



CONSULTATION PAPER: PROPOSALS TO INTRODUCE A PAPERLESS LISTING & SUBSCRIPTION REGIME, ONLINE DISPLAY OF DOCUMENTS AND REDUCTION OF THE TYPES OF DOCUMENTS ON DISPLAY

In July 2020, the HKEX has released the captioned consultation paper and we would like to share our feedbacks as below:-

General Comments:

Generally speaking, the Hong Kong Securities Professionals Association (the “HKSPA”) would be in favor of proposing a paperless listing and subscription regime in view of:

- Being environmental friendly;
- Disruption of postal services due to COVID-19 which causes investors subscribing the IPO applications through either securities firms under EIPO or yellow application form;
- Inconvenience of disposing physical shares as currently lots of securities firms allow clients to sell their physical shares in 2 weeks only after verifying the genuineness of the physical share certificates; and
- Currently prospectuses of issuers can be reviewed and downloaded from the HKEx news and the websites of the issuers

We believe that all listing documents and material information relating to the issuers should be available online on an ongoing and continuous basis or at least 7 years for public access.



Specific Comments on each Question

Question 1 Do you agree with our proposal to amend the Listing Rules to require (i) all listing documents in a New Listing to be published solely in an online electronic format and cease printed form listing documents; and (ii) except for MMOs, all New Listing subscriptions, where applicable, to be made through online electronic channels only? Please give reasons for your views.

We agree with your proposal. However, we suggest certain guidelines and education brochures showing how to access the listing documents online should be available for investors. The HKEx may consider setting up an investor corner to let investors review the listing documents at the HKEx office or assist the investors to print the documents with minimal charges if necessary.

Referring to Paragraph 23, displaying certain documents online only on both the HKEx website and the issuer's website for the same period of time as currently requested under the Listing Rules for physical inspection, the HKEx might consider making them available on an ongoing and continuous basis.

Question 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? Please give reasons for your views.

We have no objection to that and we propose a transition period for such changes. During the transition period, the HKEx could request the issuers to prepare a few physical copies of the listing documents at the HKEx office for public for say 3~6 months. If these documents are rarely reviewed by public during the transition period, the HKEx might simply remove the availability of these printed copies entirely.

Question 3 Do you agree with our proposal to require issuers to only post online on both EPS and the issuer's website the documents listed in Appendix I (save for the changes proposed in Section G below) and to remove the requirement for their physical display? Please give reasons for your views.

Agree as this direction is aligning with our understandings as mentioned in General Comments.



Question 4 Do you agree that documents listed in Appendix I should be displayed online for the periods set out in that appendix except for those documents that are required by the Rules to be made available on an ongoing basis? Please give reasons for your views.

Agree as this direction is aligning with our understandings as mentioned in General Comments.

Question 5 Do you agree that the Exchange should continue to allow redaction of documents on display in only very limited circumstances?

Agree.

Question 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?

Agree.

Question 7 Do you agree that restrictions should not be placed on downloading and/or printing documents that are published online in accordance with the proposals set out in this paper?

Agree.

Question 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 documents on display online?

Agree.



Question 9 In respect of a relevant notifiable transaction, 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? Please give reasons for your views.

Disagree. From the investor point of view, we advocate your statements in paragraph 118 that:

“The purpose of the circulars is to provide shareholders with information necessary to make an informed assessment of the transactions and the documents on display provide (a) additional information to that set out in the circulars and (b) opportunity for investors to conduct their own due diligence of the issuer and its operations if they so wish.”

This can allow the investors to access the information ready on hand without searching them again from the EPS or the issuer’s websites.

Question 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 relevant directors’ contracts? Please give reasons for your views.

Disagree with the same rationale as replied in Question 9.

Question 9 In respect of a relevant notifiable transaction, 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? Please give reasons for your views.

Disagree. From the investor point of view, we advocate your statements in paragraph 118 that:

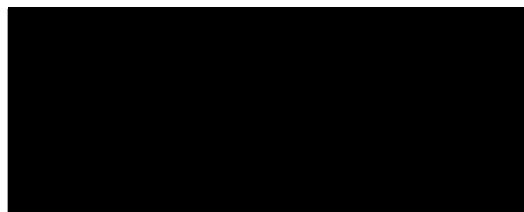
“The purpose of the circulars is to provide shareholders with information necessary to make an informed assessment of the transactions and the documents on display provide (a) additional information to that set out in the circulars and (b) opportunity for investors to conduct their own due diligence of the issuer and its operations if they so wish.”

This can allow the investors to access the information ready on hand without searching them again from the EPS or the issuer’s websites.

Question 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 relevant directors’ contracts? Please give reasons for your views.

Disagree with the same rationale as replied in Question 9.

Yours Sincerely,



LEE Sai Yin Jeanne, BBS, JP

Chairman

Hong Kong Securities Professionals Association