

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.

<p>The mismatch between the profit requirement and the market capitalisation requirement should be resolved and removed. Otherwise, we will continue to have small cap issuers with high P/E ratios which may not be supported by genuine valuations. The impacts have been explained adequately. I agree with the proposed increase of the profit requirement and consider that Option 1 is a well-balanced choice.</p>
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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.

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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.

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.

Paragraph 55(c) of the Consultation Paper stated that [the Stock Exchange] will assess the profitability in the last financial year/period (eg stub period) as a means of whether the applicant has recovered or is recovering from the adverse market conditions. Please clarify whether this means that, in order to apply for the relief, applicants should provide three years' results PLUS stub period results. Given that advance submission to the Stock Exchange for such a relief is required, please clarify whether the results to be submitted for the assessment can be unaudited and how long the expected stub period to be covered in the submission is, which may or may not be the same as the stub period used in the ultimate application proof.

End -