,744,000 / 600,000 = **HK$6.24**.

Day	Turnover (HKD)	Volume (in number of shares traded)
1	28,800	4,800
2	22,320	3,600
3	40,200	6,000
…	…	…
TOTAL	**3,744,000**	**600,000**

317. A listed issuer would not be able to rely on the Alternative Threshold if the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange.

318. In the case of an issuer intending to switch from relying on the Initial Prescribed Threshold to the Alternative Threshold, if its listed shares have been suspended from trading for more than five consecutive business days[165] during the 125-trading-day period for determination of the market value of shares, the Exchange may require the issuer to extend the 125-day period to demonstrate that it can meet the Alternative Threshold over a reasonable period after resumption of trading.

GEM issuers

319. We propose to apply the same requirements to GEM issuers.

[165] The term "business day", as defined under the Listing Rules (MB Rule 1.01; GEM Rule 1.01), refers to any day on which the Exchange is open for the business of dealing in securities.

Rationale

Regulatory approach

Initial Prescribed Threshold

320. Consistent with our existing regulatory approach, the Initial Prescribed Threshold would apply to most issuers[166] to ensure that they maintain a minimum public float that is the same as their initial minimum prescribed percentage-based public float threshold.

Alternative Threshold

Overview

321. The proposals provide issuers[167] that have a large market capitalisation after listing, including those that have grown significantly in size over time, greater flexibility to conduct transactions for capital management purposes (e.g. share repurchases) even if those transactions may result in its public float percentage falling below the Initial Prescribed Threshold.

322. Many respondents (see paragraphs 242 to 249 above) were of the view that the current 25% threshold (or lower prescribed percentage determined at initial listing) may become unnecessarily large, in absolute dollar value terms, post-listing, for issuers with a very large market capitalisation. However, there was no clear consensus on the appropriate public float thresholds that should be maintained to ensure sufficient trading liquidity and turnover levels. The Exchange is of the view that a larger cap issuer should generally be afforded more flexibility to conduct legitimate corporate actions or transactions, even if doing so would reduce its public float below current thresholds.

323. As stated above (see paragraph 297), the market value limb of **the Alternative Threshold** (see paragraph 312(a)) **will be relevant to issuers with a market capitalisation of more than HK$4 billion**[168]. The market value limb of the threshold is set at a relatively high level (i.e. HK$1 billion) to ensure that a critical mass of shares is still available to help provide an open market for trading.

324. It is noted that issuers that have switched to the Alternative Threshold may subsequently fail to maintain the market value limb of the Alternative Threshold (i.e. HK$1 billion), e.g.

[166] Except for: (a) issuers who can rely on the Alternative Threshold; and (b) PRC issuers with other listed shares (e.g. A+H issuers).

[167] Existing listed issuers and issuers to be listed under the new initial public float thresholds.

[168] Unless the context otherwise requires, the market value and market capitalisation figures in this section are to be determined on a rolling basis in accordance with the methodology as set out in paragraph 316 and Box 2.

due to a sustained decline in their share price[169]. However, the Exchange is of the view that the proposed consequences for such public float shortfalls would incentivise those issuers to restore the shortfall promptly to meet the threshold. Those consequences are detailed in Section IV.D of this Chapter, which include delisting for those with a public float shortfall that is both significant and prolonged. Any issuer with a shortfall will also be subject to heightened disclosure requirements.

Design of the thresholds

325. The proposed regulatory approach is also consistent with the approach we took with regards to the initial public float thresholds. For both, relaxation of public float percentage requirements is available to listing applicants with a sufficiently large public float in terms of market value. A fixed threshold is proposed taking into account the nature of the requirement (see Box 3).

Box 3: A tiered structure for ongoing public float thresholds

The Exchange considered, but does not propose, multi-tiered ongoing public float thresholds similar to the design for initial public float thresholds (see Table 5). This is because fluctuation in issuers' share prices may result in an issuer crossing tier thresholds due to changes in its market capitalisation, over time, for reasons beyond the issuer's control (especially those whose market capitalisation fluctuates between the thresholds of adjacent tiers). The consequence of such changes would be difficult for issuers to manage and may also cause confusion and uncertainty for the investing public.

The proposed Alternative Threshold, as a fixed threshold, is intended to allow flexibility in public float percentage for issuers with a sufficiently large public float in market value, without such downsides.

Purpose of introducing the Alternative Threshold

326. Effective capital management is the planning and allocation of an issuer's financial resources to maximise value for its existing shareholders and potential investors. An issuer's shares are an essential component of any effective capital management strategy. Through corporate actions such as share issuances and share buybacks, issuers can optimise their value per share.

327. The proposal is intended to give issuers (with a sufficiently large market capitalisation on an ongoing basis post-listing) flexibility to conduct such corporate actions within its capital management strategy. This may result in a larger or smaller public float, from

[169] For illustration purpose, an issuer with an Initial Prescribed Threshold of 25% but a market capitalisation of HK$5.0 billion may rely on the Alternative Threshold and lower its public float level from 25% to a level equivalent to HK$1 billion (i.e. 20%). If its market capitalisation subsequently drops to HK$3.5 billion, its public float of 20% will only have a market value of HK$0.7 billion and therefore fails to meet the Alternative Threshold of HK$1 billion. It will have to restore its public float level from 20% to 25% (i.e. the Initial Prescribed Threshold) for the purpose of re-complying the relevant ongoing public float requirement. In other words, the Alternative Threshold is no longer an option for this issuer because its market capitalisation is below HK$4 billion.

time to time, but should not result in a reduction in the overall public float levels across the market in the longer term.

328. The fundamental objective of our proposal is to provide issuers with the flexibility, and headroom, to conduct corporate actions for capital management without the result of a market-wide reduction in public float. In doing so, we aim to foster positive long-term value for shareholders, attract more investors, and contribute towards healthy share trading in Hong Kong, adding to the attractiveness of our capital market as a whole.

329. For the avoidance of doubt, the proposal does not permit listed issuers to reduce their public float level below the Initial Prescribed Threshold (or the Alternative Threshold, as the case may be). Under the proposal:

(a) **issuers with a market capitalisation of HK$4 billion or below** will be subject to the Initial Prescribed Threshold only, i.e. they would have no flexibility to reduce their public float below the minimum percentage threshold prescribed at their initial listing. This approach is consistent with our existing regulatory framework, under which a public float that falls below the Initial Prescribed Threshold would constitute a Rule breach.

Also consistent with our existing approach, the Exchange would not normally grant any waiver to such issuers for their public float to fall below the Initial Prescribed Threshold. The Exchange would also not grant approval for the issuance of new shares if this would cause the issuer's public float to fall below the required minimum; and

(b) **issuers with market capitalisations of more than HK$4 billion** will have the flexibility to rely on the Alternative Threshold but not to reduce their public float below that threshold. As stated above (see paragraphs 326 to 328), this flexibility is intended to support corporate actions that are in the best interests of these issuers and their shareholders, and to maximise value for shareholders and potential investors. These issuers are expected to exercise this flexibility responsibly and to closely monitor fluctuations in their market capitalisation to ensure continued compliance with the market value-based threshold.

330. In the long term, irrespective of whether issuers rely on the Initial Prescribed Threshold or the Alternative Threshold, issuers are encouraged to stay well above these bare minimum levels to minimise the risk of breaches of the proposed Rules.

Rationale for the Alternative Threshold figures

331. The Alternative Threshold was determined as follows:

(a) HK$4 billion is the market capitalisation threshold for an issuer listing under the "large cap" market capitalisation/ revenue test[170] and HK$1 billion is 25% (the public float threshold under current requirements) of HK$4 billion; and

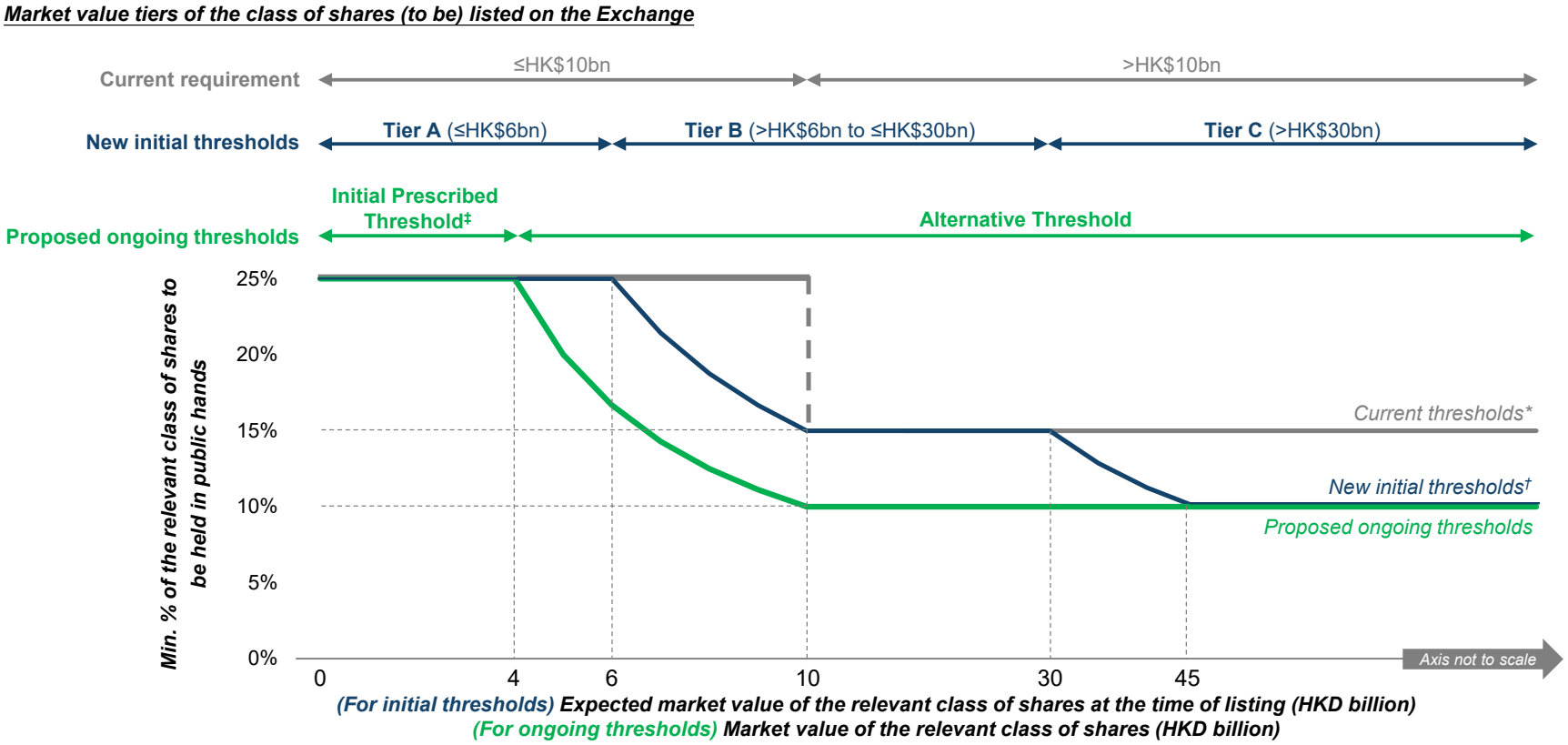
[170] MB Rule 8.05(3)(d).

(b) 10% is the lowest public float percentage currently acceptable at initial listing (see Section II.A of this Chapter).

Comparison with current requirements

332. **Figure 1** below compares the existing public float requirements, the new initial public float thresholds and the proposed ongoing public float thresholds.

Figure 1: Comparison of public float requirements



* The Exchange may grant case-by-case waivers to allow initial prescribed public float percentages of below 15%.
† The Exchange may grant case-by-case waivers to allow initial prescribed public float percentages of below 10%.
‡ Assuming the issuer has an Initial Prescribed Threshold of 25%.

Comparison with other international stock exchanges

333. The Alternative Threshold under the proposal will also better align our ongoing public float requirements with those of other international stock exchanges (see Table 18 in **Appendix IV** to the Consultation Paper). These exchanges generally apply ongoing public float thresholds that are less stringent than those imposed at initial listing[171].

Basis for determination of public float market value

334. The determination of public float market value using a volume weighted average price of shares over 125 trading days (on a rolling basis) (see paragraph 316) aims to smooth out the impact of any short-term fluctuation in share prices.

335. Issuers that adopt the Alternative Threshold would need to closely monitor fluctuations in their market capitalisation to determine whether their public float continues to meet the market value requirement of HK$1 billion (see paragraph 360 for consequences of breach).

336. We propose to apply certain conditions (as set out in paragraphs 317 and 318) for issuers seeking to rely on the Alternative Threshold to provide a sufficient trading record for demonstrating sustained compliance with the market value-based element of the Alternative Threshold.

GEM issuers

337. We propose to apply the same requirements to GEM issuers for consistency. This is also consistent with our approach to the initial public float requirements (see paragraphs 163 to 164).

Review of the new regime

338. While the Exchange recognises the importance of providing issuers with a degree of flexibility in their public float level to facilitate future transactions that are in the interests of the company and its shareholders, the Exchange is also committed to ensuring that such flexibility does not compromise the overall public float levels across the market as a whole.

339. The Exchange will continue to monitor issuers' compliance with the Listing Rules, on an ongoing basis, including to ascertain whether any transactions involving the use of shares by an issuer are genuinely in the interests of the issuers and their shareholders as a whole.

340. If our proposals are supported by the market, the Exchange will undertake a review of the regime, at both the one-year and three-year mark following the effective date of the proposed Rules, to assess whether the regime continues to meet its intended objectives.

[171] Or adopt an initial and ongoing public float threshold that is lower than that of the Exchange. See paragraphs 108 and 109 of the Consultation Paper.

Question 1

1.1 Do you agree with the proposal to implement the Alternative Threshold, which will provide an alternative ongoing public float threshold for issuers in addition to the Initial Prescribed Threshold (as set out in paragraphs 310 to 312 of the Conclusions and Further Consultation Paper)?

Please give reasons for your views and any alternative suggestions.

1.2 If your answer to Question 1.1 is "yes", do you agree with the proposed threshold figures (i.e. HK$1 billion and 10%) for the Alternative Threshold (as set out in paragraph 312 of the Conclusions and Further Consultation Paper)?

Please give reasons for your views and any alternative suggestions.

1.3 If your answer to Question 1.1 is "yes", do you agree that for the purpose of determining whether the market value of shares held by the public meets the market value limb of the Alternative Threshold , the market value of an issuer's shares will be determined on a rolling basis by multiplying (a) the number of shares held by the public as of the date of determination by (b) the volume weighted average price of the shares listed on the Exchange over 125 trading days immediately prior to the date of determination (as set out in paragraph 316 of the Conclusions and Further Consultation Paper)?

Please give reasons for your views and any alternative suggestions.

1.4 If your answer to Question 1.1 is "yes", do you agree that a listed issuer would not be able to rely on the Alternative Threshold if the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange?

Please give reasons for your views and any alternative suggestions.

1.5 If your answer to Question 1.1 is "yes", do you agree that, in the case of an issuer seeking to switch from relying on the Initial Prescribed Threshold to the Alternative Threshold, if its listed shares have been suspended from trading for more than five consecutive business days during the 125-trading-day period for determination of the market value of shares, the Exchange may require the issuer to extend the 125-day period to demonstrate that it can meet the Alternative Threshold over a reasonable period after resumption of trading?

Please give reasons for your views and any alternative suggestions.

1.6 Do you agree that the same ongoing public float requirements that apply to Main Board issuers should be applied to GEM issuers?

Please give reasons for your views and any alternative suggestions.

B. PRC Issuers with Other Listed Shares (e.g. A+H Issuers)

Proposals

Bespoke ongoing public float thresholds

341. We propose to apply the following bespoke ongoing public float thresholds for PRC issuers[172] with other listed shares (such as A+H issuers)[173] (see paragraph 92)[174] so that their H shares listed on the Exchange and held by the public must, at all times:

(a) have a market value of at least HK$1 billion; or

(b) represent at least 5% of the total number of shares in the class to which H shares belong (excluding treasury shares)[175].

342. We propose to also apply the same bespoke ongoing public float thresholds to non-PRC issuers with shares listed on a PRC stock exchange. This is if those shares are in the same class as, but are not fungible with, the shares listed on the Exchange [176]. For such issuers, the reference to "H shares" in the relevant requirement is modified to mean their shares listed on the Exchange.

343. The bespoke ongoing public float thresholds described above (in paragraph 341), together with the Initial Prescribed Threshold (in paragraph 310) and the Alternative Threshold (in paragraph 312), are hereinafter referred to as the **Ongoing Public Float Thresholds** in this Chapter.

Determination of market value thresholds

344. We propose to adopt the same methodology as that used for the Alternative Threshold (see paragraph 316) to determine the market value of publicly held shares of a PRC issuer with other listed shares. The volume weighted average price of the issuer's H

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[172] For the avoidance of doubt, a PRC issuer refers to an issuer duly incorporated in Mainland China as a joint stock limited company. Accordingly, red-chip issuers, i.e. issuers incorporated outside of Mainland China, with their management and control or main business operations and asset in Mainland China are excluded from this definition.

[173] These issuers will also be subject to a bespoke public float threshold at initial listing (see Section D.1 of Chapter 1 of the Consultation Paper and Section II.B of Chapter 3 of this paper).

[174] This would include a PRC issuer that becomes a PRC issuer with other listed shares after listing on the Exchange.

[175] This means A shares will be included in the denominator, as both H shares and A shares are ordinary shares and are considered as one class of shares under relevant PRC laws and regulations, having the same substantive rights such as voting, dividend and asset distribution on liquidation.

[176] In the past, the Exchange granted waivers to some issuers from strict compliance with certain listing requirements relating to the issuance and listing of shares on a PRC stock exchange (**RMB Shares**) under a framework similar to that applicable to A+H issuers, on the basis that the RMB Shares would only be listed and traded on the PRC stock exchange and are in the same class as, but are not fungible with, the shares listed on the Exchange.

shares will be calculated based on the 125 trading days, or all trading days since listing on the Exchange, whichever is shorter, immediately prior to the date of determination.

Rationale

345. The proposal aims to help ensure that there are sufficient shares available for trading in Hong Kong that form a critical mass in the open market on a continual basis, as suggested by some respondents (see paragraphs 237 to 239).

Rationale for the proposed thresholds

346. As mentioned by some respondents (see paragraph 238), secondary fundraising by an A+H issuer on a PRC stock exchange would result in a reduction in the proportion of H shares listed on the Exchange (relative to the issuer's total number of issued shares). This is even though the absolute number of publicly held H shares listed in Hong Kong remains unchanged. Consequently, such secondary fundraising would make it more difficult for such an issuer to comply with ongoing public float thresholds that are purely percentage-based. These respondents asked the Exchange to provide flexibility for A+H issuers to conduct secondary fundraising on other markets (including PRC stock exchanges) by imposing lower ongoing public float thresholds than those imposed at listing. Accordingly, for PRC issuers with other listed shares, the proposed 5% threshold is set lower than the 10% threshold required at initial listing (see Section II.B of this Chapter).

347. Under the proposals, the proposed market-value threshold of HK$1 billion represents a discount of 67% to the initial market value threshold of HK$3 billion (applicable to mega cap A+H issuers) for these issuers. This helps ensure that potential fluctuations in share prices will not easily trigger a breach of the proposed Ongoing Public Float Thresholds.

348. The HK$1 billion threshold is also consistent with the market value required under the Alternative Threshold (see paragraph 341). The 5% threshold is determined by reference to the portion of H shares that we estimate existing A+H issuers with relatively smaller market capitalisations currently maintain on the Exchange.

Other types of issuers

349. Some non-PRC issuers with shares listed on the Exchange have shares of the same class listed on a PRC stock exchange (e.g. RMB Shares). However, these two pools of listed shares are not fungible with each other[177]. As these issuers have similar features as A+H issuers, we propose that the same bespoke ongoing public float thresholds apply to them, with appropriate modifications (see paragraph 342).

[177] See footnote 176.

Question 2

2.1 Do you agree with the proposed bespoke ongoing public float threshold figures (i.e. HK$1 billion or 5%) for a PRC issuer with other listed shares (such as an A+H issuer) (as set out in paragraph 341 of the Conclusions and Further Consultation Paper)?

Please give reasons for your views and any alternative suggestions.

2.2 Do you agree that the bespoke ongoing public float thresholds for PRC issuers with other listed shares should also apply (as modified) to non-PRC issuers with shares listed on a PRC stock exchange (e.g. RMB shares), if those shares are in the same class as, but are not fungible with, the shares listed on the Exchange (as set out in paragraph 342 of the Conclusions and Further Consultation Paper)?

Please give reasons for your views and any alternative suggestions.

C. Regular Public Float Reporting

350. In addition to the ongoing public float disclosure proposed in the Consultation Paper, which we are minded to adopt (see Section III.C of this Chapter), in view of respondents' suggestions (see paragraph 286 and our response in paragraph 302) and to complement the proposed ongoing public float requirements set out in this section, we propose additional public float disclosure as set out below.

Proposals

Public float sufficiency confirmation

351. We propose that **all** issuers be required to confirm, in their **monthly returns and annual reports**, whether they have met their applicable Ongoing Public Float Thresholds.

Monthly reporting

352. In addition, we propose that an issuer disclose in each of its monthly returns, as of the end of the relevant period to which the monthly return relates:

(a) in the case where the issuer relies on the **Initial Prescribed Threshold** (see paragraph 310), the minimum percentage threshold applicable to the issuer; and

(b) in the case where: (i) the issuer relies on the **Alternative Threshold** (see paragraph 312); or (ii) the issuer is a **PRC issuer with other listed shares (e.g. an A+H issuer)** relying on the **market value limb** of the relevant bespoke ongoing public float threshold (see paragraph 341(a)), the market value and percentage of the portion of the class of shares they have listed on the Exchange that are held by the public.

Annual reporting

353. We propose that all issuers also be required to disclose, in each of their annual reports, the same information proposed above in their monthly returns (see paragraph 352), as at the end of the relevant financial year.

Disclosure on share capital structure information

354. We propose to require all issuers to state, in their annual reports, the structure of their share capital as at the end of the relevant financial year. This disclosure would be required to include details of the different type(s) and class(es) of securities, together with the percentage for each type of shares (as a percentage of the total number of shares), the ranking of each type of shares, and details of any special voting right structure (if applicable).

Basis of disclosure

355. Consistent with the basis of public float disclosure proposed in the Consultation Paper which we are minded to adopt (see paragraph 305), for the purpose of the above proposed disclosure requirements, the disclosure must be made based on information that is publicly available to the issuers or otherwise within the knowledge of their directors.

Rationale

356. The proposed disclosure would help enhance market transparency and enable investors to make better informed investment decisions. In view of the introduction of the Alternative Threshold, the proposed disclosure will also ensure that issuers update the market on the Ongoing Public Float Threshold applicable to them.

357. The additional disclosure requirements would also ensure that investors are better informed of issuers' public float status and any shortfall that may lead to the risk of delisting (see Section IV.D of this Chapter).

358. The share capital structure information disclosure requirement is proposed in response to suggestions made in feedback to the Consultation Paper (see paragraph 354 and our response in paragraph 99). We agree that such disclosure would provide helpful information for shareholders and potential investors, especially for issuers with more than one type or class of securities.

Impact of our proposals

359. A summary of regular public float reporting obligations under the proposals in the Consultation Paper and this paper is set out in Table 8.

Table 8: Summary of regular public float reporting obligations for different types of issuers

Reporting obligation	Monthly returns	Annual reports
Confirmation of compliance with the applicable Ongoing Public Float Threshold	All issuers	All issuers
Minimum public float percentage threshold	Issuers relying on the Initial Prescribed Threshold	Issuers relying on the Initial Prescribed Threshold
Actual public float percentage	Issuers relying on the market value-based thresholds (note 1)	All issuers (note 2)
Actual public float market value	Issuers relying on the market value-based thresholds (note 1)	Issuers relying on the market value-based thresholds (note 1)
Share ownership composition	Not applicable	All issuers (note 2)
Share capital structure	Not applicable	All issuers

Notes:

1. *These are (a) issuers relying on the Alternative Threshold (see paragraph 312) and (b) PRC Issuers with other listed shares (e.g. A+H issuers) relying on the market value limb of the applicable Ongoing Public Float Threshold (see paragraph 341(a)).*
2. *As proposed in the Consultation Paper (Section I.B.3 of Chapter 1). See also Section III.A of this Chapter for respondents' feedback and the Exchange's response.*

Question 3

3.1 Do you agree with the proposal that all issuers be required to confirm, in their monthly returns and annual reports, whether they have met their applicable Ongoing Public Float Thresholds?

Please give reasons for your views and any alternative suggestions.

3.2 Do you agree with the proposal that issuers relying on the Initial Prescribed Threshold must disclose the minimum percentage threshold applicable to them in their monthly returns (as set out in paragraph 352(a)) of the Conclusions and Further Consultation Paper)?

Please give reasons for your views and any alternative suggestions.

3.3 Do you agree with the proposal that the following types of issuers must disclose, in their monthly returns, the market value and percentage of the portion of the class of shares they have listed on the Exchange that are held by the public (as set out in paragraph 352(b) of the Conclusions and Further Consultation Paper):

(a) issuers relying on the Alternative Threshold; and

(b) PRC issuers with other listed shares (e.g. A+H issuers) relying on the market value limb of the relevant bespoke ongoing public float threshold?

Please give reasons for your views and any alternative suggestions.

3.4 Do you agree with the proposal that all issuers also be required to disclose, in each of their annual reports, the relevant information proposed to be included in their monthly returns (see paragraph 352 of the Conclusions and Further Consultation Paper), as at the end of the relevant financial year?

Please give reasons for your views and any alternative suggestions.

3.5 Do you agree with the proposed disclosure obligations in relation to share capital structure information in annual reports for all issuers (as set out in paragraph 354 of the Conclusions and Further Consultation Paper)?

Please give reasons for your views and any alternative suggestions.

D. Public Float Shortfalls

Proposals

Obligations upon breach of the ongoing public float requirements

360. It will be a breach of Listing Rules for an issuer's public float to fall below the proposed applicable Ongoing Public Float Threshold. If this occurs, we propose that the following apply:

(a) *Restoration:* consistent with the existing regulatory approach[178], the issuer must take active steps to restore its public float to meet the applicable Ongoing Public Float Threshold as soon as possible. This means that it must increase its public float percentage to meet the Initial Prescribed Threshold or the Alternative Threshold[179];

(b) *Initial announcement:* consistent with the existing regulatory approach[180], the issuer must publish an initial announcement of the Rule breach. We propose that:

(i) an issuer must publish an announcement within one business day of it becoming aware that there is a public float shortfall, which must set out the market value (if applicable) and percentage of its public float, and the reason for the breach of the Rule (see Box 4 for details of disclosure requirement for such an announcement); and

(ii) the issuer must also announce its plan and expected timeline to restore to the applicable Ongoing Public Float Threshold as soon as practicable, which can be announced in a subsequent announcement but in any case such subsequent announcement must be published no later than 15 business days of it becoming aware that there is a public float shortfall;

(c) *Subsequent monthly update announcement:* we propose that an issuer with a public float shortfall must provide monthly updates, by way of announcement, to notify the market of the status of its public float (including the market value (if applicable) and percentage of its public float) and updates on its restoration plan (see Box 4 for details of disclosure requirement for such announcement); and

(d) *Restrictions on actions that may further reduce public float:* we also propose to clarify that, for so long as an issuer does not comply with the applicable Ongoing Public Float Threshold, the issuer itself, and each of its directors, must not (and each director must use his best endeavours to ensure that his close associates do

[178] MB Rule 13.32(2) (GEM Rule 17.37).

[179] For PRC issuers with other listed shares (e.g. A+H issuers), to restore to the threshold set out in paragraph 341.

[180] MB Rule 13.32(1) (GEM Rule 17.36).

not) take any action that may further lower the issuer's public float percentage, unless the circumstances are exceptional.

Examples of such actions include a share repurchase by the issuer, or an acquisition of shares by its directors or their close associates.

Box 4: Detailed disclosure requirements relating to breach of Ongoing Public Float Threshold

Initial announcement concerning a breach of Ongoing Public Float Threshold

The initial announcement to be published by an issuer that has breached the Ongoing Public Float Threshold must contain all relevant information regarding the market value (if applicable) and percentage of its public float, and, as far as the issuer and its directors are aware, the reason(s) for the breach. The announcement must also contain:

(a) the issuer's plan and expected timeline to restore its public float (see paragraph 360(a)), which, if not available at the time of the initial announcement, can be announced in a subsequent announcement (see paragraph 360(b)(ii)); and

(b) a table showing the composition of ownership of the shares listed on the Exchange (excluding treasury shares) that enables investors to understand the extent of control by persons who are not members of "the public" and concentration of shareholding.

Subsequent monthly update announcements

An issuer that has breached the Ongoing Public Float Threshold must also provide monthly updates, by way of announcement, to notify the market of the status of its public float until the public float is restored. The monthly update announcement must contain:

(a) the market value (if applicable) and percentage of its public float;

(b) the status of its restoration plan, including action(s) that the issuer has taken during the relevant period to restore its public float; and

(c) the expected timing for restoration.

Issuers with a Significant Public Float Shortfall

361. We propose <u>not</u> to suspend trading in the shares of an issuer solely due to a shortfall in its public float below a specified threshold[181].

362. Consequently, current Rule provisions would be removed that state that the Exchange will refrain from suspension under circumstances such as a public float shortfall arising purely from an increased or newly acquired shareholding by a third-party investor[182].

[181] Under current requirements, the Exchange will normally require suspension of trading in an issuer's securities where the percentage of its public float falls below 15% (or 10% in the case of an issuer that has been granted a lower percentage of public float at the time of listing). See MB Rule 13.32(3) (GEM Rule 17.37).

[182] MB Rule 13.32(4) (Note 6 to GEM Rule 11.23)

Imposition of a special stock marker

363. Instead of suspension, we propose to identify issuers with a **Significant Public Float Shortfall** (as set out in paragraphs 364 to 366 below) with a special stock marker added to its stock short name[183]. Such issuers would also be subject to additional disclosure obligations (see paragraph 369), and would be delisted if they fail to restore public float within a prescribed remedial period (see paragraph 368).

Proposed Significant Public Float Shortfall thresholds

364. A public float shortfall will be considered as a **Significant Public Float Shortfall** unless a portion of the issuer's class of shares listed on the Exchange and held by the public:

(a) represents at least 15% of the issuer's total number of issued shares in the class of shares listed (excluding treasury shares) (or for an issuer subject to a minimum public float percentage lower than 25% at the time of its initial listing, represents at least 50% of the issuer's Initial Prescribed Threshold); **or**

(b) has a market value of at least HK$500 million and represents at least 5% of the issuer's total number of issued shares in the class of shares listed (excluding treasury shares)[184].

365. For a PRC issuer with other listed shares, a public float shortfall will be considered as a Significant Public Float Shortfall unless its H shares listed on the Exchange and held by the public:

(a) have a market value of at least HK$500 million; **or**

(b) represent at least 5% of the issuer's total number of shares in the class to which H shares belong (excluding treasury shares).

366. The Significant Public Float Shortfall threshold for a PRC issuer with other listed shares would also apply to non-PRC issuers with part of their share class listed on a PRC stock exchange (e.g. RMB Shares) where those shares are in the same class as, but are not fungible with, the shares listed on the Exchange (see paragraph 349). References to "H shares", in respect of that threshold, are modified to mean their shares listed on the Exchange.

367. Consistent with the determination of the market value components of the Ongoing Public Float Thresholds (see paragraphs 316 above), the market value thresholds for the purpose of considering whether an issuer has a Significant Public Float Shortfall (see paragraphs 364 to 366) would be determined by multiplying (a) the number of the shares

[183] Subject to any necessary system and operational changes being made.

[184] If an issuer's shares have traded for fewer than 125 trading days since listing on the Exchange, limb (b) would not apply, i.e. a public float shortfall will be considered as a Significant Public Float Shortfall unless the portion of its class of shares listed on the Exchange and held by the public represents at least 15% of the issuer's total number of issued shares in the class of shares listed (excluding treasury shares) (or for an issuer subject to a public float percentage lower than 25% at the time of its initial listing, 50% of the issuer's Initial Prescribed Threshold).

held by the public as of the date of determination by (b) the volume weighted average price of the shares listed on the Exchange over 125 consecutive trading days (or, for PRC issuers with other listed shares (e.g. A+H issuers), all trading days since listing, if shorter) immediately prior to the date of determination.

Delisting

368. We propose that, if a special stock marker has been imposed (see paragraph 363), the issuer be delisted if it fails to restore its public float to meet the applicable Ongoing Public Float Threshold within 18 months (GEM: 12 months) (of the date of commencement of the Significant Public Float Shortfall).

Additional disclosure obligations for issuers with Significant Public Float Shortfall

369. Issuers with a special stock marker would be required to comply with the following disclosure obligations (in addition to the proposed disclosure requirement under paragraph 360):

(a) *Announcement:* within one business day upon becoming aware of a Significant Public Float Shortfall, an issuer must publish an announcement of this fact; and

(b) *Adequate warning of its low public float:* an issuer with a Significant Public Float Shortfall must include an appropriate warning statement in all announcements and documents required to be published by the Rules. That warning statement should inform the market that the issuer's shares will be delisted if it fails to restore its public float to meet the applicable Ongoing Public Float Threshold within the prescribed period (see paragraph 368). It should also state that shareholders and investors should exercise caution when trading its shares.

Removal of the special stock marker

370. We propose that the special stock marker be removed, and cease to apply to an issuer, if the issuer can demonstrate that its public float has been restored to meet the applicable Ongoing Public Float Threshold. The issuer must announce the restoration of its public float.

Rationale

Regulatory approach

371. As noted in the Consultation Paper[185] and respondents' comments (see paragraph 255), our current regulatory approach of suspending trading for public float breaches may increase the difficulty and costs for the issuer to restore its public float. Suspension also deprives shareholders of their ability to trade out of their position, which hinders a controlling shareholder's ability to help the issuer to restore the public float.

[185] See paragraphs 107(c), 110 and 111 of the Consultation Paper.

372. Our proposal replaces suspension with other consequences for a public float shortfall that is considered significant, which we believe will provide better investor protection, whilst retaining a strong deterrent effect against prolonged non-compliance, compared to the current regulatory regime. Overall, under our proposals:

(a) consistent with the existing regime, a shortfall in public float (below the applicable Ongoing Public Float Threshold) constitutes a breach of the Listing Rules. An issuer with a public float shortfall has an obligation to restore its public float to the applicable Ongoing Public Float Threshold in a timely manner;

(b) the proposed removal of the suspension requirement would enable an issuer to conduct on-market transactions to facilitate public float restoration. Consequently, the Exchange expects the time required by an issuer to restore any public float shortfall to be shorter compared to that required under existing regulatory framework[186]. The Exchange may exercise its discretion[187] to take appropriate action(s) (including to subject the issuer to the procedures set out in paragraphs 363, 368 and 369) if, in the opinion of the Exchange, the issuer fails to re-comply with the applicable public float requirement within a reasonable period;

(c) the additional disclosure requirements imposed (see paragraph 360 and Box 4) serve to update the market and demonstrate that the issuer in breach of the public float requirement is taking prompt and active steps to restore its public float. The issuer would be required to ensure information in the relevant announcement(s) is meaningful and to avoid boilerplate disclosure. We expect that monthly update announcement(s) would incentivise issuers falling short of the Ongoing Public Float Threshold to restore the shortfall as soon as possible to avoid additional disclosure or other obligations during such remedial period;

(d) existing shareholders and investors would be able to clearly identify issuers with a Significant Public Float Shortfall due to the imposition of a special stock marker and heightened disclosure requirements (see paragraph 369). This means that they would be able to make investment decisions in full knowledge that the issuer has a Significant Public Float Shortfall and may potentially be delisted; and

(e) the proposed delisting mechanism (see paragraph 368) incentivises issuers with a Significant Public Float Shortfall to restore their public float promptly. As there is a higher risk of price volatility in such issuers' shares, particularly those with highly concentrated shareholdings in the hands of few shareholders, for the protection of investors and preservation of market quality, our proposal aims to avoid an accumulation of issuers with a Significant Public Float Shortfall on our market.

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[186] As set out in footnote 63 on page 34 of the Consultation Paper, for cases where trading was suspended during the period between 2017 and September 2024 (of which majority of the cases related to general offers), the average time taken by issuers to restore the public float shortfall was 4.9 months (with a range from 0.3 months to 17.7 months).

[187] MB Rule 6.01(2) (GEM Rule 9.04(2)).

Restrictions on directors

373. Directors of an issuer must, to the best of their ability, use their best endeavours to procure the issuer to comply with the Listing Rules[188]. Consistent with this existing requirement, we propose to clarify that, for so long as an issuer remains non-complaint with the public float requirement, the issuer and its directors (including their close associates) must not take any action that may further lower the issuer's public float percentage.

374. The restriction will, however, not be applicable where there are exceptional circumstances to accommodate situations such as an issuer with a public float shortfall subsequently seeking privatisation by repurchasing shares through the making of a general offer.

Public float shortfall resulting from actions by an issuer's controlling shareholders or other substantial shareholders, or an offer

375. Under existing requirements[189], sanctions may be imposed on any substantial shareholder of an issuer[190], through secondary liability, if the substantial shareholder is found to have caused by action or omission, or knowingly participated in, a contravention of the Listing Rules. The Exchange may apply these provisions to impose a sanction on a substantial shareholder if the substantial shareholder is found to have caused by action, or knowingly participated in, a breach of the public float requirement by the issuer. For example, the substantial shareholder has undertaken an act (e.g. buying shares) in contemplation of the breach of the public float requirement by the issuer.

