

## 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.

The Group welcomes these proposals, but considers that there remains an advantage in the Exchange retaining an archive of paper listing documents to guard against the risk of accidental loss of electronic records.

The Group is also keen to see the retention of the White Form application process and investors' entitlement to receive physical share certificates in their own name which allow them to attend and vote at shareholders' meetings. It is important that EIPOs do not remove the right to physical share certificates - as is the case with HKSCC's EIPO service where share certificates are immobilised within CCASS. The principal disadvantage of this is that investors wanting to hold physical certificates in their own name face an expensive and time-consuming process for withdrawing shares from CCASS which is particularly problematic if they want to vote at general meetings. The deadline for casting votes via brokers is 96 hours before the general meeting, which is the same as the deadline for appointing proxies. In contrast, holding physical share certificates assures registered shareholders of their entitlement to attend and vote at general meetings and so creates greater certainty for shareholders that they will be able to vote at the company's general meetings. In addition, dividends payable via a broker are subject to deductions and a minimal handling charge. Hence, some shareholders prefer to hold physical share certificates so that they can receive dividends without deductions.

<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).

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

Please give reasons for your views.

The Group supports the environmental and cost-saving implications of the proposals.

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.

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.

The method of display (online or physical) does not necessitate any change to the periods for which documents are made available.

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

<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.

Yes

No

Please give reasons for your views.

Limited redaction is justified by the need to ensure transparency. In any event, material contracts, as contracts not entered into in the ordinary and usual course of business, should be a fairly limited category of documents.

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.

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.

Effectively preventing the downloading and printing of online documents is probably not achievable.

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.

A number of issuers require measures to be in place to record the identities of persons seeking access to physical display documents. While the difficulties of verification of individuals' identity (at paragraph 115) are noted, requesting that individuals give their name and contact details when accessing online documents should not be problematic. The provision of individuals' identities and contact details could promote more interaction between issuers, existing and potential investors and market practitioners. It may also assist in discouraging misuse of the information.

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.

As noted in the consultation, it makes sense to require display only of contracts directly relevant to shareholders' consideration of the relevant notifiable transaction.

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

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<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).

Please give reasons for your views.

The Group agrees with the Exchange's rationale for these proposals as stated in the Consultation Paper.

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