

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.

In the view of a listed company, the sharply increase in profit requirement will seriously interfere with spin-off of potential business. For the purpose of lowering the P/E ratio of listing applicants, the profit requirement can be increased gradually to allow more flexibility for the new applicants's business development.

In addition, Hong Kong is an international financial centre, the significant increase in the Profit Requirement would reduce the attractiveness of listing in Hong Kong Stock Exchange that might have negative impact on its image.

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 existing requirement is good enough to govern the quality of a listed company.

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.

Taking Profit Test as example, in the challenging economic environment, the new applicants reaches total required profit, but it may not fulfill the recent year profit requirement because of COVID-19 resulting a unfavourable performance in 2020. Temporary relief, such as considering the overall profit instead of distinguishing of it, avoids the capable applicants losing a listing exposure.

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.

See reply 3 above.

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