

## 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.

While we note with appreciation the points raised by the Exchange in support of its proposals, and the proposals could have the effect of positioning the Main Board as the main market to attract sizeable companies that can meet high market standards in the longer run, the present timing might not be the most appropriate juncture to revise the Profit Requirement.

The velocity and breadth of the outbreak of the COVID-19 pandemic are unparalleled. Its impact on the global economy is far-reaching and has yet to fully crystallise. There are also continuing geopolitical tensions contributing to uncertainties to global businesses and their trading activities. During these unprecedented times, making any such significant reforms in the financial markets as the proposed increased Profit Requirement for the Main Board, one of the most important listing venues in the world and in Asia in particular, would seem an extraordinarily bold move.

The two options only differ in terms of magnitude, either of which is significant to say the least. Both would result in the Exchange having the highest profit requirement as compared with other comparable overseas main markets. This essentially means that the hurdles to listing on Main Board will be significantly raised, while other competing market operators are actively seeking to attract more listings and gain market share (e.g. UK's proposals for reform). Whichever option eventually adopted, it will eliminate more than a handful of Main Board listing applications from companies whose financial results fall within the range between the present and new Profit Requirements. While the Exchange has made significant efforts to reposition GEM as a standalone market for small and mid-sized companies, wider market appetite is yet to be seen owing to legendary reasons, and the Main Board remains the premium choice of listing venue.

The Exchange's suggested timeframe to implement the proposals as early as July this year also leaves the market at large with little to no time to prepare for and deal with the impacts.

We believe that at present maintaining the status quo would be in the best interests of the market taken as a whole.

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.

Please refer to our response to Question 1.

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 our response to Question 1.

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 our response to Question 1.

- End -