376. In the case of an offer regulated under the Takeovers Code, consistent with existing requirements, the offeror is required to provide an undertaking to the Exchange to ensure sufficient public float in the issuer's shares following the close of the offer (see Section IV.F of this Chapter).

Proposed Significant Public Float Shortfall thresholds

377. The first limb of the proposed Significant Public Float Shortfall thresholds (see paragraph 364(a)) is consistent with the existing 15% threshold that triggers more serious consequences (e.g. suspension) in case of a shortfall[191]. Under that limb, the threshold for issuers with an Initial Prescribed Threshold of below 25% is set at 50% of the Initial Prescribed Threshold as a consequential amendment (see paragraph 310). We believe a shortfall of over 50% is significant enough to warrant the application of more severe regulatory actions.

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[188] MB Rule 3.09B (GEM Rule 5.02B).

[189] MB Rule 2A.10B (GEM Rule 3.11B).

[190] Being a party named in MB Rule 2A.09(1)(d) (GEM Rule 3.10(1)(d)).

[191] Under current regulatory framework, the Exchange will normally require suspension of trading in an issuer's securities where the percentage of its public float falls below 15% for issuer that has not been granted a lower percentage of public float at the time of listing. See MB Rule 13.32(3) (GEM Rule 17.37).

378. Similarly, the second limb of the proposed Significant Public Float Shortfall thresholds (see paragraph 364(b)) represents a 50% discount to the Alternative Threshold. The proposed formulation is based on a combination of percentage and market value thresholds, which is also consistent with respondents' suggestions (see paragraph 258). This proposed approach aims to balance the following:

(a) an issuer with a sufficiently large public float in market value (i.e. at least HK$500 million) will not be treated as an issuer with a Significant Public Float Shortfall, provided that such public float represents at least 5% of the class of shares listed on the Exchange. The proposed HK$500 million threshold is the same as the minimum market capitalisation requirement for listing on the Main Board[192]; and

(b) a shortfall in the market value threshold of HK$500 million would not, in itself, constitute a Significant Public Float Shortfall, provided that the percentage of the issuer's public float is not less than 15% (in the case of issuer listed with 25% public float) or not less than 50% of the Initial Prescribed Threshold (in the case of an issuer with an Initial Prescribed Threshold of below 25%). This is to avoid an issuer being regarded as having a Significant Public Float Shortfall simply because of fluctuations in its share price.

379. To ensure consistency with the basis for deriving the Alternative Threshold, the market value threshold is set at HK$500 million (representing 50% of the market value limb under the Alternative Threshold), even though this value is higher than those suggested by respondents (see paragraph 258).

380. With respect to PRC issuers with other listed shares (e.g. A+H issuers), the percentage limb of the applicable Significant Public Float Shortfall thresholds is set at the same level as that of the applicable ongoing public float threshold (i.e. 5%). This is to ensure consistency with the bare minimum percentage threshold set for other issuers.

Delisting

381. Under our proposals, an issuer would be delisted if it fails to restore its public float to meet the applicable Ongoing Public Float Threshold within 18 months (GEM: 12 months) from the date of commencement of the Significant Public Float Shortfall. This period is the same as the maximum time for suspended issuers to remedy issues and resume trading under our existing delisting framework[193].

Removal of the special stock marker

382. Under our proposals, restoration of an issuer's public float to meet the applicable Significant Public Float Shortfall threshold would not, in itself, be sufficient for the special stock marker to be removed. Instead, such issuer is required to restore its public float

[192] MB Rule 8.09(2).

[193] MB Rule 6.01A(1) (GEM Rule 9.01).

to meet the applicable Ongoing Public Float Threshold for the marker to be removed. This is consistent with our existing regulatory approach[194], which helps to ensure that:

(a) there is a critical mass of shares available in the open market for trading, rather than purely a minimal amount; and

(b) the possibility of re-application of a special stock marker to the same issuer is minimised.

Suspension of trading

383. Although we propose not to suspend trading in the shares of an issuer solely due to a shortfall in its public float, the Exchange would continue to retain its discretion to direct a trading halt of, or suspend dealings in, any issuer's securities where any indication of a false market is detected[195].

384. In addition, where the Exchange has reason to believe that the securities of an issuer listed on the Exchange may be concentrated in the hands of a few shareholders to the detriment or without the knowledge of the investing public, the Exchange will continue to have power to request the issuer to[196]:

(a) publish an announcement to inform the public that its shareholding may have been concentrated in the hands of a few shareholders; and remind the public to exercise caution when dealing in its securities; and

(b) conduct an investigation under section 329 of the SFO[197] and publish an announcement containing the findings of the investigation.

Question 4

4.1 Do you agree that the additional obligations we propose to apply to issuers if their public float falls below the applicable Ongoing Public Float Threshold (as set out in paragraph 360 of the Conclusions and Further Consultation Paper) are sufficient to: (a) enable continued trading of the issuer's shares (on the basis that the proposal would enable sufficient information to be provided to potential investors and existing shareholders); and (b) incentivise relevant issuers to restore their public float to meet the applicable Ongoing Public Float Threshold as soon as practicable?

Please give reasons for your views and any alternative suggestions.

[194] The current requirement also provides that an issuer will be suspended until steps have been taken to restore the minimum percentage of securities in public hands. See MB Rule 13.32(2) (GEM Rule 17.37).

[195] MB Rule 13.10 (GEM Rule 17.11); and MB Rule 13.32(5) (Note 7 to GEM Rule 11.23). See also FAQ10 – No. 1 (last updated in December 2024) for meaning of a "false market".

[196] MB Rule 13.34.

[197] Pursuant to section 329 of the SFO, a listed issuer has the power to investigate the identity of holders of: (a) interests in its voting shares; (b) short positions in its voting shares; or (c) equity derivatives where the underlying shares of such derivatives are shares in that listed issuer.

4.2 Do you agree with the proposed disclosure requirement for the initial announcement to be made by an issuer with a public float shortfall within one business day of it becoming aware that there is a public float shortfall (as set out in paragraph 360(b) of the Conclusions and Further Consultation Paper), including the proposed requirement that the issuer must also announce its plan and expected timeline to restore to the applicable Ongoing Public Float Threshold, which can be announced in a subsequent announcement that must be published no later than 15 business days of it becoming aware that there is a public float shortfall?

Please give reasons for your views and any alternative suggestions.

4.3 Do you agree that if an issuer's public float falls below the applicable Ongoing Public Float Threshold, it must provide monthly updates, by way of announcement, to notify the market of the status of its public float and updates on its restoration plan (as set out in paragraph 360(c) of the Conclusions and Further Consultation Paper)?

Please give reasons for your views and any alternative suggestions.

4.4 Do you agree that, for so long as an issuer does not comply with the applicable Ongoing Public Float Threshold, the issuer itself, and each of its directors, must not (and each director must use his best endeavours to ensure that his close associates do not) take any action that may further lower the issuer's public float percentage, unless the circumstances are exceptional (as set out in paragraph 360(d) of the Conclusions and Further Consultation Paper)?

Please give reasons for your views and any alternative suggestions.

4.5 Do you agree that shares of issuers with a public float below the applicable Ongoing Public Float Threshold can be traded without a special stock marker, as long as such public float shortfall does not constitute a Significant Public Float Shortfall (as set out in paragraph 363 of the Conclusions and Further Consultation Paper)?

Please give reasons for your views and any alternative suggestions.

4.6 Do you agree that, instead of suspension, issuers with a Significant Public Float Shortfall should be identified with a special stock marker and subject to heightened disclosure requirements and a delisting mechanism (as set out in paragraphs 361 to 369 of the Conclusions and Further Consultation Paper), such that there can be continued trading in the issuer's shares?

Please give reasons for your views and any alternative suggestions.

4.7 If your answer to Question 4.6 is "yes", do you agree with:

(a) the proposed Significant Public Float Shortfall thresholds (as set out in paragraphs 364 to 366 of the Conclusions and Further Consultation Paper);

(b) the proposed delisting mechanism for issuers with a Significant Public Float Shortfall (as set out in paragraph 368 of the Conclusions and Further Consultation Paper);

(c) the proposed additional disclosure obligations for issuers with a special stock marker (as set out in paragraph 369 of the Conclusions and Further Consultation Paper); and

(d) the proposed conditions for removal of the special stock marker (as set out in paragraph 370 of the Conclusions and Further Consultation Paper)?

Please give reasons for your views and any alternative suggestions.

E. Scope of Application

Proposal

Applicability to shares only

385. As stated above (see paragraph 270), we are minded to apply the proposed ongoing public float requirements to shares listed on the Exchange only, and not to convertible securities or options, warrants or similar rights to subscribe for or purchase shares or convertible securities.

Applicability to all existing issuers

386. We also propose that all existing issuers be subject to the proposed ongoing public float requirements.

Rationale

387. As stated in the Consultation Paper (see paragraph 118), we proposed not to apply ongoing public float requirements to convertible securities or options, warrants or similar rights to subscribe for or purchase shares or convertible securities, as the rights carried by these securities are normally subject to a fixed term by which they must be exercised or converted. These securities will also reduce in number over time as security holders exercise their rights to subscribe for, purchase, or convert those securities into the underlying equity securities, and such exercise is beyond the issuer's control. This means there would be practical difficulties for the issuer to maintain an "open market" in these securities.

388. Also, as noted by some respondents (see paragraph 262), it could potentially mislead investors about the public float of the underlying shares if such convertible securities were to be included in the public float calculation.

389. Our rationale for applying the proposed ongoing public float requirements to existing issuers is to ensure that those who are sufficiently large in size, and can meet the necessary thresholds, may also enjoy the flexibility under the Alternative Threshold to better manage their capital as described above (see paragraphs 326 to 330).

Question 5

Do you agree that the proposed ongoing public float requirements be applied to all existing listed issuers?

Please give reasons for your views and any alternative suggestions.

F. Offers under the Takeovers Code

Proposals

390. We propose to:

(a) retain the existing obligation for offerors to: (i) undertake to restore a public float shortfall[198] upon completion of its offer under Takeovers Code if the offeror intends the issuer to remain listed afterwards; and (ii) disclose the undertaking in the offer document; and

(b) make consequential changes to the Rules to require the offer document to highlight the possibility that a special stock marker may be imposed if there is a Significant Public Float Shortfall (see paragraph 363) upon completion of the offer and that the issuer may be delisted if it fails to restore its public float within the prescribed remedial period upon such shortfall (see paragraph 368).

391. We also propose to retain the current practice that the Exchange may consider granting a timing-relief waiver to an issuer from the ongoing public float requirement for a reasonable period after a general offer to enable its public float restoration[199]. Any such timing-relief waiver will be conditional upon the issuer being subject to the same level of disclosure as if it were an issuer that had breached the public float requirement. However, we propose that such a timing-relief waiver not be granted if the public float shortfall after completion of a general offer is considered a Significant Public Float Shortfall (see paragraph 363).

Rationale

392. In cases involving a public float shortfall that results from the completion of a general offer, the public float can be restored by the offeror disposing of some of its shares. Accordingly, we will retain: (a) a positive obligation for the offeror to restore the public float if it intends the issuer to remain listed after the general offer; and (b) the current practice that the Exchange may consider granting a timing-relief waiver.

393. With respect to an issuer with a Significant Public Float Shortfall upon completion of a general offer, our proposal means that such issuer would still be identified with a special stock marker to highlight the increased risks to investors. This would help incentivise the issuer and the offeror to restore the issuer's public float as soon as practicable (see paragraph 369).

[198] MB Rule 14.81(3) (GEM Rule 19.81(3)).

[199] MB Rule 13.33 (GEM Rule 11.23(11)).

Question 6

6.1 Do you agree with our proposal to retain the current practice of granting a timing-relief waiver to an issuer from the ongoing public float requirement for a reasonable period after a general offer to restore the public float (as set out in paragraph 391 of the Conclusions and Further Consultation Paper)?

Please give reasons for your views and any alternative suggestions.

6.2 If your answer to Question 6.1 is "yes", do you agree that such a timing-relief waiver from the ongoing public float requirement should not be granted to the issuer if the public float shortfall upon completion of the general offer is considered as a Significant Public Float Shortfall (as set out in paragraph 391 of the Conclusions and Further Consultation Paper)?

Please give reasons for your views and any alternative suggestions.

CHAPTER 4: KEY IPO REQUIREMENTS

394. In this chapter, we summarise market feedback received on the key proposals related to the IPO offering mechanism and the pricing flexibility mechanism (as set out in Sections II and III of Chapter 1 of the Consultation Paper) and set out the Exchange's response to that feedback.

I. IPO Offering Mechanism

A. Regulatory Lock-up on Cornerstone Investment

Proposal

395. We sought market feedback on the regulatory lock-up requirement on cornerstone investors.[200] We sought views on the following two options[201]:

Option A: to retain the current requirement that IPO securities placed to cornerstone investors be locked up for six months after listing; or

Option B: to adopt a "staggered release" approach under which 50% of the IPO securities placed to cornerstone investors will be released three months after listing and the remaining IPO securities will be released six months after listing.

Comments received

General comments

396. Slightly more than half (57%) of the organisational respondents supported Option B, while a vast majority (89%) of individual respondents who responded to the question supported Option A[202].

397. Retail investors and brokerage firms were generally supportive of Option A (i.e. retaining the existing six-month lock-up), whereas sell-side representatives (e.g. private equity investors) and market practitioners (e.g. law firms) generally preferred Option B (i.e. adopting a staggered release of the six-month lock-up).

398. Two organisational respondents representing institutional buy-side representatives were also in favour of Option B. However, some individual buy-side firms that have submitted a response expressed support for Option A.

[200] See paragraph 205 of the Consultation Paper.

[201] Question 8 of the Consultation Paper.

[202] A total of 70 organisational respondents and 735 individual respondents responded to this question.

Key arguments for Option A: maintaining existing six-month lock-up

Maintains cornerstone investors' commitment

399. Supporters of Option A took the view that the current six-month lock-up requirement ensured cornerstone investors' commitment to, and confidence in, a listing applicant's prospects.

400. They considered the six-month lock-up a fair "quid pro quo" for the benefits of guaranteed allocation and that this was in line with the market expectation that cornerstone investors were investors who had significant confidence in the long-term value and development of the company.

401. Some respondents were concerned that reducing the lock-up period could attract investors with short term investment horizons as cornerstone investors, which would be an inappropriate signal to other investors considering investment in an IPO.

Share price stability

402. Proponents of Option A, including many retail investors, took the view that the six-month lock-up period helped ensure share price stability after listing. They were concerned that:

(a) shortening the lock-up period could lead to increased market volatility. In particular, a staggered release of the lock-up would exacerbate, rather than mitigate, the risk of share price volatility as there would be more than one occasion of lock-up expiry after listing; and

(b) a staggered release would only change the timing, rather than the impact, of potential share price volatility upon lock-up expiry (i.e. an "overhang" of shares).

Requirements that would mitigate the effect of an "overhang" of shares

403. A few respondents noted that the following requirements (existing and proposed) may already be sufficient to address the issue of market volatility upon the release of cornerstone lock-up:

(a) the Exchange's proposal to "ring-fence" the bookbuilding placing tranche (see Section I.B.1 of this Chapter) would help encourage investors to participate as bookbuilding placees rather than cornerstone investors. This should reduce the effect of the "overhang" issue arising from a large number of shares being released from lock-up due to a large cornerstone tranche at IPO; and

(b) the existing size-based exemption from the "double dipping" restrictions[203] meant cornerstone investors in an IPO which meets the relevant conditions could now subscribe for shares under the bookbuilding placing tranche. These shares would not be subject to lock-up and, therefore, this would reduce the pressure on cornerstone investors to sell down upon expiry of the lock-up period.

[203] Guide for New Listing Applicants (last updated 1 August 2025), Chapter 4.15, paragraph 18.

Key arguments for Option B: a staggered lock-up

Mitigating impact of share price volatility upon lock-up expiry

404. Proponents of Option B thought that a staggered release of the six-month lock-up would mitigate downward pressure on share prices upon the expiry of the lock-up period. This is because it would spread out the potential share price volatility caused by an "overhang" of shares. It was noted that the impact on share price movements could be particularly significant if the expiry of lock-up on cornerstone investors coincided with the expiry of the lock-up of pre-IPO investors.

405. Several proponents of Option B also noted that a staggered release of the six-month lock-up could provide additional market liquidity after the first three months of listing.

Attraction to institutional investors

406. Proponents of Option B thought that a staggered release of the six-month lock-up would help incentivise more institutional investors to participate in IPOs for the following reasons:

(a) it would provide additional flexibility for fund managers to more efficiently manage their portfolios and enable, for example, an open-ended fund to sell down its position to match redemption of the fund's units; and

(b) asset managers whose investment mandates required them to invest in transferable securities may be able to participate in an IPO as cornerstone investors.

Sufficient demonstration of commitment

407. Supporters of a staggered lock-up believed that three months would still be a substantial lock-up period to demonstrate a cornerstone investor's commitment to the IPO investment and the listing applicant's business. They thought that a 50% release in the subsequent three-month period would provide a more suitable balance between market stability and flexibility to cornerstone investors.

Alignment with international practice

408. Several respondents who were in favour of Option B believed that a relaxation of the existing six-month lock-up would better align the Exchange's regulatory requirements with those of other key markets such as the US, the UK, Singapore and Australia, where no regulatory lock-up was imposed on cornerstone investors or the equivalent.

Alternative suggestions

Alternative lock-up requirements

409. Several respondents suggested the following alternative lock-up requirements on cornerstone investments. All these suggestions were less prescriptive than the current six-month lock-up requirement:

(a) a few respondents suggested shortening the six-month lock-up to three months;

(b) two respondents suggested various amendments to the timing and/or percentage amounts of the release of the staggered lock-up; and

(c) three respondents suggested removing the lock-up requirement altogether.

Enhanced disclosure

410. A few respondents believed that, if a staggered release were to be adopted, enhanced disclosure would be required.

Our response and conclusion

411. We note that there was no consensus among respondents on changing the current six-month lock-up requirement.

412. We also note that the potential issues raised by respondents relating to the current six-month lock-up requirement (see paragraphs 404 to 406) could be mitigated by our proposed requirement to "ring-fence" the bookbuilding placing tranche (see paragraph 430) as:

(a) *Implied limitation on cornerstone investment*: this would result in an implied cap on cornerstone investment (see Section I.B.1 of this Chapter), which would limit the impact on share price performance that could be caused by a large "overhang" of shares upon expiry of the six-month lock-up period; and

(b) *Increased availability of allocation to institutional investors*: this would preserve a portion of offer shares (not subject to any lock-up restrictions) for placees. This should mean that these investors are less incentivised to become cornerstone investors to secure an allocation, reducing the need to amend cornerstone lock-up requirements to accommodate this type of investors.

413. We also note that the proposed initial free float requirement should help ensure adequate shares available for trading upon listing (see Section II.C of Chapter 3) without having to release locked-up cornerstone shares earlier to achieve a similar purpose.

414. In view of the above, the Exchange will retain the current cornerstone lock-up requirements (Option A) and not implement a staggered lock-up (Option B).

B. Allocation to the Placing Tranche

B.1 "Ring-fencing" the Bookbuilding Placing Tranche

Proposal

415. We proposed to require that an issuer allocate at least 50% of its shares initially on offer to its IPO bookbuilding placing tranche.[204]

Comments received

416. The proposal to "ring-fence" the bookbuilding placing tranche was supported by a slight majority (59%) of organisational respondents who responded to this question. Only a small portion (16%) of the individual respondents who responded supported the proposal[205].

General comments

417. Supporting respondents agreed that the proposal would be in line with the Exchange's objective to optimise IPO price discovery by ensuring a meaningful allocation of IPO shares to the bookbuilding placing tranche investors, who are the key price setters of the final offer price. They noted that:

(a) *Fundamental rather than momentum driven pricing*: the proposal would ensure that an IPO is priced by reference to a robust bookbuilding mechanism. Bookbuilding placing tranche investors' professional analysis, investment experience and due diligence efforts would likely facilitate more fundamental rather than momentum driven pricing. They thought this particularly important in light of increasingly innovative business models and the dynamic market environment;

(b) *Encourage institutional investors' participation:* a ring-fenced bookbuilding placing tranche would encourage institutional investors to participate in an IPO by providing a higher chance, than now, of a meaningful allocation that is worth their due diligence efforts. Also, if independent institutional investors could have a meaningful holding, such investors would less likely sell their holding post-IPO, thereby reducing the risk of share price volatility in the aftermarket; and

(c) *Reduced risk of manipulation:* in the absence of a minimum allocation requirement, issuers can potentially allocate a very small portion of shares to the bookbuilding placing tranche, which is then at risk of manipulation. The Exchange's proposal would reduce this risk.

418. In general, retail investors and brokerage firms were not supportive of the proposal. Most of them were concerned it would result in a potential imbalance in IPO allocations. They

[204] See paragraphs 227 to 229 of the Consultation Paper. Question 9.1 of the Consultation Paper.

[205] A total of 82 organisational respondents and 1,054 individual respondents responded to this question.

believed that the proposal would undermine the fairness of IPO allocations by reducing allocations available to the public subscription tranche, even when there was keen interest among retail investors for IPO shares.

419. A few retail investors and brokerage firms were concerned that investors may collude in the bookbuilding process to inflate the offer price. They thought that a lack of transparency in the bookbuilding process would mean that shares could be allocated to a small number of investors, resulting in high shareholding concentration and an increased risk of share price manipulation in the aftermarket.

Indirect cap on cornerstone tranche

420. Some respondents opposed the proposal on the basis that it would imply a cap on the proportion of offer shares available to cornerstone investors[206]. They thought this could have the following results:

(a) *Reduced deal certainty:* these respondents believed that cornerstone investors provide a vital foundation of committed capital. So, limiting their participation would reduce deal certainty, especially in bearish or volatile market conditions; and

(b) *Impact on IPO price discovery and share price volatility:* a lack of participation by cornerstone investors may render the price discovery process sub-optimal, especially in the initial stages when the offer price range is to be determined and could increase share price volatility in the aftermarket.

421. Several respondents argued that the proposal would limit the flexibility for sponsors and overall coordinators to determine deal structure and make allocations based on their assessment of investor demand and market conductions.

Minimum 50% threshold

422. Supporting respondents believed that the proposed minimum 50% threshold would strike a reasonable balance between bookbuilding and public subscription and was in line with the Exchange's objectives, help to improve the overall efficiency and accuracy of IPO pricing.

423. Some opposing respondents provided alternative suggestions as follows:

(a) *Lowering the minimum 50% threshold:* a few respondents suggested lowering the threshold to 30% to help ensure that cornerstone investors receive a meaningful allocation in an IPO.

[206] Under our proposals in the Consultation Paper, a minimum 50% allocation to the bookbuilding placing tranche, together with a maximum 20% allocation to the public subscription tranche under Mechanism A should the clawback mechanism be triggered in full, will imply a 30% allocation cap on the cornerstone placing tranche (if the issuer prefers not to reduce the allocation to the cornerstone placing tranche in case the clawback mechanism is triggered in full). For issuers adopting Mechanism B, the minimum initial allocation requirement of 10% to the public subscription tranche would imply a 40% cap on the cornerstone placing tranche.

(b) *Cap on cornerstone investment:* two respondents suggested alternatively putting a direct cap on cornerstone investment (e.g. 50% of the total offering) so that there would be less of a risk of scaling back allocation to cornerstone investors when the clawback mechanism is triggered.

Clarification sought

424. One respondent sought clarification on whether further securities subscribed for or purchased by cornerstone investors, by way of "double dipping" (e.g. pursuant to the size-based exemptions [207]) would be counted towards subscriptions under the bookbuilding placing tranche.

Specialist Technology Companies

425. We proposed that the proposed minimum bookbuilding placing tranche requirement should not be applied to the initial listing of Specialist Technology Companies[208].

426. Of the respondents who agreed with the proposed minimum bookbuilding placing tranche requirement, most organisational respondents (84%) and individual respondents (75%) who responded to this question[209] agreed with the proposal.

427. A significant majority of respondents who supported the proposal to "ring-fence" the bookbuilding placing tranche agreed with not applying that proposal to Specialist Technology Companies. They thought that the existing "independent price setting investors" requirement (see MB Rule 18C.08) was sufficient as it was specifically designed to address the unique characteristics and valuation complexities of those companies.

428. A few respondents suggested applying the bookbuilding placing tranche proposal to Specialist Technology Companies, for consistency, as their bookbuilding process was largely similar to that of other companies.

Our response and conclusion

Minimum threshold

429. We acknowledge the concerns expressed by some respondents that the proposed 50% threshold could unduly limit issuers' flexibility in structuring IPOs based on investor demand and market conditions (see paragraphs 420 and 421).

430. Taking into account respondents' comments and changes to the allocation requirement for the public subscription tranche (see Section I.C of this Chapter), we will adopt our proposal with amendment to lower the minimum threshold by requiring that at least **40%**

[207] Guide for New Listing Applicants (last updated 1 August 2025), Chapter 4.15, paragraph 18.

[208] Question 9.2 of the Consultation Paper.

[209] A total of 38 organisational respondents and 55 individual respondents responded to this question.

(instead of 50%) of the shares initially on offer be allocated to the bookbuilding placing tranche in each IPO.

431. We believe this revised threshold would still achieve our objective of optimising IPO price discovery whilst balancing interests of investors participating under different IPO tranches (including cornerstone investors and public subscription tranche investors).

Concerns of retail investors and brokerage firms

432. For the reasons stated in the Consultation Paper and comments raised by the supporting respondents (see paragraph 417), we believe that "ring-fencing" the bookbuilding placing tranche" will result in better price discovery to the benefit of all investors participating in the IPO, including those participating in the public subscription tranche.

433. Opposing respondents' concerns that the proposal would lower the allocation to the public subscription tranche have been addressed by changes to the allocation requirement for that tranche (see paragraphs 475 to 481 in Section I.C of this Chapter).

434. There are other safeguards in place to address concerns regarding the integrity of the IPO price discovery process (see paragraph 419):

(a) *Conduct and obligations of market practitioners*: capital market intermediaries conducting bookbuilding and placing activities in an IPO are required to observe the standards of conduct under the SFC Code of Conduct and fulfil their obligations under applicable laws, rules and regulations, including properly addressing actual and potential conflicts of interest, ensuring the fair treatment of both the issuer and investors, and upholding the integrity of the market at all times[210]; and

(b) *Shareholder spread and disclosure*: there are safeguards under our existing framework to protect investors against the risk of high shareholding concentration. For example, for any new class of securities to be listed, the issuer must ensure an adequate spread of holders of such securities[211]. Where an IPO includes a placing, the new applicant must also include in the allotment results announcement a description of the placees and the distribution of placing shares to enable investors to understand the broad composition of the ownership of the placed shares immediately prior to trading in those shares[212].

Indirect cap on cornerstone investors

435. The 40% minimum allocation to the bookbuilding placing tranche would mean an initial indirect cap on cornerstone investors of at least 50%, given that the minimum allocation

[210] SFC Code of Conduct, paragraph 21.1.3.

[211] MB Rule 8.08(2) (GEM Rule 11.23(2)(b)).

[212] MB Rule 12.08A (GEM Rule 10.12(4)).

to the public subscription tranche is 5% under Mechanism A[213] and 10% under Mechanism B (see Section I.C of this Chapter).

436. Directly "ring-fencing" the bookbuilding placing tranche (rather than putting a cap on cornerstone investment) helps ensure that the bookbuilding placing tranche contributes meaningfully to price discovery in an IPO, instead of being dependent on the size of allocation to the cornerstone placing tranche and/or the public subscription tranche.

437. We believe our proposal would not unduly restrict participation by investors under the placing tranche for the following reasons:

(a) *Preserves size of the placing tranche*: investors who cannot (or do not wish to) become cornerstone investors may choose to participate in an IPO as placees under the bookbuilding placing tranche. While an allocation under the bookbuilding placing tranche is not guaranteed, the requirement to preserve at least 40% allocation to the bookbuilding placing tranche will provide a higher chance, than now, of bookbuilding participants receiving a meaningful allocation; and

(b) *Possibility of "double dipping"*: the existing size-based exemption from the "double dipping" restrictions[214] would continue to give cornerstone investors the flexibility to subscribe for further securities under the bookbuilding placing tranche. Further securities purchased under the bookbuilding placing tranche in this way would be counted towards the 40% minimum allocation requirement (see comment in paragraph 424).

Specialist Technology Companies

438. In view of the majority support from respondents, the Exchange will adopt its proposal not to apply the new 40% "ring-fencing" requirement (see paragraph 430) to new applicants seeking a listing under Chapter 18C of the Main Board Listing Rules. Instead, the existing requirement to allocate at least 50% of the total offer shares to independent price setting investors[215] will continue to apply to these applicants.

[213] For an issuer adopting Mechanism A, where the clawback mechanism is triggered in full (resulting in a 35% allocation to the public subscription tranche as stated in paragraph 475 in Section I.C of this Chapter), the number of offer shares that can be allocated to cornerstone investors may be scaled back if these investors agreed upfront to subscribe for more than 25% of the shares initially on offer.

[214] Guide for New Listing Applicants (last updated 1 August 2025), Chapter 4.15, paragraph 18.

[215] MB Rule 18C.08.

B.2 Spread of Placees

Proposal

439. We proposed to retain the requirement for an adequate spread of holders in a placing of equity securities but remove the specific minimum spread guideline[216].

General comments

440. We proposed to remove 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[217].

441. A vast majority (81%) of organisational respondents and nearly half (45%) of individual respondents who responded[218] supported the proposal.

442. Supporting respondents noted that:

(a) *The minimum placee spread requirement was not meaningful:* the current placee spread requirement does not ensure a genuine spread of investors as such requirement can, in practice, be circumvented by the issuer allocating an insignificant proportion of offer shares to multiple investors, including passive investors who do not contribute meaningfully to IPO price discovery;

(b) *The minimum shareholder spread requirement is already sufficient:* the current shareholder spread requirement (i.e. a minimum of 300 shareholders at listing on the Main Board, and 100 shareholders on GEM)[219] is sufficient to ensure a broad distribution of shareholders upon listing. Also, this requirement applies more broadly to ensure a minimum spread of shareholders within and outside of the placing tranche.

It was also noted that most other international stock exchanges require that an issuer have an adequate spread of shareholders, but do not go further to require a particular spread of IPO investors, at the time of listing. Accordingly, the proposal would bring our requirements closer in line with the requirements of other international stock exchanges (e.g. US stock exchanges); and

(c) *More flexibility in determining deal structure:* the proposed, less prescriptive, approach would provide greater flexibility in share distribution. This would enable an IPO to be better structured to reflect market conditions and investor demand, which may, in turn, lead to a more efficient placement mechanism and would encourage the participation of a broader range of investors.

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[216] See paragraph 230 of the Consultation Paper.

[217] Question 10.1 of the Consultation Paper.

[218] A total of 74 organisational respondents and 794 individual respondents responded to this question.

[219] MB Rule 8.08(2) (GEM Rule 11.23(2)(b)).

443. Those who opposed the proposal believed that retention of the minimum placee spread requirement contributed meaningfully to broad market participation, which was important to market integrity and mitigating the risk of high shareholding concentration.

444. Most individual respondents who opposed the proposed removal of the existing placee spread requirement did not provide substantive reasons for their views.

Other safeguarding measures

445. We asked whether other safeguarding measures should be implemented to ensure an adequate spread of holders in the placing tranche, in light of the proposal[220].

446. Nearly half (45%) of organisational respondents who responded and a minority (28%) of individual respondents who responded believed other safeguarding measures should be implemented[221].

447. Of the 305 respondents who indicated that other safeguarding measures should be implemented, only two provided suggestions of possible measures. These respondents suggested enhancing scrutiny on the IPO allocation process to prevent preferential treatment towards certain favoured institutional investors.

Additional safeguarding measures not necessary

448. Most of those who responded to this question thought that, if the placee spread requirement was removed, additional safeguarding measures would not be necessary. Several respondents provided reasons as summarised below:

(a) intermediaries carrying out bookbuilding and placing activities would be subject to existing requirements under the SFC Code of Conduct[222]. This required them to be satisfied that shares had been marketed to a sufficient number of clients and the likelihood of undue concentration of holdings was reasonably low[223]; and

(b) listing applicants were required, under existing Rules, to include in their announcements of allotment results: (i) an analysis of the distribution in a placing; and (ii) in the case of a high concentration of shares being marketed with a few placees, include a relevant warning statement[224].

Comments on top three public shareholder requirement

449. Some respondents suggested that the Exchange relax or remove the requirement for the three largest public shareholders to hold not more than 50% of the securities in public

[220] Question 10.2 of the Consultation Paper.

[221] A total of 71 organisational respondents and 967 individual respondents responded to this question.

[222] SFC Code of Conduct, paragraph 21.

[223] SFC Code of Conduct, paragraph 21.3.4(a).

[224] MB Rule 12.08A(c) (GEM Rule 10.12(4)(c)).

hands at the time of listing[225] for similar reasons (i.e. that the current requirement is too rigid and limit flexibility in determining deal structure)[226]. They argued that the proposed minimum free float requirement would serve a similar regulatory purpose, potentially making such top three public shareholder requirement redundant.

Our response and conclusion

450. In view of the majority support from organisational respondents and the substantive comments made by respondents, we will adopt the proposal. The Exchange wishes to clarify that a new applicant (or a listed issuer, as the case may be) must continue to maintain an adequate spread of holders in a placing of securities to facilitate the development of a healthy secondary market for those securities.

451. The Exchange retains the discretion to reject an application for listing if the issuer fails to demonstrate that there will be an adequate spread of placees. In light of the proposed removal of brightline thresholds, the Exchange has published guidance on its interpretation of this requirement, including factors the Exchange may take into account in assessing whether there is an adequate spread of placees[227].

Comments on top three public shareholder requirement

452. The regulatory purpose of the top three public shareholders requirement (see paragraph 449) is to ensure an adequate spread of public shareholding to prevent over concentration of an issuer's public float in a handful of shareholders[228]. This should be differentiated from the proposed initial free float requirement, which prescribes a minimum amount of shares (in percentage or absolute market value terms) held by the public, that are available for trading upon listing.

[225] MB Rule 8.08(3) (GEM Rule 11.23(8)).

[226] Such respondents commented that the top three public shareholder requirement could limit an issuer from providing a sizeable IPO allocation to an IPO investor, if an issuer has existing shareholders (such as pre-IPO investors) holding a large portion of the shares in public hands.

[227] Guide for New Listing Applicants (last updated 1 August 2025), Chapter 4.15, paragraph 3.

[228] See paragraph 78 of the Consultation Paper (July 2002) and paragraphs 94 to 95 of the Consultation Conclusions (January 2004) on Proposed Amendments to the Listing Rules Relating to Initial Listing and Continuing Listing Eligibility And Cancellation of Listing Procedures.

C. Allocation to the Public Subscription Tranche

Proposals

453. We proposed to replace the existing minimum allocation of offer shares to the public subscription tranche with a requirement that listing applicants adopt a choice of either Mechanism A or Mechanism B:–

Mechanism A: a prescribed allocation of offer shares to the public subscription tranche that follows the initial allocation and clawback mechanism requirements for Specialist Technology Companies (see Table 9);

Mechanism B: a minimum initial allocation of 10% of offer shares to the public subscription tranche with no clawback mechanism[229].

Table 9: Minimum allocation of shares to the public subscription tranche for a Specialist Technology Company

	Initial allocation	Demand for shares in the public subscription tranche in number of times (x) the initial allocation	
		≥10x to <50x	≥50x
Minimum percentage of offer shares allocated to the public subscription tranche	5%	10%	20%

Comments received

454. A majority (61%) of organisational respondents who responded supported the Exchange's initiative to limit the extent of IPO allocations to the public subscription tranche. However, the proposal only received 8% support from individual respondents who responded to this question[230]. Notably, retail investors and brokerage firms generally opposed the proposal.

General comments

455. Supporting respondents agreed that it was an opportune moment, more than two decades after the introduction of the clawback mechanism in 1998, for the Exchange to review the appropriateness of this allocation mechanism, considering the changes in investor composition and structure in Hong Kong that had taken place since that time.

456. These respondents generally thought that the proposal would strike a thoughtful balance between preserving the right of retail investors' participation in IPO, a key feature of the

[229] See paragraphs 248 to 251 and Question 11.1 of the Consultation Paper.

[230] A total of 88 organisational respondents and 1,124 individual respondents responded to this question.

Hong Kong market, and ensuring meaningful participation of price setting investors in an IPO. In particular:

(a) *Institutional investors and retail investors can be differentiated less easily:* it was noted that, as more retail investors participate in stock markets through funds, there is now less of a distinction between institutional and retail investment. Institutional investors, such as managers of pension funds (e.g. mandatory provident funds) or passive index funds, now invest on behalf of retail investors. The existing requirements take a substantial portion of the allocation out of the hands of such funds to give to retail investors who choose to participate directly in the public subscription tranche of an IPO.

They thought the Exchange's proposal would encourage retail owned funds to participate more actively at the initial listing stage, enabling their underlying retail investors to obtain market exposure through their investment; and

(b) *Enhanced price discovery:* the proposal would ensure IPO shares can be allocated in a manner that enhances price discovery, which would benefit all IPO investors. For example, the proposal could attract more fund managers to participate in IPOs as the chance of obtaining a meaningful allocation would increase. These managers generally have the fiduciary duty to act in the best interests of their clients before they invest in IPOs and/or listed companies and so would conduct thorough due diligence and research. Their participation can therefore reduce mispricing risks and stabilise price fluctuations of newly listed issuers (see paragraphs 460 and 461).

