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HKEX LISTING RULE CHANGES EFFECTIVE 4 AUGUST 2025 & FURTHER CONSULTATION ON ONGOING PUBLIC FLOAT

The Hong Kong Stock Exchange (**HKEX**) made major changes to the HKEX Listing Rules on 4 August 2025, including a reduction in the portion of IPO shares available for retail allocation and in the public float requirement for companies listing on the HKEX. The changes come as the HKEX regains its position as the world's top IPO fund-raising platform and sees record southbound buying of HKEX-listed stocks through Stock Connect.¹ Hong Kong's IPO market experienced a significant resurgence in the first half of 2025, raising HK\$107 billion in 42 listings.² The remarkable performance was fueled by a rise in A+H listings, notably the listing of CATL, the world's biggest electric vehicle battery manufacturer, which together contributed over 70% of the IPO funds raised on the HKEX during that period.

While most of the proposed Listing Rule changes were adopted, some of the key proposals have been modified. The percentage of IPO offer shares required to be allocated to the placing tranche has been reduced to 40% (from 50% in the original proposal), and the maximum clawback allocation to the retail tranche has been increased to 35% from 20% under the original proposal. Other proposals were not adopted: the six-month lock-up on IPOs' cornerstone investors has been retained, and HKEX did not adopt the proposed upward adjustment of the final IPO price. Despite significant support for a new OTC board to trade delisted and suspended shares and those unable to meet the HKEX Listing Rules' eligibility criteria for listing, the HKEX said only that it will continue consulting with stakeholders regarding the feasibility of an OTC market and will update the market on any progress.

As indicated in the HKEX's [Consultation Paper – Proposals to Optimise IPO Price Discovery and Open Market Requirements](#) published in December 2024, having received support for its tiered initial public float requirements, the HKEX has launched a further consultation on the ongoing public float requirement. The proposals are set out at Part IV of the [Conclusions and Further Consultation Paper – Proposals to Optimise IPO Price Discovery and Open Market Requirements](#) published on 1 August 2025. The deadline for responding to the further consultation is 1 October 2025; responses can be submitted by completing the questionnaire on the HKEX website at https://surveys.hkex.com.hk/jfe/form/SV_eCInFGGrHJlaCGOi.

The HKEX Listing Rule changes are now in effect and apply to all companies listed on the Hong Kong Stock Exchange's Main Board and GEM and to new listing applicants publishing listing documents on or after 4 August 2025. The HKEX has updated its [Guide for New Listing Applicants](#) to reflect the HKEX Listing Rule changes. For a summary of the HKEX's proposals in its December 2024 Consultation Paper, please see Charltons' newsletter [HKEX Consults on IPO Price Discovery, Open Market Requirements and HK OTC Market](#).

1. HKEX'S REVISED INITIAL PUBLIC FLOAT REQUIREMENTS ON LISTING

New Tiered Initial Public Float Requirements for HKEX IPOs

Revised HKEX Main Board Listing Rule 8.08(1) implements tiered initial public float thresholds based on the listing applicant's expected market value at listing as set out below.

Tier	Expected market value of relevant class of securities at	Minimum percentage of those securities to be publicly
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	listing	held at listing
A	≥HK\$6 billion	25%
B	>HK\$6 billion to ≤HK\$30 billion	The higher of: <ul style="list-style-type: none"> the percentage that would result in the expected market value of publicly held securities being HK\$1.5 billion at the time of listing; and 15%
C	<HK\$30 billion	The higher of: <ul style="list-style-type: none"> the percentage that would result in the expected market value of publicly held securities being HK\$4.5 billion at the time of listing; and 10%

The HKEX did not adopt its proposed Tier D for listing applicants with a market value of HK\$70 billion or more due to respondents' comments that very few listing applicants are within this category. Instead, the HKEX will determine the appropriate public float requirement for listing applicants listing shares with a market value at listing significantly above HK\$45 billion on a case-by-case basis.

Application to GEM listing applicants

The same initial public float thresholds apply to GEM listing applicants under GEM Listing Rule 13.37B.

Application of tiered public float thresholds

The new tiered public float thresholds apply to all applicants listing shares except for PRC companies listing H shares that have other shares listed on overseas regulated exchanges (e.g., A+H issuers). These are subject to different initial public float requirements (as discussed below).

The initial public float requirement applies to any class of equity securities listing on the HKEX including convertible equity securities, options and warrants as well as shares.

Removal of requirement for WVR shares to be included in public float calculation

The HKEX Listing Rule changes have removed the requirements for:

- shares with weighted voting rights (**WVR**) (which must be unlisted) to be included in the denominator when calculating the public float of issuers with WVR structures; and
- promoter shares and promoter warrants to be included in the denominator when calculating a SPAC's public float.³

Change to the Basis for Calculating the Public Float of HKEX-listed Companies

The public float requirement under HKEX Listing Rule 8.08(1) requires a percentage of a listed company's shares to be held by the public. That percentage was previously 25% for Main Board and GEM companies, although the HKEX allowed a lower percentage for companies listing on the Main Board with a market capitalisation of HK\$10 billion or more. In calculating the public float for certain types of companies, the HKEX Listing Rules allowed shares to count towards the public float (i.e., be included in the numerator) that the HKEX considered did not contribute to an open market in Hong Kong. For example, in the case of Chinese A+H issuers, publicly held A shares listed on PRC

domestic stock exchanges counted towards the public float despite not being tradable in the Hong Kong market.

