

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below on the proposed change discussed in the Consultation Paper downloadable from the HKEX website at:

<https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/November-2020-MB-Profit-Requirement/Consultation-Paper/cp202011.pdf>

Where there is insufficient space provided for your comments, please attach additional pages.

Capitalised terms have the same meaning as defined in the Consultation Paper unless otherwise stated.

1. Do you agree that the Profit Requirement should be increased by either Option 1 (150%) or Option 2 (200%)? Please give reasons for your views.

Yes

No

You may provide reasons for your views.

- the new Profit Requirement will discriminate certain applicants with higher P/E, which can be justified by a dozen of factors including but not limited to future sales and profit growth, exposure to a specific industry, intangibles, etc. Those applicants may not be able to fulfill the new Profit Requirement while there is sufficient market demand to the stock of such companies.
- the new Profit Requirement will have adverse impact on the diversity and openness of Hong Kong stock market.

2. Besides the proposed increase in the Profit Requirement, is there any other alternative requirement that should be considered? Please give reasons for your views.

Yes

No

You may provide reasons for your views.

- the HKEx can impose strict measure in relation to the applicant forecast.
- the HKEx can impose extra disclosure requirement to the applicants with higher than average P/E ratio to warn the potential investors the risk of investing in such companies.

3. Do you agree that the Exchange should consider granting temporary relief from the increased Profit Requirement due to the challenging economic environment? Please give reasons for your views.

Yes

No

You may provide reasons for your views.

Please refer to Q1 reply

4. If your answer to Question 3 is yes, do you agree with the conditions to the temporary relief as set out in paragraph 55? Please give reasons for your views.

Yes

No

You may provide reasons for your views.

Please refer to Q1 reply

- End -