457. Many supporting respondents also noted that:

(a) *Deal flexibility:* the flexibility of choice between Mechanisms A and B could accommodate diverse issuer needs based on business characteristics, capital requirements and market demand, hence boosting Hong Kong's appeal as an attractive fundraising venue; and

(b) *Alignment with international practice:* a reduction of clawback under Mechanism A, and the removal of mandatory clawback under Mechanism B, would better align Hong Kong's allocation mechanism with international practice. This would incentivise investors with more sophisticated knowledge and investment experience to participate in Hong Kong IPO investment.

458. Those who did not agree with the Exchange's proposal were generally concerned that a reduction in IPO allocations to the public subscription tranche would ignore retail investors' strong enthusiasm for Hong Kong's IPOs, as evidenced by several notable recently completed IPOs with significantly high public subscription multiples. Some opposing respondents argued that the existing clawback mechanism should be retained as it was developed to meet the demand of Hong Kong retail investors.

459. Many opposing respondents thought that the proposal unfairly favoured placing tranche investors to the detriment of: (a) retail investors' interests; and (b) the potential revenue of brokerage firms serving retail clients.

Impact on price discovery and aftermarket performance

460. Supporting respondents recognised the importance of providing greater certainty of allocation to price setting investors, particularly those participating in bookbuilding, which would be a positive factor in their decision to participate in an IPO. This would optimise IPO price discovery and reduce the risks of mispricing. They thought that the proposed Mechanisms A and B could help achieve this objective by:

    (a) *Under Mechanism A:* reducing the proportion of offer shares initially allocated and mandatorily reallocated to the public subscription tranche, which would reduce the risk of IPO pricing being unduly influenced by demand of investors in the public subscription tranche (who did not have power to negotiate the price at which they subscribe the shares and whose demand may be more likely to be driven by market sentiment); and

    (b) *Under Mechanism B:* increasing the certainty of final IPO allocation to each tranche at the launch of an offering, which will enable the listing applicant and syndicate to decide on the most optimal allocation depending on expected investor interest and market conditions.

461. Some supporting respondents also noted that, under the current clawback mechanism, the issuer and lead manager(s) were required to allocate a large proportion of offer shares to the public subscription tranche when demand under that tranche was significant, even though they had no visibility of the profile and investment objectives of investors under that tranche. This resulted in generally less certainty and predictability regarding the post-listing performance of the shares. The proposal would help protect all investors' interests by reducing the risk of undue post-listing share price volatility.

462. Conversely, opposing respondents held the view that retail investors contribute meaningfully to price discovery in an IPO and play a crucial role in supporting the aftermarket performance and providing post-listing liquidity. They argued that:

    (a) *Contribution to price discovery:* retail investors' enthusiasm for an IPO, as reflected by the total value of public subscription for shares on offer, would be an indicator of strong market demand, which would, in turn, impact the IPO's final pricing. Therefore, retail investors were not solely "price takers" in the price discovery process;

    (b) *Large clawback could result in better aftermarket performance:* some respondents believed that a trigger of the clawback mechanism would not necessarily result in poor share price performance. Those placing tranche investors who did not receive an allocation in the IPO may wish to purchase shares, hence boosting demand, in the secondary market; and

    (c) *Post-listing liquidity and share price volatility:* a reduced retail participation in IPOs could significantly dampen liquidity in the aftermarket, as retail investors participation is an important source of market liquidity. This risk would particularly arise when IPO shares were overly concentrated in a small number of placees.

Such placees may sell shares immediately after listing, resulting in high price volatility.

Specific comments on Mechanism A

463. While many opposing respondents suggested retaining the current clawback mechanism (see paragraph 458), some provided the following alternative suggestions for adjustments to be made to the proposed Mechanism A:

(a) *Increasing the initial allocation and reallocation percentages:* a few respondents suggested: (i) setting the initial allocation to the public subscription tranche at 10% of the total offering; and (ii) generally increasing the clawback percentages so that the final allocation to the public subscription tranche could increase to a maximum level beyond 20% of the total offering as proposed (suggestions ranged from 25% to 35% of the total offering);

(b) *Increasing the clawback triggering points:* several respondents recommended increasing the clawback triggering points (e.g. only triggering the highest clawback when the public subscription multiple is 1000 times or more) in view of an inflation in public subscription multiples in recent years (see paragraph 458); and

(c) *Adjusting based on offer size:* a few respondents suggested adopting different clawback percentages based on the size of an offer.

464. Two respondents suggested removing the clawback mechanism altogether, as they thought direct participation by retail investors in trading represented a much smaller share of trading activity in Hong Kong.

465. If the proposal is adopted, two respondents sought clarification on whether listing applicants would still be able to apply for waivers from strict compliance with Mechanism A, as currently permitted in the Exchange's guidance[231].

Specific comments on Mechanism B

466. Respondents who expressly supported the introduction of Mechanism B cited that such mechanism would increase allocation certainty, provide applicants with additional flexibility in deal structuring, and be more closely in line with international practice (see paragraphs 457 and 460(b)).

467. A few respondents expressed reservations with making Mechanism B available as an option. They noted that:

(a) the current clawback mechanism had been effective for years and should be retained; and

(b) the market would read the choice taken as a signal of confidence in the IPO, which could disrupt the integrity of price discovery and the offering process.

[231] Guide for New Listing Applicants (last updated 1 August 2025), Chapter 4.14, paragraphs 4 to 7.

Specialist Technology Companies

468. We proposed to require Specialist Technology Companies to adopt the existing initial allocation and clawback mechanism designed for them[232].

469. Of those who supported the proposed allocation to the public subscription tranche, a vast majority of organisational respondents (84%) and individual respondents (79%) who responded to the question[233] agreed that Specialist Technology Companies should be restricted to the use of Mechanism A because of the valuation complexity and investment risks associated with those companies.

470. A few respondents suggested enabling Specialist Technology Companies to choose between Mechanism A and Mechanism B because their bookbuilding and offering processes were largely similar to those of other companies. They argued that the availability of Mechanism B would have minimal impact on the price discovery process in light of the existing requirement for independent price setting investors to be allocated at least 50% of the offer shares in an IPO[234].

Our response and conclusion

471. We note the diverse views on the appropriate allocation requirement for the public subscription tranche.

Comparison with international requirements

472. Almost all international stock exchanges do not set requirements for a minimum allocation of offer shares to the public subscription tranche[235]. Exceptions include the SGX Mainboard in Singapore, which sets a lower initial allocation requirement than Hong Kong and does not have a clawback mechanism[236].

Optimising price discovery

473. Strong demand for IPO shares in the public subscription tranche can impact an IPO's final pricing by increasing the likelihood of an issuer and the IPO syndicate deciding to price the IPO towards the higher end of the offer price range. In the absence of robust bookbuilding, however, this could be driven mainly by market sentiment (as suggested by some respondents in paragraph 460(a)).

474. The Exchange believes that a modification to the existing allocation and clawback mechanism would be necessary to provide a better balance between the placing tranche

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[232] Question 11.2 of the Consultation Paper.

[233] A total of 45 organisational respondents and 43 individual respondents responded to this question.

[234] MB Rule 18C.08.

[235] See paragraph 243 of the Consultation Paper.

[236] Issuers seeking a listing on SGX Mainboard must allocate a minimum of only 5% of the number or S$50 million in value (whichever is lower) of the offer securities to the public subscription tranche. See paragraph 243 of the Consultation Paper.

and the public subscription tranche in the IPO allocation process to optimise price discovery.

Mechanism A

475. Having taken into consideration respondents' feedback and the factors set out above, the Exchange will adopt the proposal with modifications to the proposed Mechanism A as set out in Table 10 below.

Table 10: A comparison of the prescribed allocation of shares to the public subscription tranche under Mechanism A under the proposal set out in the Consultation Paper and as modified

	Initial allocation	Demand for shares in the public subscription tranche in number of times (x) the initial allocation	
		≥10x to <50x	≥50x
Proposed percentage of offer shares allocated to the public subscription tranche	5%	10%	20%

	Initial allocation	Demand for shares in the public subscription tranche in number of times (x) the initial allocation		
		≥15x to <50x	≥50x to <100x	≥100x
Modified percentage of offer shares allocated to the public subscription tranche	5%	15%	25%	35%

476. We have modified the clawback mechanism based on the following considerations:

(a) *Setting the highest clawback allocation at 35%:* we have increased the clawback allocations to address respondents' concern that our proposal would not adequately accommodate strong public demand in some IPOs. Accordingly, we have set the highest clawback allocation at 35%, which is the mid-point between 50% (the current highest clawback allocation) and 20% (under the Consultation Paper proposal); and

(b) *Retaining the current clawback triggering points:* we do not intend to increase the clawback triggering points to respond to the inflated oversubscription multiples in

recent IPOs, as suggested by some respondents (see paragraph 463(b)). This is because this phenomenon may change depending on factors such as market demand under various macroeconomic conditions, and margin financing practice of brokerage firms.

477. The Exchange may grant case-by-case waivers from the prescribed allocation mechanism, in accordance with current practice, for applicants with a significant offer size (i.e. typical and non-typical waivers as set out in the Exchange's guidance[237]) based on the individual facts and circumstances of each case. The Exchange will retain the current parameters for typical waivers as set out in the guidance, and their triggering points are in line with the clawback triggering points under Mechanism A.

Mechanism B

478. The Exchange will adopt the proposal to make Mechanism B available to new applicants (other than Specialist Technology Companies). This means that the proposed minimum initial allocation of 10% of offer shares to the public subscription tranche (with no clawback mechanism) under Mechanism B would remain unchanged.

479. However, the maximum possible initial allocation to the public subscription tranche under Mechanism B would increase from 50% (under the proposal) to 60% of the offer. This is because the minimum bookbuilding placing tranche allocation will be reduced from 50% (under the proposal) to 40% (see Section I.B.1 of this Chapter).

480. Mechanism B has the following benefits for both issuers and investors and, therefore, helps ensure that the Exchange remains an attractive listing venue:

(a) Mechanism B provides certainty of allocation to all tranches (as no mandatory clawback mechanism is in place), which will mitigate issues such as limited deal flexibility arising from the current requirements[238].

(b) With more certainty of allocation, Mechanism B would encourage independent institutional investors to participate in bookbuilding, thereby helping to strengthen the robustness of price discovery and reduce the risk of mispricing. This would benefit all IPO investors including public subscription tranche investors.

(c) Mechanism B provides flexibility for new applicants to decide on the optimal allocation to be made to the public subscription tranche, as this can now range from a minimum 10% allocation to a maximum 60%[239] allocation to the public subscription tranche. This means that:

[237] Guide for New Listing Applicants (last updated 1 August 2025), Chapter 4.14, paragraphs 4 to 7.

[238] See paragraphs 246 and 247 of the Consultation Paper.

[239] The maximum allocation is 60% because of the minimum 40% allocation requirement to the bookbuilding placing tranche (see Section I.B.1 of this Chapter).

(i) an issuer whose IPO attracts strong retail investor interest will still be able to reserve a high proportion (up to 60%) of offer shares to the public subscription tranche; or

(ii) an issuer may reserve up to 50% of offer shares to cornerstone investors (whilst allocating 10% of offer shares to the public subscription tranche).

481. The Exchange may also grant case-by-case waivers from the prescribed initial allocation mechanism for applicants with a significant offer size, based on the individual facts and circumstances of each case subject to appropriate waiver conditions.

Specialist Technology Companies

482. As stated in the Consultation Conclusions on a Listing Regime for Specialist Technology Companies, given the inherent difficulties in valuing Specialist Technology Companies, the bespoke IPO allocation requirement is necessary to help ensure a robust price discovery process for these companies[240].

483. In view of the majority support from respondents, the Exchange will adopt the proposal to require Specialist Technology Companies to use the existing initial allocation and clawback mechanism designed for them[241]. This means that the revised Mechanism A (as set out in paragraph 475) and Mechanism B would not apply to an applicant which is a Specialist Technology Company.

[240] HKEX (October 2022), Consultation Paper on a Listing Regime for Specialist Technology Companies, Chapter 3, Section C(I).

[241] MB Rule 18C.09.

D. Restrictions on Reallocation and PO Over-allocation

Proposals

484. We proposed to retain the Allocation Cap[242].

Comments received

485. There was a strong consensus among organisational respondents (85%) who responded on the retention of the Allocation Cap. However, only a minority of individual respondents (32%) supported it[243].

General comments

486. Supporting respondents agreed that the Allocation Cap should be retained as an important safeguard against the risk of "stuffing" public subscription tranche investors with IPO shares at prices that were not supported by sufficient demand under the placing tranche. It was viewed that such "stuffing" of shares could lead to an imbalance in the investor base and amplify share price volatilities post-listing.

487. Those who disagreed with retaining the Allocation Cap thought that:

(a) the Allocation Cap appeared counterintuitive to the objective of protecting the interests of public subscription tranche investors, as it would deprive them of the opportunity to participate in an offering by limiting IPO allocation to them when there was weak (or just moderate) demand under the placing tranche;

(b) listing applicants and syndicate members would have limited flexibility to increase the allocation to the public subscription tranche, even when demand under that tranche was strong; and

(c) the proposed requirement to "ring-fence" the bookbuilding placing tranche would already imply a cap on reallocation from the placing tranche to the public subscription tranche (i.e. "Reallocation"). In addition, the current requirement for the final offer price to be fixed at the bottom of the offer price range[244] would already provide sufficient protection.

488. Many opposing individual respondents reiterated their preference for retaining the existing 10% minimum initial allocation to the public subscription tranche and clawback mechanism without providing specific comments on the Allocation Cap.

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[242] See paragraphs 261 to 263 and Question 12.1 of the Consultation Paper.

[243] A total of 75 organisational respondents and 1,032 individual respondents responded to this question.

[244] Currently such requirement applies upon a trigger of restrictions on Reallocation and/or PO Over-allocation. See paragraph 9 (offer price) of Chapter 4.14 of the Guide for New Listing Applicants (last updated 1 August 2025).

Triggering conditions of the restrictions on Reallocation and PO Over-allocation

489. We proposed, subject to the proposals on minimum allocation of offer shares to the public subscription tranche being adopted, to make consequential amendments to the triggering conditions of the restrictions on Reallocation and PO Over-allocation[245].

490. Of the respondents who supported the proposal to retain the Allocation Cap, a vast majority (85%) of organisational respondents who responded agreed with the consequential amendments. However, only 34% of the individual respondents who responded agreed with the consequential amendments[246].

491. Supporting respondents agreed that the proposed changes were necessary as consequential changes to align the reallocation percentages with the proposed allocation requirements for the public subscription tranche.

492. Individual respondents who opposed the proposal did not provide substantive reasons for their views.

Proposed Maximum Allocation Cap Percentage Threshold

493. We proposed, subject to the proposals on minimum allocation of offer shares to the public subscription tranche being adopted, to make consequential amendments to lower the Maximum Allocation Cap Percentage Threshold from 30% to 15%[247]. This meant that the maximum number of shares permitted under the public subscription tranche after Reallocation and/or PO Over-allocation would be the lesser of:

    (a) double the initial allocation to the public subscription tranche; and

    (b) 15% of the total offering (before over-allocation).

494. Of the respondents who supported the proposal to retain the Allocation Cap, a majority (73%) of organisational respondents, who responded to this question, agreed with the consequential amendments. However, only 26% of the individual respondents who responded agreed with the consequential amendments[248].

495. Several respondents disagreed with a reduction in the Maximum Allocation Cap Percentage Threshold from 30% to 15%. Some thought that the threshold should be set at the same point as the highest allocation percentage prescribed under the clawback mechanism.

496. Individual respondents who opposed the proposal did not provide substantive reasons for their views.

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[245] Question 12.2 of the Consultation Paper.

[246] A total of 59 organisational respondents and 315 individual respondents responded to this question.

[247] Question 12.3 of the Consultation Paper.

[248] A total of 59 organisational respondents and 316 individual respondents responded to this question.

Our response and conclusion

497. As stated under existing guidance[249] and in the Consultation Paper[250], the Allocation Cap was introduced to minimise the risk of public subscription tranche investors being "stuffed" with IPO shares at a price that is undesirable to a sufficient proportion of placing tranche participants.

498. In the absence of an Allocation Cap, an issuer would be able to fix its offer price at or close to the top of the offer price range, even without sufficient support from placing tranche investors for that price. This is because it could use public subscription tranche investors to absorb shares for which there was insufficient placing tranche demand at that price. The Allocation Cap was introduced in 2018 to prevent this practice, which could cause significant losses for public subscription tranche investors.

499. By retaining the Allocation Cap, the mechanism helps ensure the offer price is set at a level that reflects genuine market demand for its shares. The Allocation Cap, together with other restrictions on Reallocation and/or PO Over-allocation (e.g. requirement for an IPO to be priced at the bottom of the offer price range), protects public subscription tranche investors from such mispriced deal and helps maintain market efficiency. Such safeguards better align the interests of IPO investors and the issuer.

500. Without an Allocation Cap:

    (a) *Implied cap on public subscription tranche may not be sufficient*: the implied cap on the public subscription tranche, of as much as 60% of the total offer (see paragraph 478 above), may not, by itself, serve the purpose of protecting public investors from being "stuffed" with unwanted shares; and

    (b) *Anomalies may arise*: anomalous results may arise when the public subscription tranche is only slightly oversubscribed (e.g. by ten times), in which case the clawback mechanism is not triggered[251], and so an issuer adopting Mechanism A may, in the absence of the Allocation Cap, allocate up to 60% of the shares on offer to the public subscription tranche. Such allocation would exceed the highest clawback percentage permitted under Mechanism A (i.e. 35% of the offering, as set out in paragraph 475 in Section I.C of this Chapter).

501. Taking into account the substantive comments made by respondents, the Exchange will adopt the proposal to retain the Allocation Cap.

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[249] See paragraph 8 of Chapter 4.14 of the Guide for New Listing Applicants (last updated 1 August 2025).

[250] See Box 3 on page 63 and paragraph 258 of the Consultation Paper.

[251] The current clawback mechanism under Practice Note 18 of the Main Board Listing Rules (Practice Note 6 of the GEM Listing Rules) is triggered when: (a) shares initially offered under the public subscription tranche are oversubscribed by at least 15 times; and (b) shares initially offered under the placing tranche are fully subscribed or oversubscribed.

Triggering conditions of the restrictions on Reallocation and PO Over-allocation

502. In view of the revision to the proposed Mechanism A (as set out in paragraph 475), consequential amendments has been made to the proposed triggering conditions of the restrictions on Reallocation and PO Over-allocation as illustrated in Box 5 on page 124. The revised conditions would be consistent with those of the current requirements.

Proposed Maximum Allocation Cap Percentage Threshold

503. Having considered the substantive comments made by respondents, we will adopt the proposed Maximum Allocation Cap Percentage Threshold of 15%. Such threshold aligns with the allocation percentage under the first clawback trigger point of the revised Mechanism A (as set out in paragraph 475), which follows the approach under existing requirements.

504. This will mean that:

(a) the effective Allocation Cap under Mechanism A and Mechanism B would be 10% of the offer and 15% of the offer, respectively[252]; and

(b) Under Mechanism B, there would be no Reallocation or PO Over-allocation if the initial allocation to the public subscription tranche is 15% or more, as such initial allocation already meets the maximum possible allocation of 15% under the Allocation Cap[253].

505. Under Mechanism B, the Allocation Cap would continue to apply when IPO allocations under both the placing tranche and the public subscription tranche are fully subscribed or oversubscribed (regardless of the oversubscription multiple). This is because issuers adopting Mechanism B already have the flexibility to decide on a higher allocation to the public subscription tranche at the initial stage. This provides allocation certainty to minimise the risk of mispricing.

506. We wish to clarify that the restriction on offer price will only apply when an issuer reallocates offer shares from the placing tranche to the public subscription tranche or over-allocates shares to the public subscription tranche under the Allocation Cap.

[252] See paragraphs 268 and 269(a) of the Consultation Paper.

[253] See paragraph 269(b) of the Consultation Paper.

Box 5: Modified application of restrictions on Reallocation and/or PO Over-allocation

Mechanism A

		Public subscription tranche		
		Undersubscribed	**Fully subscribed or oversubscribed by less than 15 times***	**Oversubscribed by 15 times* or more**
Placing tranche	**Undersubscribed**	IPO cannot proceed unless shortfall is taken up by underwriters	**Restrictions on Reallocation and/or PO Over-allocation**	
	Fully subscribed or oversubscribed	No Reallocation or PO Over-allocation†	**Restrictions on Reallocation and/or PO Over-allocation**	Clawback mechanism

Mechanism B

		Public subscription tranche	
		Undersubscribed	**Fully subscribed or oversubscribed**
Placing tranche	**Undersubscribed**	IPO cannot proceed unless shortfall is taken up by underwriters	**Where initial allocation to the public subscription tranche is less than 15%, Restrictions on Reallocation and/or PO Over-allocation apply**
	Fully subscribed or oversubscribed	No Reallocation or PO Over-allocation†	**Where initial allocation to the public subscription tranche is less than 15%, Restrictions on Reallocation and/or PO Over-allocation apply**

* Or such minimum triggering threshold of the modified clawback mechanism previously agreed with the Exchange (if applicable).

† The shares which are undersubscribed in the public subscription tranche may be taken up by the placing tranche where there is insufficient demand in the former to take up the initial allocation.

II. Pricing Flexibility Mechanism

Proposals

507. We proposed to expand the Existing Pricing Flexibility Mechanism by allowing issuers to set the final IPO price by a maximum of 10% above the indicative offer price or the top of the offer price range after prospectus publication[254].

Comments received

General comments

508. We sought views on whether the Existing Pricing Flexibility Mechanism should be amended to include upward pricing flexibility[255].

509. A majority (67%) of organisational respondents supported the proposal to allow an upward pricing flexibility. However, only a small minority of individual respondents (16%) supported the proposal[256].

510. Supporting respondents (comprising mainly sell-side representatives and market practitioners) believed that the proposed two-way upward and downward price adjustment mechanism would provide greater flexibility for issuers by:

(a) enabling them to respond more effectively to market demand, to achieve pricing efficiency and optimisation under differing market conditions; and

(b) encouraging them to use the option of downward pricing to set a fairer price, as the proposed symmetrical upward/ downward price adjustment mechanism would not have the negative connotations associated with adopting the current downward-only pricing adjustment mechanism.

511. Some respondents went further and suggested that the Exchange consider mandating adoption of the pricing flexibility mechanism by default (i.e. without the need for the Proposed Opt-in Arrangement and additional prospectus disclosure). This would give all issuers maximum flexibility, without the risk of giving positive or negative indications to the market by enacting upward or downward pricing adjustment mechanisms on demand.

512. Opposing respondents (comprising mainly buy-side representatives and retail investors) disagreed with the proposal for the following reasons:

(a) *Undermine IPO price discovery:* any upward price adjustment based on bookbuilding momentum would likely be opportunistic in nature and would be less likely driven by the fundamental value of the IPO shares, since issuers would tend towards prioritising the amount of funds raised over the quality of the order book.

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[254] See paragraphs 281 to 285 of the Consultation Paper.

[255] Question 13.1 of the Consultation Paper.

[256] A total of 85 organisational respondents and 967 individual respondents responded to this question.

This may incentivise aggressive pricing strategy and undermine the effectiveness of price discovery, particularly when, unlike the US, Hong Kong IPOs base their offer price range on a long price discovery process that includes discussions with cornerstone investors ahead of bookbuilding;

(b) *Challenges for cornerstone investors:* pricing an IPO above the top end of range could mean that cornerstone investors, who initially commit to allocations at that top end, have to seek new internal approvals for additional funding within a short time or give up on part of the committed allocations; and

(c) *Higher investment risks:* any upward price adjustment may lead to worse aftermarket performance, exacerbating risks of investment losses (or limiting gains) for IPO investors.

513. A few respondents were concerned that the upward pricing adjustment mechanism would create operational difficulties for brokerage firms and share registrars in terms of execution under FINI.

Other suggestion

514. Some sell-side representatives commented that, in addition to pricing flexibility, issuers should be allowed to adjust the number of shares being offered to allow more offer structure flexibility. This would bring the Exchange's IPO pricing mechanism closer to that in the US.

Offer price adjustment limit

515. We asked respondents who supported the Proposed Pricing Flexibility Mechanism whether they also supported an offer price adjustment limit of 10% in both directions[257].

516. Of the respondents who supported the proposal to amend the Existing Pricing Flexibility Mechanism to include upward pricing flexibility, a majority of organisational respondents (91%) and individual respondents (86%) who responded[258] also supported the adoption of an offer price adjustment limit of 10% in both directions.

517. Supporting respondents agreed that a 10% adjustment limit in both directions would provide a reasonable balance between flexibility and price stability, preventing excessive price swings that could cause market disruption.

518. Two respondents found the 10% threshold too narrow and suggested increasing the limit to 15%. One respondent, on the other hand, preferred a narrower threshold of 5% to limit the risk of price volatility in the aftermarket.

[257] Question 13.2 of the Consultation Paper.

[258] A total of 54 organisational respondents and 145 individual respondents responded to this question.

Initial offer price range

519. We sought market feedback on the following two options in respect of the initial offer price range if a listing applicant adopted the Proposed Pricing Flexibility Mechanism[259]:

Option A: a continuation of the ability to set the top of the initial offer price range at not more than 30% of the bottom of that range; or

Option B: setting the top of the initial offer price range at not more than 20% of the bottom of that range.

520. Of the respondents who supported the proposal to amend the Existing Pricing Flexibility Mechanism to include upward pricing flexibility, a majority of organisational respondents (77%) and individual respondents (63%) who responded[260] supported Option A.

521. Supporters of Option A (i.e. a wider initial range of up to 30%) commented that this limit would provide greater flexibility for issuers and underwriters to set an initial offer price range that could attract a more diverse pool of investors.

522. Among those who were in favour of Option B (i.e. a narrower range of up to 20%), two respondents believed that such a range would encourage issuers and their advisors to conduct more thorough price discovery before setting the initial offer price range, leading to more accurate pricing outcomes.

Proposed Opt-in Arrangement

523. We asked respondents who supported the Proposed Pricing Flexibility Mechanism whether they also supported the Proposed Opt-in Arrangement. This would provide public offer subscribers the option, in their subscription application, to "opt-in" in if an offer price adjustment (upward, downward, or both directions) is exercised by the listing applicant under the Proposed Pricing Flexibility Mechanism[261].

524. Of the respondents who supported the proposal to amend the Existing Pricing Flexibility Mechanism to include upward pricing flexibility, a majority of organisational respondents (82%) and individual respondents (86%) who responded[262] also supported the Proposed Opt-in Arrangement.

525. Supporting respondents agreed that the Proposed Opt-in Arrangement would provide public offer subscribers with the flexibility to choose whether to proceed with the subscription of shares if the final offer price is adjusted under the Pricing Flexibility Mechanism based on their risk appetite.

526. Respondents who did not support the Proposed Opt-in Arrangement commented that the proposal would introduce uncertainty into the allocation process along with

[259] Question 13.3 of the Consultation Paper.

[260] A total of 43 organisational respondents and 140 individual respondents responded to this question.

[261] Question 13.4 of the Consultation Paper.

[262] A total of 49 organisational respondents and 139 individual respondents responded to this question.

administrative challenges. They were of the view that investors should be prepared to subscribe for shares across different price scenarios as disclosed in the prospectus. Some respondents were concerned that the Proposed Opt-in Arrangement may be too complicated for some public offer subscribers and may cause confusion in the market.

Prospectus disclosure

527. We asked respondents who supported the Proposed Pricing Flexibility Mechanism whether they also supported extending the current disclosure requirements that are applicable to a downward pricing flexibility mechanism to the Proposed Pricing Flexibility Mechanism[263].

528. Of respondents supportive to the Proposed Pricing Flexibility Mechanism, a majority of organisations (92%) and individuals (95%)[264] also supported the proposal to extend the current disclosure requirements.

529. Supporting respondents thought the enhanced disclosure would reduce information asymmetry and ensure transparency and consistency in the regulatory framework.

530. A few respondents believed that issuers should be permitted to adopt any pricing flexibility mechanism without additional disclosure obligations (or thought that additional disclosure requirements should be mandated in all prospectuses). They believed this would avoid negative market interpretation of the disclosure. These respondents took the view that investors' interests are sufficiently protected if the Exchange's requirement expressly states that such an adjustment is permitted.

Our response and conclusion

531. Having considered the concerns raised by respondents, we will not adopt the proposal.

532. Our proposal aimed to provide more flexibility for a listing applicant to respond to unexpected market conditions or demand without having to cancel its IPO and relaunch it with a supplemental prospectus. In doing so we aimed to enhance the competitiveness of our listing framework.

533. However, the feedback we received suggests that the existing mechanisms in place (see paragraphs 534 and 535 below) already provide sufficient flexibility. Also, we note respondents' concerns that, due to the unique characteristics of the IPO price discovery and allocation process in Hong Kong, the proposed upward adjustment flexibility may create practical difficulties not present in other jurisdictions (see paragraphs 512 and 513).

Initial offer price range

534. We would like to clarify that the Exchange currently allows an offer price range, as an alternative to a fixed indicative offer price, to be included in a prospectus and usually

[263] Question 13.5 of the Consultation Paper.

[264] A total of 49 organisational respondents and 136 individual respondents responded to this question.

imposes no restriction on the size of that range. This is except where the issuer adopts the Existing Pricing Flexibility Mechanism[265]. This means that a listing applicant, with the help of capital market intermediaries, can set an offer price range that attracts a diverse pool of investors and takes into account potential fluctuations in market conditions.

Option to adjust the number of offer shares

535. With regards to respondents' suggestion that the Exchange should provide the flexibility to adjust the number of offer shares (see paragraph 514), we wish to clarify that the Exchange's current guidance[266] already permits this. Issuers can include an upward offer size adjustment option in their IPO prospectus[267]. Issuers who choose to do so may increase the number of shares to be issued at IPO by not more than 15% of the total number of shares initially available under the offering.

Prospectus disclosure

536. We have not incorporated suggestions to remove the disclosure requirement of the Existing Pricing Flexibility Mechanism (see paragraph 530). We believe this requirement is necessary for investor protection. The Existing Pricing Flexibility Mechanism allows an issuer to set the final offer price below the bottom end of range without extending the offer period. Disclosure is required to ensure public subscription tranche investors are aware that they would not be able to withdraw their subscriptions in the case of downward pricing adjustment.

[265] In which case the top of such offer price range must not be more than 30% above the bottom of that range. See paragraph 14 (requirement on offer price range) of Chapter 4.14 of the Guide for New Listing Applicants (last updated 1 August 2025).

[266] Guide for New Listing Applicants (last updated 1 August 2025), Annex A.18, Company B (2003).

[267] Such offer size adjustment option is to be distinguished from an over-allotment option. The latter is mainly used for price stabilisation purposes and is also subject to a 15% limit See Company A (2001) in Annex A.18 to the Guide for New Listing Applicants (last updated 1 August 2025).

CHAPTER 5: OTHER RULE AMENDMENTS

537. In this chapter, we summarise market feedback received on the other Rule amendments (as proposed in Chapter 2 of the Consultation Paper) and set out the Exchange's response to that feedback.

I. Placing Guidelines

Proposals

538. We proposed to make consequential and housekeeping amendments to the Placing Guidelines that form Appendix F1 to the Main Board Listing Rules[268].

Comments received

General comments

539. Most organisational respondents (90%) and less than half (43%) of individual respondents who responded to the question[269] supported the proposal.

540. Supporting respondents thought that the proposed consequential and housekeeping amendments would remove outdated thresholds and ensure consistency between the Exchange's Rule requirements and the latest vetting practice for better clarity.

541. Opposing individual respondents did not provide substantive comments.

Specific comments

542. Some respondents referred to the Exchange's proposed amendment to expand disclosure of the identities of beneficial owners to all corporate placees (rather than nominee companies only)[270]. They were concerned that this proposal may be unduly burdensome and did not strike an appropriate balance between disclosure obligations and detection of potential abuses.

543. One respondent sought clarification on whether this amendment was intended to require information on all beneficial owners of a corporate placee (i.e. every shareholder of the corporate placee), or only the ultimate beneficial owners of a corporate placee (i.e. any individual who ultimately holds 30% or more).

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[268] See paragraphs 302 to 304 and Question 14 of the Consultation Paper.

[269] A total of 71 organisational respondents and 706 individual respondents responded to this question.

[270] See proposed amendments to paragraph 11 of Appendix F1 of the Main Board Listing Rules in Appendix I to the Consultation Paper (Rule 10.12(5) of the GEM Listing Rules in Appendix II to the Consultation Paper).

544. One respondent sought clarification on the meaning of "a member of the same group of companies as such Exchange Participant" in the proposed Rule amendments[271].

Our response and conclusion

545. In respect of the disclosure relating to corporate placees (see paragraphs 541 and 542), the Exchange wishes to clarify that, consistent with existing requirements, a new applicant must provide information of ultimate beneficial owners holding 30% or more interest in such corporate placees to facilitate our review of the placee lists[272].

546. In view of the above, the Exchange will adopt the proposed amendments to the Placing Guidelines, with minor modifications to clarify the existing requirement (see paragraph 545 above).

547. We also wish to clarify that the meaning of "a member of the same group of companies as such Exchange Participant" (see paragraph 543) is already set out in the Exchange's guidance[273].

548. The Exchange would also like to remind prospective issuers, investors, and market practitioners to refer to the Exchange's published guidance, as amended from time to time, with regards to the practical application of the Placing Guidelines.

[271] See proposed paragraph 1B(7) of Appendix F1 to the Main Board Listing Rules.

[272] Guide for New Listing Applicants (last updated 1 August 2025), Annex B.8, FAQ 2.

[273] The Exchange normally regards "members of the same group" as including, without limitation, any company that the Distributor's holding companies have an interest of 20% or more, and any other companies over which the Distributor and/or its subsidiaries, holding companies or fellow subsidiaries could individually or together directly or indirectly exert influence, e.g. by board representation. See footnote 19 of Chapter 4.15 of the Guide for New Listing Applicants (last updated 1 August 2025).

II. Consequential Rule Amendments

A. Bonus Issues of a Class of Securities New to Listing

Proposal

549. We proposed that the initial public float requirement should be disapplied for a bonus issue of a new class of securities involving equity warrants if certain conditions[274] are met[275].

Comments received

550. Almost all (91%) organisational respondents and approximately half of individual respondents (49%) who responded to the question[276] supported the proposal.

551. Supporting respondents agreed that there was no need to impose additional distribution requirements, including public float requirements, as the new class of equity warrants were distributed as a bonus issue pro rata to existing shareholders, and listed issuers are already subject to ongoing public float requirements.

552. One respondent suggested that the Exchange consider clarifying whether the exemption also applies where the bonus issues are not made to all existing shareholders because of exclusion of shareholders in certain jurisdictions (e.g. where bonus issues to such shareholders may be burdensome due to local law or legal restrictions).

553. Opposing respondents did not provide substantive comments.

Our response and conclusion

554. In view of the above and taking into account feedback from respondents, we will adopt the proposal with a minor modification to incorporate a respondent's comment (see paragraph 552)[277].

[274] MB Rules 8.08(2) and 8.08(3) (GEM Rules 11.23(3)(b) and 11.23(8)).

[275] See paragraph 306 and Question 15 of the Consultation Paper.

[276] A total of 68 organisational respondents and 682 individual respondents responded to this question.

[277] See the Note to MB Rule 8.08(4) in **Appendix III** to this paper (Note 11 to GEM Rule 11.23 in **Appendix IV** to this paper).

B. Statement of Minimum Public Float in Listing Document

Proposal

555. Currently, an issuer with, or seeking, a GEM listing must state the minimum prescribed percentage of public float applicable to securities for which listing is sought in its listing document. There is no equivalent provision for issuers with, or seeking, a Main Board listing[278].

556. We proposed to align the public float disclosure requirement (in listing documents) for Main Board and GEM issuers by adding new provisions to Appendices D1A and D1B to the Main Board Listing Rules to specify that the listing document must include a statement of the minimum prescribed percentage of public float applicable to the securities for which listing is sought[279].

Comments received

557. A vast majority (87%) of organisational respondents and a majority (60%) of individual respondents who responded to the question[280] supported the proposal.

558. Supporting respondents agreed that it was appropriate to align the disclosure requirements applicable to both Main Board and GEM issuers. They considered the proposal would enhance transparency, provides important information to investors and improve market comparability without being unduly burdensome for issuers.

Our response and conclusion

559. In view of the majority support from respondents, we will adopt the proposal as set out in the Consultation Paper (see also our clarifications on initial public float related disclosure in paragraphs 159 to 161 in Section II.A of Chapter 3).

[278] Appendix D1A to GEM Rules, paragraph 14(4); and Appendix D1B to GEM Rules, paragraph 9(4).

[279] See paragraph 311 and Question 16 of the Consultation Paper.

[280] A total of 70 organisational respondents and 672 individual respondents responded to this question.

C. Exceptions for Secondary Listings of Overseas Issuers

Proposal

560. We proposed to waive the initial free float requirement for overseas issuers that have, or are seeking, a secondary listing on the Exchange[281].

Comments received

561. Almost all (91%) organisational respondents and a majority (52%) of individual respondents who responded to the question[282] support the proposal.