Under the revised HKEX Listing Rules, the public float is normally calculated as a percentage of the total number of shares (or other securities) of the class being listed only. So, in the case of a listing applicant with only one class of shares on listing, to meet the public float requirement, the number of shares held by the public must be the specified percentage of its issued shares. This has not changed from the previous Listing Rules.

H share issuers' public float

The basis of calculating the public float percentage has changed for H share issuers. Essentially, only the publicly held H shares (and not any publicly held A shares listed on PRC exchanges as previously) will count towards the public float. These publicly held H shares need to meet the relevant percentage of the PRC issuer's total issued shares of the same class as its H shares which include its domestic unlisted shares and shares listed on PRC exchanges such as A shares.

H share issuers with no other listed shares

For H share issuers with no other listed shares, there is no change to the calculation. Their public float is calculated by reference to their publicly held H shares as a percentage of their total issued shares – i.e. the total of their issued H shares and unlisted domestic shares.

H share issuers with other listed shares (e.g., A+H issuers)

The public float of PRC companies listing H shares on the Hong Kong Stock Exchange is now calculated as the number of their publicly held H shares as a percentage of all their issued shares, including their H shares and their listed domestic shares (i.e. A shares) and unlisted shares that are in the same class as its H shares. Under PRC laws, a PRC company's listed and unlisted domestic shares are considered to be the same class of shares. The change from the previous HKEX Listing Rules is that issuers' publicly held A shares are no longer counted towards the public float (i.e., included in the numerator of the calculation) but remain included in the denominator along with unlisted shares. The calculation is:

Number of H shares in public hands

Issuer's total issued shares including domestic unlisted and listed (i.e. A shares) shares

H share issuers with other listed shares also refer to:

- A+H issuers (i.e. PRC issuers with A shares listed on PRC stock exchanges and H shares listed in Hong Kong), including those with depositary receipts representing their A shares that are listed on overseas exchanges (such as global depositary receipts (**GDRs**) listed on the London or Swiss stock exchanges); and
- Issuers with other shares in the same class as their H shares that are listed on other regulated market(s) and are not fungible with H shares (e.g., D shares listed on the Frankfurt Stock Exchange).

In these cases, the other listed shares of the same class as the issuer's H shares (e.g., A shares, A shares represented by GDRs, and D shares) are included only in the denominator and are not counted towards the issuer's publicly held shares.

However, in the case of A+H issuers that have depositary receipts (or depositary shares) representing their H shares listed on overseas exchanges (e.g., a US stock exchange) or have listed their H shares directly on an overseas exchange (such as the London Stock Exchange), the H shares underlying the depositary shares and H shares directly listed offshore do count towards the public float and are included in the numerator. Likewise, all issued shares of the same class as the issuer's

H shares (whether represented by depositary receipts or otherwise) are included in the denominator.

Non-PRC issuers and PRC issuers (other than A+H issuers) with other classes of shares listed overseas

The HKEX did not adopt the proposal to align the public float requirement for PRC issuers (other than A+H issuers) and non-PRC issuers with shares listed on other overseas regulated exchanges with the requirements for H share listing applicants having other listed shares (i.e., A+H issuers). This is due to a lack of listed companies in this category. Most dual listed companies, including those with depositary receipts or depositary shares listed offshore, are not “*issuers with other share classes listed overseas*” because the shares underlying their depositary receipts or depositary shares are in the same class as the shares listed on the Hong Kong Stock Exchange and are fungible with them.

The public float of companies with depositary receipts or shares listed on an offshore exchange is therefore calculated by including the shares listed on the HKEX, and shares represented by offshore-listed depositary receipts or shares, in both the numerator and denominator.

The HKEX also clarified that in calculating their public float, listing applicants should only count shares that have already been issued. They should not count shares that may be issued in future on the exercise of options, e.g., under an overallotment option or share option schemes.

HKEX’s Revised Definition of “the public”

The HKEX Listing Rules’ definition of “the public”⁴ has been revised to additionally exclude:

- any person whose acquisition of shares has been financed directly or indirectly by the issuer (or any of its subsidiaries) or a core connected person of the issuer; and
- any person who is accustomed to take instructions from the issuer (or any of its subsidiaries) or a core connected person of the issuer.

Shares held by a trustee on behalf of share scheme participants are only regarded as publicly held shares if:

- the trustee is not a core connected person of the issuer, or is only a core connected person of the issuer because one or more of the trust’s beneficiaries is a core connected person of the issuer; and
- the participants are not core connected persons of the issuer and are not accustomed to taking instructions from the issuer or any of its subsidiaries or core connected persons regarding the acquisition, disposal, voting or other disposition of its shares.

