



August 27, 2020

Dear Hon. Mrs Laura Cha, GBM, GBS, JP,
HKEX Chairman

Re: HKEX Paperless Listing & Subscription Public Consultation

Friends of the Earth (HK) would like to express our support for **HKEX's** Paperless Listing and Subscription Initiative.

Saving paper, saving trees, saving water, saving energy and saving climate, **HKEX's** effort to rally financial industry stakeholders to actualize environmental and climate responsibility is commendable.

In response to **HKEX's** Paperless Consultation, **Friends of the Earth (HK)** wish to submit the questionnaire together with an explanatory statement for your perusal. (Please see the attached documents below).

In addition, we would also like to share our “**eIPO, eTree**” partnership with **Computershare Hong Kong** in 2009. It showcased that paperless listing & subscription is achievable and meaningful.

Friends of the Earth (HK) is happy to inform you that we have just launched Hong Kong's first **Certificate of ESG Accreditation (CESGA)** Program, in partnership with the **European Federation of Finance Analysts Societies (EFFAS)**.

This is a new milestone for **Friends of the Earth (HK)** since we kick started our Green Finance Advocacy last year.

We believe **CESGA** will be instrumental to boost Hong Kong's ESG professional standard and incubate Green Finance human capital.

We are delighted to inform you that our Green Finance Team has met with **HKEX's Green and Sustainable Finance, Markets** Managing Director, Ms Grace Hui, to explore collaboration on public and investor education. Together we can rally public interest and stakeholder participation.

Looking forward to a joint tree planting with **HKEX** in Hong Kong's Country Park to cool the Planet and defuse the Climate Change emergency.

Yours sincerely,

[Redacted Signature]
Mrs. Mei Ng (吳方笑薇)
Chairperson
Friends of the Earth (HK)
[Redacted Name]

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eIPO, eTree

Buy A Share - Plant A Tree - Grow A Future

Save paper, Save trees, Save energy, Save water, Save money



Happiness (樂) is not taking from Nature but give something back

Every day Hong Kong produces 11428 tonnes of municipal solid waste, 2343 tonnes of paper waste, which is 24% of the total MSW waste. Landfills are almost full. We need to act to defuse Hong Kong's Waste Crisis!

Hong Kong Stock Exchange (HKEX) just launched a Paperless Listing and Subscription consultation of the finance industry practitioners. Will it win support? Can it work?

Do you know who pioneered **paperless IPO** and promoted **e-prospectus** in Hong Kong a decade ago? What was the response?

In 2008, **Computershare (HK)** made an appeal to go paperless. It urged the local **eIPO** subscribers to patronize the White Form **eIPO** application channel, which offers direct registration service on the www.eipo.com.hk platform. It is a bona fide retail-investor-friendly and eco-friendly **IPO** application channel. The online **eIPO** platform is self-serviced and free of charge. It saves paper, saves trees, saves energy, saves water and saves money.

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To acknowledge the **eIPO** subscribers' green commitment, **Computershare (HK)** donated HK\$2 per e-subscription, to plant trees at the **Hong Kong Forest** at the origin of the Dongjiang River, which supplies drinking water to over 40 million people living downstream in Hong Kong and Guangdong.



Hong Kong Forest at the Dongjiang Headstream in Xunwu, Jiangxi

In 2009, **144,157 eIPO subscribers** opted for electronic share subscription. Together they reduced **230.63** tons of paper use, equivalent of saving **3920** trees, reduced **691.9** tons of CO₂, saved **230,630** liters of water and cut printing cost of **HK\$30** million. Above all, they helped to generate **\$288,314** donation for tree planting. From 2009-2017, cumulative donation totaled **HK\$1.37 million**. **Computershare (HK)** enabled investors to actualize CSR and showcased a paperless role model.

Computershare is a global leader in share registration and specialized financial services. It's **eTree** program aims to encourage holders of securities to support paperless investor communications. In 2008, it became the first corporate **River Partner** in support of the "**Dongjiang River Upstream Downstream Partnership**" Project organized by environmental charity organization **Friends of the Earth (HK)**.