562. Supporting respondents agreed that since the public float requirement does not apply to overseas issuers that have, or are seeking, a secondary listing on the Exchange, there should be no need to require them to comply with the proposed initial free float requirement. The proposal ensures consistency in regulatory treatment for secondary listings.

563. Some supporting respondents noted that secondary listed issuers already have an established market presence and investor base through their primary listing on another exchange, and so an additional free float requirement should not be necessary.

564. One supporting respondent added that enforcing a separate free float requirement would be redundant and could deter high-profile issuers from listing on the Exchange, weakening Hong Kong's appeal as a global fundraising hub.

565. Most individual respondents who opposed to the proposals did not provide substantive reasons.

Our response and conclusion

566. In view of the majority support from respondents, we will adopt the proposal.

[281] See paragraph 315 and Question 17 of the Consultation Paper.

[282] A total of 70 organisational respondents and 675 individual respondents responded to this question.

D. Minimum Market Value of H Shares

Proposal

567. We proposed to repeal the minimum HK$50 million market value requirement for the H shares of new applicants that are PRC issuers[283].

Comments received

568. Almost all (94%) of organisational respondents and slightly more than half (51%) of individual respondents who responded to the question[284] supported the proposal.

569. Supporting respondents agreed that the existing HK$50 million minimum market value requirement for H shares would no longer be meaningful as it would be superseded by the requirement for the publicly held H shares to have a minimum market capitalisation of HK$125 million (GEM: HK$45 million) [285].

570. Individual respondents opposing the proposal did not provide substantive reasons.

Our response and conclusion

571. In view of the majority support from respondents, we will adopt the proposal.

[283] See paragraph 319 and Question 18 of the Consultation Paper.

[284] A total of 72 organisational respondents and 676 individual respondents responded to this question.

[285] See paragraph 82 on the proposed amendments to MB Rule 8.09(1) (GEM Rule 11.23(2)(a)).

E. Mandatory Public Offer Requirement for GEM Issuers

Proposal

572. 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, we proposed to make consequential amendment to the GEM Listing Rules[286] to enable GEM listing applicants to adopt either Mechanism A or Mechanism B[287].

Comments received

573. A considerable majority (72%) of organisational respondents who responded, and a near majority (41%) of individual respondents who responded[288], supported the proposal.

574. Those who supported the proposal agreed that GEM listing applicants should be given the same level of flexibility to choose between Mechanism A and Mechanism B as their offering mechanism.

575. Opposing respondents did not provide substantive comments.

Our response and conclusion

576. In view of the above, the Exchange will adopt the proposal.

[286] GEM Rule 10.11A.

[287] Paragraph 325 and Question 19 of the Consultation Paper.

[288] A total of 61 organisational respondents and 672 individual respondents responded to this question.

III. Other Rule Amendments

A. Determination of Market Capitalisation for New Listing Applicants

Proposals

577. We proposed to clarify the basis for determining the market capitalisation for new applicants that are PRC issuers or that are issuers with classes of shares in issue other than the class for which listing is sought[289].

578. We also proposed to introduce an equivalent GEM Listing Rule provision for determining the market value of other class(es) of shares of a new applicant[290].

Comments received

General comments

579. A majority of both organisational respondents (92%) and individual respondents (54%) who responded to the question[291] supported the proposed clarification on the basis for determining the market capitalisation of new listing applicants.

580. Similarly, a majority of both organisational respondents (91%) and individual respondents (54%) who responded to the question [292] supported introducing an equivalent GEM Listing Rule provision.

581. Supporting respondents agreed that:

(a) the proposed approach to calculating the expected market value of unlisted shares would help ensure consistency of market capitalisation calculations for different issuers;

(b) the Exchange's proposal to issue guidance on the determination of market capitalisation for applicants that had shares listed on other regulated market(s) would enhance transparency and enable investors to make better informed decisions; and

(c) the proposal to introduce an equivalent GEM Listing Rule provision would ensure regulatory consistency (between the Main Board and GEM) and provide greater clarity and transparency.

582. Opposing respondents did not provide substantive comments.

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[289] Paragraphs 333 to 334 and Question 20.1 of the Consultation Paper.

[290] Paragraph 335 and Question 20.2 of the Consultation Paper.

[291] A total of 64 organisational respondents and 659 individual respondents responded to this question.

[292] A total of 65 organisational respondents and 654 individual respondents responded to this question.

Specific comments

583. Some respondents asked the Exchange to clarify:

(a) *Consideration ratio:* the scope of application of the proposed guidance on the determination of market capitalisation for applicants that had shares listed on other regulated market(s) (e.g. whether this would impact the calculation of the consideration ratio for notifiable transactions[293]); and

(b) *Initial listing fees:* in the case of an A+H issuer, whether the trading price of A shares would be used as a basis for determining the market value of those shares, as this would impact, for example, the initial listing fee payable by the new applicant.

Our response and conclusion

584. The Exchange would like to clarify that:

(a) *Consideration ratio:* the existing methodology for computing the consideration ratio for notifiable transactions will remain unchanged[294]; and

(b) *Initial listing fees:* the initial listing fee payable by a new applicant is determined based on the monetary value of the equity securities to be listed on the Exchange. This means that the initial listing fee of an A+H issuer is determined based solely on the market value of its H shares to be listed.

585. In view of the majority support from respondents, the Exchange will adopt its proposals.

586. As stated in the Consultation Paper[295], the Exchange has updated the guidance to clarify the basis for determining the market value of shares of a PRC issuer with other listed shares[296]. For an applicant which is a PRC issuer with other listed shares, the Exchange accepts the calculation of its expected market capitalisation at the time of listing by reference to:

(a) in respect of the market value of those other listed shares (e.g. A shares), the average closing price of those shares for the five business days immediately preceding the date of listing on the Exchange; and

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[293] MB Rules 14.07(4) and 19A.38A (GEM Rules 19.07(4) and 25.34C).

[294] MB Rules 14.07(4) and 19A.38A (GEM Rules 19.07(4) and 25.34C). This means that:

(a) where a PRC issuer has other listed shares, the market value of its other listed shares is to be determined based on the average closing price of those shares for the 5 days on which trading is conducted on the relevant regulated market immediately preceding the transaction; and

(b) where a PRC issuer has issued unlisted shares, the market value of its unlisted shares is calculated by reference to the average closing price of its H shares for the 5 business days preceding the transaction.

[295] See paragraph 334 of the Consultation Paper.

[296] Guide for New Listing Applicants (last updated 1 August 2025), Chapter 3.2, footnote 2.

(b) in respect of the market value of those shares for which listing is sought (e.g. H shares), the expected issue price of those shares.

B. Listing Notice

Proposals

587. We proposed 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[297].

Comments received

588. A majority of organisational respondents (88%) and individual respondents (58%) who responded to the question[298] supported the proposal.

589. Supporting respondents agreed that the current percentage thresholds that trigger this obligation should be deleted as they were redundant. They thought issuers should be required to publish a formal notice when securities are directly offered to the public.

590. Most individual respondents opposing the proposal did not provide substantive reasons.

591. One respondent was concerned that requiring listed issuers to publish a formal notice for small-scale placings would increase the issuers' administrative burdens and compliance costs. Another respondent suggested that the Exchange consider removing the requirements for a formal notice altogether.

592. One respondent suggested that publication of a formal notice be required only if the relevant offers or placings are required to be supported by a listing document (under Chapter 7 of the Main Board Listing Rules).

Our response and conclusion

593. We believe the proposal will continue to help ensure that public investors are fully informed prior to their investment. We believe this benefit outweighs the additional administrative costs it may involve for issuers (which should not be substantial).

594. The Listing Rules do not require a formal notice to be issued for certain types of transactions, such as a rights issue or an open offer, although these types of listings must also be supported by a listing document.[299] On this basis, we do not consider it necessary to link the publication of a formal notice to the listing document requirement.

595. In view of the majority support from respondents, we will adopt the proposal.

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[297] Paragraph 339 and Question 21 of the Consultation Paper.

[298] A total of 69 organisational respondents and 664 individual respondents responded to this question.

[299] MB Rule 11.04 (GEM Rule 14.06).

C. SPAC Warrants and Successor Company's Warrants

Proposals

596. We proposed to amend Chapter 18B of the Main Board Listing Rules so that our open market requirements[300] do not apply to Successor Company's warrants[301].

597. We also proposed to amend the Listing Rules so that the minimum market value requirement[302] does not apply to SPAC Warrants and Successor Company's warrants[303].

Comments received

Open market requirements

598. Most (92%) organisational respondents and slightly more than half (56%) of individual respondents who responded to the question[304] supported the proposal to disapply the open market requirements to Successor Company's warrants.

599. Supporting respondents agreed that the spread of warrant holders at the time of its listing was outside the control of a Successor Company, as the warrants are issued to replace SPAC Warrants upon completion of the De-SPAC Transaction.

600. Two supporting respondents thought that exempting these warrants from the open market requirements ensured a more practical and market aligned approach. This is because they serve a different purpose from ordinary shares and their value was derived from the underlying shares, which are already subject to the public float requirements.

Minimum market value requirement

601. Most (92%) organisational respondents and slightly more than half (55%) of individual respondents who responded to the question[305] also supported the disapplication of the minimum market value requirement to SPAC Warrants and Successor Company's warrants.

602. Supporting respondents agreed with the proposal for the following reasons:

(a) SPAC Warrants have the strategic purpose of incentivising IPO participation and so imposing a minimum market value requirement may hinder the flexibility and feasibility of SPAC listings; and

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[300] MB Rule 8.08 (as modified by MB Rule 18B.65)

[301] Paragraph 349(a) and Question 22.1 of the Consultation Paper.

[302] MB Rule 8.09(4).

[303] Paragraph 349(b) and Question 22.2 of the Consultation Paper.

[304] A total of 64 organisational respondents and 657 individual respondents responded to this question.

[305] A total of 65 organisational respondents and 659 individual respondents responded to this question.

(b) the market value of Successor Company's warrants, which are issued to replace SPAC Warrants (for free) to holders of the SPAC Warrants, is beyond the SPAC and the Successor Company's control. It would be difficult to determine such market value upon listing.

603. Opposing individual respondents did not provide substantive comments.

Our response and conclusion

604. In view of the above and considering feedback from respondents, we will adopt the proposal as set out in the Consultation Paper.

D. Allocation of Shares in Specialist Technology Companies

Proposals

605. We proposed to amend the Listing Rules[306] to state that the 50% of shares offered in a Specialist Technology Company's IPO that must be taken up by independent price setting investors (in the placing tranche) be determined by reference to the shares offered (and not the number following any subsequent offer size adjustment)[307].

Comments received

606. A vast majority (86%) of organisational respondents and a near majority (48%) of all individual respondents who responded to the question[308] supported the proposal.

607. Supporting respondents noted that the proposal would enhance regulatory clarity and help avoid uncertainties arising from changes in the total number of shares offered due to any offer size adjustment mechanism.

608. Those who did not agree with the proposal either did not provide a reason or stated arguments that are not relevant to the proposal.

Our response and conclusion

609. In view of the above and considering feedback from respondents, we will adopt the proposal with amendments to the Rule to improve clarity of the drafting, and better align it with our intention that the 50% minimum requirement would be determined by reference to the total number of offer shares prior to the exercise of any offer size adjustment option and/or over-allotment option.

[306] MB Rule 18C.08.

[307] Paragraph 352 and Question 23 of the Consultation Paper.

[308] A total of 66 organisational respondents and 662 individual respondents responded to this question.

DEFINITIONS

TERM	DEFINITION
"Alternative Threshold"	the proposed alternative ongoing public float threshold as defined in paragraph 312 of this paper
"A share issuer"	a PRC issuer that has A shares listed on a PRC stock exchange
"A shares"	domestic shares of a PRC issuer that are listed on a PRC stock exchange
"A+H issuer"	an issuer that is both an A share issuer and an H share issuer
"ADR"	American depositary receipt
"Allocation Cap"	the maximum number of shares permitted under the public subscription tranche after Reallocation and/or PO Over-allocation, as part of the restrictions that would apply under circumstances set out in paragraphs 8 and 9 of Chapter 4.14 of the Guide for New Listing Applicants (last updated 1 August 2025) *Note:* See Section I.D of Chapter 4 of this paper
"Biotech Company"	as defined in MB Rule 18A.01
"bookbuilding placing tranche"	the part of the placing tranche not taken up by cornerstone investors in an IPO
"CCASS"	the Central Clearing and Settlement System operated by HKSCC
"clawback mechanism"	a mechanism to increase the size of the public subscription tranche by reallocating offer shares from the placing tranche to that tranche in the case of an excess demand for offer shares
"close associate"	as defined in MB Rule 1.01 (GEM Rule 1.01)
"Conclusions and Further Consultation Paper"	this Conclusions and Further Consultation Paper on Proposals to Optimise IPO Price Discovery and Open Market Requirements
"Consultation Paper"	the Consultation Paper on Proposals to Optimise Price Discovery and Open Market Requirements published in December 2024 (link)

TERM	DEFINITION
"core connected person" or "CCP"	as defined in MB Rule 1.01 (GEM Rule 1.01), as follows: (a) for a company other than a PRC issuer, or any subsidiary of a PRC issuer, means a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them; and (b) for a PRC issuer, means a director, supervisor, chief executive or substantial shareholder of the PRC issuer or any of its subsidiaries or close associate of any of them
"cornerstone investor"	an investor in an IPO to whom offer shares are preferentially placed with a guaranteed allocation irrespective of the final offer price
"cornerstone placing tranche"	offer of securities in an IPO for subscription by cornerstone investors
"CSRC"	China Securities Regulatory Commission
"De-SPAC Transaction"	as defined in MB Rule 18B.01
"domestic shares"	shares of a PRC issuer which are subscribed for in Renminbi
"equity securities" or "securities"	shares (including preference shares, depositary receipts and treasury shares), convertible equity securities and options, warrants or similar rights to subscribe or purchase shares or convertible equity securities, but excluding interests in a Collective Investment Scheme (as defined in Part I of Schedule 1 to the SFO)
"Existing Pricing Flexibility Mechanism"	a mechanism that, under existing requirements, allows a listing applicant to reduce the offer price by not more than 10% from the indicative offer price or offer price range after the close of the public subscription tranche *Note.* Paragraph 13 of Chapter 4.14 of the Guide for New Listing Applicants (last updated 1 August 2025)
"Exchange Participant"	as defined in MB Rule 1.01 (GEM Rule 1.01), being a person: (a) who, in accordance with the Rules of the Exchange, may trade on or through the Exchange; and (b) whose name is entered in a list, register or roll kept by the Exchange as a person who may trade on or through the Exchange

TERM	DEFINITION
"FINI"	Fast Interface for New Issuance, an online platform operated by HKSCC for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all initial public offerings
"GDR"	global depositary receipts
"GEM"	GEM operated by the Exchange
"GEM Listing Rules" or "GEM Rules"	Rules Governing the Listing of Securities on GEM
"H share full circulation programme"	a programme launched by the CSRC in November 2019 that enables non-tradeable shares of H share companies to be converted into tradeable shares in Hong Kong, subject to certain approvals and procedures as set out in the Guidelines on Applying for "Full Circulation" of Unlisted Domestic Shares of H-share Listed Companies
"H share issuer"	a PRC issuer that has H shares listed on the Exchange
"H shares"	shares of a PRC issuer that are listed on the Exchange
"HKEX"	Hong Kong Exchanges and Clearing Limited
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Implementation Date"	4 August 2025, being the date of implementation of the conclusions set out in this paper (see paragraph 22)
"Initial Prescribed Threshold"	The ongoing public float threshold as defined in paragraph 310 of this paper
"IPO"	initial public offering
"issuer with other share class(es) listed overseas"	an issuer with, apart from the class of shares for which listing is sought on the Exchange, one class of shares or more that are listed on other regulated market(s)
"Listing Rules" or "Rules"	the Main Board and GEM Listing Rules
"LSE"	London Stock Exchange plc
"Main Board"	the main board of the Exchange

TERM	DEFINITION
"Main Board Listing Rules" or "MB Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mainland China" or "Mainland"	for the purpose of this paper, means the PRC, other than the regions of Hong Kong, Macau and Taiwan
"Maximum Allocation Cap Percentage Threshold"	the absolute threshold, expressed as a percentage of the total offering (before over-allocation), in the second limb of the Allocation Cap *Note:* See paragraph 503 in Section I.D of Chapter 4 of this paper
"Mechanism A"	the mechanism that requires a prescribed allocation of offer shares to the public subscription tranche with a clawback mechanism *Note:* See paragraph 475 in Section I.C of Chapter 4 of this paper
"Mechanism B"	the mechanism that requires a minimum initial allocation of 10% of offer shares to the public subscription tranche with no clawback mechanism *Note:* See paragraph 478 in Section I.C of Chapter 4 of this paper
"Minimum 15% Threshold"	(a) in the case of a PRC issuer with shares apart from the H shares for which listing is sought, the requirement of MB Rule 19A.13A (GEM Rule 25.07A) that the issuer's H shares (for which listing is sought) must represent at least 15% of its total number of issued shares (excluding treasury shares); or (b) in the case of an issuer with one class of securities or more apart from the class of securities for which listing is sought, the requirement of MB Rule 8.08(1)(b) that the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares (excluding treasury shares)
"Nasdaq"	The Nasdaq Stock Market LLC
"Northbound"	the trading of Shanghai Stock Exchange securities or Shenzhen Stock Exchange securities by Hong Kong and overseas investors through the Stock Connect programme
"Ongoing Public Float Thresholds"	the proposed Initial Prescribed Threshold and Alternative Threshold, or the bespoke ongoing public float thresholds applicable to PRC issuers with other listed shares (e.g. A+H issuers), as the case may be

TERM	DEFINITION
"OTC"	over-the-counter
"other listed shares"	for a PRC issuer, means shares of a PRC issuer in the class to which H shares belong that are listed on other regulated market(s), such as A shares
"other prescribed types of issuers"	the following types of issuers: (a) PRC issuers with other listed shares but not an A+H issuer (i.e. a PRC issuer with other listed shares listed on overseas regulated market(s)), and (b) issuers with other share class(es) listed overseas
"placee"	an investor in an IPO to whom offer shares are placed under the placing tranche
"Placing Guidelines"	the Placing Guidelines for Equity Securities that form Appendix F1 to the Main Board Listing Rules
"placing tranche"	offer of securities in an IPO for subscription by persons selected or approved by the issuer or intermediary which, for the purpose of this paper, comprises the cornerstone placing tranche and the bookbuilding placing tranche
"PO Over-allocation"	over-allocation of offer shares to the public subscription tranche
"PRC"	the People's Republic of China
"PRC issuer"	as defined in MB Rule 19A.04 (GEM Rule 1.01), which refers to an issuer which is duly incorporated in Mainland China as a joint stock limited company
"PRC stock exchange"	as defined in MB Rule 19A.04 (GEM Rule 1.01), being the Shenzhen Stock Exchange, the Shanghai Stock Exchange, or the Beijing Stock Exchange
"Promoter Share"	as defined in MB Rule 18B.01
"Promoter Warrant"	as defined in MB Rule 18B.01
"Proposed Opt-in Arrangement"	as defined in the Consultation Paper
"Proposed Pricing Flexibility Mechanism"	as defined in the Consultation Paper
"public float"	in the context of the Exchange's requirements, means securities of an issuer that are held in the hands of the public

TERM	DEFINITION
"public subscription tranche"	offer of securities in an IPO for subscription by the public
"RMB Shares"	Renminbi-denominated shares issued and listed on a PRC stock exchange by a non-PRC issuer
"Reallocation"	reallocation of offer shares from the placing tranche to the public subscription tranche
"SEHK" or "Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of HKEX
"SFC"	Securities and Futures Commission
"SFC Code of Conduct"	the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission
"SFO"	Securities and Futures Ordinance (Cap. 571)
"SGX"	Singapore Exchange
"Significant Public Float Shortfall"	a situation where specified conditions regarding an issuer's actual public float (see paragraphs 364 to 366) could not be met, upon which the Exchange proposes to impose a special stock marker to the issuer's shares and require the issuer to comply with certain additional obligations (see paragraphs 363, 368 and 369)
"SIX"	SIX Swiss Exchange
"Southbound"	the trading of the Exchange's securities by Mainland investors through the Stock Connect programme
"SPAC"	special purpose acquisition company
"SPAC Share"	as defined in MB Rule 18B.01
"SPAC Warrant"	as defined in MB Rule 18B.01
"Specialist Technology Company"	as defined in MB Rule 18C.01
"Stock Connect"	a securities trading and clearing links programme for the establishment of mutual market access between Hong Kong and Shanghai/ Shenzhen

TERM	DEFINITION
"substantial shareholder"	as defined in MB Rule 1.01 (GEM Rule 1.01), as follows: in relation to a company means a person (including a holder of depositary receipts) who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the company (excluding voting rights attaching to treasury shares), provided always that a depositary shall not be a substantial shareholder merely by reason of the fact that it is holding shares of the issuer for the benefit of the holders of depositary receipts
"Successor Company"	as defined in MB Rule 18B.01
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs
"trading day"	in the case of an issuer, has the meaning as in the Rules of the Exchange, but excludes any day on which trading of the issuer's shares was halted or suspended
"treasury shares"	shares repurchased and held by an issuer in treasury, as authorised by the laws of the issuer's place of incorporation and its articles of association or equivalent constitutional documents
"UK"	the United Kingdom
"unlisted shares"	for a PRC issuer, means shares of the PRC issuer in the class to which H shares belong that not listed on any regulated market
"US"	the United States of America

APPENDIX I: LIST OF RESPONDENTS

Named Respondents

The following is a list of the 343 respondents to the Consultation Paper who have agreed to have their names published:

Organisational respondents
Accounting Firms
Ernst & Young
KPMG
PricewaterhouseCoopers
Corporate Finance Firms / Banks
China International Capital Corporation Hong Kong Securities Limited
Huatai Financial Holdings (Hong Kong) Limited
Shenwan Hongyuan Capital (H.K.) Limited
HKEX Participants
Futu Securities International (Hong Kong) Limited
Mirae Asset Securities (Hong Kong) Limited
Phillip Securities (Hong Kong) Limited
Prudential Brokerage Limited
Shenwan Hongyuan Securities (H.K.) Limited
Success Securities Limited
Law Firms
Baker & McKenzie
Clifford Chance
Davis Polk & Wardwell
Deacons

DLA Piper UK LLP Beijing Representative Office
Fangda Partners
Freshfields
Herbert Smith Freehills
Howse Williams
Jia Yuan Law Office
Jingtian & Gongcheng LLP
Jun He Law Offices
King & Wood Mallesons
Kirkland & Ellis
Kwok Yih & Chan
Latham & Watkins LLP
Norton Rose Fulbright
Sidley Austin
Simmons & Simmons
Skadden, Arps, Slate, Meagher & Flom
Slaughter and May
Sullivan & Cromwell (Hong Kong) LLP
Investment Firms / Asset Managers
BlackRock, Inc.
广东高合京毅股权投资基金管理有限公司
Professional Bodies / Industry Associations
Asia Securities Industry & Financial Markets Association
Association of Hong Kong Capital Market Practitioners Limited
CFA Society Hong Kong

Federation of Share Registrars Limited
Hong Kong Federation of Women Lawyers
Hong Kong General Chamber of Commerce
Hong Kong Investment Funds Association
Hong Kong Professionals and Senior Executives Association
Hong Kong Securities & Futures Professionals Association
Hong Kong Securities Association
Hong Kong Sponsor Principal Association Limited
The Chamber of Hong Kong Listed Companies
The Hong Kong Chartered Governance Institute
The Law Society of Hong Kong
Other Companies / Organisations
Sullivan Jieli (Shenzhen) Cloud Technology Limited
Individuals
Please refer to the list of individuals available on the HKEX website (link).

Anonymous Respondents

The following is a breakdown, by category, of the 1,687 respondents to the Consultation Paper who have opted to remain anonymous:

Category	Number
Organisational respondents	
Corporate Finance Firms / Banks	9
HKEX Participants	3
Law Firms	11
Listed Companies	4
Investment Firms / Asset Managers	12
Professional Bodies / Industry Associations	6
Prospective Listing Applicants	1
Other Companies / Organisations	4
Individual respondents	
Accountants	48
Corporate Finance Staff	19
HKEX Participant Staff	19
Lawyers	10
Listed Company Staff	125
Staff at Investment Firms / Asset Managers	19
Prospective Listing Applicant Staff	5
Retail Investors	1,348
Other Individuals	44

APPENDIX II: QUANTITATIVE ANALYSIS OF RESPONSES

This appendix provides a summary of the quantitative responses[1] from respondents to all multiple-choice questions in the Consultation Paper. The total number of each question includes only respondents who commented on that question. The sum of percentages for each row may not add up to 100% due to rounding.

Consolidated Quantitative Analysis

The table below summaries the quantitative responses to all questions in the Consultation Paper from both organisational and individual respondents.

	QUESTION	YES	%	NO	%	TOTAL
Q1.1(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)?	510	51%	497	49%	**1007**
Q1.1(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)?	503	53%	452	47%	**955**
Q1.1(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)?	491	52%	445	48%	**936**

[1] Excluding duplicate responses.

	QUESTION	YES	%	NO	%	TOTAL
Q1.1(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)?	466	51%	444	49%	**910**
Q1.2	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)?	502	56%	389	44%	**891**
Q2.1	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)?	527	60%	354	40%	**881**
Q2.2	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)?	449	88%	60	12%	**509**
Q3.1	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?	435	50%	430	50%	**865**
Q3.2	Do you agree with the proposed tiered initial public float thresholds (as set out in Table 5 of the Consultation Paper)?	395	93%	32	7%	**427**
Q3.3(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)?	268	97%	7	3%	**275**
Q3.3(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)?	260	97%	9	3%	**269**
Q3.4	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?	286	96%	13	4%	**299**

	QUESTION	YES	%	NO	%	TOTAL
Q3.5	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?	250	95%	12	5%	**262**
Q4.2	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)?	403	50%	396	50%	**799**
Q4.3	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)?	441	57%	337	43%	**778**
Q4.4	Do you agree that ongoing public float requirements should be applied to shares only (as set out in paragraph 118 of the Consultation Paper)?	429	55%	356	45%	**785**
Q4.5	Do you agree that an OTC market should be established in Hong Kong (as set out in paragraph 119 of the Consultation Paper)?	482	61%	311	39%	**793**
Q5.1	Do you agree with our proposal to mandate disclosure of actual public float in listed issuers' annual reports?	645	80%	160	20%	**805**
Q5.2	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)?	343	84%	64	16%	**407**
Q5.3	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)?	376	93%	28	7%	**404**
Q6.1	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)?	483	61%	304	39%	**787**
Q6.2	Do you agree with our proposed initial free float thresholds (as set out in paragraph 140 of the Consultation Paper)?	404	86%	67	14%	**471**
Q6.3	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)?	383	83%	77	17%	**460**

	QUESTION	YES	%	NO	%	TOTAL
Q6.4	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)?	389	85%	68	15%	**457**
Q6.5	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)?	372	82%	83	18%	**455**
Q6.6	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)?	379	84%	70	16%	**449**
Q7.1	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)?	475	61%	298	39%	**773**
Q7.2	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)?	477	63%	279	37%	**756**
Q7.3	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)?	455	61%	296	39%	**751**
Q9.1	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)?	212	19%	924	81%	**1136**
Q9.2	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)?	73	78%	20	22%	**93**
Q10.1	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)?	421	49%	447	51%	**868**

	QUESTION	YES	%	NO	%	TOTAL
Q10.2	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)?	305	29%	733	71%	**1038**
Q11.1	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)?	141	12%	1071	88%	**1212**
Q11.2	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)?	72	82%	16	18%	**88**
Q12.1	Do you agree that we should retain the Allocation Cap?	395	36%	712	64%	**1107**
Q12.2	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)?	158	42%	216	58%	**374**
Q12.3	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)?	124	33%	251	67%	**375**
Q13.1	Do you agree that the Existing Pricing Flexibility Mechanism should be amended to include upward pricing flexibility?	208	20%	844	80%	**1052**
Q13.2	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)?	173	87%	26	13%	**199**
Q13.4	Do you agree with our Proposed Opt-in Arrangement (as set out in paragraphs 283 to 284 of the Consultation Paper)?	160	85%	28	15%	**188**
Q13.5	Do you agree with our proposal to extend the current disclosure requirements (as set out in paragraph 285 of the Consultation Paper)?	174	94%	11	6%	**185**

QUESTION		YES	%	NO	%	TOTAL
Q14	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)?	365	47%	412	53%	**777**
Q15	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)?	399	53%	351	47%	**750**
Q16	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)?	462	62%	280	38%	**742**
Q17	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)?	414	56%	331	44%	**745**
Q18	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)?	414	55%	334	45%	**748**
Q19	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)?	318	43%	415	57%	**733**
Q20.1	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)?	417	58%	306	42%	**723**
Q20.2	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)?	410	57%	309	43%	**719**
Q21	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)?	449	61%	284	39%	**733**

	QUESTION	YES	%	NO	%	TOTAL
Q22.1	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)?	426	59%	295	41%	**721**
Q22.2	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)?	423	58%	301	42%	**724**
Q23	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)?	376	52%	352	48%	**728**

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	QUESTION	OPTION A	%	OPTION B	%	TOTAL
Q8	In respect of the lock-up requirement on IPO securities placed to cornerstone investors, would you prefer Option A or Option B?	686	85%	119	15%	**805**
Q13.3	In respect of the initial offer price range, would you prefer Option A or Option B?	121	66%	62	34%	**183**

Breakdown of Quantitative Analysis

The table below summaries the quantitative responses to all questions in the Consultation Paper, separated by organisational and individual respondents.

QUESTION		ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q1.1(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)?	71	91%	7	9%	**78**	439	47%	490	53%	**929**
Q1.1(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)?	66	88%	9	12%	**75**	437	50%	443	50%	**880**
Q1.1(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)?	60	79%	16	21%	**76**	431	50%	429	50%	**860**

QUESTION		ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q1.1(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)?	63	85%	11	15%	**74**	403	48%	433	52%	**836**
Q1.2	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)?	64	93%	5	7%	**69**	438	53%	384	47%	**822**
Q2.1	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)?	68	92%	6	8%	**74**	459	57%	348	43%	**807**
Q2.2	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)?	63	94%	4	6%	**67**	386	87%	56	13%	**442**
Q3.1	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?	68	85%	12	15%	**80**	367	47%	418	53%	**785**
Q3.2	Do you agree with the proposed tiered initial public float thresholds (as set out in Table 5 of the Consultation Paper)?	56	85%	10	15%	**66**	339	94%	22	6%	**361**

QUESTION		ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q3.3(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)?	47	94%	3	6%	**50**	221	98%	4	2%	**225**
Q3.3(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)?	45	92%	4	8%	**49**	215	98%	5	2%	**220**
Q3.4	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?	59	100%	0	0%	**59**	227	95%	13	5%	**240**
Q3.5	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?	40	89%	5	11%	**45**	210	97%	7	3%	**217**
Q4.2	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)?	57	76%	18	24%	**75**	346	48%	378	52%	**724**
Q4.3	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)?	37	59%	26	41%	**63**	404	57%	311	43%	**715**
Q4.4	Do you agree that ongoing public float requirements should be applied to shares only (as set out in paragraph 118 of the Consultation Paper)?	66	94%	4	6%	**70**	363	51%	352	49%	**715**
Q4.5	Do you agree that an OTC market should be established in Hong Kong (as set out in paragraph 119 of the Consultation Paper)?	58	81%	14	19%	**72**	424	59%	297	41%	**721**

QUESTION		ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q5.1	Do you agree with our proposal to mandate disclosure of actual public float in listed issuers' annual reports?	67	92%	6	8%	**73**	578	79%	154	21%	**732**
Q5.2	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)?	51	89%	6	11%	**57**	292	83%	58	17%	**350**
Q5.3	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)?	54	95%	3	5%	**57**	322	93%	25	7%	**347**
Q6.1	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)?	63	82%	14	18%	**77**	420	59%	290	41%	**710**
Q6.2	Do you agree with our proposed initial free float thresholds (as set out in paragraph 140 of the Consultation Paper)?	45	78%	13	22%	**58**	359	87%	54	13%	**413**
Q6.3	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)?	43	81%	10	19%	**53**	340	84%	67	16%	**407**
Q6.4	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)?	53	96%	2	4%	**55**	336	84%	66	16%	**402**
Q6.5	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)?	52	95%	3	5%	**55**	320	80%	80	20%	**400**

QUESTION		ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q6.6	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)?	52	98%	1	2%	**53**	327	83%	69	17%	**396**
Q7.1	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)?	67	86%	11	14%	**78**	408	59%	287	41%	**695**
Q7.2	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)?	62	91%	6	9%	**68**	415	60%	273	40%	**688**
Q7.3	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)?	60	90%	7	10%	**67**	395	58%	289	42%	**684**
Q9.1	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)?	48	59%	34	41%	**82**	164	16%	890	84%	**1054**
Q9.2	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)?	32	84%	6	16%	**38**	41	75%	14	25%	**55**
Q10.1	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)?	60	81%	14	19%	**74**	361	45%	433	55%	**794**

QUESTION		ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q10.2	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)?	32	45%	39	55%	**71**	273	28%	694	72%	**967**
Q11.1	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)?	54	61%	34	39%	**88**	87	8%	1037	92%	**1124**
Q11.2	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)?	38	84%	7	16%	**45**	34	79%	9	21%	**43**
Q12.1	Do you agree that we should retain the Allocation Cap?	64	85%	11	15%	**75**	331	32%	701	68%	**1032**
Q12.2	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)?	50	85%	9	15%	**59**	108	34%	207	66%	**315**
Q12.3	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)?	43	73%	16	27%	**59**	81	26%	235	74%	**316**
Q13.1	Do you agree that the Existing Pricing Flexibility Mechanism should be amended to include upward pricing flexibility?	57	67%	28	33%	**85**	151	16%	816	84%	**967**

QUESTION		ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q13.2	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)?	49	91%	5	9%	**54**	124	86%	21	14%	**145**
Q13.4	Do you agree with our Proposed Opt-in Arrangement (as set out in paragraphs 283 to 284 of the Consultation Paper)?	40	82%	9	18%	**49**	120	86%	19	14%	**139**
Q13.5	Do you agree with our proposal to extend the current disclosure requirements (as set out in paragraph 285 of the Consultation Paper)?	45	92%	4	8%	**49**	129	95%	7	5%	**136**
Q14	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)?	64	90%	7	10%	**71**	301	43%	405	57%	**706**
Q15	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)?	62	91%	6	9%	**68**	337	49%	345	51%	**682**
Q16	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)?	61	87%	9	13%	**70**	401	60%	271	40%	**672**
Q17	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)?	64	91%	6	9%	**70**	350	52%	325	48%	**675**
Q18	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)?	68	94%	4	6%	**72**	346	51%	330	49%	**676**

QUESTION		ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q19	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)?	44	72%	17	28%	**61**	274	41%	398	59%	**672**
Q20.1	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)?	59	92%	5	8%	**64**	358	54%	301	46%	**659**
Q20.2	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)?	59	91%	6	9%	**65**	351	54%	303	46%	**654**
Q21	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)?	61	88%	8	12%	**69**	388	58%	276	42%	**664**
Q22.1	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)?	59	92%	5	8%	**64**	367	56%	290	44%	**657**
Q22.2	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)?	60	92%	5	8%	**65**	363	55%	296	45%	**659**

QUESTION		ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		YES	%	NO	%	TOTAL	YES	%	NO	%	TOTAL
Q23	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)?	57	86%	9	14%	**66**	319	48%	343	52%	**662**

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QUESTION		ORGANISATIONAL RESPONDENTS					INDIVIDUAL RESPONDENTS				
		OPTION A	%	OPTION B	%	TOTAL	OPTION A	%	OPTION B	%	TOTAL
Q8	In respect of the lock-up requirement on IPO securities placed to cornerstone investors, would you prefer Option A or Option B?	30	43%	40	57%	**70**	656	89%	79	11%	**735**
Q13.3	In respect of the initial offer price range, would you prefer Option A or Option B?	33	77%	10	23%	**43**	88	63%	52	37%	**140**

APPENDIX III: AMENDMENTS TO THE MAIN BOARD LISTING RULES

Chapter 1

GENERAL

INTERPRETATION

…

1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

…

"Cornerstone Investor"	an investor in the initial public offering of a new applicant's equity securities to whom the equity securities for which listing is sought are preferentially placed, with a guaranteed allocation, irrespective of the final offer price

…

Chapter 8

EQUITY SECURITIES

QUALIFICATIONS FOR LISTING

…

Basic Conditions

…

Open market requirements

8.08 There must be an open market in the securities for which listing is sought. This will normally mean that for a class of securities new to listing:—

(1) ~~(a)~~ at least ~~25% of the issuer's total number of issued shares (excluding treasury shares)~~ a minimum prescribed percentage of that class of securities must be held by the public at the time of listing, determined by reference to the following table, which must also at all times be held by the public~~.~~:—

Expected market value of the class of securities at the time of listing	**Minimum percentage of such class of securities to be held by the public at the time of listing**
Not exceeding HK$6,000,000,000	25%
Over HK$6,000,000,000 but not exceeding HK$30,000,000,000	The higher of: (i) the percentage that would result in the expected market value of such securities held by the public to be HK$1,500,000,000 at the time of listing; and (ii) 15%
Over HK$30,000,000,000	The higher of: (i) the percentage that would result in the expected market value of such securities held by the public to be HK$4,500,000,000 at the time of listing; and (ii) 10%

Notes:

1. For the purpose of determining the expected market value and the minimum percentage in this rule, only securities in the class for

which listing is sought that are in issue at the time of listing (excluding treasury shares) shall be counted.