This means that:

- shares held by a trustee under a share scheme that are not yet granted to any share scheme participants are not regarded as held by “the public”;
- shares held by an independent trustee (or a trustee that is only a core connected person because the trust has a beneficiary(ies) that are core connected persons of the issuer) that have been granted to independent share scheme participants are regarded as held by “the public” whether they are vested or unvested; and
- shares transferred to independent share scheme participants under a share scheme (i.e., vested share awards) are regarded as held by “the public”.

Clarification of Calculation of Minimum Market Value in Public Hands for HKEX Listing Applicants

The HKEX has clarified that the requirement under Main Board Listing Rule 8.09(1) (GEM Listing Rule 11.23(2)) that the listing applicant's publicly held shares at listing must have a minimum market value of HK\$125 million (HK\$45 million for GEM listing applicants) refers only to the publicly held shares being listed in Hong Kong. The listing applicant's other publicly held shares, whether listed offshore or unlisted, are not counted in satisfying whether the market value requirement is met.

HKEX Listing Document Disclosure of Initial Public Float

The requirement for listing applicants to disclose the expected percentage of public float upon listing in the listing document still applies. The HKEX now also requires listed companies that list a new class of securities to disclose the expected percentage of public float of the relevant class of securities on listing.

According to the HKEX's revised Guide for New Listing Applicants,⁵ a listing applicant or listed issuer must disclose, in its listing document, the prescribed minimum public float percentage applicable to the class of securities being listed in different scenarios, i.e., if the offer price is fixed at the bottom end, mid-point or top end of the offer price range. According to the HKEX, this requirement aims to inform investors of how the final offer price will impact the securities' market value and the minimum public float threshold that applies.

The HKEX now also requires the following to be disclosed in allotment results announcements:

- the prescribed minimum public float percentage threshold, determined based on the final offer price; and
- a statement confirming compliance with the applicable public float threshold immediately after completion of the offering.

2. ISSUERS WITH OTHER OVERSEAS LISTED SHARES

Percentage of Shares to be Listed on HKEX

The HKEX has reduced to 10% (from 15%) the portion of the total shares that companies with other listed shares must list on the HKEX.

In the case of a new applicant H share issuer with other listed shares (e.g., an A+H issuer), the H shares being listed on the HKEX must, at the time of listing:

- represent at least 10% of its issued shares (excluding treasury shares); or
- have an expected market value of at least HK\$3 billion.

In the case of a non-PRC new applicant with other share class(es) listed overseas, the class of shares being listed on the HKEX must, at the time of listing, either

- represent at least 10% of the total number of issued shares (excluding treasury shares); or
- have an expected market value of at least HK\$3 billion.

HKEX Public Float Threshold Requirement

The public float threshold requirement for new listing applicants that are A+H issuers is the same as the minimum portion of shares they must list on the HKEX. These listing applicants must therefore have publicly held H shares that either represent 10% of their total issued shares or have an expected market value at listing of HK\$3 billion.

However, the HKEX has decided not to apply that same public float threshold to “other prescribed types of issuers”, that is: (a) H share issuers with other listed shares but not an A+H issuer (i.e. an H share issuer with shares of the same class as its H shares listed on overseas regulated market(s)); and (b) issuers with other share class(es) listed overseas. This is because for most dual listed companies, including companies with depositary receipts or shares listed on an offshore exchange (e.g, US-listed ADSs), the shares underlying the depositary receipts or shares are of the same class as the shares listed on the HKEX.

3. INITIAL FREE FLOAT REQUIREMENT FOR HKEX LISTING APPLICANTS

Required initial free float for HKEX listing applicants

The revised HKEX Listing Rules include a requirement that on listing, a portion of a new listing applicant’s publicly held shares must be free of restrictions on their disposal (**initial free float requirement**). Main Board Listing Rule 8.08A and GEM Listing Rule 11.23A now require that, at the time of listing, the shares that are held by the public and have no restrictions on their disposal must either:

- represent 10% or more of the shares being listed and have an expected market value at listing of at least HK\$50 million (for Main Board listing applicants) or HK\$15 million (for GEM listing applicants); or
- have an expected market value at listing of at least HK\$600 million.

Free float requirement for H share issuers with no other listed shares

H share listing applicants with no other listed shares are required to have publicly held H shares that have no restrictions on disposal that either:

- represent 10% or more of the total number of issued shares in the class to which the H shares belong and have an expected market value at listing of at least HK\$50 million (GEM: HK\$15 million); or
- have an expected market value at listing of at least HK\$600 million at the time of listing (Main Board LR 19A.13C(1) (GEM LR 25.07B(1))).

This proposal was adopted despite respondents commenting that since the existing shares issued before the listing of an H share issuer are subject to a 12-month lock-up period under PRC laws, the new requirement means that H share issuers have to rely on newly issued H shares in order to satisfy the requirement.

Free float requirement for H share issuers with other listed shares (e.g., A+H issuers)

The free float requirement for H share issuers with other listed shares, such as A+H issuers, requires that the publicly held H shares that are free from restrictions on disposal at listing must:

- represent at least 5% of the total number of issued shares in the class to which the H shares belong (i.e. the A and H shares in the case of A+H issuers) and have an expected market value at listing of at least HK\$50 million; or
- have an expected market value at listing of at least HK\$600 million (Main Board LR 19A.13C(2)(GEM LR 25.07B(2))).

