

## Part B Consultation Questions

Please reply to the questions below that are raised in the Consultation Paper downloadable from the HKEX website at: <https://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Present/July-2020-Paperless-Listing/Consultation-Paper/cp202007.pdf>. Please indicate your preference by ticking the appropriate boxes.

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

**We encourage you to read all of the following questions before responding.**

1. Do you agree with our proposal to amend the Listing Rules to require (i) all listing documents in a new listing ("**New Listing**")<sup>1</sup> to be published solely in an online electronic format and cease printed form listing documents; and (ii) except for Mixed Media Offers<sup>2</sup>, all New Listing subscriptions, where applicable, to be made through online electronic channels only?

Yes

No

Please give reasons for your views.

In general, we support the initiative to go paperless for listing documents as it is an environmentally-friendly approach that aligns with the global ESG trend, and the public is given full access to the listing documents that are published online.

Paperless listing process will enhance market efficiency and is cost effective for both IPO issuers and receiving banks. Moreover, it is environmentally-friendly. This year, Bank of China (Hong Kong) Limited acted as the receiving bank for two projects which adopted a fully electronic subscription process for Hong Kong public offer tranche. From our experience, those projects went smoothly with positive market reaction.

2. As a consequence of our proposal in Question 1, do you agree with our proposal to amend the Listing Rules to remove the requirement for listed issuers to make available physical copies of listing documents to the public at the address(es) set out in a formal notice?

Yes

No

<sup>1</sup> "New Listing" refers to an application for listing of equities (including stapled securities and depositary receipts), debt securities and collective investment schemes ("CIS") on the Exchange by a new applicant where a listing document is required under the Listing Rules but excludes a Mixed Media Offer. For the purpose of the Consultation Paper, debt securities refer to debt securities (including debt issuance programmes) listed pursuant to chapters 22 to 36 of Main Board Listing Rules and chapters 26 to 29, 32 to 35 of GEM Listing Rules.

<sup>2</sup> "Mixed Media Offer" refers to an offer process whereby an issuer or a CIS offeror can distribute paper application forms for public offers of certain securities without a printed prospectus, so long as the prospectus is available on the HKEX website and the website of the issuer/CIS offeror and it makes printed prospectuses publicly available free of charge upon request at specified locations (which do not have to be the same locations as where the printed application forms are distributed).

Please give reasons for your views.

In general, we support the initiative to go paperless for listing documents as it is an environmentally-friendly approach that aligns with the global ESG trend, and the public is given full access to the listing documents that are published online.

3. Do you agree with our proposal to require issuers to only post documents<sup>3</sup> online on both the Exchange's e-Publication System and the issuer's website ("**Online Display Documents**") and to remove the requirement for their physical display?

Yes

No

Please give reasons for your views.

We agree with the proposal as the documents will be made more widely and easily accessible for public inspection, which is the policy intention of HKEx's proposal.

We note from HKEx's proposal that listed issuers are required to manually remove the documents from HKEx's website when the relevant time period for their display set out in the Listing Rules has expired. It seems unclear as to whether such documents will become "unsearchable" on the search engines (e.g. Google) after the manual removal by listed issuers. Further guidance on this technical issue is needed.

Also, we are of the view that it should not be made a mandatory requirement for the documents to be in text-searchable format as some of the documents might only be available in image-based PDF format that is created through scanning.

4. Do you agree that Online Display Documents should be displayed online for a specified period<sup>4</sup> except for those documents that are required by the Listing Rules to be made available on an ongoing basis?

Yes

No

Please give reasons for your views.

We agree that the documents are to be published on both HKEx's and listed issuer's websites, for the same period of time as they are currently required under the Listing Rules, to facilitate online viewing by shareholders, potential investors, other stakeholders and members of the public.

5. Do you agree that the Exchange should continue to allow redaction of Online Display Documents in only very limited circumstances?

Yes

<sup>3</sup> Such documents are listed in Appendix I to the Consultation Paper, save for the changes proposed in respect of notifiable transactions and connected transactions as set out in Section G of the Consultation Paper.

<sup>4</sup> The time frames are set out in Appendix 1 to the Consultation Paper.

No

Please give reasons for your views.

We agree that HKEx should continue to allow redaction of documents on display in only very limited circumstances. The proposed change in display channel does not trigger a need to change the approach to redaction.

6. Do you agree that the current definition of “material contract” remains fit for purpose and that the Exchange should continue to apply it under our proposals?

Yes

No

Please give reasons for your views.

As the current definition of “material contract” has long been adopted and is aligned with other legal and regulatory requirements, we agree that HKEx should continue to apply it under the proposals.

7. Do you agree that restrictions should not be placed on downloading and/or printing Online Display Documents?

Yes

No

Please give reasons for your views.

Currently, the documents physically on display are for public inspection on the spot, not for retention for future reference. The proposed change in display channel should not trigger a change to the manner in which the documents are to be handled by members of the public.

For listed issuers, shareholders are able to obtain necessary information regarding the transactions as disclosed in the relevant announcements and circulars pursuant to the Listing Rules in order to make informed decisions. Similarly, potential investors in the case of New Listing are also able to obtain necessary information regarding the new applicant as disclosed in the listing document.

As such, it is considered necessary for appropriate restrictions to be imposed on both downloading and printing documents that are published online for a fixed time period as specified in the Listing Rules for the purpose of inspection only by members of the public.

8. Do you agree with our proposal not to put in place a system that would enable issuers to record and verify the identity of a person who accesses Online Display Documents?

Yes

No

Please give reasons for your views.

We agree with HKEx's proposal not to put in place a system that would enable issuers to record and verify the identity of a person who accesses documents on display online as the documents are intended for public inspection.

9. In respect of a relevant notifiable transaction<sup>5</sup>, do you agree with our proposal to:
- i) require the issuer to display the contracts pertaining to the transaction only; and
  - ii) remove the requirement to display all material contracts entered into by the issuer within the last two years before the issue of the circular?

Yes

No

Please give reasons for your views.

We agree with HKEx's proposal to only require documents that are directly related to the notifiable transactions to be displayed online as those documents are intended to provide additional information to that set out in the circulars to facilitate shareholders' assessment of the transactions and the transparency of the transactions is enhanced.

As explained above, further guidance on several technical / operational issues (e.g. whether the documents will become "unsearchable" on the search engines (e.g. Google) after the manual removal by listed issuers; whether it will be made a mandatory requirement for the documents to be in text-searchable format; whether appropriate restrictions will be imposed on both downloading and printing documents that are published online for the purpose of inspection only by members of the public) should be provided before the new requirements regarding online display of documents are put into effect.

10. In respect of a connected transaction that is subject to the shareholders' approval requirement, do you agree with our proposal to:
- i) require the issuer to display the contracts pertaining to the transaction only; and
  - ii) remove the requirement to display contracts referred to in the circular and directors' service contracts<sup>6</sup>?

Yes

No

Please give reasons for your views.

<sup>5</sup> A relevant notifiable transaction refers to a major transaction, a very substantial disposal or a very substantial acquisition as defined in the Consultation Paper.

<sup>6</sup> Excluding contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

We agree with HKEx's proposal to only require documents that are directly related to the connected transactions to be displayed online as those documents are intended to provide additional information to that set out in the circulars to facilitate shareholders' assessment of the transactions and the transparency of the transactions is enhanced.

As explained above, further guidance on several technical / operational issues should be provided before the new requirements regarding online display of documents are put into effect.

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