2. *In the case of an issuer listed on the Exchange with a listing document issued before 4 August 2025, the relevant minimum prescribed percentage of listed securities in public hands that must be maintained by the issuer at all times shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.*

(b) [Repealed 4 August 2025]~~where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares (excluding treasury shares). However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares (excluding treasury shares), having an expected market capitalisation at the time of listing of not less than HK$125,000,000.~~

~~*Notes: (1) Issuers should note that the minimum prescribed percentage of securities must remain in public hands at all times. If the percentage falls below the minimum, the Exchange reserves the right to suspend trading until appropriate steps have been taken to restore the minimum percentage of securities in public hands. In this connection, the Exchange will normally require suspension of trading in an issuer's securities where the percentage of its public float falls below 15% (or 10% in the case of an issuer that has been granted a public float waiver under rule 8.08(1)(d) at the time of listing).*~~

~~*(2) Where the percentage has fallen below the minimum, the Exchange may refrain from suspension if the Exchange is satisfied that there remains an open market in the securities and either:*~~

~~*(a) the shortfall in the prescribed percentage arose purely from an increased or newly acquired holding of the listed securities by a person who is, or after such acquisition becomes, a core connected person only because he is a substantial shareholder of the issuer and/or any of its subsidiaries. Such substantial shareholder must not be a controlling shareholder or single largest shareholder of the issuer. He must also be independent of the issuer, directors and any other substantial shareholders of the issuer and must not be*~~

~~*a director of the issuer. If the substantial shareholder has any representative on the board of directors of the issuer, he must demonstrate that the representation is on a non-executive basis. In general, the Exchange would expect this to apply to holdings of the listed securities by institutional investors with a wide spread of investments other than in the listed securities concerned. Holdings of the listed securities by venture capital funds which have been involved in the management of the issuer before and/ or after listing would not qualify. The issuer must provide sufficient information to the Exchange to demonstrate the independence of such substantial shareholder and to inform the Exchange of any change in circumstances which would affect his independence as soon as it becomes aware of such change; or*~~

~~*(b) the issuer and the controlling shareholder(s) or single largest shareholder undertake to the Exchange to take appropriate steps to ensure restoration of the minimum percentage of securities to public hands within a specified period which is acceptable to the Exchange.*~~

~~*(3) At any time when the percentage of securities in public hands is less than the required minimum, and the Exchange has permitted trading in the securities to continue, the Exchange will monitor closely all trading in the securities to ensure that a false market does not develop and may suspend the securities if there is any unusual price movement.*~~

(c) [Repealed 4 August 2025]~~Notwithstanding the requirement that the minimum prescribed percentage of securities must at all times remain in public hands, the Exchange may consider granting a temporary waiver to an issuer which is the subject of a general offer under the Takeovers Code (including a privatisation offer), for a reasonable period after the close of the general offer to restore the percentage. The issuer must restore the minimum percentage of securities in public hands immediately after the expiration of the waiver, if granted.~~

(d) [Repealed 4 August 2025]~~The Exchange may, at its discretion, accept a lower percentage of between 15% and 25% in the case of issuers with an expected market capitalisation at the time of listing of over HK$10,000,000,000, where it is satisfied that the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage, and on condition that the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing document and confirm sufficiency of public~~

~~float in successive annual reports after listing (see rule 13.35). Additionally, a sufficient portion (to be agreed in advance with the Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong;~~

~~*Note: The revised lower prescribed percentage of between 15% and 25% of public float shall not apply retrospectively nor amend arrangements in place before 31March 2004*~~

(2) ~~for a class of securities new to listing,~~ at the time of listing there must be an adequate spread of holders of the securities to be listed~~, except where: (a) they are options, warrants or similar rights to subscribe for or purchase shares; (b) they are offered to existing holders of a listed issuer's shares by way of bonus issue; and (c) in the 5 years before the date of the announcement of the proposed bonus issue, there are no circumstances to indicate that the issuer's shares may be concentrated in the hands of a few shareholders~~. The number will depend on the size and nature of the issue, but in all cases there must be at least 300 shareholders;~~ and~~

(3) not more than 50% of the securities in public hands at the time of listing can be beneficially owned by the three largest public shareholders; and~~, save where: (a) the securities to be listed are options, warrants or similar rights to subscribe or purchase shares; (b) such securities are offered to existing holders of a listed issuer's shares by way of bonus issue; and (c) in the 5 years preceding the date of the announcement on the proposed bonus issue, there are no circumstances to indicate that the shares of the issuer may be concentrated in the hands of a few shareholders.~~

(4) the requirements of rules 8.08(1), (2) and (3) do not apply if all the following conditions are met:

(a) the securities to be listed are options, warrants or similar rights to subscribe or purchase shares;

(b) such securities are offered to existing holders of a listed issuer's shares by way of bonus issue; and

(c) in the 5 years preceding the date of the announcement on the proposed bonus issue, there are no circumstances to indicate that the shares of the issuer may be concentrated in the hands of a few shareholders.

Note: For the purpose of sub-paragraph (4)(b) of rule 8.08, a bonus issue includes a bonus issue that complies with rule 13.36(2)(a).

Free float

8.08A There must be sufficient shares for which listing is sought by a new applicant that are held by the public and available for trading upon listing. This will normally mean that the portion of the class of shares for which listing is sought that are held by the public

and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must:—

(1) represent at least 10% of the total number of issued shares in the class of shares for which listing is sought (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or

(2) have an expected market value at the time of listing of not less than HK$600,000,000.

Notes: 1. While certain issuers may have shares that are not subject to any disposal restrictions, such shares may otherwise not be available for trading at the time of listing. Shares held by trustees for the benefit of specified participants in respect of awards or options granted to them under a share scheme (as defined in rule 17.01A) must be excluded from the calculation of free float in this rule, regardless of whether they are considered as being "in public hands" (see note to rule 8.24).

2. For the purpose of the calculation of free float in this rule, only shares (for which listing is sought) that are in issue at the time of listing (excluding treasury shares) shall be counted.

Market value requirements

8.09 (1) The expected market valuecapitalisation at the time of listing of the securities of a new applicant for which listing is sought which are held by the public (see rule 8.24) in accordance with rule 8.08(1) must be at least HK$125,000,000.

…

(3) The expected market valuecapitalisation at the time of listing of each class of securities for which listing is sought, other than options, warrants or similar rights to subscribe or purchase securities, must, in the case of both new applicants and listed issuers, be at least HK$50,000,000.

(4) In the case of a class of options, warrants or similar rights to subscribe or purchase securities for which listing is sought, the expected market valuecapitalisation at the time of listing must, in the case of both new applicants and listed issuers, be at least HK$10,000,000.

(5) Further issues of securities of a class already listed are not subject to the limits set out in this rule. In exceptional cases, a lower expected initial market valuecapitalisation may be acceptable where the Exchange is satisfied as to marketability.

Note: The fact that an applicant is able to satisfy the minimum market capitalisation and market value criterion criteria of this rule does not of itself mean that the applicant will be accepted as suitable for listing.

8.09A For the purpose of calculating the expected market capitalisation of a new applicant at the time of listing, Tthe expected issue price of the ~~securities~~shares for which listing is sought shall be used as a basis for determining the market value of the other class(es) of ~~securities~~shares of the new applicant that are unlisted~~, or listed on other regulated market(s)~~.

Note: The Exchange may publish guidance on the Exchange's website, as amended from time to time, as to the calculation of the expected market capitalisation of a new applicant which has shares listed on other regulated market(s).

…

Basis of allocation and "the public"

…

8.24 The Exchange will not regard any core connected person of the issuer as a member of "the public" or shares held by him as being "in public hands". In addition, the Exchange will not recognise as a member of "the public":—

(1) any person whose acquisition of securities has been financed directly or indirectly by the issuer (or any of its subsidiaries) or a core connected person of the issuer;

(2) any person who is accustomed to take instructions from the issuer (or any of its subsidiaries) or a core connected person of the issuer in relation to the acquisition, disposal, voting or other disposition of securities of the issuer registered in his name or otherwise held by him; and

…

Note: Notwithstanding that the underlying shares subject to a share scheme were initially financed by an issuer and/or held by a trustee who is accustomed to take instructions from the issuer, for the purpose of this rule, the Exchange will regard shares that have been: (a) issued or transferred to specified participants; and (b) shares held by trustees for the benefit of specified participants in respect of awards or options granted to them under a share scheme (as defined in rule 17.01A), as being "in public hands", provided that:

(i) the trustee is not a core connected person of the issuer, or is a core connected person of the issuer only because one or more of the beneficiaries under the trust is a core connected person of the issuer; and

(ii) the relevant participants are not core connected persons of the issuer and are not accustomed to take instructions from the issuer or any of its subsidiaries or any of its core connected persons in relation to the acquisition, disposal, voting or other disposition of securities of the issuer registered in the participants' names or otherwise held by the

participants (including those shares granted to them under the share scheme).

…

Chapter 9

EQUITY SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

…

Documentary Requirements – New Listing Applications

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9.11 …

As soon as practicable after the issue of the listing document but before dealings commence as a condition for granting listing approval

…

(35) in the case of a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing:—

(a) separate Marketing and Independence Statements in Form D (published in Regulatory Forms) of (i) each overall coordinator; (ii) each syndicate member (other than an overall coordinator); (iii) any distributor (other than a syndicate member); and (iv) any Exchange Participant referred to in paragraph ~~9~~1A of Appendix F1, to be duly completed and submitted on FINI; and

…

Before dealings commence, or completion of the sale or transfer of treasury shares

9.23 The following documents must be submitted to the Exchange before dealings commence, or in the case of a sale or transfer of treasury shares, before completion of the sale or transfer:—

(1) [Repealed 1 March 2019]

(2) in the case of the placing by a listed issuer of a class of equity securities or interests (including equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01)) new to listing:

(a) separate Marketing and Independence Statement in the form set out in Form D (published in Regulatory Forms), of (i) each overall coordinator; (ii) each syndicate member (other than an overall coordinator); (iii) any distributor (other than a syndicate member); and (iv) any Exchange Participant referred to in paragraph ~~9~~1A of Appendix F1; and

…

…

…

Chapter 12

EQUITY SECURITIES

PUBLICATION REQUIREMENTS

…

On Issue

12.02 In the following cases, a formal notice stating the information set out in rule 12.04 must be published in accordance with rule 2.07C on the date of issue of the listing document:—

…

(2) a placing by or on behalf of a new applicant where any~~25 per cent. or more of the~~ amount placed is made available directly to the general public; and

(3) a placing by or on behalf of a listed issuer of securities of a class new to listing where any~~25 per cent. or more of the~~ amount placed is made available directly to the general public.

…

After Issue

12.08 …

Notes: The announcement should include:

(1) information regarding the spread of applications including the number of applications for each share band and the allocation basis for each such band; ~~and~~

(1a) in case of a new class of securities to be listed, the minimum prescribed percentage applicable to that class of securities pursuant to rule 8.08; and

…

12.08A In the case of an issue under rule 12.08 that includes a placing (in the case of a New Listing), the announcement pursuant to rule 12.08 must also include a brief generic description of the placees. If securities have been placed with different groups of placees, then the announcement must contain a description of each group and the number of shares placed with each group, provided that certain types of placees (as specified in Note 1 to this rule) must be identified on an individually-named basis, with the number of shares placed with each named placee also being disclosed. The announcement must also include:—

…

(b) …

(bb) In case of a new class of securities to be listed, the announcement should include the minimum prescribed percentage applicable to that class of securities pursuant to rule 8.08;

(c) …

…

Notes:

1. The purpose of this rule is to enable investors to understand the broad composition of the ownership of the placed shares immediately prior to trading in those shares. The groups of placees which an issuer must identify in the announcement, to the extent applicable, include:—

…

(d) existing or past employees of the issuer;

…

(f) the overall coordinator(s), syndicate member(s) (other than the overall coordinator(s)), and/or any distributor(s) (other than the syndicate member(s)) and any connected client(s) (~~as defined in~~see Note 2 below) of any of the foregoing parties;

…

2. For the purposes of sub-paragraph (f) of Note 1 above, "connected client" in relation to an Exchange Participant is defined in ~~paragraph 13 of~~ Appendix F1.

…

Chapter 13

EQUITY SECURITIES

CONTINUING OBLIGATIONS

…

GENERAL MATTERS RELEVANT TO THE ISSUER'S SECURITIES

…

Minimum prescribed public holdings and other listings

13.32 (1) Issuers shall maintain the minimum percentage of listed securities as prescribed by rule 8.08(1) at all times in public hands. An issuer shall inform the Exchange immediately and publish an announcement:—

(a) if it becomes aware that the number of listed securities which are in the hands of the public has fallen below the relevant prescribed minimum percentage; and

(b) if any part of the securities of the issuer or any of its subsidiaries becomes listed or dealt in on any other stock exchange, stating which stock exchange.

Note: In the case of an issuer listed on the Exchange with a listing document issued before 4 August 2025, the relevant prescribed minimum percentage shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.

(2) Once the issuer becomes aware that the number of listed securities in the hands of the public has fallen below the relevant prescribed minimum percentage (as determined at the time of the issuer's initial listing) the issuer shall take steps to ensure compliance at the earliest possible moment.

Notes: (1) [Repealed 4 August 2025]~~The prescribed minimum percentage is determined by the Exchange at the time of listing under rule 8.08(1).~~

(2) ~~The~~Any lower percentage of securities in public hands that ~~the Exchange may at its discretion grant~~may apply to eligible issuers under rule 8.08(1)~~(d) may~~ only applies~~be granted~~ at the time of listing and will not be open for application post listing ~~notwithstanding an issuer may after listing attain a market capitalisation of over HK$10,000,000,000~~.

(3) If the percentage falls below the minimum, the Exchange reserves the right to require suspension of trading in an issuer's securities until appropriate steps

have been taken to restore the minimum percentage of securities in public hands. In this connection, the Exchange will normally require suspension of trading in an issuer's securities where the percentage of its public float falls below 15% in the case of an issuer with a minimum prescribed percentage of public float of 25% at the time of listing (or 10% in the case of an issuer with a minimum prescribed~~that has been granted a lower~~ percentage of public float of between 15% and 25%~~under rule 8.08(1)(d)~~ at the time of listing).

…

Chapter 18A

EQUITY SECURITIES

BIOTECH COMPANIES

…

DEFINITIONS AND INTERPRETATION

18A.01 For the purposes of this Chapter unless otherwise stated or the context otherwise requires the following terms have the meanings set out below:—

…

~~**"Cornerstone Investor"**~~	~~An investor in the initial public offering of a new applicant's shares to whom offer shares are preferentially placed with a guaranteed allocation irrespective of the final offer price, usually for the purpose of signifying that the investor has confidence in the financial condition and future prospects of the new applicant.~~

…

~~CORNERSTONE INVESTORS~~

18A.07~~.~~ [Repealed 4 August 2025]~~A Biotech Company seeking an initial listing under this chapter must, in addition to meeting the requirements of Rule 8.08(1), ensure that a portion of the total number of its issued shares with a market capitalisation of at least HK$375 million are held by the public at the time of its initial listing. Any shares allocated to a Cornerstone Investor and any shares subscribed by existing shareholders of the Biotech Company at the time of listing shall not be considered as held by the public for the purpose of this rule 18A.07.~~

…

Chapter 18B

EQUITY SECURITIES

SPECIAL PURPOSE ACQUISITION COMPANIES

…

CONDITIONS FOR LISTING

…

Open Market Requirements

18B.05 Rule 8.08(2) is modified to require that, ~~for each class of securities new to listing by a SPAC,~~ at the time of listing, there must be an adequate spread of holders of the securities to be listed which must, in all cases, be at least 75 Professional Investors, of whom at least 20 must be Institutional Professional Investors and such Institutional Professional Investors must hold at least 75% of the securities to be listed.

Note: A SPAC must meet all other open market requirements applicable to a new listing, including the requirements of rule 8.08(1) on the prescribed percentage of securities to be ~~that at least 25% of its total number of issued shares (excluding treasury shares) (and 25% of its total number of issued warrants) are at all times~~ held by the public (see rule 8.24) and rule 8.08(3) that not more than 50% of the securities in public hands (see rule 8.24) at the time of listing can be beneficially owned by the three largest public shareholders.

18B.05A Rule 8.09(4) does not apply to SPAC Warrants.

…

SUCCESSOR COMPANY

Open Market in Successor Company's Securities

…

18B.65 The minimum number of 300 shareholders of rule 8.08(2) is modified to 100 Professional Investors at the time of listing of a Successor Company.

Note: A Successor Company must meet all other open market requirements applicable to a new listing, including the requirements of rule 8.08(1) on the prescribed percentage of securities to be held by the public (see rule 8.24) ~~that at least 25% of its total number of issued shares (excluding treasury shares) are at all times held by the public (subject to the Exchange's discretion to accept a lower percentage as provided for by rule 8.08(1)(d))~~ and rule 8.08(3) that not more than 50% of the securities in public hands at the time of listing can be beneficially owned by the three largest public shareholders, provided that the open market requirements of rule 8.08 do not apply to warrants issued by the Successor Company upon the completion of the De-SPAC Transaction to replace any SPAC Warrants.

Market Value of Successor Company's Warrants

18B.65A Rule 8.09(4) does not apply to warrants issued by the Successor Company upon the completion of a De-SPAC Transaction to replace any SPAC Warrants.

…

Chapter 18C

EQUITY SECURITIES

SPECIALIST TECHNOLOGY COMPANIES

…

DEFINITIONS

…

18C.01 Unless otherwise stated or the context otherwise requires, the following terms have the meanings set out below:

…

~~**"Cornerstone Investor"**~~ ~~has the meaning in rule 18A.01~~

…

INITIAL PUBLIC OFFERING OF A SPECIALIST TECHNOLOGY COMPANY

Allocation of Shares

18C.08 At least 50% of the total number of shares offered in the initial public offering (excluding any shares to be issued pursuant to the exercise of any offer size adjustment option and/or over-allotment option) of a Specialist Technology Company must be taken up by independent price setting investors in the placing tranche (whether as Cornerstone Investors or otherwise).

Note: The Exchange will publish guidance on the Exchange's website, as amended from time to time, on the meaning of independent price setting investors for the purpose of this rule.

18C.08A Paragraph 3.2 of Practice Note 18 does not apply to the initial public offering of a Specialist Technology Company.

18C.09 Paragraph 4.2 of Practice Note 18 is modified with respect to the allocation of shares in the initial public offering of a Specialist Technology Company, such that where an initial public offering of a Specialist Technology Company includes both a placing tranche and a public subscription tranche, the ~~minimum~~prescribed allocation of shares to the public subscription tranche ~~shall~~must be as follows:

(1) an initial allocation of 5% of the shares offered in the initial public offering;

(2) a clawback mechanism that increases the number of shares to 10% when the total demand for shares in the subscription tranche is 10 times or more but less than 50 times the initial allocation; and

(3) a clawback mechanism that increases the number of shares to 20% when the total demand for shares in the subscription tranche is 50 times or more the initial allocation.

Shares may be transferred from the subscription tranche to the placing tranche where there is insufficient demand in the subscription tranche to take up the initial allocation.

~~Free Float and~~ Offer Size

18C.10 [Repealed 4 August 2025]~~A Specialist Technology Company seeking an initial listing under this Chapter must, in addition to meeting the requirements of rule 8.08(1), ensure that a portion of the total number of its issued shares listed on the Exchange with a market capitalisation of at least HK$600,000,000 are not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of listing.~~

…

Chapter 19A

EQUITY SECURITIES

ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

…

Definitions and Interpretation

19A.04 The following terms, save where the context otherwise requires, have the following meanings:—

…

"A shares"	shares of a PRC issuer that are listed on a PRC stock exchange

…

"other listed shares"	shares of a PRC issuer in the class to which H shares belong that are listed on other regulated market(s), such as A shares

…

"unlisted shares"	shares of a PRC issuer in the class to which H shares belong that are not listed on any regulated market

…

Chapter 8 – Qualifications for Listing

19A.13 The following modifications and additional requirements apply:—

…

(6) rules 8.08(1), 8.08A and 8.09A are amended and replaced by rules 19A.13A, 19A.13C and 19A.13D, respectively, in their entirety, when applied to PRC issuers.

Open market requirements

19A.13A ~~Rule 8.08 is amended by adding the following provision to sub-paragraph (1)(b):~~

~~Where a PRC issuer has shares apart from the H shares for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares (excluding treasury shares). However, the issuer's H shares (for~~

~~which listing is sought) must represent at least 15% of its total number of issued shares (excluding treasury shares), having an expected market capitalisation at the time of listing of not less than HK$125,000,000.~~ There must be an open market in the securities for which listing is sought.

PRC issuers with no other listed shares

(1) Where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that, at least a minimum prescribed percentage of shares in the class to which H shares belong must be H shares held by the public at the time of listing, determined by reference to the following table:—

Expected market value of the class of shares to which H shares belong at the time of listing	**Minimum number of H shares held by the public at the time of listing as a percentage of the total number of shares in the class to which H shares belong**
Not exceeding HK$6,000,000,000	25%
Over HK$6,000,000,000 but not exceeding HK$30,000,000,000	The higher of: (i) the percentage that would result in the expected market value of H shares held by the public to be HK$1,500,000,000 at the time of listing; and (ii) 15%
Over HK$30,000,000,000	The higher of: (i) the percentage that would result in the expected market value of H shares held by the public to be HK$4,500,000,000 at the time of listing; and (ii) 10%

Note: For the purpose of determining the expected market value and the denominator for the minimum percentage in this rule, only issued shares in the class to which H shares belong at the time of listing (excluding treasury shares) shall be counted.

(1A) A PRC issuer with no other listed shares must maintain the relevant minimum prescribed percentage of H shares held by the public (as calculated and determined under rule 19A.13A(1) at the time of listing) at all times.

Note: In the case of a PRC issuer with no other listed shares listed on the Exchange with a listing document issued before 4 August 2025, the relevant minimum prescribed percentage of H shares in public hands that must be maintained by the issuer at all times shall mean 25% of the issuer's total number of issued shares (excluding treasury shares),

or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.

PRC issuers with other listed shares

(2) Where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must:—

(a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or

(b) have an expected market value of not less than HK$3,000,000,000.

Note: For the purpose of this sub-paragraph (2), only shares in the class to which H shares belong that are in issue at the time of listing (excluding treasury shares) shall be counted.

(2A) A PRC issuer with other listed shares must maintain the relevant minimum prescribed percentage of H shares held by the public (as calculated and determined under rule 19A.13A(2) at the time of listing) at all times.

Notes:

1. In the case of a PRC issuer with other listed shares which is listed on the Exchange in reliance upon the market value threshold under rule 19A.13A(2)(b), the relevant minimum prescribed percentage shall mean the percentage derived by dividing HK$3,000,000,000 by the total market value of the issuer's total issued shares in the class to which H shares belong at the time of listing.

2. In the case of a PRC issuer with other listed shares listed on the Exchange with a listing document issued before 4 August 2025 (including a PRC issuer which becomes a PRC issuer with other listed shares after 4 August 2025), the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) must be at least 25% of the issuer's total number of issued shares (excluding treasury shares).

19A.13B [Repealed 4 August 2025]~~For new applicants which are PRC issuers, the reference to "each class of securities for which listing is sought" in rule 8.09(3) shall mean H shares to be listed on the Exchange.~~

Free float

19A.13C There must be sufficient shares for which listing is sought by a new applicant that are held by the public and available for trading upon listing.

PRC issuers with no other listed shares

(1) Where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must:—

(a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or

(b) have an expected market value at the time of listing of not less than HK$600,000,000.

PRC issuers with other listed shares

(2) Where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must:—

(a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or

(b) have an expected market value at the time of listing of not less than HK$600,000,000.

Notes:

1. While certain PRC issuers may have H shares that are not subject to any disposal restrictions, such H shares may otherwise not be available for trading at the time of listing. H shares held by trustees for the benefit of specified participants in respect of awards or options granted to them under a share scheme (as defined in rule 17.01A) must be excluded from the calculation of free float in this rule, regardless of whether they are considered as being "in public hands" (see Note to rule 8.24).

2. For the purpose of the calculation of free float in this rule, only H shares (for which listing is sought) that are in issue at the time of listing (excluding treasury shares) shall be counted.

Market value requirements

19A.13D Where a new applicant is a PRC issuer and has shares apart from the H shares, for the purpose of calculating its expected market capitalisation at the time of listing, the

expected issue price of the H shares shall be used as a basis for determining the market value of the other shares of the new applicant that are unlisted.

Note: *The Exchange may publish guidance on the Exchange's website, as amended from time to time, as to the calculation of the expected market capitalisation of a new applicant which has shares listed on other regulated market(s).*

…

Chapter 14 – Notifiable Transactions

19A.38A Rule 14.07(4) is amended by adding the following provisions:

Where ~~the shares of~~ a PRC issuer ~~(other than H shares) are listed on a PRC stock exchange~~has other listed shares, the market ~~capitalisation~~value of its ~~PRC~~ other listed shares is to be determined based on the average closing price of those shares for the 5 days on which trading is conducted on the relevant ~~PRC stock exchange~~ regulated market immediately preceding the transaction.

Where a PRC issuer has issued unlisted shares, the market ~~capitalisation~~ value of its unlisted shares is calculated by reference to the average closing price of its H shares for the 5 business days preceding the transaction.

…

Chapter 19C

EQUITY SECURITIES

SECONDARY LISTINGS OF OVERSEAS ISSUERS

…

Exceptions to the Rules

19C.11 The following rules do not apply to an overseas issuer that has, or is seeking, a secondary listing on the Exchange: 3.09F; 3.09G; 3.09H; 3.12A; 3.13A; 3.17; 3.21 to 3.23; 3.25 to 3.27C; 3.28; 3.29; 4.06; 4.07; Chapter 7; 8.08(1) ~~(prescribed percentage of public float only)~~; 8.08A; 8.09(4) (exception limited to issues outside the Exchange's markets); 8.18 (exception limited to issues outside the Exchange's markets); 9.11(10)(b); 10.05; 10.06(2)(a) to (c); 10.06(2)(e); 10.06(4); 10.06(5); 10.06A(1); 10.06A(3); 10.06B; 10.07(1); 10.07(2) to (4); 10.08; 13.11 to 13.22; 13.23(1); 13.23(2); 13.25A; 13.27; 13.28; 13.29; 13.31(1); 13.35; 13.36; 13.37; 13.38; 13.39(1) to (5A); 13.39(6) to (7) (exception limited to circumstances other than where a spin-off proposal requires approval by shareholders of the parent); 13.40 to 13.42; 13.44 to 13.45; 13.47; 13.48(2); 13.49; 13.51(1); 13.51(2) (except that each director or member of the overseas issuer's governing body must provide their contact information and personal particulars as soon as possible as required under rule 3.20); 13.51B; 13.51C; 13.52(1)(b) to (d); 13.52(1)(e)(i) to (ii); 13.52(1)(e)(iv) (exception limited to issues outside the Exchange's markets); 13.52(2); 13.67; 13:68; 13.74; 13.80 to 13.87 (exception limited to circumstances other than where a spin-off proposal requires approval by shareholders of the parent); 13.88; 13.89; 13.91; Chapter 14; Chapter 14A; Chapter 15 (exception limited to issues outside the Exchange's markets); Chapter 16 (exception limited to issues outside the Exchange's markets); Chapter 17; Practice Note 4 (exception limited to issues outside the Exchange's markets); Practice Note 15 paragraphs 1 to 3(b) and 3(d) to 5 (exception limited to circumstances where the spun-off assets or businesses are not to be listed on the Exchange's markets and the approval of shareholders of the parent is not required); Appendix C3; Appendix C1; Appendix D2; and Appendix C2.

…

The Stock Exchange of Hong Kong Limited

Practice Note 18

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

INITIAL PUBLIC OFFER OF SECURITIES

…

2. Introduction

2.1 This practice note sets out certain procedures to be adopted in the allocation of shares in initial public offerings. ~~The Exchange Listing Rules permit a new issue of shares to be offered by way of placing. This practice note also sets out certain procedures to be adopted where an initial public offering involves a placing tranche and public subscription tranche of securities.~~

3. Allocation of Shares

…

3.2 At least 40% of the total number of shares initially offered in the initial public offering must be allocated to investors in the placing tranche (other than Cornerstone Investors).

4. Offers Involving a Subscription Tranche

4.1 Issuers are reminded that in accordance with rule~~paragraph~~ 7.10 of the Exchange Listing Rules, the Exchange may not permit a new applicant to be listed by way of placing if there is likely to be significant public demand for the securities. A key factor the Exchange will consider in reaching such a determination is the size of the offering.

4.2 Where an ~~IPO~~initial public offering includes both a placing tranche and a public subscription tranche, the prescribed~~minimum~~ allocation of shares to the subscription tranche ~~shall~~must be either~~as follows~~:

(a) (i) ~~–~~ an initial allocation of 5~~10~~% of the shares offered in the ~~IPO~~initial public offering;

(ii)– a clawback mechanism that increases the number of shares to 15~~30~~% when the total demand for shares in the subscription tranche is 15 times but less than 50 times the initial allocation;

(iii)– a clawback mechanism that increases the number of shares to 25~~40~~% when the total demand for shares in the subscription tranche is 50 times but less than 100 times the initial allocation; and

(iv)– a clawback mechanism that increases the number of shares to 35~~50~~% when the total demand for shares in the subscription tranche is 100 times or more the initial allocation~~.~~; or

(b) a minimum initial allocation of 10% of shares offered in the initial public offering to the public subscription tranche with no clawback mechanism.

…

…

4.5 Investors are free to select whether to apply in the placing tranche or the subscription tranche. Where the ~~placement~~placing tranche and subscription tranche are completed simultaneously, an investor may submit an application in one of the pools in the subscription tranche and indicate an interest ~~for~~in shares in the placing tranche. An investor may only receive shares in the placing tranche or the subscription tranche. Investors which have not received shares in the subscription tranche may receive shares in the placing tranche.

4.6 Issuers should reject multiple applications within either pool or between pools. Issuers, their directors, sponsors and underwriters are required to take reasonable steps to identify and reject indications of interest in the placing tranche from investors that received shares in the subscription tranche. ~~Investors which have not received shares in the subscription tranche may receive shares in the placing tranche.~~

…

Hong Kong 26th June, 1998

Revised on 4 August 2025

D. Document Content Requirements

Appendix D1A

Contents of Listing Documents

Equity Securities

In the case where listing is sought for equity securities of an issuer no part of whose share capital is already listed

…

Information about the securities for which listing is sought and the terms and conditions of their issue and distribution

14. (1) A statement that application has been or will be made to the Exchange for listing of and permission to deal in the securities; ~~and~~

(2) A statement that all necessary arrangements have been made enabling the securities to be admitted into CCASS or an appropriate negative statement~~.~~; and

(3) A statement of the minimum prescribed percentage of securities to be held by the public pursuant to rule 8.08.

…

Appendix D1B

Contents of Listing Documents

Equity Securities

In the case where listing is sought for equity securities of an issuer some part of whose share capital is already listed and/or where treasury shares are sold or transferred by the issuer

…

Information about the securities for which listing is sought and the terms and conditions of their issue and distribution (Note 7)

9. (1) A statement that application has been or will be made to the Exchange for listing of and permission to deal in the securities; ~~and~~

(2) In case of a new class of securities to be listed, a statement that all necessary arrangements have been made enabling the securities to be admitted into CCASS or an appropriate negative statement~~.~~; and

(3) In case of a new class of securities to be listed, a statement of the minimum prescribed percentage of securities to be held by the public pursuant to rule 8.08.

…

F. Placing Requirements

Appendix F1

Placing Guidelines
— for —
Equity Securities

New Applicants

1. [Repealed 4 August 2025]~~The expected initial market capitalisation of the securities to be placed must not be less than HK$25,000,000 or such other amount as may be fixed from time to time by the Exchange.~~

1A. This Appendix applies equally to every Exchange Participant with whom or through whom the securities of a class new to listing are placed by an overall coordinator, a syndicate member (other than an overall coordinator) or a distributor (other than a syndicate member).

1B. For the purposes of this Appendix:

"Connected client" in relation to an Exchange Participant means any of its clients who is:—

(1) a partner of such Exchange Participant;

(2) an employee or non-employee account executive (or any other person with or otherwise acting in similar capacity) of such Exchange Participant;

(3) a substantial shareholder of such Exchange Participant;

(4) a director of such Exchange Participant;

(5) a close associate of any person in (1) to (4) above;

(6) any of the following persons where his/its account is managed by such Exchange Participant in pursuance of a discretionary managed portfolio agreement:

(a) a family member (as defined in Chapter 14A) of any person in (1) to (5) above ("**Connected Family Member**"); or

(b) a majority-controlled company (as defined in Chapter 14A) held, directly or indirectly, by the Connected Family Members (individually or together), or held by the Connected Family Members together with any person in (1) to (5) above, or any of its subsidiaries; or

(7) a member of the same group of companies as such Exchange Participant.

"Discretionary managed portfolio" means a fund of investments, the contents of which are kept under review by an Exchange Participant or any member of the group of which such Exchange Participant is a part which has authority to effect or arrange for the effecting of transactions for the fund at its discretion.

"Securities" and "shares" shall include equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01 of the Exchange Listing Rules).

1C. No allocations will be permitted to:—

(1) "connected clients" of the overall coordinator(s), any syndicate member(s) (other than the overall coordinator(s)) or any distributor(s) (other than syndicate member(s));

(2) directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in rules 10.03 and 10.04 are fulfilled; or

(3) nominee companies unless the name of the ultimate beneficiary is disclosed,

without the prior written consent of the Exchange.

2. [Repealed 4 August 2025]~~The limits set out in paragraph 1 will not normally apply to placings of equity securities by overseas issuers having their primary listing on another stock exchange. The Exchange should, however, be consulted in such cases.~~

3. The overall coordinator(s) must make adequate distribution facilities available, must run the application list and must determine a fair basis for allocating securities when an issue is oversubscribed. In the case of a placing of securities involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, each overall coordinator will be deemed to have reviewed the analysis generated by FINI on the distribution and concentration of the securities placed and confirmed its accuracy by submitting the ~~declaration~~ separate Marketing and Independence Statements in the form set out in Form D (published in Regulatory Forms) on FINI (see rule 9.11(35)).

4. The securities to be placed must have an adequate spread of holders~~, the number depending on the size of the placing, but as a guideline there should be not less than three holders for each HK$1,000,000 of the placing, with a minimum of 100 holders~~.

Note: The Exchange retains the discretion to reject an application for listing if the issuer fails to demonstrate that there will be an adequate spread of placees. The Exchange may publish guidance on its website, as amended from time to time, on its interpretation of this requirement including the factors that the Exchange may take into account in assessing whether there is an adequate spread of placees.

5. [Repealed 4 August 2025]~~No allocations will be permitted to:—~~

~~(1) "connected clients" (as defined in paragraph 13) of the overall coordinator(s), any syndicate member(s) (other than the overall coordinator(s)) or any distributor(s) (other than syndicate member(s));~~

~~(2) directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in rules 10.03 and 10.04 are fulfilled; or~~

~~(3) nominee companies unless the name of the ultimate beneficiary is disclosed,~~

~~without the prior written consent of the Exchange.~~

6. [Repealed 4 August 2025]~~Not more than 25 per cent. of the total placing may be allocated to "discretionary managed portfolios" (as defined in paragraph 13).~~

…

8. No overall coordinator, syndicate member (other than an overall coordinator) or distributor (other than a syndicate member) may, under normal circumstances, retain any ~~material amount of the~~ securities being placed for its own proprietary account and those of its group companies, unless the offer is not fully subscribed and the underwriters are required to take up the unsubscribed shares pursuant to the underwriting obligation, or in exceptional circumstances which will be considered on a case-by-case basis. ~~Where there is public demand, no overall coordinator, syndicate member (other than an overall coordinator) or distributor (other than a syndicate member) may retain more than five per cent. of the shares comprising the total placing.~~

9. [Repealed 4 August 2025]~~These guidelines apply equally to every Exchange Participant with whom or through whom the securities are placed by an overall coordinator, a syndicate member (other than an overall coordinator) or a distributor (other than a syndicate member).~~

10. In connection with a New Listing, separate Marketing and Independence Statements in the form set out in Form D (published in Regulatory Forms) must be submitted to the Exchange on FINI by (a) each overall coordinator; (b) each syndicate member (other than an overall coordinator); (c) any distributor (other than a syndicate member); and (d) any Exchange Participant referred to in paragraph ~~9~~1A above before dealings commence (see rule 9.11(35)).

11. Dealings in the securities cannot commence until the Exchange has been supplied with and approved (~~on~~in FINI, in the case of a placing in connection with a New Listing) a list setting out ~~for~~ all the placees~~,~~ and the required information, including without limitation, (i) in the case of individuals, the names, addresses and identity cards (or if none, passport numbers and the jurisdiction of issuance); ~~(in the case of individuals)~~ and (ii) in the case of companies, the names, addresses, jurisdiction of incorporation and the relevant company identification numbers ~~(in the case of companies), the names, addresses and identity cards (or if none, passport numbers and the jurisdiction of issuance) of the beneficial owners (in the case of nominee companies)~~ and the amounts taken up by each placee (see rule 9.11(35)). The Exchange reserves the right to require

submission of further information (in any other format as it may request) on the placees as it considers necessary for the purpose of establishing the placees' independence, including without limitation, details of beneficial ownership.