This represents a change from the original proposal which was that the free float percentage for A+H issuers should be determined based only on the total number of H shares. Some respondents to the consultation commented that this could result in the free float for H share issuers with other shares listed on another regulated exchange being too small to be meaningful. According to the Consultation Conclusions, all A+H issuers listed on the HKEX between 2020 and 2024 would have met the revised requirement.

Application of HKEX free float requirement

The new free float requirement on listing only applies to listings of shares.

Shares in a share scheme

Shares held by an independent trustee under a share scheme are not counted towards the initial free float requirement since they are typically subject to vesting conditions and are not available for immediate trading.⁶

Free float for Biotech and Specialist Technology companies

The new free float requirements have replaced the previous free float requirements that applied to Biotech and Specialist Technology companies.

Free float disclosure by HKEX listing applicants

New HKEX listing applicants are required to include in their listing documents and allotment results announcements a statement of compliance with the free float requirement.

4. NEW HKEX CONSULTATION ON ONGOING PUBLIC FLOAT REQUIREMENTS

Given the changes to the initial public float requirements, the HKEX is proposing consequential amendments to the ongoing public float thresholds that require the publicly held shares listed on the HKEX to represent, at all times, at least:

- 25% of the total number of issued shares in the class of shares listed on the HKEX (excluding treasury shares); or
- any lower public float percentage prescribed by the HKEX at listing (the **Initial Prescribed Threshold**).

An alternative ongoing public float threshold (**Alternative Threshold**) is proposed which would require the publicly held shares listed on the HKEX, at all times:

- to have a market value of at least HK\$1 billion; and
- represent at least 10% of the issuer's total number of issued shares in the class of shares listed on the HKEX (excluding treasury shares).

This Alternative Threshold is intended principally for listed companies with a market capitalisation of HK\$4 billion or more since 25% of their listed shares will have a market value that meets the HK\$1 billion requirement. Most HKEX listed companies will have to comply with the Initial Prescribed Threshold and maintain the percentage public float that applied to them on listing.

A listed company would not be allowed to rely on the Alternative Threshold if its shares have traded for less than 125 trading days after listing on the HKEX. However, the HKEX may require the listed company to extend the 125-trading days for determining the shares' market value if, during that period, its listed shares have been suspended from trading for more than five consecutive business days.

According to the HKEX, this Alternative Threshold is suggested in response to respondents' feedback, to allow issuers whose public float has a significant market value greater flexibility to carry out transactions for capital management purposes, such as share buy-backs, after listing. Issuers opting for the Alternative Threshold would be required to publish an announcement giving reasons for relying on the Alternative Threshold and information on the actual market value and percentage of their public float. Both the Initial Prescribed Threshold and Alternative Threshold also apply to H share issuers with no other listed shares.

The ongoing public float threshold would apply only to shares listed on the HKEX.

Proposed ongoing public float for H share issuers with other listed shares (e.g., A+H issuers)

The HKEX is proposing that H share issuers with other listed shares, such as A+H issuers, should be subject to bespoke ongoing public float thresholds. This would require the publicly held H shares, at all times:

- to have a market value of at least HK\$1 billion; or
- to represent at least 5% of the total number of shares to which the H shares belong (including their H shares and A shares but excluding any treasury shares).

Suspension of Trading

Under the HKEX Listing Rules, the HKEX can suspend the listing of shares of a listed company that has failed to maintain sufficient public float. In the Consultation Paper, the HKEX sought views on whether it should retain its practice of suspending trading of listed companies whose public float falls below 15% (or 10% in the case of companies granted a lower public float percentage on listing).

Following feedback from respondents, the HKEX is now consulting on the following proposed alternative consequences to suspension:

- a mechanism to help investors identify listed companies with a substantial public shortfall; and
- increased disclosure obligations.

Transitional arrangements

While the ongoing public float obligations are being consulted on, the HKEX has made the following transitional amendments to the HKEX Listing Rules' ongoing public float requirements:

- new applicants listed on the HKEX with listing documents published on or after 4 August 2025 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 new ongoing public float requirements are implemented. This means:
 - 25% or any lower minimum percentage prescribed at the time of listing (as set out in the table of revised initial public float thresholds at 1 above), except for H share issuers with other listed shares which are subject to bespoke requirements; or
 - in the case of an H share issuer with other listed shares (e.g., an A+H issuer), H shares held by the public that represent either:
 - i. 10% of the issuer's total number of issued shares in the class to which the H shares belong (excluding treasury shares); or
 - ii. for issuers listed in reliance on the market value 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 same class as the H shares at the time of listing.

Other listed companies will remain subject to the existing ongoing public float threshold that applied on listing, i.e., 25% unless the HKEX accepted a lower public float percentage on listing. If a listed company's public float drops below the required minimum, the HKEX retains the right to suspend trading in its shares until steps have been taken to restore the public float.⁷

Determining the market value threshold

In determining whether the market value of publicly held shares meets the market value limb of the Alternative Threshold, the market value of shares is now determined on a rolling basis by multiplying the number of shares held by the public on the day of determination by the volume weighted average of the shares listed on the HKEX over the preceding 125 trading days. A listed company whose shares have traded for less than 125 trading days would not be able to rely on the Alternative Threshold.