Reforestation at the Dongjiang origin in Xunwu County, Jiangxi Province China helps to enhance water catchment, stabilize soil, create jobs for poor farmers and ameliorate climate change.

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Dongjiang village children joined Hong Kong volunteers to plant trees



Volunteer measured tree seedlings at the Hong Kong Forest

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Sons of Dongjiang volunteers from Hong Kong and Guangdong helped with weeding and post-planting tree care.

White Form, Green Tree, Blue River, **Computershare (HK)** and **Friends of the Earth (HK)** joined hands to actualize the “**Upstream, Downstream, One River, One Dream**” vision.

“**Water**” symbolizes “**Fortune**”

“**Tree**” symbolizes “**Roots and Prosperity**”,

**One drop, one river, one tree, one forest,
One future, one dream, one share, one care,
Buy A Share, Plant A Tree, Grow A River**

Shall we repeat this beautiful legend?

Friends of the Earth (HK) invites all eIPO investors and eListing companies to join and donate to our annual tree planting event “**Tree Planting Challenge**”. Since 2005, Friends of the Earth (HK) has planted 85,000 trees!



Join us to plant and tend trees in Hong Kong's country park. Plant to **cool the Planet** and to mitigate the **Climate Change** crisis.

www.foe.org.hk

HKEX launched a public consultation on the Paperless Listing and IPO Subscription from July 24-Sept 24, 2020.

https://www.hkex.com.hk/News/Market-Consultations/2016-to-Present?sc_lang=zh-HK

Cut paper, save trees, save climate, save water

- 1 prospectus uses average 1.4kg paper
- 714 prospectus uses approx. 1 tonne of paper
- 1 tonne of paper making generates 10 tons of CO₂
- 1 tonne of paper needs 1000 liter of water to produce
- 1 tree needed to produce 44 prospectus
- 1 small tree seedling can absorb 5.9 kg of CO₂ a year
- 1 mature tree can absorb 22 kg of CO₂ a year

Contact person at FoE(HK):

Dr. Jeffrey Hung

Chief Executive Officer

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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**")¹ to be published solely in an online electronic format and cease printed form listing documents; and (ii) except for Mixed Media Offers², all New Listing subscriptions, where applicable, to be made through online electronic channels only?

Yes

No

Please give reasons for your views.

As per HKEX's own data show, less than 0.5% of applications were submitted in paper form in 2019, showing a preference for electronic submission. Further paper forms create an unneeded demand for paper, which is driving illegal deforestation, habitat destruction, and displacement of indigenous peoples and wildlife.

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.

It is reasonable to remove the requirement for physical copies of listing documents, as most printed prospectuses are not taken up and end up as trash. (<https://en-rules.hkex.com.hk/node/4545>)

¹ "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.

² "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).

3. Do you agree with our proposal to require issuers to only post documents³ 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.

As long as the process of obtaining the documents online is as easy or easier than obtaining physical copies, we believe this will help to reduce paper demand.

4. Do you agree that Online Display Documents should be displayed online for a specified period⁴ 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.

Imposing the same time limit on displaying documents online as the current physical inspection time frame would strike the balance between investors full access to issuers' documents and the costs of maintaining and storage cost of the enterprise.

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

Yes

No

Please give reasons for your views.

It is reasonable to keep the existing approach to redaction as it allows the redaction of documents on display in only very limited circumstances, under the condition of not contrary to the public interest and not seriously detrimental to the issuer.

³ 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.

⁴ The time frames are set out in Appendix 1 to the Consultation Paper.

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.

It is more preferable to keep the existing practice as the "material contract" disclosure will enable shareholders and the investing public to make a properly informed assessment of the listed issuer's securities or the subject transaction and to make an informed voting decision.

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.

While it is preferable for people to not waste paper for printing documents, it is difficult to restrict them from doing so.

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.