Note: *The Exchange may publish guidance on the Exchange's website, as amended from time to time, on further information on the placees and their ultimate beneficial owners that may be required to be submitted to the Exchange.*

…

12. [Repealed 4 August 2025]~~Each overall coordinator, syndicate member (other than an overall coordinator), distributor (other than a syndicate member) and Exchange Participant referred to in paragraph 9 must keep a record of their placees for at least three years following completion of the placing. This record should contain the information required in paragraph 11.~~

13. [Repealed 4 August 2025]~~For the purposes of this Appendix:—~~

~~"Connected client" in relation to an Exchange Participant means any client of such member who is:—~~

~~(1) a partner of such Exchange Participant;~~

~~(2) an employee of such Exchange Participant;~~

~~(3) where the Exchange Participant is a company,~~

~~(a) any person who is a substantial shareholder of such Exchange Participant; or~~

~~(b) a director of such Exchange Participant;~~

~~(4) the spouse or infant child or step child of any individual described in (1) to (3) above;~~

~~(5) a person in his capacity as trustee of a private or family trust (other than a pension scheme) the beneficiaries of which include any person in (1) to (4) above;~~

~~(6) a close relative of any person in (1) to (4) above where his account is managed by such Exchange Participant in pursuance of a discretionary managed portfolio agreement; or~~

~~(7) a company which is a member of the same group of companies as such Exchange Participant.~~

~~"Discretionary managed portfolio" means a fund of investments, the contents of which are kept under review by an Exchange Participant or any member of the group of which such Exchange Participant is a part which has authority to effect or arrange for the effecting of transactions for the fund at its discretion.~~

~~"Securities" and "shares" shall include equity securities, interests in a REIT, stapled securities and securities of an investment company (as defined in rule 21.01 of the Exchange Listing Rules).~~

Listed issuers

14. [Repealed 4 August 2025]~~Placings of securities by listed issuers will be allowed only in the following circumstances: —~~

    (1) ~~where such placing falls within any general mandate given to the directors of the applicant by the shareholders in accordance with rule 13.36; or~~

    (2) ~~where the placing is specifically authorised by the shareholders of the applicant in general meeting~~.

15. ~~Placings made in either of the above circumstances are required to comply with these guidelines only if the securities are of a class new to listing.~~Placings of securities of a class new to listing by listed issuers must comply with this Appendix, save for the requirements relating to submission of information on FINI. For any such placing, (i) each overall coordinator; (ii) each syndicate member (other than an overall coordinator); (iii) any distributor (other than a syndicate member); and (iv) any Exchange Participant must duly complete and sign a Marketing and Independence Statement in the form set out in Form D (published in Regulatory Forms), and submit the Marketing and Independence Statement and a placee list setting out the required information in paragraph 11 of this Appendix with the Exchange before dealings commence (see rule 9.23(2)).

16. [Repealed 4 August 2025]~~In the case of a placing by or on behalf of a listed issuer of securities of a class already listed the Exchange may require the issuer to disclose to the Exchange the names and addresses of each of the placees. (see also rule 13.28(7)).~~

…

APPENDIX IV: AMENDMENTS TO THE GEM LISTING RULES

Chapter 1

GENERAL

INTERPRETATION

1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

…

"Cornerstone Investor"	an investor in the initial public offering of a new applicant's equity securities to whom the equity securities for which listing is sought are preferentially placed, with a guaranteed allocation, irrespective of the final offer price

…

"market capitalisation"	the market value of the entire size of an issuer, which shall include all classes of securities (excluding treasury shares) of the issuer, irrespective of whether any of such class(es) of securities are unlisted, or listed on other regulated market(s)

…

Chapter 10

EQUITY SECURITIES

METHODS OF LISTING

…

Placing

…

10.11A A listing by a new applicant must include an offering to the public of not less than 5~~10~~% of all securities offered which must comply with paragraph 4 of Practice Note 6.

10.12 A placing by or on behalf of a new applicant or by or on behalf of a listed issuer of securities of a class new to listing must be supported by a listing document which must comply with the relevant requirements of Chapter 14 and such a placing must comply with the following specific requirements:—

…

(1A) The guidelines in rules 10.11 to 10.16B apply equally to every Exchange Participant with whom or through whom the securities of a class new to listing are placed by an overall coordinator, a syndicate member (other than an overall coordinator) or a distributor (other than a syndicate member).

For the purposes of rules 10.11 to 10.16B:—

"Connected client" in relation to an Exchange Participant means any of its client who is:—

(a) a partner of such Exchange Participant;

(b) an employee or non-employee account executive (or any other person with or otherwise acting in similar capacity) of such Exchange Participant;

(c) a substantial shareholder of such Exchange Participant;

(d) a director of such Exchange Participant;

(e) a close associate of any person in (a) to (d) above;

(f) any of the following persons where his/its account is managed by such Exchange Participant in pursuance of a discretionary managed portfolio agreement:

(i) a family member (as defined in Chapter 20) of any person in (a) to (e) above ("**Connected Family Member**"); or

(ii) a majority-controlled company (as defined in Chapter 20) held, directly or indirectly, by the Connected Family Members (individually or together), or held by the Connected Family Members together with any person in (a) to (e) above, or any of its subsidiaries; or

(g) a member of the same group of companies as such Exchange Participant.

Notes:

1. "Discretionary managed portfolio" means a fund of investments, the contents of which are kept under review by an Exchange Participant or any member of the group of which such Exchange Participant is a part which has authority to effect or arrange for the effecting of transactions for the fund at its discretion.

2. "Securities" and "shares" shall include equity securities.

(1AA) No allocations to the following persons will be permitted without the prior written consent of the Exchange:

(a) "connected clients" ~~(as defined in Note 2 of rule 10.12(4))~~ of the overall coordinator(s), any syndicate member(s) (other than the overall coordinator(s)) or any distributor(s) (other than syndicate member(s));

…

(1B) The overall coordinator(s) must make adequate distribution facilities available, must run the application list and must determine a fair basis for allocating securities when an issue is oversubscribed. In the case of a placing of securities involving bookbuilding activities (as defined under the Code of Conduct) in connection with a New Listing, each overall coordinator will be deemed to have reviewed the analysis generated by FINI on the distribution and concentration of the securities placed and confirmed its accuracy by submitting the ~~declaration~~separate Marketing and Independence Statements in the form set out in Form D (published in Regulatory Forms) on FINI (see rule 12.26(6)).

(1C) The securities to be placed must have an adequate spread of holders.

Note: The Exchange retains the discretion to reject an application for listing if the issuer fails to demonstrate that there will be an adequate spread of placees. The Exchange may publish guidance on its website, as amended from time to time, on its interpretation of this requirement including the factors that the Exchange may take into account in assessing whether there is an adequate spread of placees.

(1D) Not more than ten per cent. of the total placing may be offered to employees or past employees of the applicant (see rule 13.02(2)).

…

(4) The announcement of the results of the placing required pursuant to rule 16.16 must include a brief generic description of the placees. If securities have been placed with different groups of placees, then the announcement must contain a description of each group and the number of shares placed with each group, provided that certain types of placee (as specified in Note 1 to this rule) must be identified on an individually-named basis, with the number of shares placed with each named placee also being disclosed. ~~In the case of a New Listing effected by way of a placing or which included a placing tranche, t~~The announcement must also include information on:—

…

Notes: 1 The purpose of this rule is to enable shareholders and investors to understand the broad composition of the ownership of the placed shares immediately prior to trading in those shares. The groups of placees which the issuer must identify in the announcement, to the extent applicable, include:—

…

(g) the overall coordinator(s), syndicate member(s) (other than the overall coordinator(s)), and/or any distributor(s) (other than the syndicate member(s)) and any connected clients (~~as defined in Note 2 below~~see rule 10.12(1A)) of any of the foregoing parties;

(h) [Repealed 4 August 2025]~~customers or clients of the issuer;~~

(i) [Repealed 4 August 2025]~~suppliers to the issuer; and~~

(j) the underwriters (if any) and their close associates, if different from (f) or (g) above; and~~.~~

(k) other groups of placees which may be required by the Exchange (e.g. customers or suppliers of the issuer).

…

2 [Repealed 4 August 2025]~~For the purposes of sub-paragraph (g) of Note 1 above "connected client" in relation to an Exchange Participant means any client of such Exchange Participant who is:—~~

~~(a) a partner of such Exchange Participant;~~

~~(b) an employee of such Exchange Participant;~~

~~(c) where the Exchange Participant is a company,~~

~~*(i) any person who is a substantial shareholder of such Exchange Participant; or*~~

~~*(ii) a director of such Exchange Participant;*~~

~~*(d) the spouse or infant child or step child of any individual described in (a) to (c) above;*~~

~~*(e) a person in his capacity as trustee of a private or family trust (other than a pension scheme) the beneficiaries of which include any person in (a) to (d) above;*~~

~~*(f) a close relative of any person in (a) to (d) above where his account is managed by such Exchange Participant in pursuance of a discretionary managed portfolio agreement; or*~~

~~*(g) a company which is a member of the same group of companies as such Exchange Participant.*~~

(4A) No overall coordinator, syndicate member (other than an overall coordinator) or distributor (other than a syndicate member) may, under normal circumstances, retain any ~~material amount of the~~ securities being placed for its ~~own~~proprietary account and those of its group companies, unless the offer is not fully subscribed and the underwriters are required to take up the unsubscribed shares pursuant to the underwriting obligation, or in exceptional circumstances which will be considered on a case-by-case basis.

(5) Dealings in the securities cannot commence until the Exchange has been supplied with and approved (~~on~~in FINI, in the case of a placing in connection with a New Listing) a list setting out ~~for~~ all the placees~~,~~ and the required information, including without limitation, (i) in the case of individuals, the names, addresses and identity cards (or if none, passport numbers and the jurisdiction of issuance); ~~(in the case of individuals)~~ and (ii) in the case of companies, the names, addresses, jurisdiction of incorporation and the relevant company identification numbers ~~(in the case of companies), the names, addresses and identity cards (or if none, passport numbers and the jurisdiction of issuance) of the beneficial owners of the securities (in the case of nominee companies),~~ and the amounts taken up by each placee. The Exchange reserves the right to require submission of further information (in any other format as it may request) on the placees as it considers necessary for the purpose of establishing the placees' independence, including without limitation, details of beneficial ownership.

Note: The Exchange may publish guidance on the Exchange's website, as amended from time to time, on further information on the placees and their ultimate beneficial owners that may be required to be submitted to the Exchange.

…

(7) [Repealed 4 August 2025]~~Each overall coordinator, syndicate member (other than an overall coordinator), distributor (other than a syndicate member) and Exchange Participant referred to in sub-paragraph (6) above must keep a record of their placees for at least 3 years following completion of the placing. This record should contain the information referred to in sub-paragraph (5) above.~~

…

10.13 [Repealed 4 August 2025]~~Placings of securities by a listed issuer will be allowed only in the following circumstances:—~~

(1) ~~where the placing falls within any general mandate given to the directors of the listed issuer by the shareholders in accordance with rule 17.41(2); or~~

(2) ~~where the placing is specifically authorised by the shareholders of the listed issuer in general meeting ("specific mandate placing").~~

10.14 Placings of securities of a class new to listing by ~~a~~ listed issuers ~~made in either of the circumstances set out in rule 10.13 are required to~~ must comply with the requirements of rule 10.12, save for the requirements relating to submission of information on FINI. For any such placing, (i) each overall coordinator; (ii) each syndicate member (other than an overall coordinator); (iii) any distributor (other than a syndicate member); and (iv) any Exchange Participant must duly complete and sign a Marketing and Independence Statement in the form set out in Form D (published in Regulatory Forms), and submit the Marketing and Independence Statement and a placee list setting out the required information in rule 10.12(5) with the Exchange before dealings commence (see rule 12.27(6)) ~~(excluding sub-paragraphs (2), (6) and (7) in the case of a placing of securities of a class already listed). Specific mandate placings are also required to comply with rule 10.44A~~.

…

10.15A It must be realised that rules 10.11 to 10.15 above are not necessarily exhaustive and that each case must be considered in the light of its own particular circumstances. In addition, the above criteria may in consultation with the Exchange be amended or extended from time to time in the light of experience. Each placing will be reviewed upon its completion to ensure that the above requirements have been or will be satisfied.

…

Chapter 11

EQUITY SECURITIES

QUALIFICATIONS FOR LISTING

…

Conditions relevant to the securities for which listing is sought

…

Open market and market value requirements

11.23 There must be an open market in the securities for which listing is sought. This will normally mean that:

…

(2) with regard to all equity securities for which a listing is sought, except those specified in sub-paragraphs (3) and (4):—

(a) the market ~~capitalisation~~value of such equity securities of a new applicant for which listing is sought (determined as at the time of listing) in the hands of the public must be at least HK$45,000,000; and

…

(3) with regard to each class of options, warrants or similar rights to subscribe or purchase shares ("warrants") for which a listing is sought:—

(a) in the case of a new applicant:—

(i) the market ~~capitalisation~~value of such class of warrants (determined as at the time of listing) must be at least HK$6,000,000; and

…

(b) in the case of a listed issuer:—

(i) the market ~~capitalisation~~value of such class of warrants (determined as at the time of listing) must be at least HK$6,000,000; and

(ii) ~~save where: (a) such warrants are offered to existing holders of the issuer's shares by way of bonus issue; and (b) in the 5 years preceding the date of the announcement on the proposed bonus issue, there are no circumstances to indicate that the shares of the~~

~~issuer may be concentrated in the hands of a few shareholders,~~ there must, as at the time of listing, be an adequate spread of holders of such warrants. The number will depend on the size and nature of the issue but, as a guideline, the warrants in the hands of the public should, as at the time of listing, be held among at least 100 persons (including those whose warrants are held through CCASS);

…

(7) ~~subject to rule 11.23(10) below,~~ for a class of securities new to listing, at least ~~25% of the issuer's total number of issued shares (excluding treasury shares);~~ a minimum prescribed percentage of that class of securities must be held by the public at the time of listing, determined by reference to the following table, which must also at all times be held by the public~~;~~:—

Expected market value of the class of securities at the time of listing	**Minimum percentage of such class of securities to be held by the public at the time of listing**
Not exceeding HK$6,000,000,000	25%
Over HK$6,000,000,000 but not exceeding HK$30,000,000,000	The higher of: (i) the percentage that would result in the expected market value of such securities held by the public to be HK$1,500,000,000 at the time of listing; and (ii) 15%
Over HK$30,000,000,000	The higher of: (i) the percentage that would result in the expected market value of such securities held by the public to be HK$4,500,000,000 at the time of listing; and (ii) 10%

Notes:

1. *For the purpose of determining the expected market value and the minimum percentage in this sub-rule (7), only securities in the class for which listing is sought that are in issue at the time of listing (excluding treasury shares) shall be counted.*

2. *In the case of an issuer listed on the Exchange with a listing document issued before 4 August 2025, the relevant minimum prescribed percentage of listed securities in public hands that must be maintained by the issuer at all times shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.*

(8) for a class of securities new to listing, not more than 50% of the securities in public hands at the time of listing can be beneficially owned by the three largest public shareholders~~, save where: (a) the securities to be listed are options, warrants or similar rights to subscribe or purchase shares; (b) such securities are offered to existing holders of a listed issuer's shares by way of bonus issue; and (c) in the 5 years preceding the date of the announcement on the proposed bonus issue, there are no circumstances to indicate that the shares of the issuer may be concentrated in the hands of a few shareholders;~~.

(9) [Repealed 4 August 2025]~~where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares (excluding treasury shares). However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares (excluding treasury shares), having an expected market capitalisation at the time of listing of not less than HK$45,000,000;~~

(10) [Repealed 4 August 2025]~~the Exchange may, at its discretion, accept a lower percentage of between 15% and 25% in the case of issuers with an expected market capitalisation at the time of listing of over HK$10,000,000,000, where it is satisfied that the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage, and on condition that the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing document and confirm sufficiency of public float in successive annual reports after listing (see rule 17.38A). Additionally, a sufficient portion (to be agreed in advance with the Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong; and~~

(11) …

Notes: …

2 The Exchange will not regard ~~at any time,~~any core connected person of the issuer

~~(a)~~ ~~in relation to an issuer other than a PRC issuer, and other than any subsidiaries of a PRC issuer, a director, chief executive or substantial shareholder of such issuer or any of its subsidiaries or a close associate of any of them; or~~

~~(b)~~ ~~in relation to a PRC issuer, a promoter, director, supervisor, chief executive or substantial shareholder of the PRC issuer or any of its subsidiaries or a close associate of any of them~~

as a member of "the public" or shares held by ~~any such person~~him as being "in public hands".

3 The Exchange will also not recognise as a member of "the public":

(a) any person whose acquisition of securities has been financed directly or indirectly by the issuer (or any of its subsidiaries) or a core connected person of the issuer~~a person referred to in note 2 above~~;

(b) any person who is accustomed to taking instructions from the issuer (or any of its subsidiaries) or a core connected person of the issuer~~a person referred to in note 2 above~~ in relation to the acquisition, disposal, voting or other disposition of securities of the issuer registered in his name or otherwise held by him; and

…

Notwithstanding that the underlying shares subject to a share scheme were initially financed by an issuer and/or held by a trustee who is accustomed to take instructions from the issuer, for the purpose of this note, the Exchange will regard shares that have been: (i) issued or transferred to specified participants; and (ii) shares held by trustees for the benefit of specified participants in respect of awards or options granted to them under a share scheme (as defined in rule 23.01A), as being "in public hands", provided that:

(1) the trustee is not a core connected person of the issuer, or is a core connected person of the issuer only because one or more of the beneficiaries under the trust is a core connected person of the issuer; and

(2) the relevant participants are not core connected persons of the issuer and are not accustomed to take instructions from the issuer or any of its subsidiaries or any of its core connected persons in relation to the acquisition, disposal, voting or other disposition of securities of the issuer registered in the participants' names or otherwise held by the participants (including those shares granted to them under the share scheme).

…

8 [Repealed 4 August 2025]~~GEM listed issuers that have been allowed a lower minimum prescribed percentage of public float (including those which have been granted a waiver under repealed GEM Rule 11.23(5)) have a grace period of three years to comply with the public float requirement under rule 11.23. Accordingly, all GEM issuers must comply with the public float requirement by no later than 30 June 2011.~~

9 For the purpose of calculating the expected market capitalisation of a new applicant at the time of listing, the expected issue price of the shares for which listing is sought shall be used as a basis for determining the market value of the other class(es) of shares of the new applicant that are unlisted.

The Exchange may publish guidance on the Exchange's website, as amended from time to time, as to the calculation of the expected market capitalisation of a new applicant which has shares listed on other regulated market(s).

10 The requirements of sub-paragraphs (3)(b)(ii), (7) and (8), do not apply if all of the following conditions are met:

(a) the securities to be listed are options, warrants or similar rights to subscribe or purchase shares;

(b) such securities are offered to existing holders of a listed issuer's shares by way of bonus issue; and

(c) in the 5 years preceding the date of the announcement on the proposed bonus issue, there are no circumstances to indicate that the shares of the issuer may be concentrated in the hands of a few shareholders.

11 For the purpose of sub-paragraph (b) of Note 10, a bonus issue includes a bonus issue that complies with rule 17.41(1).

12 The fact that an applicant is able to satisfy the minimum market capitalisation and market value criteria of this rule does not of itself mean that the applicant will be accepted as suitable for listing.

Free float

11.23A There must be sufficient shares for which listing is sought by a new applicant that are held by the public and available for trading upon listing. This will normally mean that the portion of the class of shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must:—

(1) represent at least 10% of the total number of issued shares in the class of shares for which listing is sought (excluding treasury shares), with an expected market value at the time of listing of not less than HK$15,000,000; or

(2) have an expected market value at the time of listing of not less than HK$600,000,000.

Notes: 1. While certain issuers may have shares that are not subject to any disposal restrictions, such shares may otherwise not be available for trading at the time of listing. Shares held by trustees for the benefit of

specified participants in respect of awards or options granted to them under a share scheme (as defined in rule 23.01A) must be excluded from the calculation of free float in this rule, regardless of whether they are considered as being "in public hands" (see note 3 to rule 11.23).

2. *For the purpose of the calculation of free float in this rule, only shares (for which listing is sought) that are in issue at the time of listing (excluding treasury shares) shall be counted.*

…

Chapter 16

EQUITY SECURITIES

PUBLICATION REQUIREMENTS

…

Formal notice on issue

16.07 In the following cases, a formal notice stating the information set out in rule 16.09 must be published on the Exchange's website on the date of issue of the listing document:—

…

(2) a placing by or on behalf of a new applicant where any~~20% or more of the~~ amount placed is made available directly to the general public; or

(3) a placing by or on behalf of a listed issuer of securities of a class new to listing where any~~20% or more of the~~ amount placed is made available directly to the general public.

…

Results of offers, rights issues and placings

16.13 In the case of an offer for subscription, offer for sale or open offer, an announcement of the results of the offer, the basis of allotment of the securities ~~(including the extent to which securities have been allotted to the underwriters (if any) and their close associates)~~ and, where relevant, the basis of any acceptance of excess applications must be published on the Exchange's website as soon as possible, but in any event, (i) (in the case of a New Listing) not later than 11:00 p.m. on the business day before listing; and (ii) (in other cases) not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following the date on which the allotment letters or other relevant documents of title are posted.

Notes: The announcement should include:

1 information regarding the spread of applications including the number of applications for each share band and the allocation basis for each such band~~of allocation~~;

2 in case of a new class of securities to be listed, the minimum prescribed percentage applicable to that class of securities pursuant to rule 11.23 ~~if such information has not been previously disclosed~~; and

…

…

16.16 In the case of a placing (including an initial public offering with a placing tranche), an announcement of the results of the placing containing the details specified in rule 10.12(4) must be published on the Exchange's website prior to commencement of dealings in the securities so placed.

Notes: …

2 *In case of a new class of securities to be listed, the announcement should include the minimum prescribed percentage applicable to that class of securities pursuant to rule 11.23 ~~if such information has not been previously disclosed~~.*

Chapter 17

EQUITY SECURITIES

CONTINUING OBLIGATIONS

…

General matters relevant to the issuer's securities

…

Minimum prescribed public holding

17.36 An issuer shall inform the Exchange immediately and publish an announcement, if it becomes aware that the number of listed securities which are in the hands of the public has fallen below the minimum percentage prescribed by rule 11.23(7).

17.37 Once the issuer becomes aware that the number of listed securities in the hands of the public has fallen below the minimum prescribed percentage (as determined at the time of the issuer's initial listing), the issuer shall take steps to ensure that compliance is resumed from the earliest practicable opportunity.

Notes: 1 Pursuant to the provisions of Chapter 9, the Exchange reserves the right to suspend trading in the issuer's securities or cancel the listing of such securities where the Exchange considers that there are insufficient securities in the hands of the public.

2 In this regard, issuers should also be aware of the notes to rule 11.23.

3 In the case of an issuer listed on the Exchange with a listing document issued before 4 August 2025, the relevant prescribed minimum percentage shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.

Chapter 25

EQUITY SECURITIES

ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

…

Definitions

25.04 In this Chapter

…

(2) the term "PRC Governmental Body" means:—

…

(c) PRC Local Governments immediately under the PRC Provincial-level Governments, including prefectures (區), municipalities (市) and counties (縣), together with their respective administrative arms, agencies and institutions that is not engaging in commercial business or operating another commercial entity~~.~~;

…

(3) for a PRC issuer,

(a) the term "A shares" means shares of a PRC issuer that are listed on a PRC stock exchange;

(b) the term "other listed shares" means shares of a PRC issuer in the class to which H shares belong that are listed on other regulated market(s), such as A shares; and

(c) the term "unlisted shares" means shares of a PRC issuer in the class to which H shares belong that are not listed on any regulated market.

…

Chapter 11 – Qualifications for Listing

25.07 The following modifications and additional requirements apply:—

…

(4) unless the Exchange otherwise agrees, only securities registered on the Hong Kong register may be traded on GEM;~~ and~~

(5) where two or more registers or branch registers of securities are maintained by a PRC issuer, it will not be necessary for the Hong Kong register to contain particulars of the shares registered on any other register or branch register~~.~~; and

(6) rules 11.23(7), 11.23A and note 9 to rule 11.23 are amended and replaced by rules 25.07A, 25.07B and 25.07C, respectively, in their entirety, when applied to PRC issuers.

Open market requirements

25.07A ~~Rule 11.23 is amended by adding the following provision to sub-paragraph (9):~~

~~Where a PRC issuer has shares apart from the H shares for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares (excluding treasury shares). However, the issuer's H shares (for which listing is sought) must represent at least 15% of its total number of issued shares (excluding treasury shares), having an expected market capitalisation at the time of listing of not less than HK$45,000,000.~~There must be an open market in the securities for which listing is sought.

PRC issuers with no other listed shares

(1) Where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that, at least a minimum prescribed percentage of shares in the class to which H shares belong must be H shares held by the public at the time of listing, determined by reference to the following table:—

Expected market value of the class of shares to which H shares belong at the time of listing	**Minimum number of H shares held by the public at the time of listing as a percentage of the total number of shares in the class to which H shares belong**
Not exceeding HK$6,000,000,000	25%
Over HK$6,000,000,000 but not exceeding HK$30,000,000,000	The higher of: (i) the percentage that would result in the expected market value of H shares held by the public to be HK$1,500,000,000 at the time of listing; and (ii) 15%
Over HK$30,000,000,000	The higher of: (i) the percentage that would result in the expected market value of H shares held by the public to be HK$4,500,000,000 at the time of listing; and (ii) 10%

Note: For the purpose of determining the expected market value and the denominator for the minimum percentage in this rule, only issued shares in the class to which H shares belong at the time of listing (excluding treasury shares) shall be counted.

(1A) A PRC issuer with no other listed shares must maintain the relevant minimum prescribed percentage of H shares held by the public (as calculated and determined under rule 25.07A(1) at the time of listing) at all times.

Note: In the case of a PRC issuer with no other listed shares listed on the Exchange with a listing document issued before 4 August 2025, the relevant minimum prescribed percentage of H shares in public hands that must be maintained by the issuer at all times shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.

PRC issuers with other listed shares

(2) Where a new applicant that is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must:

(a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or

(b) have an expected market value of not less than HK$3,000,000,000.

Note: For the purpose of this sub-paragraph (2), only shares in the class to which H shares belong that are in issue at the time of listing (excluding treasury shares) shall be counted.

(2A) A PRC issuer with other listed shares must maintain the relevant minimum prescribed percentage of H shares held by the public (as calculated and determined under rule 25.07A(2) at the time of listing) at all times.

Notes:

1. In the case of a PRC issuer with other listed shares which is listed on the Exchange in reliance upon the market value threshold under rule 25.07A(2)(b), the relevant minimum prescribed percentage shall mean the percentage derived by dividing HK$3,000,000,000 by the total market value of the issuer's total issued shares in the class to which H shares belong at the time of listing.

2. In the case of a PRC issuer with other listed shares listed on the Exchange with a listing document issued before 4 August 2025 (including a PRC issuer which becomes a PRC issuer with other listed shares after 4 August 2025), the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) must be at

least 25% of the issuer's total number of issued shares (excluding treasury shares).

Free float

25.07B There must be sufficient shares for which listing is sought by a new applicant that are held by the public and available for trading upon listing.

PRC issuers with no other listed shares

(1) Where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must:—

(a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$15,000,000; or

(b) have an expected market value at the time of listing of not less than HK$600,000,000.

PRC issuers with other listed shares

(2) Where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must:—

(a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$15,000,000; or

(b) have an expected market value at the time of listing of not less than HK$600,000,000.

Notes:

1. While certain PRC issuers may have H shares that are not subject to any disposal restrictions, such H shares may otherwise not be available for trading at the time of listing. H shares held by trustees for the benefit of specified participants in respect of awards or options granted to them under a share scheme (as defined in rule 23.01A) must be excluded from the calculation of free float in this rule, regardless of whether they are considered as being "in public hands" (see note 3 to rule 11.23).

2. For the purpose of the calculation of free float in this rule, only H shares (for which listing is sought) that are in issue at the time of listing (excluding treasury shares) shall be counted.

Market value requirements

25.07C Where a new applicant is a PRC issuer and has shares apart from the H shares, for the purpose of calculating its expected market capitalisation at the time of listing, the expected issue price of the H shares shall be used as a basis for determining the market value of the other shares of the new applicant that are unlisted.

Note: The Exchange may publish guidance on the Exchange's website, as amended from time to time, as to the calculation of the expected market capitalisation of a new applicant which has shares listed on other regulated market(s).

…

Chapter 19 – Notifiable Transactions

25.34C Rule 19.07(4) is amended by adding the following provisions:

Where ~~the shares of~~ a PRC issuer ~~(other than H shares) are listed on a PRC stock exchange~~has other listed shares, the market ~~capitalisation~~value of its ~~PRC~~ other listed shares is to be determined based on the average closing price of those shares for the 5 days on which trading is conducted on the relevant ~~PRC stock exchange~~ regulated market immediately preceding the transaction.

Where a PRC issuer has issued unlisted shares, the market ~~capitalisation~~value of its unlisted shares is calculated by reference to the average closing price of its H shares for the 5 business days preceding the transaction.

The Stock Exchange of Hong Kong Limited

Practice Note 6

to the Rules Governing the Listing of Securities on GEM
of The Stock Exchange of Hong Kong Limited
(the "GEM Listing Rules")

Issued pursuant to rule 1.07 of the GEM Listing Rules

Initial Public Offer of Securities

…

Allocation of shares

3. …

3A. At least 40% of the total number of shares initially offered in the initial public offering must be allocated to investors in the placing tranche (other than Cornerstone Investors).

Offers involving a subscription tranche

4. Where an ~~IPO~~initial public offering includes both a placing and a public subscription tranche, the prescribed~~minimum~~ allocation of shares to the subscription tranche ~~shall~~must be either~~as follows~~:

   (a) (i)~~–~~ an initial allocation of ~~not less than~~ 5~~10~~% of the shares offered in the ~~IPO~~initial public offering;

   (ii)~~–~~ a clawback mechanism that increases the number of shares to 15~~30~~% when the total demand for shares in the subscription tranche is 15 times but less than 50 times the initial allocation;

   (iii)~~–~~ a clawback mechanism that increases the number of shares to 25~~40~~% when the total demand for shares in the subscription tranche is 50 times but less than 100 times the initial allocation; and

   (iv)~~–~~ a clawback mechanism that increases the number of shares to 35~~50~~% when the total demand for shares in the subscription tranche is 100 times or more of the initial allocation~~.~~; or

   (b) a minimum initial allocation of 10% of shares offered in the initial public offering to the public subscription tranche with no clawback mechanism.

   …

…

7. Investors are free to select whether to apply in the placing tranche or the subscription tranche. Where the placing tranche and the subscription tranche are completed simultaneously an investor may submit an application in one of the pools in the subscription tranche and indicate an interest ~~for~~in shares in the placing tranche. An investor may only receive shares in the placing tranche or the subscription tranche. Investors which have not received shares in the subscription tranche may receive shares in the placing tranche.

8. Issuers should reject multiple applications within either pool or between pools. Issuers, their directors, sponsors and underwriters are required to take reasonable steps to identify and reject indications of interest in the placing tranche from investors that received shares in the subscription tranche. ~~Investors which have not received shares in the subscription tranche may receive shares in the placing tranche.~~

…

D. Document Content Requirements

Appendix D1A

CONTENTS OF LISTING DOCUMENTS

Equity Securities

In the case where listing is sought for equity securities of an issuer no part of whose share capital is already listed

…

Information about the securities for which listing is sought and the terms and conditions of their issue and distribution

14. …

(4) A statement of the minimum prescribed percentage ~~applicable to the~~ of securities to be held by the public pursuant to rule 11.23. ~~If the minimum prescribed percentage cannot be determined as at the date of the document, an indicative range should be provided.~~

…

Appendix D1B

CONTENTS OF LISTING DOCUMENTS

Equity Securities

In the case where listing is sought for equity securities of an issuer some part of whose share capital is already listed and/or where treasury shares are sold or transferred by the issuer

…

Information about the securities for which listing is sought and the terms and conditions of their issue and distribution *(Note 11)*

9. …

(4) In case of a new class of securities to be listed, a statement of the minimum prescribed percentage ~~applicable to that class~~ of securities to be held by the public pursuant to rule 11.23. ~~If the minimum prescribed percentage cannot be determined as at the date of the document, an indicative range should be provided.~~

…

APPENDIX V: PROPOSED AMENDMENTS TO THE MAIN BOARD LISTING RULES RELATING TO THE ONGOING PUBLIC FLOAT PROPOSALS

Chapter 1

GENERAL

INTERPRETATION

…

1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

…

"public float" shares in the hands of the public

…

Chapter 6

GENERAL

TRADING HALT, SUSPENSION, CANCELLATION AND WITHDRAWAL OF LISTING

6.01 Listing is always granted subject to the condition that where the Exchange considers it necessary for the protection of the investor or the maintenance of an orderly market, it may at any time direct a trading halt or suspend dealings in any securities or cancel the listing of any securities in such circumstances and subject to such conditions as it thinks fit, whether requested by the issuer or not. The Exchange may also do so where:—

(1) [Repealed 1 August 2018]

(2) the Exchange considers there are insufficient securities in the hands of the public (as required under~~see~~ rule ~~8.08(1)~~13.32B); or

(3) the Exchange considers that the issuer does not carry on a business as required under rule 13.24; or

(4) the Exchange considers that the issuer or its business is no longer suitable for listing.

…

Chapter 7

EQUITY SECURITIES

METHODS OF LISTING

…

Placing

…

7.11 The Exchange may be prepared to allow preliminary arrangements and placings to be made to dispose of securities before the start of dealings where necessary to comply with the requirement in rule 8.08(1) or rule 13.32B on the minimum prescribed public floatthat a minimum prescribed percentage of any class of listed securities must at all times be held by the public.

…

Chapter 8

EQUITY SECURITIES

QUALIFICATIONS FOR LISTING

…

Basic Conditions

…

Open market requirements

8.08 There must be an open market in the securities for which listing is sought. This will normally mean that for a class of securities new to listing:—

(1) at least a minimum prescribed percentage of that class of securities must be held by the public at the time of listing, determined by reference to the following table~~, which must also at all times be held by the public~~:~~ –~~

…

Notes:

1. *…*

2. *[Repealed] [date]~~In the case of an issuer listed on the Exchange with a listing document issued before 4 August 2025, the relevant minimum prescribed percentage of listed securities in public hands that must be maintained by the issuer at all times shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.~~*

Chapter 10

EQUITY SECURITIES

RESTRICTIONS ON PURCHASE AND SUBSCRIPTION

…

Restrictions and Notification Requirements on Issuers Purchasing their own Shares on a Stock Exchange

…

10.06 …

(2) …

(f) an issuer whose primary listing is on the Exchange may not purchase its shares on the Exchange if that purchase would result in the number of listed shares which are in the hands of the public falling below the ~~relevant~~applicable prescribed minimum ~~percentage~~threshold for that issuer under rule 13.32B ~~(as determined by the Exchange at the time of listing under rule 8.08)~~; and

…

Restrictions on disposal of shares by controlling shareholders following a new listing

10.07 …

Note: (1) Controlling shareholder~~(s)~~ ~~is/are free to~~ may purchase additional securities and dispose of securities thus purchased in the relevant period, subject to compliance with the requirements of rule ~~8.08~~13.32B to maintain an open market in the securities and a sufficient public float.

…

…

Chapter 13

EQUITY SECURITIES

CONTINUING OBLIGATIONS

…

GENERAL MATTERS RELEVANT TO THE ISSUER'S SECURITIES

Changes in issued shares – next day disclosure return and monthly return

…

13.25B A listed issuer shall, by no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the fifth business day next following the end of each calendar month, submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the Exchange's website, a monthly return in relation to:

(1) movements in the listed issuer's equity securities (including treasury shares), debt securities and any other securitised instruments, as applicable, during the period to which the monthly return relates, in such form and containing such information as the Exchange may from time to time prescribe (irrespective of whether there has been any change in the information provided in its previous monthly return). Such information includes, among other things, the number as at the close of such period of equity securities (including treasury shares), debt securities and any other securitised instruments, as applicable, issued, sold or transferred and which may be issued, sold or transferred pursuant to options, warrants, convertible securities or any other agreements or arrangements; and

(2) information in relation to the listed issuer's public float as prescribed under rule 13.32D(1).

…

~~Minimum prescribed public holdings and other~~ Other listings

13.32 (1) ~~Issuers shall maintain the minimum percentage of listed securities as prescribed by rule 8.08(1) at all times in public hands.~~ An issuer shall inform the Exchange immediately and publish an announcement:—

(a) [Repealed [date]]~~if it becomes aware that the number of listed securities which are in the hands of the public has fallen below the relevant prescribed minimum percentage; and~~

(b) if any part of the securities of the issuer or any of its subsidiaries becomes listed or dealt in on any other stock exchange, stating which stock exchange.