The HKEX does not propose to allow listed companies to let their public float fall below the Initial Prescribed Threshold or the Alternative Threshold. The HKEX will not grant waivers in this situation and the failure to maintain the public float at the required level will constitute a Listing Rule breach.

5. POTENTIAL OTC MARKET

The HKEX noted in the Consultation Paper that one of the problems with suspending a listed company's shares is that it deprives the shareholders of an exit route given that Hong Kong lacks a market for trading suspended and delisted shares. It therefore sought feedback on whether an OTC market should be established in Hong Kong. 81% of consultation respondents supported the establishment of an OTC market in Hong Kong as a market for delisted issuers and other securities unable to meet the HKEX's listing criteria.

In the consultation conclusions, the HKEX said that it will continue to work with various stakeholders on the viability of an OTC market and will update the market on its progress in due course.

6. HKEX'S ONGOING PUBLIC FLOAT DISCLOSURE REQUIREMENTS

Annual Report Public Float Disclosure

The ongoing public float disclosure requirements proposed in the Consultation Paper will only be implemented when the HKEX concludes its consultation on the ongoing public float requirements discussed above. At that time, the HKEX Listing Rules will be revised to require listed companies to disclose their actual public in their annual reports and information on their shareholding composition.

The information that listed companies will have to disclose regarding the composition of ownership of the relevant class of HKEX-listed shares at the end of their financial year will include:

(1) shares held by the following categories of shareholders who are not members of the public:

- substantial shareholders of the listed issuer and their close associates (identified on an individually named basis);
- directors, supervisors and the chief executive of the listed issuer and their close associates (identified on an individually named basis); and
- other persons excluded from the definition of "public" including: (a) directors, chief executives and chief executives of the listed issuer's subsidiaries and their close associates; and (b) other persons outside the definition of the public, such as persons accustomed to taking instructions from a core connected person; and

(2) shares held by the following categories of public shareholders:

- any persons that are defined as the "public" and have disclosed their interests pursuant to Part XV of the Securities and Future Ordinance (identified on an individually named basis);

- an independent trustee holding granted but unvested shares of a share scheme on behalf of the independent scheme participants; and
- other members of the public.

Disclosure will have to be made based on information that is publicly available or within the knowledge of directors in preparing the annual report. Reasonable efforts will be required to determine the actual public float for the purpose of making the disclosure. The HKEX suggests listed companies could, for example, require their core connected persons and other shareholders they have identified as non-public shareholders, to notify them of their shareholdings and subsequent changes to them.

In response to concerns raised by respondents, the HKEX noted that although disclosure based on publicly available information may not reflect the most up-to-date public float information of a listed company as at the date of the publication of its annual report, it considers that the information may still be useful to existing shareholders and potential investors. Any caveats and assumptions relating to the disclosure should be included to facilitate understanding of the disclosure.

Regular Public Float Reporting

In addition to the ongoing public float disclosure in listed companies' annual reports, the HKEX is now consulting on the following additional public float disclosures.

Public float sufficiency confirmation

The HKEX is proposing to require all listed companies to confirm whether they have met their applicable ongoing public float threshold in their monthly returns and annual reports.

Monthly reporting would require disclosure in each monthly return, as of the end of month:

- for listed companies relying on the Initial Prescribed Threshold, the minimum percentage threshold applicable to the listed company; and
- for listed companies relying on the Alternative Threshold or H share issuers with other listed shares (e.g. an A+H issuer) relying on the market value limb of the bespoke ongoing public float threshold, the market value and percentage of the portion of the class of HKEX-listed shares that are publicly held.

Annual reporting would require disclosure in each annual report of the same information proposed above in their monthly returns, as at the end of the relevant financial year.

Disclosure on share capital structure information

The HKEX is also proposing to require all listed companies to state, in their annual reports, the structure of their share capital as at the end of the relevant financial year. This disclosure would have 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).

The disclosure would have to be made based on information that is publicly available to the listed companies or otherwise within the knowledge of their directors. The HKEX considers that this additional disclosure would better inform investors of listed companies' public float status and any shortfall that may lead to the risk of delisting.

The table below summarises the proposed regular public float reporting obligations of different types of listed company.

