

24 September 2020

BY HAND AND BY EMAIL

Corporate and Investor Communications Department
Hong Kong Exchanges and Clearing Limited
8th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Dear Sirs,

Consultation Paper on Proposals to Introduce a Paperless Listing & Subscription Regime, Online Display of Documents and Reduction of the Types of Documents on Display

Ernst & Young is pleased to respond in this letter to the request of The Stock Exchange of Hong Kong Limited for feedback on the captioned consultation paper. Terms used in this letter shall have the same meaning as defined in the consultation paper.

We support the Exchange's continued efforts to further modernise and enhance the competitiveness of Hong Kong's listing regime. We agree that the paperless initiatives will have a positive impact on issuers and potential issuers, and the adoption of environmentally friendly practices will also benefit the wider community.

Set out below are our comments and observations on some of the details in the proposals.

Clarification of language requirements

We welcome the Exchange's proposal to add a note to MB Rule 2.07C(4)(b) (GEM Rule 16.03) to clarify that the dual language requirements of that Rule do not apply to documents on display. However, we would like the Exchange to clarify the specific language requirements in certain instances.

MB Rule 19.10 (6) is one of the rules referred to in the proposed new note, as follows:

"the documents to be published on the Exchange's website and the issuer's own website offered for inspection will be the documents corresponding to those mentioned in paragraph 53 of Part A and paragraph 43 of Part B of Appendix 1. Unless otherwise provided by the Companies (Winding Up and Miscellaneous Provisions) Ordinance, where any of such documents are not in the English language, certified English translations thereof must be published on the Exchange's website and

the issuer's own website available for inspection. In addition, where rule 19.10(3) applies, the overseas issuer must publish on the Exchange's website and the issuer's own website offer for inspection a copy of any statutes or regulations which are relevant to the summary of the regulatory provisions of the jurisdiction in which the overseas issuer is incorporated or otherwise established. In particular cases, the Exchange may require other additional documents to be published on the Exchange's website and the issuer's own website offered for inspection; and"

Our understanding of the existing and proposed rules is that, for overseas and PRC issuers, documents on display not in the English language (in Chinese or other languages) must be accompanied by certified English translations. It follows that the proposed new note to Rule 2.04C(4)(b) will have the effect of not requiring a Chinese translation for English documents on display. It may be common for Hong Kong issuers (not covered by Chapters 19 and 19A) to have documents on display, the originals of which are in the Chinese language only. We wonder whether there's an equivalent rule requiring certified English translations for those documents, as it's not apparent from reading the proposed revision to the rule wording in the consultation paper. We understand that the Exchange does not seek to change the current language requirements under the current proposals, but we would like to take the opportunity to seek clarification in this area.

Clarification of display period in the rule wording

According to paragraphs 19 and 77 of the consultation paper, the Exchange proposes to replace the requirement under the Listing Rules that issuers display various documents for physical inspection with the requirement for issuers to publish these documents online for the same period of time as they are currently required to make them available for physical inspection. Issuers would be required to publish these documents on both the HKEX website (through EPS) and on the issuer's website.

Paragraphs 53 of Part A and paragraph 43 of Part B of Appendix 1 to the MB Rules set out the minimum display period explicitly, as follows:

"Details of a reasonable period of time (being not less than 14 days) during which and a place in Hong Kong at which the following documents (or copies thereof) where applicable are published on the Exchange's website and the issuer's own website may be inspected:—"

Whilst there is a clear cross-reference to the above paragraphs in some of the rules about documents on display (e.g., MB Rule 4.14) and therefore reference may be made to the minimum display period, it is not apparent for many other rules in Main Board Chapters 5, 15A, 19 and 19A and some appendices to the MB Rules. The mere replacement of "available for inspection" with "published on the Exchange's website and the issuer's own website" in those rules without specifying the minimum display period (or including a cross reference to the relevant paragraphs in the appendices to the MB Rules or GEM Rules) may not be clear enough that the issuers are only

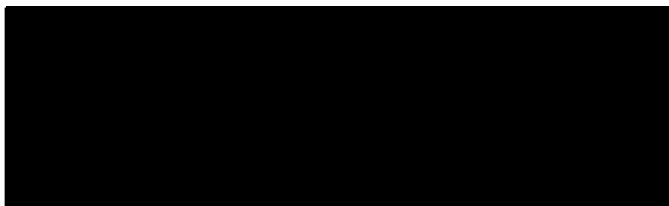
obliged to display the documents for a limited period of time. We suggest the Exchange to clarify this aspect when revising the rule wording if the proposals are adopted.

Paragraphs 84 and 85 of the consultation paper state that documents on display would not be automatically removed from the HKEX website. They also explain that, "An issuer would be able to remove them manually once the time period for their display set out in the Listing Rules had expired. Imposing the same time limit on displaying documents online as the current physical inspection time frame would allow investors full access to issuers' documents while they remain relevant. However, an issuer would not have to bear the burden of publishing documents on display on its website indefinitely. Otherwise the costs of doing so (e.g., maintaining the documents and storage space) would accumulate over time with each new document published."

We suggest that the Exchange should consider issuing Frequently Asked Questions in conjunction with the Rule amendments to remind issuers that they are able to remove documents on display from the Exchange's website once the display period has ended and that they should consider to do the same for their own website.

Should you have any questions on the above comments, please do not hesitate to contact our Professional Practice Partner in Hong Kong, [REDACTED], on [REDACTED].

Yours faithfully,



Certified Public Accountants
Hong Kong