Note: [Repealed [date]]~~*In the case of an issuer listed on the Exchange with a listing document issued before 4 August 2025, the relevant prescribed minimum percentage shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.*~~

(2) [Repealed [date]]~~Once the issuer becomes aware that the number of listed securities in the hands of the public has fallen below the relevant prescribed minimum percentage (as determined at the time of the issuer's initial listing) the issuer shall take steps to ensure compliance at the earliest possible moment.~~

Notes: …

(2) [Repealed [date]]~~*Any lower percentage of securities in public hands that may apply to eligible issuers under rule 8.08(1) only applies at the time of listing and will not be open for application post listing.*~~

(3) [Repealed [date]]~~If the percentage falls below the minimum, the Exchange reserves the right to require suspension of trading in an issuer's securities until appropriate steps have been taken to restore the minimum percentage of securities in public hands. In this connection, the Exchange will normally require suspension of trading in an issuer's securities where the percentage of its public float falls below 15% in the case of an issuer with a minimum prescribed percentage of public float of 25% at the time of listing (or 10% in the case of an issuer with a minimum prescribed percentage of public float of between 15% and 25% at the time of listing).~~

(4) [Repealed [date]]~~Where the percentage has fallen below the minimum, the Exchange may refrain from suspension if it is satisfied that there remains an open market in the securities and either:~~

~~(a) the shortfall in the prescribed percentage arose purely from an increased or newly acquired holding of the listed securities by a person who is, or after such acquisition becomes, a core connected person only because he is a substantial shareholder of the issuer and/or any of its subsidiaries. Such substantial shareholder must not be a controlling shareholder or single largest shareholder of the issuer. He must also be independent of the issuer, directors and any other substantial shareholders of the issuer and must not be a director of the issuer. If the substantial shareholder has any representative on the board of directors of the issuer, he must demonstrate that such representation is on a non-executive basis. In general, the Exchange would expect this to apply to holdings of the listed securities by institutional investors with a wide spread of investments other than in the listed securities concerned. Holdings of the listed~~

~~securities by venture capital funds which have been involved in the management of the issuer before and/or after listing would not qualify. It is the responsibility of the issuer to provide sufficient information to the Exchange to demonstrate the independence of such substantial shareholder and to inform the Exchange of any change in circumstances which would affect his independence as soon as it becomes aware of such change; or~~

~~(b) the issuer and the controlling shareholder(s) or single largest shareholder undertake to the Exchange to take appropriate steps to ensure restoration of the minimum percentage of securities to public hands within a specified period which is acceptable to the Exchange.~~

(5) [Repealed [date]]~~At any time when the percentage of securities in public hands is less than the required minimum, and the Exchange has permitted trading in the securities to continue, the Exchange will monitor closely all trading in the securities to ensure that a false market does not develop and may suspend the securities if there is any unusual price movement.~~

Public float

Definitions and determination of percentage and market value of public float

13.32A For the purpose of rules 13.32B to 13.32G, save where the context otherwise requires:

(1) the following terms shall have the following meanings:

"Alternative Threshold"	has the meaning given to it in rule 13.32B(2)
"Initial Prescribed Threshold"	has the meaning given to it in rule 13.32B(1)
"Significant Public Float Shortfall"	has the meaning given to it in rule 13.32F
"trading day"	in the case of an issuer, has the meaning defined in the Rules of the Exchange, but also excludes any day on which trading of the issuer's shares was halted or suspended

(2) the percentage of an issuer's public float is the portion of the class of shares listed on the Exchange and held by the public, as a percentage of its total number of issued shares in that class of shares (excluding treasury shares); and

(3) the market value of an issuer's public float is calculated by multiplying (a) the number of the shares held by the public as of the date of determination by (b) the volume weighted average price of the class of shares listed on the

Exchange over the 125 trading days immediately prior to the date of determination.

Note: *The volume weighted average price of the relevant class of shares referred to in this sub-paragraph (3) is calculated by dividing the total turnover (as stated in the Exchange's daily quotation sheets) by the total number of shares traded (as stated in the Exchange's daily quotation sheets) for the 125 trading days immediately prior to the date of determination, as adjusted for any applicable corporate actions.*

Minimum prescribed public float

13.32B There must be an open market in the shares listed on the Exchange. This will normally mean that a portion of the class of shares listed on the Exchange and held by the public must, at all times:

(1) represent at least 25% of the issuer's total number of issued shares in that class of shares (excluding treasury shares), or any lower minimum percentage of public float prescribed at the time of listing under rule 8.08(1) (the "Initial Prescribed Threshold"); or

(2) alternatively:

(a) have a market value of at least HK$1,000,000,000; and

(b) represent at least 10% of the issuer's total number of issued shares in that class of shares (excluding treasury shares),

(the "Alternative Threshold").

Note: *Where an issuer was granted a waiver from strict compliance with the minimum percentage of public float as prescribed by rule 8.08 (as amended from time to time) at the time of listing, the Initial Prescribed Threshold shall mean the minimum percentage of public float prescribed under that waiver.*

13.32C Where an issuer relies on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 13.32B, the issuer must, as soon as practicable, publish an announcement containing the reasons for applying the Alternative Threshold and a statement setting out the market value and percentage of its public float as at the latest practicable date.

Notes: *1.* *The Alternative Threshold is not available to an issuer if the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange.*

2. *In the case of an issuer intending to switch from relying on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 13.32B, if during the 125 trading days immediately prior to the date of determination (referred to as the "reference period" for the purpose of this note) its listed shares have been suspended from trading for more*

than five consecutive business days, the Exchange may require the issuer to extend the reference period for the purpose of rule 13.32A(3) to demonstrate that the market value of its shares can meet the Alternative Threshold over a reasonable period after resumption of trading. Such an issuer should consult the Exchange at the earliest opportunity as to whether it may rely on the Alternative Threshold.

Disclosure in monthly returns and annual reports

13.32D (1) An issuer must include, in each monthly return made under rule 13.25B:

(a) a statement confirming compliance with rule 13.32B, or an appropriate negative statement;

(b) for an issuer relying on the Initial Prescribed Threshold for compliance with rule 13.32B, the minimum percentage threshold applicable to the issuer; and

(c) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 13.32B, a statement setting out the market value and percentage of its public float,

as of the close of the period to which the monthly return relates.

(2) An issuer must include, in its annual report:

(a) a statement confirming compliance with rule 13.32B, or an appropriate negative statement;

(b) for an issuer relying on the Initial Prescribed Threshold for compliance with rule 13.32B, the minimum percentage threshold applicable to the issuer; and

(c) a statement setting out:−

(i) the percentage of its public float;

(ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 13.32B, the market value of its public float; and

(iii) the composition of (1) the ownership of the relevant class of shares listed on the Exchange and (2) the issuer's share capital,

as of the end of the financial year to which the annual report relates.

(3) The statements referred to in sub-paragraphs (1) and (2) of this rule should be based on information that is publicly available to the issuer or otherwise within the knowledge of its directors as at the latest practicable date prior to the issue of the monthly return or annual report (as the case may be).

Note: The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this rule.

Public float shortfall

13.32E (1) Upon becoming aware of its non-compliance with rule 13.32B, an issuer must:

(a) take active steps to re-comply with rule 13.32B at the earliest possible moment; and

(b) publish an announcement within one business day to inform the public of the non-compliance and the relevant information, including:

(i) the percentage of its public float

(ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) at the point of its non-compliance with rule 13.32B, the market value of its public float;

(iii) the reason(s) for the non-compliance;

(iv) its plan and expected timeline to restore its public float;

(v) the composition of ownership of the shares listed on the Exchange; and

(vi) any such other information as the Exchange may from time to time prescribe.

Notes: 1. The Exchange may allow the issuer to announce the details of its restoration plan in a subsequent announcement, provided that the subsequent announcement must be published within 15 business days upon the issuer becoming aware of its non-compliance with rule 13.32B.

2. The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this sub-paragraph (1).

(2) For so long as an issuer remains non-compliant with rule 13.32B, the issuer must:

(a) publish an announcement on a monthly basis, and no later than the date of publication of its monthly return under rule 13.25B, to provide an update on:

(i) the percentage of its public float;

(ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) at the point of its non-compliance with rule 13.32B, the market value of its public float;

(iii) the status of its public float restoration plan, including action(s) during the relevant period taken to restore the public float; and

(iv) the expected timing for restoration; and

(b) not take any action that may further lower the percentage of its public float, unless the issuer can demonstrate that there are exceptional circumstances.

Note: The Exchange may exercise its discretion to take appropriate action(s) (including to subject the issuer to the procedures set out in rule 13.32G and to exercise its powers under rule 6.01(2)) if, in the opinion of the Exchange, the issuer fails to re-comply with rule 13.32B within a reasonable period.

(3) For so long as an issuer remains non-compliant with rule 13.32B, each director must not, and must use his best endeavours to ensure that his close associates do not, take any action that may further lower the percentage of the issuer's public float, unless the director can demonstrate that there are exceptional circumstances.

Significant Public Float Shortfall

13.32F An issuer that fails to comply with rule 13.32B will be regarded as having a "Significant Public Float Shortfall" unless a portion of its class of shares listed on the Exchange and held by the public:

(1) represents at least 15% of the issuer's total number of issued shares in that class of shares (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold; or

(2) has a market value of at least HK$500,000,000 and represents at least 5% of the issuer's total number of issued shares in that class of shares (excluding treasury shares).

Note: If the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange, this rule will be modified and restated in its entirety as follows:

"An issuer that fails to comply with rule 13.32B will be regarded as having a "Significant Public Float Shortfall" unless a portion of its class of shares listed on the Exchange and held by the public represents at least 15% of the issuer's total number of issued shares in that class of shares (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold."

13.32G (1) In addition to the obligation under rule 13.32E, an issuer must publish an announcement to inform the public of the occurrence of a Significant Public Float Shortfall within one business day after becoming aware of such shortfall.

(2) From the day on which an issuer first has a Significant Public Float Shortfall up to and until the issuer has re-complied with rule 13.32B, the issuer must include in any announcement or notification, or on the front page of any financial report, circular or listing document required to be published by these rules, a warning statement:

(a) to warn the public to exercise caution when dealing in the issuer's shares as there may not be an open market in them; and

(b) to inform the public that the Exchange will cancel the listing of those shares if the issuer fails to re-comply with rule 13.32B within the period specified in sub-paragraph (3) of this rule.

(3) The Exchange will cancel the listing of an issuer's shares if the issuer has a Significant Public Float Shortfall and fails to re-comply with rule 13.32B for a continuous period of 18 months beginning from the commencement of the Significant Public Float Shortfall.

Notes: *1. The Exchange will add a designated marker to the stock name of the listed shares of an issuer with a Significant Public Float Shortfall.*

2. The designated marker referred to in note 1 to this rule will be removed if the issuer can demonstrate to the Exchange, and publish an announcement to inform the public, that it has re-complied with rule 13.32B.

General offers

13.33 (1) Notwithstanding the requirement of rule 13.32B where an issuer is the subject of a general offer and fails to comply with rule 13.32B at the close of the general offer~~that the prescribed minimum percentage of securities must at all times remain in public hands~~, the Exchange may consider granting a temporary waiver to ~~an~~the issuer~~ which is the subject of a general offer under the Takeovers Code (including a privatisation offer)~~, for a reasonable period after the close of the general offer to ~~restore the percentage~~re-comply with rule 13.32B, provided that the public float shortfall is not a Significant Public Float Shortfall (as defined in rule 13.32F).

(2) ~~The~~ An issuer that has been granted the temporary waiver pursuant to rule 13.33(1) must ~~restore the minimum percentage of securities in public hands immediately after~~ ensure compliance with rule 13.32B prior to the expiration of the waiver~~, if granted~~.

Concentration of shareholdings

13.34 Where the Exchange has reason to believe ~~that there is a lack of genuine open market in the securities of an issuer, or~~ that the securities of an issuer listed on the Exchange may be concentrated in the hands of a few shareholders to the detriment or without the knowledge of the investing public, the issuer must ~~forthwith~~promptly upon request by the Exchange:

(a) publish an announcement ~~in accordance with rule 2.07C~~ to inform the public that ~~its securities may not have a genuine market or~~ its shareholding may have been concentrated in the hands of a few shareholders; and remind the public to exercise caution when dealing in its securities; and

(b) conduct an investigation under section 329 of the Securities and Futures Ordinance and publish an announcement ~~in accordance with rule 2.07C~~ containing the findings of the investigation.

13.35 [Repealed [date]]~~An issuer shall include in its annual report a statement of sufficiency of public float. The statement should be based on information that is publicly available to the issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report.~~

…

Chapter 14

EQUITY SECURITIES

NOTIFIABLE TRANSACTIONS

…

Takeovers and mergers

…

Contents of offer document

14.81 The offer document must contain:—

…

(2) details of any agreement reached with the Exchange to ensure that the basic condition for listing set out in rule ~~8.08~~13.32B will be complied with in respect of the listed issuer;

(3) a prominent and legible statement in the following form:

"The Stock Exchange of Hong Kong Limited (the "Exchange") has stated that:

(a) if, at the close of the offer, ~~less than the minimum prescribed percentage applicable to the listed issuer, being [ ]% of the issued shares (excluding treasury shares), are held by the public, or if~~ the Exchange believes that:—

— a false market exists or may exist in the trading of the shares; or

— ~~that there are insufficient shares in public hands to maintain~~ an orderly market does not exist or may not exist;

it will consider exercising its discretion to suspend dealings in the shares; and

(b) if, at the close of the offer, the listed issuer has a Significant Public Float Shortfall (as defined in rule 13.32F), then:—

— the Exchange will add a designated marker to the stock name of the listed shares; and

— the Exchange will cancel the listing of the issuer's shares if the issuer fails to re-comply with rule 13.32B for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

[[*The Offeror*] intends [the listed issuer] to remain listed on the Exchange. The directors of [*the Offeror*] and the new directors to be appointed to the Board of [the listed issuer] will jointly and severally undertake to the Exchange that if, at the close of the offer, [the listed issuer] fails to comply with the requirement of rule 13.32B, they will ~~to~~ take appropriate steps to ensure ~~that sufficient public float exists in [*the listed issuer*]'s shares~~the issuer's compliance with rule 13.32B at the earliest possible moment.]"

…

Chapter 19A

EQUITY SECURITIES

ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

…

Chapter 8 – Qualifications for Listing

…

19A.13A There must be an open market in the securities for which listing is sought.

PRC issuers with no other listed shares

(1) …

(1A) [Repealed [date]]~~A PRC issuer with no other listed shares must maintain the relevant minimum prescribed percentage of H shares held by the public (as calculated and determined under rule 19A.13A(1) at the time of listing) at all times.~~

~~*Note:*~~ ~~*In the case of a PRC issuer with no other listed shares listed on the Exchange with a listing document issued before 4 August 2025, the relevant minimum prescribed percentage of H shares in public hands that must be maintained by the issuer at all times shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.*~~

PRC issuers with other listed shares

(2) …

(2A) [Repealed [date]]~~A PRC issuer with other listed shares must maintain the relevant minimum prescribed percentage of H shares held by the public (as calculated and determined under rule 19A.13A(2) at the time of listing) at all times.~~

~~*Notes:*~~

~~*1.*~~ ~~*In the case of a PRC issuer with other listed shares which is listed on the Exchange in reliance upon the market value threshold under rule 19A.13A(2)(b), the relevant minimum prescribed percentage shall mean the percentage derived by dividing HK$3,000,000,000 by the total market value of the issuer's total issued shares in the class to which H shares belong at the time of listing.*~~

~~2.~~ ~~*In the case of a PRC issuer with other listed shares listed on the Exchange with a listing document issued before 4 August 2025 (including a PRC issuer which becomes a PRC issuer with other listed shares after 4 August 2025), the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) must be at least 25% of the issuer's total number of issued shares (excluding treasury shares).*~~

…

Chapter 13 – Continuing Obligations

19A.27B Rules 13.32A to 13.32G are amended and replaced by rules 19A.28A to 19A.28G in their entirety, respectively, when applied to PRC issuers.

…

Public float

Definitions and determination of percentage and market value of public float

19A.28A For the purpose of rules 19A.28B to 19A.28G, save where the context otherwise requires:

(1) the following terms shall have the following meanings:

"Alternative Threshold"	in the case of a PRC issuer with no other listed shares, has the meaning given to it in rule 19A.28B(1)(b)
"Initial Prescribed Threshold"	in the case of a PRC issuer with no other listed shares, has the meaning given to it in rule 19A.28B(1)(a)
"Significant Public Float Shortfall"	has the meaning given to it in rule 19A.28F(1) or (2) (as the case may be)
"trading day"	in the case of a PRC issuer, has the meaning defined in the Rules of the Exchange, but also excludes any day on which trading of the PRC issuer's H shares was halted or suspended

(2) the percentage of a PRC issuer's public float is the H shares listed on the Exchange and held by the public, as a percentage of its total number of issued shares in the class to which H shares belong (excluding treasury shares);

(3) in the case of a PRC issuer with no other listed shares, the market value of the PRC issuer's public float is calculated by multiplying (a) the number of H shares held by the public as of the date of determination by (b) the volume weighted

average price of the issuer's H shares over the 125 trading days immediately prior to the date of determination; and

(4) in the case of a PRC issuer with other listed shares, the market value of the PRC issuer's public float is calculated by multiplying (a) the number of H shares held by the public as of the date of determination by (b) the volume weighted average price of the issuer's H shares over the 125 trading days, or all trading days since listing, whichever is shorter, immediately prior to the date of determination.

Note: The volume weighted average price of a PRC issuer's H shares referred to in sub-paragraphs (3) and (4) of this rule is calculated by dividing the total turnover (as stated in the Exchange's daily quotation sheets) by the total number of H shares traded (as stated in the Exchange's daily quotation sheets) for the 125 trading days, or all trading days since listing, whichever is shorter, immediately prior to the date of determination, as adjusted for any applicable corporate actions.

Minimum prescribed public float

19A.28B There must be an open market in the shares listed on the Exchange.

PRC issuers with no other listed shares

(1) For a PRC issuer with no other listed shares, this will normally mean that a portion of H shares listed on the Exchange and held by the public must, at all times:

(a) represent at least 25% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares), or any lower minimum percentage of public float prescribed at the time of listing under rule 19A.13A (the "Initial Prescribed Threshold"); or

(b) alternatively:

(i) have a market value of at least HK$1,000,000,000; and

(ii) represent at least 10% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares),

(the "Alternative Threshold").

Note: Where a PRC issuer with no other listed shares was granted a waiver from strict compliance with the minimum percentage of public float as prescribed by rule 19A.13A (as amended from time to time) at the time of listing, the Initial Prescribed Threshold shall mean the minimum percentage of public float prescribed under that waiver.

PRC issuers with other listed shares

(2) For a PRC issuer with other listed shares, this will normally mean that a portion of H shares listed on the Exchange and held by the public must, at all times:

(a) have a market value of at least HK$1,000,000,000; or

(b) represent at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

19A.28C Where a PRC issuer with no other listed shares relies on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 19A.28B, the PRC issuer must, as soon as practicable, publish an announcement containing the reasons for applying the Alternative Threshold and a statement setting out the market value and percentage of its public float as at the latest practicable date.

Notes: 1. The Alternative Threshold is not available to a PRC issuer with no other listed shares if the PRC issuer's H shares have traded for fewer than 125 trading days since listing on the Exchange.

2. In the case of a PRC issuer with no other listed shares intending to switch from relying on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 19A.28B, if during the 125 trading days immediately prior to the date of determination (referred to as the "reference period" for the purpose of this note) its listed H shares have been suspended from trading for more than five consecutive business days, the Exchange may require the PRC issuer to extend the reference period for the purpose of rule 19A.28A(3) to demonstrate that the market value of its H shares can meet the Alternative Threshold over a reasonable period after resumption of trading. Such PRC issuer should consult the Exchange at the earliest opportunity as to whether it may rely on the Alternative Threshold.

Disclosure in monthly returns and annual reports

19A.28D (1) A PRC issuer must include, in each monthly return made under rule 13.25B:

(a) a statement confirming compliance with rule 19A.28B, or an appropriate negative statement;

(b) for a PRC issuer with no other listed shares:

(i) relying on the Initial Prescribed Threshold for compliance with rule 19A.28B, the minimum percentage threshold applicable to the PRC issuer; or

(ii) relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 19A.28B, a statement setting out the market value and percentage of its public float; and

(c) for a PRC issuer with other listed shares relying on the market value threshold under rule 19A.28B(2)(a) (instead of the percentage threshold

under rule 19A.28B(2)(b)), a statement setting out the market value and percentage of its public float,

as of the close of the period to which the monthly return relates.

(2) A PRC issuer must include, in its annual report:

(a) a statement confirming compliance with rule 19A.28B, or an appropriate negative statement;

(b) for a PRC issuer with no other listed shares relying on the Initial Prescribed Threshold for compliance with rule 19A.28B, the minimum percentage threshold applicable to the PRC issuer; and

(c) a statement setting out:–

(i) the percentage of its public float;

(ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 19A.28B(2)(a) (instead of the percentage threshold under rule 19A.28B(2)(b)), for compliance with rule 19A.28B, the market value of its public float; and

(iii) the composition of (1) the ownership of the H shares listed on the Exchange and (2) the PRC issuer's share capital,

as of the end of the financial year to which the annual report relates.

(3) The statements referred to in sub-paragraphs (1) and (2) of this rule should be based on information that is publicly available to the PRC issuer or otherwise within the knowledge of its directors and supervisors (if any) as at the latest practicable date prior to the issue of the monthly return or annual report (as the case may be).

Note: The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this rule.

Public float shortfall

19A.28E (1) Upon becoming aware of its non-compliance with rule 19A.28B, a PRC issuer must:

(a) take active steps to re-comply with rule 19A.28B at the earliest possible moment; and

(b) publish an announcement, within one business day, to inform the public of the non-compliance and the relevant information, including:

(i) the percentage of its public float;

(ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 19A.28B(2)(a) (instead of the percentage threshold under rule 19A.28B(2)(b)), at the point of its non-compliance with rule 19A.28B, the market value of its public float;

(iii) the reason(s) for the non-compliance;

(iv) its plan and expected timeline to restore its public float;

(v) the composition of ownership of the H shares listed on the Exchange; and

(vi) any such other information as the Exchange may from time to time prescribe.

Notes: 1. The Exchange may allow the PRC issuer to announce the details of its restoration plan in a subsequent announcement, provided that the subsequent announcement must be published within 15 business days upon the PRC issuer becoming aware of its non-compliance with rule 19A.28B.

2. The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this sub-paragraph (1).

(2) For so long as a PRC issuer remains non-compliant with rule 19A.28B, the PRC issuer must:

(a) publish an announcement on a monthly basis, and no later than the date of publication of its monthly return under rule 13.25B, to provide an update on:

(i) the percentage of its public float;

(ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 19A.28B(2)(a) (instead of the percentage threshold under rule 19A.28B(2)(b)), at the point of its non-compliance with rule 19A.28B, the market value of its public float;

(iii) the status of its public float restoration plan, including action(s) during the relevant period taken to restore the public float; and

(iv) the expected timing for restoration; and

(b) not take any action that may further lower the percentage of its public float, unless the PRC issuer can demonstrate that there are exceptional circumstances.

Note: The Exchange may exercise its discretion to take appropriate action(s) (including to subject the PRC issuer to the procedures set out in rule 19.28G, and exercise its powers under rule 6.01(2)) if, in the opinion of the Exchange, the PRC issuer fails to re-comply with rule 19A.28B within a reasonable period.

(3) For so long as a PRC issuer remains non-compliant with rule 19A.28B, each director or supervisor must not, and must use his best endeavours to ensure that his close associates do not, take any action that may further lower the percentage of the PRC issuer's public float, unless the director or supervisor can demonstrate that there are exceptional circumstances.

Significant Public Float Shortfall

19A.28F (1) A PRC issuer with no other listed shares that fails to comply with rule 19A.28B(1) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public:

(a) represents at least 15% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the PRC issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold; or

(b) has a market value of at least HK$500,000,000 and represents at least 5% of the PRC issuer's total number of shares in the class to which H shares belong (excluding treasury shares).

Note: If the PRC issuer's shares have traded for fewer than 125 trading days since listing on the Exchange, this rule will be modified and restated in its entirety as follows:

"A PRC issuer with no other listed shares that fails to comply with rule 19A.28B(1) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public represents 15% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the PRC issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold."

(2) A PRC issuer with other listed shares that fails to comply with rule 19A.28B(2) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public:

(a) has a market value of at least HK$500,000,000; or

(b) represents at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

19A.28G Where a PRC issuer is regarded as having a Significant Public Float Shortfall, the requirements under rule 13.32G shall apply to the PRC issuer with the references to "rule 13.32B" and "rule 13.32E" being replaced by "rule 19A.28B" and "rule 19A.28E", respectively.

…

Chapter 19C

EQUITY SECURITIES

SECONDARY LISTINGS OF OVERSEAS ISSUERS

…

Exceptions to the Rules

19C.11 The following rules do not apply to an overseas issuer that has, or is seeking, a secondary listing on the Exchange: 3.09F; 3.09G; 3.09H; 3.12A; 3.13A; 3.17; 3.21 to 3.23; 3.25 to 3.27C; 3.28; 3.29; 4.06; 4.07; Chapter 7; 8.08(1); 8.08A; 8.09(4) (exception limited to issues outside the Exchange's markets); 8.18 (exception limited to issues outside the Exchange's markets); 9.11(10)(b); 10.05; 10.06(2)(a) to (c); 10.06(2)(e); 10.06(4); 10.06(5); 10.06A(1); 10.06A(3); 10.06B; 10.07(1); 10.07(2) to (4); 10.08; 13.11 to 13.22; 13.23(1); 13.23(2); 13.25A; 13.27; 13.28; 13.29; 13.31(1); 13.32A to 13.32G; ~~13.35;~~ 13.36; 13.37; 13.38; 13.39(1) to (5A); 13.39(6) to (7) (exception limited to circumstances other than where a spin-off proposal requires approval by shareholders of the parent); 13.40 to 13.42; 13.44 to 13.45; 13.47; 13.48(2); 13.49; 13.51(1); 13.51(2) (except that each director or member of the overseas issuer's governing body must provide their contact information and personal particulars as soon as possible as required under rule 3.20); 13.51B; 13.51C; 13.52(1)(b) to (d); 13.52(1)(e)(i) to (ii); 13.52(1)(e)(iv) (exception limited to issues outside the Exchange's markets); 13.52(2); 13.67; 13:68; 13.74; 13.80 to 13.87 (exception limited to circumstances other than where a spin-off proposal requires approval by shareholders of the parent); 13.88; 13.89; 13.91; Chapter 14; Chapter 14A; Chapter 15 (exception limited to issues outside the Exchange's markets); Chapter 16 (exception limited to issues outside the Exchange's markets); Chapter 17; Practice Note 4 (exception limited to issues outside the Exchange's markets); Practice Note 15 paragraphs 1 to 3(b) and 3(d) to 5 (exception limited to circumstances where the spun-off assets or businesses are not to be listed on the Exchange's markets and the approval of shareholders of the parent is not required); Appendix C3; Appendix C1; Appendix D2; and Appendix C2.

…

C. Corporate Governance/ Environmental, Social and Governance

Appendix C1

CORPORATE GOVERNANCE CODE

…

PART 2 – PRINCIPLES OF GOOD CORPORATE GOVERNANCE, CODE PROVISIONS AND RECOMMENDED BEST PRACTICES

…

F. SHAREHOLDERS ENGAGEMENT

F.1 Effective communication and conduct of shareholders meetings

…

Recommended Best Practices

F.1.5 …

(b) indication of important shareholders' dates in the coming financial year; and

(c) [Repealed [date]]~~the percentage of public float, based on information that is publicly available to the issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report; and~~

…

…

Appendix D2

DISCLOSURE OF FINANCIAL INFORMATION

…

Information in annual reports

…

34A. A listed issuer shall include the information relating to its public float and other details under rule 13.32D(2)~~a statement of sufficiency of public float. The statement should be based on information that is publicly available to the listed issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report~~.

…

APPENDIX VI: PROPOSED AMENDMENTS TO THE GEM LISTING RULES RELATING TO THE ONGOING PUBLIC FLOAT PROPOSALS

Chapter 1

GENERAL

INTERPRETATION

1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

…

"public float" shares in the hands of the public

…

Chapter 9

GENERAL

TRADING HALT, SUSPENSION AND RESUMPTION OF DEALINGS, CANCELLATION AND WITHDRAWAL OF LISTING

…

Trading halt or suspension

…

9.04 Under rule 9.01, the Exchange may direct a trading halt or suspend dealings in an issuer's securities regardless of whether or not the issuer has requested the same and may do so in any circumstances, including:—

…

(2) where the Exchange considers there are insufficient securities in the hands of the public (as required under~~see~~ rule 17.37B~~11.23~~); or

…

…

Chapter 10

EQUITY SECURITIES

METHODS OF LISTING

…

Placing

…

10.16 The Exchange may be prepared to allow preliminary arrangements and placings to be made to dispose of securities before the start of dealings where necessary to comply with the requirements of rule 11.23 or rule 17.37B on the minimum prescribed public floatthat a minimum prescribed percentage of any class of listed securities must at all times remain held by the public.

…

Chapter 11

EQUITY SECURITIES

QUALIFICATIONS FOR LISTING

…

11.23 There must be an open market in the securities for which listing is sought. This will normally mean that:

…

(7) for a class of securities new to listing, at least a minimum prescribed percentage of that class of securities must be held by the public at the time of listing, determined by reference to the following table~~, which must also at all times be held by the public~~:—

…

Notes:

1. …

2. [Repealed [date]]~~In the case of an issuer listed on the Exchange with a listing document issued before 4 August 2025, the relevant minimum prescribed percentage of listed securities in public hands that must be maintained by the issuer at all times shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.~~

…

(11) [Repealed [date]]~~notwithstanding the requirement that the minimum prescribed percentage of securities must at all times remain in public hands, the Exchange may consider granting a temporary waiver to an issuer which is the subject of a general offer under the Takeovers Code (including a privatisation offer), for a reasonable period after the close of the general offer to restore the percentage. The issuer must restore the minimum percentage of securities in public hands immediately after the expiration of the waiver, if granted.~~

Notes: …

5 [Repealed [date]]~~Issuers should note that the minimum prescribed percentage of securities must remain in public hands at all times. If the percentage falls below the minimum, the Exchange reserves the right to cancel the listing or suspend trading until appropriate~~

~~*steps have been taken to restore the minimum percentage of securities in public hands (see rule 17.36).*~~

6 *[Repealed [date]]*~~*Where the percentage has fallen below the minimum, the Exchange may refrain from suspension if the Exchange is satisfied that there remains an open market in the securities and either:*~~

~~*(a) the shortfall in the prescribed percentage arose purely from an increased or newly acquired holding of the listed securities by a person who is, or after such acquisition becomes, a core connected person only because he is a substantial shareholder of the issuer and/or any of its subsidiaries. Such substantial shareholder must not be a controlling shareholder or single largest shareholder of the issuer. He must also be independent of the issuer, directors and any other substantial shareholders of the issuer and must not be a director of the issuer. If the substantial shareholder has any representative on the board of directors of the issuer, he must demonstrate that such representation is on a nonexecutive basis. In general, the Exchange would expect this to apply to holdings of the listed securities by institutional investors with a wide spread of investments other than in the listed securities concerned. Holdings of the listed securities by private equity or venture capital funds which have been involved in the management of the issuer before and/or after listing would not qualify. It is the responsibility of the issuer to provide sufficient information to the Exchange to demonstrate the independence of such substantial shareholder and to inform the Exchange of any change in circumstances which would affect his independence as soon as it becomes aware of such change; or*~~

~~*(b) the issuer and the controlling shareholder(s) or single largest shareholder undertake to the Exchange to take appropriate steps to ensure restoration of the minimum percentage of securities to public hands within a specified period which is acceptable to the Exchange.*~~

7 *[Repealed [date]]*~~*At any time when the percentage of securities in public hands is less than the required minimum, and the Exchange has permitted trading in the securities to continue, the Exchange will monitor closely all trading in the securities to ensure that a false market does not develop and may suspend the securities if there is any unusual price movement.*~~

…

Chapter 13

EQUITY SECURITIES

RESTRICTIONS ON PURCHASE, DISPOSAL AND SUBSCRIPTION

Restrictions on preferential treatment

…

13.02 (1) …

(b) that the minimum prescribed percentage~~s~~ of public shareholders required by rule~~s~~ 11.23(7) ~~and 11.23(9) are~~ is achieved.

…

…

Restrictions and notification requirements on issuers purchasing their own shares on a stock exchange

…

Dealing restrictions

13.11 …

(5) an issuer shall not purchase its shares on GEM if that purchase would result in the number of listed securities which are in the hands of the public falling below the ~~relevant~~applicable minimum prescribed ~~percentage~~threshold for that issuer under rule 17.37B ~~(as determined by the Exchange at the time of listing under rule 11.23)~~;

…

…

Restrictions on disposal of shares following the listing of a new applicant

…

13.16A …

(2) …

Note: Controlling shareholder~~(s)~~ ~~is/are free to~~may purchase additional securities and dispose of securities thus purchased in the relevant period,

subject to compliance with the requirements of rule ~~11.23~~17.37B to maintain an open market in the securities and a sufficient public float.

…

Chapter 17

EQUITY SECURITIES

CONTINUING OBLIGATIONS

…

General matters relevant to the issuer's securities

Changes in issued shares – Next day disclosure return and monthly return

…

17.27B A listed issuer shall, by no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the fifth business day next following the end of each calendar month, submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the Exchange's website a monthly return in relation to:

(1) movements in the listed issuer's equity securities (including treasury shares), debt securities and any other securitised instruments, as applicable, during the period to which the monthly return relates, in such form and containing such information as the Exchange may from time to time prescribe (irrespective of whether there has been any change in the information provided in its previous monthly return). Such information includes, among other things, the number as at the close of such period of equity securities (including treasury shares), debt securities and any other securitised instruments, as applicable, issued, sold or transferred and which may be issued, sold or transferred pursuant to options, warrants, convertible securities or any other agreements or arrangements; and

(2) information in relation to the listed issuer's public float as prescribed under rule 17.37D(1).

…

~~*Minimum prescribed public holding*~~

17.36 [Repealed [date]]~~An issuer shall inform the Exchange immediately and publish an announcement, if it becomes aware that the number of listed securities which are in the hands of the public has fallen below the minimum percentage prescribed by rule 11.23(7).~~

17.37 [Repealed [date]]~~Once the issuer becomes aware that the number of listed securities in the hands of the public has fallen below the minimum prescribed percentage (as determined at the time of the issuer's initial listing), the issuer shall take steps to ensure that compliance is resumed from the earliest practicable opportunity.~~

~~*Notes: 1 Pursuant to the provisions of Chapter 9, the Exchange reserves the right to suspend trading in the issuer's securities or cancel the listing of such securities where the Exchange considers that there are insufficient securities in the hands of the public.*~~

~~*2 In this regard, issuers should also be aware of the notes to rule 11.23.*~~

~~*3]In the case of an issuer listed on the Exchange with a listing document issued before 4 August 2025, the relevant prescribed minimum percentage shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.*~~

Public float

Definitions and determination of percentage and market value of public float

17.37A For the purpose of rules 17.37B to 17.37G, save where the context otherwise requires:

(1) the following terms shall have the following meanings:

"Alternative Threshold"	has the meaning given to it in rule 17.37B(2)
"Initial Prescribed Threshold"	has the meaning given to it in rule 17.37B(1)
"Significant Public Float Shortfall"	has the meaning given to it in rule 17.37F
"trading day"	in the case of an issuer, has the meaning defined in the Rules of the Exchange, but also excludes any day on which trading of the issuer's shares was halted or suspended

(2) the percentage of an issuer's public float is the portion of the class of shares listed on the Exchange and held by the public, as a percentage of its total number of issued shares in that class of shares (excluding treasury shares); and

(3) the market value of an issuer's public float is calculated by multiplying (a) the number of the shares held by the public as of the date of determination by (b) the volume weighted average price of the class of shares listed on the Exchange over the 125 trading days immediately prior to the date of determination.

Note: *The volume weighted average price of the relevant class of shares referred to in this sub-paragraph (3) is calculated by dividing the total turnover (as stated in the Exchange's daily quotation sheets) by the total number of shares traded (as stated in the Exchange's daily quotation sheets) for the 125 trading days immediately prior to the date of determination, as adjusted for any applicable corporate actions.*

Minimum prescribed public float

17.37B There must be an open market in the shares listed on the Exchange. This will normally mean that a portion of the class of shares listed on the Exchange and held by the public must, at all times:

(1) represent at least 25% of the issuer's total number of issued shares in that class of shares (excluding treasury shares), or any lower minimum percentage of public float prescribed at the time of listing under rule 11.23(7) (the "Initial Prescribed Threshold"); or

(2) alternatively:

(a) have a market value of at least HK$1,000,000,000; and

(b) represent at least 10% of the issuer's total number of issued shares in that class of shares (excluding treasury shares),

(the "Alternative Threshold").

Note: *Where an issuer was granted a waiver from strict compliance with the minimum percentage of public float as prescribed by rule 11.23 (as amended from time to time) at the time of listing, the Initial Prescribed Threshold shall mean the minimum percentage of public float prescribed under that waiver.*

17.37C Where an issuer relies on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 17.37B, the issuer must, as soon as practicable, publish an announcement containing the reasons for applying the Alternative Threshold and a statement setting out the market value and percentage of its public float as at the latest practicable date.

Notes: *1.* *The Alternative Threshold is not available to an issuer if the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange.*

2. *In the case of an issuer intending to switch from relying on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 17.37B, if during the 125 trading days immediately prior to the date of determination (referred to as the "reference period" for the purpose of this note) its listed shares have been suspended from trading for more than five consecutive business days, the Exchange may require the issuer to extend the reference period for the purpose of rule 17.37A(3) to demonstrate that the market value of its shares can meet the Alternative*

Threshold over a reasonable period after resumption of trading. Such an issuer should consult the Exchange at the earliest opportunity as to whether it may rely on the Alternative Threshold.