Reporting Obligation	Monthly Returns	Annual Reports
Confirmation of compliance with ongoing public float percentage	All listed companies	All listed companies
Minimum public float percentage threshold	Listed companies relying on the Initial Prescribed Threshold	Listed companies relying on the Initial Prescribed Threshold
Actual public float percentage	Listed companies relying on the market value-based thresholds, i.e., <ul style="list-style-type: none"> companies relying on the Alternative Threshold & H share issuers with other listed shares (e.g., A+H issuers) relying on the market value limb of the ongoing public float threshold 	All listed companies
Actual public float market value	Listed companies relying on the market value-based thresholds, i.e., <ul style="list-style-type: none"> companies relying on the Alternative Threshold & H share issuers with other listed shares (e.g., A+H issuers) relying on the market value limb of the ongoing public float threshold 	Listed companies relying on the market value-based thresholds, i.e., <ul style="list-style-type: none"> companies relying on the Alternative Threshold & H share issuers with other listed shares (e.g., A+H issuers) relying on the market value limb of the ongoing public float threshold
Share ownership composition	N/A	All listed companies
Share capital structure	N/A	All listed companies

HKEX's Proposed Public Float Shortfall Requirements

Obligations on breach of public float requirements

Falling below the required ongoing public float threshold will be a breach of the HKEX Listing Rules which will require:

- **Restoration:** a listed company would have to take active measures to restore its ongoing public float threshold as soon as possible.
- **Initial announcement:** the listed company would be required to make an announcement of the Listing Rule breach. It would be required to:
 - i. publish an announcement within one business day of becoming aware of a public float shortfall, setting out the market value (if applicable) and percentage of its public float, and the reason for the Listing Rule breach; and
 - ii. announce its plan and expected timeline to restore the applicable ongoing public float threshold as soon as practicable. If this information is not available at the time of the

initial announcement, it can be announced in a subsequent announcement published within 15 business days of it becoming aware of the public float shortfall.

- ***Subsequent monthly update announcement:*** the HKEX is proposing that a listed company with a public float shortfall must provide monthly updates, by way of announcement, to inform 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; and
- ***Restrictions on actions that may further reduce public float:*** the HKEX is also proposing to clarify that, for so long as a listed company does not comply with the applicable ongoing public float threshold, the listed company, 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 company's public float percentage, unless the circumstances are exceptional. Examples of these actions include a share repurchase by the listed company, or an acquisition of shares by its directors or their close associates.

Issuers with a significant public float shortfall

The HKEX is proposing not to suspend trading purely due to a shortfall below certain public float thresholds. Previously, suspension was required when the public float fell below 15% (or 10% for lower-threshold issuers).

Introduction of a Special Stock Marker

Instead of being suspended, listed companies with a significant public float shortfall will be marked with a special stock identifier in their stock short name. These listed companies will also face additional disclosure obligations and may face delisting if the public float is not restored within a designated period.

Thresholds for Significant Public Float Shortfall

A public float shortfall will constitute a "Significant Public Float Shortfall" unless the listed company's publicly held HKEX-listed shares:

- represent at least 15% of the total issued shares in the class (or at least 50% of the Initial Prescribed Threshold for issuers with a minimum public float percentage below 25% at initial listing); or
- have a market value of at least HK\$500 million and constitute at least 5% of the listed company's total issued shares in the class of listed shares (excluding treasury shares). However, this limb will not apply if the listed company's shares have traded for less than 125 trading days since listing.

For H share issuers with other listed shares, a public float shortfall will be deemed a Significant Public Float Shortfall unless their publicly held H shares:

- have a market value of at least HK\$500 million; or
- constitute at least 5% of the total shares in the same class as the H shares (excluding treasury shares).

The threshold for a Significant Public Float Shortfall applicable to H share issuers with other listed shares would also apply to non-PRC issuers that have part of their share class listed on a PRC stock exchange (e.g., RMB-denominated shares listed on a PRC exchange by a non-PRC company). This applies when those shares are in the same class as, but are not fungible with, the shares listed on the HKEX. In this context, references to "H shares" are adjusted to mean the shares listed on the HKEX.

In determining the market value components of the ongoing public float threshold, the market value thresholds for determining whether there is a Significant Public Float Shortfall would be determined by multiplying the number of publicly held shares at the determination date by the volume weighted average price of the shares listed on the HKEX over 125 consecutive trading days (or, for H share issuers with other listed shares (e.g. A+H issuers), all trading days since listing, if shorter) immediately before the determination date.

Delisting

The HKEX is proposing that, if a special stock marker has been applied, the listed company should be delisted if it fails to restore its public float to meet the applicable ongoing public float threshold within 18 months (or 12 months for GEM) from the start date of the Significant Public Float Shortfall.

Additional disclosure obligations for issuers with Significant Public Float Shortfall

HKEX-listed companies with a special stock marker would be subject to the following additional disclosure requirements:

- ***Announcement:*** Within one business day of becoming aware of a Significant Public Float Shortfall, the listed company must publish an announcement confirming this fact; and
- ***Clear Warning Regarding Low Public Float:*** The listed company must include an appropriate warning statement in all announcements and documents required to be published by the HKEX Listing Rules. This warning should notify the market that the listed company's shares will be delisted if it does not restore its public float to the required ongoing public float threshold within the designated period. Additionally, it should advise shareholders and investors to exercise caution when trading its shares.

Removal of the special stock marker

The HKEX will only remove the special stock marker when the listed company has restored its public float to meet the applicable ongoing public float threshold. The listed company will need to publish an announcement of the restoration of its public float.

Restrictions on directors

The HKEX is proposing to clarify that as long as a listed company is in breach of the public float requirement, the listed company, its directors and their close associates will be prohibited from taking any action that could further reduce the percentage of the company's public float. However, this will not apply in exceptional cases, e.g., when a listed company with a public float shortfall later seeks to privatise through share repurchases via a general offer.

Public float shortfall resulting from actions by controlling shareholders or other substantial shareholders

Sanctions can be imposed on a listed company's substantial shareholder who causes, or knowingly participates in, a listed company's breach of the HKEX Listing Rules.⁸ The HKEX has said that it may apply these provisions to sanction a substantial shareholder that causes or knowingly participates in a breach of the listed company's public float requirement, e.g., by buying shares.

Suspension of trading

Although the HKEX would not halt trading in a listed company's shares solely because of a public float shortfall, it will retain the authority to order a trading halt or suspend dealings in any listed company's securities if there are signs of a false market. Additionally, if the HKEX suspects that a listed company's securities may be predominantly held by a small group of shareholders to the

detriment or without the knowledge of the investing public, it will have the right to require the listed company to:

- publish an announcement informing investors that shareholding may be concentrated among a few shareholders and advising caution when trading in its securities; and
- conduct an investigation under section 329 of the SFO and publish the results of that investigation.

Application scope of proposed ongoing public float

The HKEX proposes applying the ongoing public float requirement only to shares listed on the HKEX, and not to convertible securities, options, warrants, or similar rights to subscribe for or purchase shares or convertible securities. All existing listed companies would be subject to the proposed ongoing public float requirements.

Takeovers Code Offers

The HKEX is proposing to retain the existing requirement for Takeovers Code offerors to:

- commit to restoring any public float shortfall upon completing an offer if they intend the company to remain listed; and
- include this commitment in the offer document.

It is also proposing to make related amendments to the HKEX Listing Rules to require offer documents to clearly state that a special stock marker might be imposed if a Significant Public Float Shortfall occurs after the offer, and that the company could face delisting if it does not restore its public float within the specified remedial period.

Additionally, the HKEX proposes to keep the existing practice that the HKEX may grant a timing-relief waiver to a listed company from the ongoing public float requirement for a reasonable period following a general offer, in order to allow time for restoration of the public float. The waiver would be conditional on the listed company being subject to the same disclosure obligations as if it had violated the public float requirement. However, a timing-relief waiver would not be granted if, after the completion of the offer, the public float shortfall qualifies as a Significant Public Float Shortfall.

7. REGULATORY LOCK-UP ON CORNERSTONE INVESTORS

The HKEX has retained the six-month lock-up on cornerstone investors, dropping a proposal to release 50% of cornerstone investors' locked-up shares after three months.

8. ALLOCATION TO THE PLACING TRANCHE

The revised HKEX Listing Rules require at least 40% of the IPO offer shares to be allocated to the bookbuilding placing tranche on an IPO, instead of 50% as originally proposed.

Specialist Technology Companies

The HKEX has adopted its proposal not to apply the new 40% placing tranche allocation requirement to Specialist Technology Companies listing under Chapter 18C of the Main Board Listing Rules. Instead, these companies remain subject to the requirement to allocate at least 50% of the total offer shares to independent price setting investors.⁹

Spread of Placees on HKEX IPOs

The revised HKEX Listing Rules have removed the guideline on the minimum spread of placees in the placing tranche which previously required at least three holders for each HK\$1 million of the placing and a minimum of 100 holders in the IPO placing tranche.

However, the minimum shareholder spread requirement remains and requires a minimum of 300 shareholders on a Main Board listing and a minimum of 100 shareholders on a GEM listing.¹⁰

The HKEX also has discretion to reject a listing applicant that fails to demonstrate that there will be an adequate spread of placees. Given the removal of the guideline thresholds, it has included guidance on the requirement in the Guide for New Listing Applicants in Chapter 4.15 at paragraph 3.

9. ALLOCATION TO THE PUBLIC SUBSCRIPTION TRANCHE

The revised HKEX Listing Rules have replaced the previous minimum allocation of shares to the public subscription tranche with a requirement that listing applicants adopt either Mechanism A or Mechanism B. The maximum clawback allocation has however been raised to 35% (from 20% under the original proposal) due to concerns that the HKEX Listing Rules would not otherwise accommodate strong public demands for some IPOs. The highest clawback allocation has been set at 35% as the midpoint between 50% (the highest clawback allocation under the previous Listing Rules) and 20% (as proposed in the Consultation Paper).

The prescribed share allocation to the public tranche under Mechanism A under the revised Listing Rules is as set out 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
Percentage of offer shares allocated to the public subscription tranche	5%	15%	25%	35%

The alternative Mechanism B requires a minimum initial allocation of 10% of the offer shares (up to a maximum of 60%) to the public subscription tranche but has no clawback mechanism.

The previous clawback trigger points under Mechanism A have been retained as the HKEX did not want to increase them to respond to the inflated oversubscription multiples seen on recent IPOs, as some respondents had suggested. The HKEX may provide individual waivers from the mandatory allocation mechanism on a case-by-case basis, following the previous practice, for listing applicants with large offer sizes (including both typical and non-typical waivers as outlined in the HKEX's guidance in the Guide for New Listing Applicants, Chapter 4.14, paragraphs 4 to 7). These decisions will be made based on the specific facts and circumstances of each case. The HKEX will maintain the existing criteria for typical waivers as specified in its guidance, and the conditions that trigger these waivers will align with the clawback trigger points under Mechanism A.