Disclosure in monthly returns and annual reports

17.37D (1) An issuer must include, in each monthly return made under rule 17.27B:

(a) a statement confirming compliance with rule 17.37B, or an appropriate negative statement;

(b) for an issuer relying on the Initial Prescribed Threshold for compliance with rule 17.37B, the minimum percentage threshold applicable to the issuer; and

(c) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 17.37B, a statement setting out the market value and percentage of its public float,

as of the close of the period to which the monthly return relates.

(2) An issuer must include, in its annual report:

(a) a statement confirming compliance with rule 17.37B, or an appropriate negative statement;

(b) for an issuer relying on the Initial Prescribed Threshold for compliance with rule 17.37B, the minimum percentage threshold applicable to the issuer; and

(c) a statement setting out:−

(i) the percentage of its public float;

(ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 17.37B, the market value of its public float; and

(iii) the composition of (1) the ownership of the relevant class of shares listed on the Exchange and (2) the issuer's share capital,

as of the end of the financial year to which the annual report relates.

(3) The statements referred to in sub-paragraphs (1) and (2) of this rule should be based on information that is publicly available to the issuer or otherwise within the knowledge of its directors as at the latest practicable date prior to the issue of the monthly return or annual report (as the case may be).

Note: *The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this rule.*

Public float shortfall

17.37E (1) Upon becoming aware of its non-compliance with rule 17.37B, an issuer must:

(a) take active steps to re-comply with rule 17.37B at the earliest possible moment; and

(b) publish an announcement within one business day to inform the public of the non-compliance and the relevant information, including:

(i) the percentage of its public float

(ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) at the point of its non-compliance with rule 17.37B, the market value of its public float;

(iii) the reason(s) for the non-compliance;

(iv) its plan and expected timeline to restore its public float;

(v) the composition of ownership of the shares listed on the Exchange; and

(vi) any such other information as the Exchange may from time to time prescribe.

Notes: *1.* *The Exchange may allow the issuer to announce the details of its restoration plan in a subsequent announcement, provided that the subsequent announcement must be published within 15 business days upon the issuer becoming aware of its non-compliance with rule 17.37B.*

2. *The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this sub-paragraph (1).*

(2) For so long as an issuer remains non-compliant with rule 17.37B, the issuer must:

(a) publish an announcement on a monthly basis, and no later than the date of publication of its monthly return under rule 17.27B, to provide an update on:

(i) the percentage of its public float;

(ii) for an issuer relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) at the point of its non-compliance with rule 17.37B, the market value of its public float;

(iii) the status of its public float restoration plan, including action(s) during the relevant period taken to restore the public float; and

(iv) the expected timing for restoration; and

(b) not take any action that may further lower the percentage of its public float, unless the issuer can demonstrate that there are exceptional circumstances.

Note: The Exchange may exercise its discretion to take appropriate action(s) (including to subject the issuer to the procedures set out in rule 17.37G and to exercise its powers under rule 9.04(2)) if, in the opinion of the Exchange, the issuer fails to re-comply with rule 17.37B within a reasonable period.

(3) For so long as an issuer remains non-compliant with rule 17.37B, each director must not, and must use his best endeavours to ensure that his close associates do not, take any action that may further lower the percentage of the issuer's public float, unless the director can demonstrate that there are exceptional circumstances.

Significant Public Float Shortfall

17.37F An issuer that fails to comply with rule 17.37B will be regarded as having a "Significant Public Float Shortfall" unless a portion of its class of shares listed on the Exchange and held by the public:

(1) represents at least 15% of the issuer's total number of issued shares in that class of shares (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold; or

(2) has a market value of at least HK$500,000,000 and represents at least 5% of the issuer's total number of issued shares in that class of shares (excluding treasury shares).

Note: If the issuer's shares have traded for fewer than 125 trading days since listing on the Exchange, this rule will be modified and restated in its entirety as follows:

"An issuer that fails to comply with rule 17.37B will be regarded as having a "Significant Public Float Shortfall" unless a portion of its class of shares listed on the Exchange and held by the public represents at least 15% of the issuer's total number of issued shares in that class of shares (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold."

17.37G (1) In addition to the obligation under rule 17.37E, an issuer must publish an announcement to inform the public of the occurrence of a Significant Public Float Shortfall within one business day after becoming aware of such shortfall.

(2) From the day on which an issuer first has a Significant Public Float Shortfall up to and until the issuer has re-complied with rule 17.37B, the issuer must include in any announcement or notification, or on the front page of any financial report, circular or listing document required to be published by these rules, a warning statement:

(a) to warn the public to exercise caution when dealing in the issuer's shares as there may not be an open market in them; and

(b) to inform the public that the Exchange will cancel the listing of those shares if the issuer fails to re-comply with rule 17.37B within the period specified in sub-paragraph (3) of this rule.

(3) The Exchange will cancel the listing of an issuer's shares if the issuer has a Significant Public Float Shortfall and fails to re-comply with rule 17.37B for a continuous period of 12 months beginning from the commencement of the Significant Public Float Shortfall.

Notes: *1. The Exchange will add a designated marker to the stock name of the listed shares of an issuer with a Significant Public Float Shortfall.*

2. The designated marker referred to in note 1 to this rule will be removed if the issuer can demonstrate to the Exchange, and publish an announcement to inform the public, that it has re-complied with rule 17.37B.

…

~~*Sufficiency of public float*~~

17.38A [Repealed [date]]~~An issuer shall include in its annual report a statement of sufficiency of public float. The statement should be based on information that is publicly available to the issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report.~~

~~*Note: GEM listed issuers that have been allowed a lower minimum prescribed percentage of public float (including those which have been granted a waiver under repealed GEM Rule 11.23(5)) have a grace period of three years to comply with the public float requirement under rule 11.23. Accordingly, all GEM issuers must comply with the public float requirement by no later than 30 June 2011.*~~

General offers

17.38B (1) Notwithstanding the requirement of rule 17.37B where an issuer is the subject of a general offer and fails to comply with rule 17.37B at the close of the general

offer, the Exchange may consider granting a temporary waiver to the issuer, for a reasonable period after the close of the general offer to re-comply with rule 17.37B, provided that the public float shortfall is not a Significant Public Float Shortfall (as defined in rule 17.37F).

(2) An issuer that has been granted the temporary waiver pursuant to rule 17.38B(1) must ensure compliance with rule 17.37B prior to the expiration of the waiver.

Concentration of shareholdings

17.38C Where the Exchange has reason to believe that the securities of an issuer listed on the Exchange may be concentrated in the hands of a few shareholders to the detriment or without the knowledge of the investing public, the issuer must promptly upon request by the Exchange:

(1) publish an announcement to inform the public that its shareholding may have been concentrated in the hands of a few shareholders; and remind the public to exercise caution when dealing in its securities; and

(2) conduct an investigation under section 329 of the Securities and Futures Ordinance and publish an announcement containing the findings of the investigation.

…

Chapter 18

EQUITY SECURITIES

FINANCIAL INFORMATION

…

18.08B An issuer shall include in its annual report the information relating to its public float and other details under rule 17.37D(2)~~a statement of sufficiency of public float with information as required under rule 17.38A~~.

…

Chapter 19

EQUITY SECURITIES

NOTIFIABLE TRANSACTIONS

…

Takeovers and mergers

…

Contents of offer document

19.81 The offer document must normally contain:

…

(2) details of any agreement reached with the Exchange to ensure that the basic condition for listing set out in rule ~~11.23~~17.37B will be complied with in respect of the listed issuer;

(3) a prominent and legible statement in the following form:

"The Stock Exchange of Hong Kong Limited (the "Exchange") has stated that:

(a) if, at the close of the offer, ~~less than the minimum prescribed percentage applicable to the listed issuer, being [ ]% of the issued shares (excluding treasury shares), are held by the public, or if~~ the Exchange believes that:—

— a false market exists or may exist in the trading of the shares; or

— ~~that there are insufficient shares in public hands to maintain~~ an orderly market does not exist or may not exist;

it will consider exercising its discretion to suspend dealings in the shares; and

(b) if, at the close of the offer, the listed issuer has a Significant Public Float Shortfall (as defined in rule 17.37F), then:—

— the Exchange will add a designated marker to the stock name of the listed shares; and

— the Exchange will cancel the listing of the issuer's shares if the issuer fails to re-comply with rule 17.37B for a continuous period of 12 months from the commencement of the Significant Public Float Shortfall.

[[*The Offeror*] intends [the listed issuer] to remain listed on the Exchange. The directors of [*the Offeror*] and the new directors to be appointed to the Board of [the listed issuer] will jointly and severally undertake to the Exchange that if, at the close of the offer, [the listed issuer] fails to comply with the requirement of rule 17.37B, they will ~~to~~ take appropriate steps to ensure ~~that sufficient public float exists in [*the listed issuer*]'s shares~~the issuer's compliance with rule 17.37B at the earliest possible moment.]"

…

…

Chapter 25

EQUITY SECURITIES

ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

…

Open market requirements

25.07A There must be an open market in the securities for which listing is sought.

PRC issuers with no other listed shares

(1) …

(1A) [Repealed [date]]~~A PRC issuer with no other listed shares must maintain the relevant minimum prescribed percentage of H shares held by the public (as calculated and determined under rule 25.07A(1) at the time of listing) at all times.~~

~~*Note: In the case of a PRC issuer with no other listed shares listed on the Exchange with a listing document issued before 4 August 2025, the relevant minimum prescribed percentage of H shares in public hands that must be maintained by the issuer at all times shall mean 25% of the issuer's total number of issued shares (excluding treasury shares), or the relevant lower minimum percentage that was accepted by the Exchange at the time of listing.*~~

PRC issuers with other listed shares

(2) …

(2A) [Repealed [date]]~~A PRC issuer with other listed shares must maintain the relevant minimum prescribed percentage of H shares held by the public (as calculated and determined under rule 25.07A(2) at the time of listing) at all times.~~

~~*Notes:*~~

~~*1. In the case of a PRC issuer with other listed shares which is listed on the Exchange in reliance upon the market value threshold under rule 25.07A(2)(b), the relevant minimum prescribed percentage shall mean the percentage derived by dividing HK$3,000,000,000 by the total market value of the issuer's total issued shares in the class to which H shares belong at the time of listing.*~~

~~*2. In the case of a PRC issuer with other listed shares listed on the Exchange with a listing document before 4 August 2025 (including a PRC issuer which becomes a PRC issuer with other listed shares after*~~

~~*4 August 2025), the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) must be at least 25% of the issuer's total number of issued shares (excluding treasury shares).*~~

…

Chapters 17 and 18 – Continuing Obligations and Financial Information

~~*General*~~

25.20B Rules 17.37A to 17.37G are amended and replaced by rules 25.21A to 25.21G in their entirety, respectively, when applied to PRC issuers.

Public float

Definitions and determination of percentage and market value of public float

25.21A For the purpose of rules 25.21B to 25.21G, save where the context otherwise requires:

(1) the following terms shall have the following meanings:

"Alternative Threshold"	in the case of a PRC issuer with no other listed shares, has the meaning given to it in rule 25.21B(1)(b)
"Initial Prescribed Threshold"	in the case of a PRC issuer with no other listed shares, has the meaning given to it in rule 25.21B(1)(a)
"Significant Public Float Shortfall"	has the meaning given to it in rule 25.21F(1) or (2) (as the case may be)
"trading day"	in the case of a PRC issuer, has the meaning defined in the Rules of the Exchange, but also excludes any day on which trading of the PRC issuer's H shares was halted or suspended

(2) the percentage of a PRC issuer's public float is the H shares listed on the Exchange and held by the public, as a percentage of its total number of issued shares in the class to which H shares belong (excluding treasury shares);

(3) in the case of a PRC issuer with no other listed shares, the market value of the PRC issuer's public float is calculated by multiplying (a) the number of H shares held by the public as of the date of determination by (b) the volume weighted

average price of the PRC issuer's H shares over the 125 trading days immediately prior to the date of determination; and

(4) in the case of a PRC issuer with other listed shares, the market value of the PRC issuer's public float is calculated by multiplying (a) the number of H shares held by the public as of the date of determination by (b) the volume weighted average price of the PRC issuer's H shares over the 125 trading days, or all trading days since listing, whichever is shorter, immediately prior to the date of determination.

Note: The volume weighted average price of a PRC issuer's H shares referred to in sub-paragraphs (3) and (4) of this rule is calculated by dividing the total turnover (as stated in the Exchange's daily quotation sheets) by the total number of H shares traded (as stated in the Exchange's daily quotation sheets) for the 125 trading days, or all trading days since listing, whichever is shorter, immediately prior to the date of determination, as adjusted for any applicable corporate actions.

Minimum prescribed public float

25.21B There must be an open market in the shares listed on the Exchange.

PRC issuers with no other listed shares

(1) For a PRC issuer with no other listed shares, this will normally mean that a portion of H shares listed on the Exchange and held by the public must, at all times:

(a) represent at least 25% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares), or any lower minimum percentage of public float prescribed at the time of listing under rule 25.07A (the "Initial Prescribed Threshold"); or

(b) alternatively:

(i) have a market value of at least HK$1,000,000,000; and

(ii) represent at least 10% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares),

(the "Alternative Threshold").

Note: Where a PRC issuer with no other listed shares was granted a waiver from strict compliance with the minimum percentage of public float as prescribed by rule 25.07A (as amended from time to time) at the time of listing, the Initial Prescribed Threshold shall mean the minimum percentage of public float prescribed under that waiver.

PRC issuers with other listed shares

(2) For a PRC issuer with other listed shares, this will normally mean that a portion of H shares listed on the Exchange and held by the public must, at all times:

(a) have a market value of at least HK$1,000,000,000; or

(b) represent at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares).

25.21C Where a PRC issuer with no other listed shares relies on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 25.21B, the PRC issuer must, as soon as practicable, publish an announcement containing the reasons for applying the Alternative Threshold and a statement setting out the market value and percentage of its public float as at the latest practicable date.

Notes: 1. The Alternative Threshold is not available to a PRC issuer with no other listed shares if the PRC issuer's H shares have traded for fewer than 125 trading days since listing on the Exchange.

2. In the case of a PRC issuer with no other listed shares intending to switch from relying on the Initial Prescribed Threshold to the Alternative Threshold for compliance with rule 25.21B, if during the 125 trading days immediately prior to the date of determination (referred to as the "reference period" for the purpose of this note) its listed H shares have been suspended from trading for more than five consecutive business days, the Exchange may require the PRC issuer to extend the reference period for the purpose of rule 25.21A(3) to demonstrate that the market value of its H shares can meet the Alternative Threshold over a reasonable period after resumption of trading. Such PRC issuer should consult the Exchange at the earliest opportunity as to whether it may rely on the Alternative Threshold.

Disclosure in monthly returns and annual reports

25.21D (1) A PRC issuer must include, in each monthly return made under rule 17.27B:

(a) a statement confirming compliance with rule 25.21B, or an appropriate negative statement;

(b) for a PRC issuer with no other listed shares:

(i) relying on the Initial Prescribed Threshold for compliance with rule 25.21B, the minimum percentage threshold applicable to the PRC issuer; or

(ii) relying on the Alternative Threshold (instead of the Initial Prescribed Threshold) for compliance with rule 25.21B, a statement setting out the market value and percentage of its public float; and

(c) for a PRC issuer with other listed shares relying on the market value threshold under rule 25.21B(2)(a) (instead of the percentage threshold under rule 25.21B(2)(b)), a statement setting out the market value and percentage of its public float,

as of the close of the period to which the monthly return relates.

(2) A PRC issuer must include, in its annual report:

(a) a statement confirming compliance with rule 25.21B, or an appropriate negative statement;

(b) for a PRC issuer with no other listed shares relying on the Initial Prescribed Threshold for compliance with rule 25.21B, the minimum percentage threshold applicable to the PRC issuer; and

(c) a statement setting out:–

(i) the percentage of its public float;

(ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 25.21B(2)(a) (instead of the percentage threshold under rule 25.21B(2)(b)), for compliance with rule 25.21B, the market value of its public float; and

(iii) the composition of (1) the ownership of the H shares listed on the Exchange and (2) the PRC issuer's share capital,

as of the end of the financial year to which the annual report relates.

(3) The statements referred to in sub-paragraphs (1) and (2) of this rule should be based on information that is publicly available to the PRC issuer or otherwise within the knowledge of its directors and supervisors (if any) as at the latest practicable date prior to the issue of the monthly return or annual report (as the case may be).

Note: The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this rule.

Public float shortfall

25.21E (1) Upon becoming aware of its non-compliance with rule 25.21B, a PRC issuer must:

(a) take active steps to re-comply with rule 25.21B at the earliest possible moment; and

(b) publish an announcement, within one business day, to inform the public of the non-compliance and the relevant information, including:

(i) the percentage of its public float;

(ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 25.21B(2)(a) (instead of the percentage threshold under rule 25.21B(2)(b)), at the point of its non-compliance with rule 25.21B, the market value of its public float;

(iii) the reason(s) for the non-compliance;

(iv) its plan and expected timeline to restore its public float;

(v) the composition of ownership of the H shares listed on the Exchange; and

(vi) any such other information as the Exchange may from time to time prescribe.

Notes: 1. The Exchange may allow the PRC issuer to announce the details of its restoration plan in a subsequent announcement, provided that the subsequent announcement must be published within 15 business days upon the PRC issuer becoming aware of its non-compliance with rule 25.21B.

2. The Exchange may issue guidance on the Exchange's website, as amended from time to time, regarding the particulars required to be disclosed pursuant to this sub-paragraph (1).

(2) For so long as a PRC issuer remains non-compliant with rule 25.21B, the PRC issuer must:

(a) publish an announcement on a monthly basis, and no later than the date of publication of its monthly return under rule 17.27B, to provide an update on:

(i) the percentage of its public float;

(ii) for (1) a PRC issuer with no other listed shares relying on the Alternative Threshold (instead of the Initial Prescribed Threshold), or (2) a PRC issuer with other listed shares relying on the market value threshold under rule 25.21B(2)(a) (instead of the percentage threshold under rule 25.21B(2)(b)), at the point of its non-compliance with rule 25.21B, the market value of its public float;

(iii) the status of its public float restoration plan, including action(s) during the relevant period taken to restore the public float; and

(iv) the expected timing for restoration; and

(b) not take any action that may further lower the percentage of its public float, unless the PRC issuer can demonstrate that there are exceptional circumstances.

Note: The Exchange may exercise its discretion to take appropriate action(s) (including to subject the PRC issuer to the procedures set out in rule 25.21G, and exercise its powers under rule 9.04(2)) if, in the opinion of the Exchange, the PRC issuer fails to re-comply with rule 25.21B within a reasonable period.

(3) For so long as a PRC issuer remains non-compliant with rule 25.21B, each director or supervisor must not, and must use his best endeavours to ensure that his close associates do not, take any action that may further lower the percentage of the PRC issuer's public float, unless the director or supervisor can demonstrate that there are exceptional circumstances.

Significant Public Float Shortfall

25.21F (1) A PRC issuer with no other listed shares that fails to comply with rule 25.21B(1) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public:

(a) represents at least 15% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the PRC issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold; or

(b) has a market value of at least HK$500,000,000 and represents at least 5% of the PRC issuer's total number of shares in the class to which H shares belong (excluding treasury shares).

Note: If the PRC issuer's shares have traded for fewer than 125 trading days since listing on the Exchange, this rule will be modified and restated in its entirety as follows:

"A PRC issuer with no other listed shares that fails to comply with rule 25.21B(1) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public represents 15% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares) or, if the Initial Prescribed Threshold applicable to the PRC issuer is less than 25%, at least 50% of the relevant Initial Prescribed Threshold,."

(2) A PRC issuer with other listed shares that fails to comply with rule 25.21B(2) will be regarded as having a "Significant Public Float Shortfall" unless a portion of H shares listed on the Exchange and held by the public:

(a) has a market value of at least HK$500,000,000; or

(b) represents at least 5% of the PRC issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares)."

25.21G Where a PRC issuer is regarded as having a "Significant Public Float Shortfall, the requirements under rule 17.37G shall apply to the PRC issuer with the references to "rule 17.37B" and "rule 17.37E" being replaced by "rule 25.21B" and "rule 25.21E", respectively.

…

C. Corporate Governance/ Environmental, Social and Governance

Appendix C1

CORPORATE GOVERNANCE CODE

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PART 2 – PRINCIPLES OF GOOD CORPORATE GOVERNANCE, CODE PROVISIONS AND RECOMMENDED BEST PRACTICES

…

F. SHAREHOLDERS ENGAGEMENT

F.1 Effective communication and conduct of shareholders meetings

…

Recommended Best Practices

F.1.5 …

(b) indication of important shareholders' dates in the coming financial year; and

(c) [Repealed [date]]~~the percentage of public float, based on information that is publicly available to the issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report; and~~

…

…

APPENDIX VII: SUMMARY OF OPEN MARKET REQUIREMENTS

Table 11: Illustration of initial public float and free float requirements (current and new) for selected types of issuers

<table>
<tr><th colspan="3"></th><th>Current initial public float requirements</th><th>New initial public float requirements</th><th>New initial free float requirements</th></tr>
<tr><td rowspan="3">Issuers with a single class of shares (other than a PRC issuer)</td><td rowspan="2">Basis for % calculation</td><td>Numerator</td><td colspan="2">Shares in public hands</td><td>Free float shares in public hands</td></tr>
<tr><td>Denominator</td><td colspan="3">Total number of issued shares (excluding treasury shares)</td></tr>
<tr><td colspan="2">Thresholds</td><td>25% (or 15% to 25% if the expected market capitalisation is over HK$10 billion at listing)</td><td>Tiered percentage thresholds ranging between 10% and 25%</td><td>10%, with market value of HK$50 million (GEM: HK$15 million)
(or HK$600 million in market value)</td></tr>
<tr><td rowspan="3">Issuers with a WVR structure and SPACs</td><td rowspan="2">Basis for % calculation</td><td>Numerator</td><td colspan="2">Shares (or securities) in public hands</td><td>Free float shares in public hands</td></tr>
<tr><td>Denominator</td><td>Total number of issued shares (excluding treasury shares)</td><td colspan="2">Total number of shares (or securities) in issue of the class to be listed[1] (excluding treasury shares)</td></tr>
<tr><td colspan="2">Thresholds</td><td>25% (or 15% to 25% if the expected market capitalisation is over HK$10 billion at listing)</td><td>Tiered percentage thresholds ranging between 10% and 25%</td><td>10%, with market value of HK$50 million (GEM: HK$15 million)
(or HK$600 million in market value)</td></tr>
</table>

[1] This means that: (a) in the case of an issuer with a WVR structure, WVR shares would be excluded; and (b) in the case of a SPAC, Promoter Shares (and Promoter Warrants) would be excluded.

				Current initial public float requirements	New initial public float requirements	New initial free float requirements
PRC issuers with a single class of shares and no other listed shares		Basis for % calculation	Numerator	H shares in public hands		Free float H shares in public hands
			Denominator	Total number of issued shares (excluding treasury shares)		
		Thresholds		25% (or 15% to 25% if the expected market capitalisation is over HK$10 billion at listing)	Tiered percentage thresholds ranging between 10% and 25%	10%, with market value of HK$50 million (GEM: HK$15 million) (or HK$600 million in market value)
A+H issuers with a single class of shares	**Public float**	Basis for % calculation	Numerator	A and H shares in public hands	Repeal current requirement	(Not applicable)
			Denominator	Total number of issued shares (excluding treasury shares)		
		Thresholds		25%		
	Minimum H shares	Basis for % calculation	Numerator	H shares in public hands		Free float H shares in public hands
			Denominator	Total number of issued shares (excluding treasury shares)		
		Thresholds		15%	10% (or HK$3 billion in market value)	5%, with market value of HK$50 million (GEM: HK$15 million) (or HK$600 million in market value)

APPENDIX VIII: SUMMARY OF MINIMUM ONGOING PUBLIC FLOAT THRESHOLDS

Table 12: Summary of minimum ongoing public float thresholds

	Transitional consequential amendments		Proposed requirement (see Section IV.A of Chapter 3)
	Existing Issuers	**Newly listed issuers with listing documents published on or after the Implementation Date**	**All issuers**
All issuers (other than a PRC issuer)	25% or such lower percentage accepted by the Exchange at listing[1] *Note 2 to MB Rule 8.08 and Note to MB Rule 13.32(1)* *(Note 5A to GEM Rule 11.23 and Note 3 to GEM Rule 17.37)*	Initial Prescribed Threshold (i.e. tiered percentage threshold ranging between 10% and 25%) *MB Rules 8.08 and 13.32* *(GEM Rule 11.23(7))*	Initial Prescribed Threshold, with an optional Alternative Threshold of HK$1 billion and 10% *Draft MB Rule 13.32B* *(Draft GEM Rule 17.37B)*
PRC issuers with no other listed shares	25% or such lower percentage accepted by the Exchange at listing[2] *Note to MB Rule 19A.13A(1A)* *(Note to GEM Rule 25.07A(1A))*	Initial Prescribed Threshold (i.e. tiered percentage threshold ranging between 10% and 25%) *MB Rule 19A.13A(1A)* *(GEM Rule 25.07A(1A))*	Initial Prescribed Threshold, with an optional Alternative Threshold of HK$1 billion and 10% *Draft MB Rule 19A.28B(1)* *(Draft GEM Rule 25.21B(1))*

[1] The Exchange has previously granted public float waivers to certain issuers after listing due to their exceptional circumstances. For the avoidance of doubt, those waivers will continue to apply.

[2] Ibid.

	Transitional consequential amendments		Proposed requirement (see Section IV.A of Chapter 3)
	Existing Issuers	**Newly listed issuers with listing documents published on or after the Implementation Date**	**All issuers**
PRC issuers with other listed shares (e.g. A+H issuers)	25%, with the numerator taking into account the total securities of the issuers held by the public (on all regulated market(s)) *Note 2 to MB Rule 19A.13A(2A)* *(Note 2 to GEM Rule 25.07A(2A))*	Minimum prescribed percentage threshold at listing based on the new bespoke initial public float threshold (i.e. 10% or HK$3 billion) *MB Rule 19A.13A(2A)* *(GEM Rule 25.07A(2A))*	New bespoke ongoing public float threshold (i.e. HK$1 billion or 5%) *Draft MB Rule 19A.28B(2)* *(Draft GEM Rule 25.21B(2))*

APPENDIX IX: PRIVACY NOTICE

Hong Kong Exchanges and Clearing Limited and its affiliated companies (together "**HKEX**", "**we**", **our**" or "**us**") are committed to protecting all Personal Data under our custody, control, or possession. "**Personal Data**" is any information that relates to an identifiable individual or can be used to identify an individual – sometimes the individual is referred to as a "**Data Subject"** or consumer.

This privacy notice ("**Notice**") applies to the Personal Data we collect and further process from Data Subjects who respond to our public consultation papers and white papers.

If the correct Personal Data is not submitted to HKEX then we may not be able to ensure the correct details are published or contact respondents if we have queries about their comments and/or, we may be unable to process requests relating to their rights as Data Subjects under the applicable data protection laws.

What Personal Data do we collect and how do we collect it?

Information directly submitted by or collected from you:

- Identity data such as name and position in a company;
- Contact data such as phone number and email address;
- Opinion data such as your response to the consultation paper; and
- Communications data such as subsequent correspondence with you to clarify your comments or to confirm your identity data.

For Data Subjects in Mainland China:

- to verify your identity, we may process your name, position, phone number, and email address;
- to communicate with you, we may process your name, position, phone number, and email address;
- to register your response in our records or change your response upon your request, we may process your name, position, answers and reasons for those answers; and
- to prepare our publication material, we may process and publish your name and position (where your consent has been provided), and your answers and reasons for those answers.

For Data Subjects who are California residents:

To the extent the California Privacy Rights Act applies, the types of Personal Data we collect (and have collected in the past 12 months) includes the categories listed below, as defined by California state law:

Category	Source	Purpose of Processing
Personal identifiers such as your name and email address	Collected directly from you	For verification of identity, clarification of comments, record keeping and/or publication
Information About You including your name, position, and telephone number		

Why do we use the Personal Data and how do we use it?

The "**Legal Basis**" is what data protection laws set out as the lawful reasons for processing Personal Data, such as a legitimate interest to operate our business so long as it does not materially and adversely impact your interests, rights, and freedoms.

Legal Basis	Purpose
Legitimate Interests	• Opinion data as part of the consultation process to understand the market/public response to the proposal(s) set out in the consultation; • Identity and contact data to verify and clarify responses; • Identity data where consent has been provided for external publication;
Public Interest	• We may also process your personal data on the basis that it is necessary for the performance by HKEX of a task in the public interest.
Consent	Separate consent • Required if you are a Data Subject in Mainland China and we need to share your Personal Data with a third party, publicly disclose it, or transfer it outside Mainland China.
Legal or Regulatory Obligations	• Discharge the functions of HKEX and any company of which HKEX is the recognised exchange controller; • Comply with a court order, subpoena or other legal process; • Comply with a request by a government authority, law enforcement agency or similar body; and • Comply with laws applicable to us including domestic data protection laws.

Do we disclose Personal Data to third parties or transfer it to another jurisdiction?

HKEX discloses Personal Data to one or more third party organisations that enable us to process public consultation papers and white papers – and these include:

- Affiliates of Hong Kong Exchanges and Clearing;
- Our contractors or vendors who provide telecommunications, IT security, or other technical assistance;
- Our vendors who facilitate the availability of online forms;
- Our vendors who provide strategy or other consultancy services in respect of our businesses; and
- Our agents, contractors or vendors who provide administrative support to us.

To fulfil our legal obligations, we may also share your Personal Data with courts, regulatory authorities, government and law enforcement agencies, and other public authorities.

Further details about these third parties may be provided upon request to the address in the “Contact Us” section below. We shall endeavour to provide such information to the extent we are required to do so under applicable data protection laws.

Where required under applicable data protection laws, HKEX will only disclose Personal Data to third parties with your prior consent. In certain jurisdictions, HKEX may also be required to take additional measures prior to giving effect to such transfers (e.g. carrying out privacy impact assessments prior to the transfer).

HKEX may process Personal Data outside of the Data Subject’s home jurisdiction, including sharing the Personal Data with third parties. HKEX shall use reasonable endeavours to ensure that the laws and regulations of the destination jurisdiction shall offer the same or comparable level of protection for Personal Data. Where this is not the case, we shall ensure appropriate safeguards are in place at the time of the transfer by implementing standard contractual clauses or other data transfer mechanism approved by the authorities of the relevant jurisdiction. Where required under applicable data protection laws, we shall also carry out additional measures for the offshore transfer such as carrying out a privacy impact assessment. e
The regions where the Personal Data may be hosted or transferred to will vary from time to time, but typically include Hong Kong, the UK, US, EU, Switzerland, Singapore, Japan, India, and Mainland China.

Further details on the processing locations and our measures for safeguarding international transfers (including adequacy decisions) may be obtained upon request to the address in the “Contact Us” section below.

How long do we keep the Personal Data?

Personal Data is retained in accordance with our internal policies, including our Group Record Retention Policy, and applicable law.

Your Personal Data will be retained by us for as long as is necessary to fulfil the purposes required for the processing. HKEX will also refer to the following factors when determining or confirming the appropriate retention period of Personal Data:

- the original purpose of collection;
- the termination of any contract involving the Data Subject's Personal Data;
- the limitation period as defined in the applicable law;
- the existence of any legal or regulatory investigations or legal proceedings;
- specific laws or regulations setting out HKEX's functions, obligations, and responsibilities;
- retention period set out in non-statutory guidelines issued by our regulators or international bodies; and
- the sensitivity of the Personal Data and the degree of risk from the associated processing activity.

For Data Subjects in Mainland China, we usually retain the Personal Data for not more than 3 years from the last activity or interaction with us. Further details of our Personal Data retention period may be obtained upon request to the address in the "Contact Us" section below.

Where any Personal Data is no longer necessary for the purposes for which it is collected, we shall cease the processing of that Personal Data as soon as reasonably practicable (although copies may be retained as necessary for archival purposes, for use in any actual or potential dispute, or for compliance with applicable laws), and take reasonable measures to destroy the relevant Personal Data.

How do we keep your Personal Data secure?

We will take all practicable and reasonable steps to promote the security of the Personal Data we process in a manner consistent with applicable data protection laws and established international security standards. This includes physical, technical and administrative safeguards, to help prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks, and the loss of any storage medium or device on which the Personal Data is stored, and to maintain the general security of the data.u

Rights over the Personal Data

As a summary, the following Data Subject rights may be exercised to the extent provided under applicable data protection laws:

- confirm whether we hold the Data Subject's Personal Data and the type of Personal Data held by us;
- access a copy of the Personal Data held by us;
- delete your Personal Data held by us;
- correct or supplement your Personal Data where it is found to be inaccurate;
- restrict the processing performed on your Personal Data;
- withdraw consent to the processing of your Personal Data in certain situations (e.g. processing carried out on the basis of our legitimate interests); and
- transfer the Personal Data to another party in a machine readable format.

In certain jurisdictions, Data Subjects may also be provided with additional rights.

California	• Request that we disclose the categories of third parties with whom we have shared the information and the categories of Personal Data that we have shared with third parties for a business purpose.
Mainland China	• Explanation on the rules of processing the Personal Data; • Extension of the Data Subject rights to a surviving next-of-kin where the applicable laws permit; and • Transfer of your Personal Data to your designated party, where the applicable laws permit.
United Kingdom and Europe	• Right to object to processing. You have the right to object to processing to the extent we process your Personal Data because the processing is in our legitimate interests.
Singapore	• In certain circumstances, receive information about the ways in which the Personal Data has been or may have been used or disclosed by us in the year before the date of the request.

Where these rights apply, we shall use reasonable endeavours to fulfil the request or provide an explanation. Please note that under applicable data protection law, we are only obligated to respond to Personal Data requests from the same Data Subject up to two times in a 12-month period, and we may be limited in what Personal Data we can disclose which is also for the protection of your Personal Data.

We will endeavour to respond to you as soon as possible and, in any event, within the timeframe stipulated under the applicable data protection law. In the event of a potential delay, we will provide an explanation and the expected timeframe for delivery. Under applicable data protection law, we may also be required to charge a reasonable fee for the cost of processing the request.

Please note that we may need to seek confirmation of identity or clarification in order to fulfil the request. If you as the Data Subject would like to appoint an authorised agent to make a request on your behalf, we may require you to verify your identity with us directly before we provide any requested information to your authorised agent unless your authorised agent has power of attorney or acts as a conservator. Information collected for purposes of verifying your request will only be used for verification. For deletion requests, you will be required to submit a verifiable request for deletion and then confirm separately that you want Personal Data about you deleted. t
If you would like to exercise your data subject rights, please contact the HKEX Group Data Protection Office via one of the channels below.

Contact Us

If you have any questions or comments relating to the content of this Notice, report any concerns about our Personal Data processing, or if you would like to exercise your Data Subject Rights, please contact us through the channels below:

Group Data Protection Officer
GDPO Office
Hong Kong Exchanges and Clearing Limited
8/F., Two Exchange Square8 Connaught Place
Central
Hong Kong
DataPrivacy@hkex.com.hk

UK Representative:
10 Finsbury Square, London, EC2A 1AJ, United Kingdom

EU Representative:
De Cuserstraat 91, 1081 CN Amsterdam, Postbus/PO Box 7902, 1008 AC Amsterdam, Netherlands
hkex.eurep@eversheds-sutherland.com

Please include the following details in any request to exercise your Data Subject Rights:

Identity of Data Subject

- Full Name
- Company Name
- Email Address
- Address of principal residence
- Identity particulars if acting on behalf of a Data Subject
- Contact *details held on file or Document(s) to verify identity*

Nature of the Request

- Product or Service to which the Data Subject has subscribed
- Specific Right
    - Purpose of the Request
    - Preferred communication channel and address for receiving the results of the request
    - Document(s) to support the rights request

Any Data Subject who has contacted us to express concerns about the way we manage their Personal Data and is of the view that we have not addressed the matter satisfactorily, may also contact the relevant privacy regulator to resolve the matter or seek assistance.

The privacy regulator in the United Kingdom is the Information Commissioner, who may be contacted at https://ico.org.uk/make-a-complaint/ or by post to: Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF, United Kingdom.

If you live outside of the UK, you may contact the relevant data privacy regulator in your country of residence.

Last updated: 7 June 2024

Annex

This Notice relates to privacy practices of the following HKEX group entities. For the contact details of the following entities, please refer to the “Contact Us” section.

- The Hong Kong Stock Exchange of Hong Kong Limited
- Hong Kong Futures Exchange Limited
- Hong Kong Securities Clearing Company Limited
- HKFE Clearing Corporation Limited
- The SEHK Options Clearing House Limited
- OTC Clearing Hong Kong Limited
- HKEX Information Services Limited
- HKEX Information Services (China) Limited
- HKEX (China) Limited, HKEX Investment (China) Limited
- HKEX Investment (Hong Kong) Limited
- Qianhai Mercantile Exchange Co. Ltd.
- Hong Kong Futures Exchange Limited Singapore Branch
- The Stock Exchange Of Hong Kong Limited Singapore Branch
- HKEX (U.S.) LLC

Hong Kong Exchanges
and Clearing Limited

8/F, Two Exchange Square,
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