Specialist Technology Companies

Specialist Technology Companies listing under Chapter 18C of the Main Board Listing Rules are required to use the allocation and clawback mechanism designed for them as set out in Main Board Listing Rule 19C.09.

10. RESTRICTIONS ON REALLOCATION AND PO OVER-ALLOCATION

The HKEX has retained the cap on the reallocation of offer shares from the placing tranche to the public subscription tranche (**Reallocation**) and on the over-allocation of offer shares to the public subscription tranche (**PO Over-allocation**). The aim of these restrictions is to reduce the risk of investors in the public subscription tranche being “stuffed” with shares at a price that is unattractive to participants in the placing tranche.

Given the changes to Mechanism A from the original proposals, the HKEX has made consequential changes to the triggering conditions of the restrictions on Reallocation and PO Over-allocation as set out in the tables below.

Mechanism A

		Public subscription tranche		
PLACING TRANCHE		Undersubscribed	Fully subscribed or oversubscribed by < 15 times	Oversubscribed by 15 times or more
	Undersubscribed	IPOs 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	
PLACING TRANCHE		Undersubscribed	Fully subscribed or oversubscribed
	Undersubscribed	IPOs 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

11. IPO PRICING FLEXIBILITY MECHANISM

The HKEX has not adopted the proposal to allow listing applicants to set the final IPO offer price 10% above the indicative offer price or the top of the offer price range after publishing the prospectus.

12. OTHER HKEX LISTING RULE AMENDMENTS

HKEX Placing Guidelines

The HKEX has made consequential and housekeeping amendments to the Placing Guidelines in Appendix F1 to the Main Board Listing Rules.

Consequential HKEX Listing Rule Amendments

Bonus Issues of a Class of Securities New to Listing

The initial public float requirement has been disapplied for bonus issues of a new class of securities involving equity warrants if certain conditions are met.¹¹

Listing Document Disclosure of Minimum Public Float

New provisions have been added to Appendices D1A and D1B to the Main Board Listing Rules requiring listing documents to include a statement of the minimum prescribed percentage of public float.

Waiver of Initial Free Float Requirement for Secondary Listings

The initial free float requirement has been waived for overseas issuers seeking a secondary listing on the HKEX.

Mandatory Public Offer Requirement for GEM Listing Applicants

GEM Listing Rule 10.11A has been revised to require a minimum allocation of 5% of the offer shares to the subscription tranche and revised Practice Note 6 allows listing applicants to choose either Mechanism A or Mechanism B (as described above).

Determination of Market Capitalisation for New Listing Applicants

The HKEX has revised the HKEX Listing Rules so that for the purpose of calculating the expected market capitalisation of new listing applicants that are H share issuers or other issuers with other classes of shares other than the class being listed, the expected issue price of the shares to be listed will be used as the basis for determining the market value of unlisted shares.

The HKEX has updated its guidance to clarify the basis for determining the market value of shares of an H share issuer with other listed shares. The guidance is set out in the Guide for New listing Applicants, Chapter 3.2 at footnote 2 and provides that for an H share listing applicant that has other listed shares:

- the market value of its other listed shares (e.g., A shares) is determined based on the average closing price of those shares for the 5 business days immediately preceding the date of listing on the HKEX; and
- the market value of the H shares being listed is the expected issue price.

Publication of a Listing Notice

The HKEX has revised Main Board Listing Rule 12.02 and GEM Listing Rule 16.07 to require listing applicants to publish a formal notice on the date they issue a listing document for offers or placings where any amount placed is made available directly to the general public.

SPAC Warrants and Successor Company Warrants

Chapter 18B of the Main Board Listing Rules has been amended so that the open market requirements do not apply to Successor Company warrants. An amendment has also been made so that the minimum market value requirement does not apply to SPAC and Successor Company warrants.

1 SCMP. 6 August 2025. "Daily southbound buying via Stock Connect exceeds US\$2.5 billion twice in 2 weeks"

2 KPMG. 3 July 2025. "Hong Kong Reigns as Top Global IPO Market in the First Half of 2025, with Full-Year Lead in Sight, says KPMG"

3 MB LR 18B.05A

4 MBLR 8.24 and Notes 2 and 3 to GEM LR 11.23(11)

5 HKEX's Guide for New Listing Applicants (as updated on 1 August 2025) at paragraph 2 of Chapter 3.6

6 Note 1 to MB LR 8.08A and Note 1 to GEM Rule 11.23A

7 MB LR 13.32(3) and GEM LR 17.37

8 MBLR 3.09B and GEM 5.02B

9 MB Listing Rule 18C.08

10 MB Listing Rule 8.08(2) and GEM Listing Rule 11.23(2)(b)

11 MB Listing Rules 8.08(2) and 8.08(3) and GEM Listing Rules 11.23(3)(b) and 11.23(8)

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