All the documents are originally available online for free, based on the protection of investors' right to know and the right of privacy, we agree not to put in place a system that would enable issuers to record and verify the identity of a person who accesses their documents on display online.

9. In respect of a relevant notifiable transaction⁵, 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.

It is reasonable to remove the requirements to display all material contracts entered into by the issuer within the last two years and relevant directors' contracts as they are not directly related to the transactions that are the subject of the circulars.

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 contracts⁶?

Yes

No

Please give reasons for your views.

The purpose of a transaction circular is to provide shareholders with information about the proposed transaction and inform them on how they should vote, therefore it is unnecessary for shareholders to be provided with access to other material contracts entered into by the issuer within the last two years.

- End -

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

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



HKEX Paperless Listing & Subscription

Save Paper, Saves Water, Save Trees, Save Money

Friends of the Earth (HK) supports HKEX's Paperless Listing and Subscription Proposal. We urge all issuers, brokers and investors to join forces to cut paper waste, save resource and save trees to protect the environment and mitigate climate change.

Friends of the Earth (HK) offers 5 Good Reasons to support:

1. Hong Kong is facing an urgent waste crisis

- 11,428 tonnes municipal solid waste (MSW) landfilled daily (2018)
- 1.53 kg per person per day¹;
- 2702 tonnes of paper waste/day=24 % MSW
- 2343 tonnes of plastic waste/day=21% MSW
- 30% waste recovery rate in 2018
- 40% of paper waste was recovered in 2018
- 3 strategic landfills in Hong Kong are nearly full²;
- China will ban all imports of solid waste from 2021³.

2. The world is facing Climate Emergency

- 40.6 million tonnes carbon dioxide equivalent (CO₂-e) greenhouse gas (GHG) emissions for Hong Kong in 2018⁴;
- 5.4 tonnes GHG emissions per person per year;
- 2019 is the hottest year on record for Hong Kong⁵;
- 2019 is the second warmest year on record globally⁶;
- 409 natural disasters recorded globally in 2019⁷
- US \$137 billion economic loss from natural disasters globally in 2019⁸;
- US \$23 billion global damage from drought in 2019⁹;

¹ [Environmental Protection Department: Monitoring of Solid Waste in Hong Kong, Waste Statistics for 2018](#)

² [Environmental Protection Department: Future Landfill Development in Hong Kong](#)

³ [Resource Media: China to ban all imports of solid waste from 2021](#)

⁴ [Environmental Protection Department: Greenhouse Gas Emissions in Hong Kong by Sector](#)

⁵ [The Government of the Hong Kong Special Administration Region \(Press Release\): 2019 warmest year on record for Hong Kong](#)

⁶ [NASA: NASA, NOAA Analyses Reveal 2019 Second Warmest Year on Record](#)

⁷ [Statista: Annual number of natural disaster events globally from 2000 to 2019](#)

⁸ [Insurance Journal: Failure to Act on Climate Change Could Make Weather Risks Uninsurable: Swiss Re](#)

⁹ [Scientific American: Earth's 40 Billion-Dollar Weather Disasters of 2019: 4th Most Billion-Dollar Events on Record](#)

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- US \$15 billion economic loss from China flooding in 2019¹⁰;
- US \$52 billion global insurance loss to natural disasters in 2019¹¹.

3. Cut paper, save trees, save climate, save water

- Wood, pulp, paper industry consumes resource and incurs environmental impacts (Table 1)¹².
- 1 prospectus uses average 1.4kg paper;
- 1 tonne of paper produces approx. 714 prospectus;
- 1 tonne of paper making generates 950kg of CO₂ on average¹³;
- 1 tonne of paper needs approx. 65,000 litres of water to produce¹⁴;
- 1 tonne of standard office paper needs 24 trees to produce¹⁵;
- 1 young tree can absorb 5.9kg of CO₂ a year¹⁶;
- 1 mature tree can absorb 22kg of CO₂ a year.

4. Fulfil UN Sustainable Development Goals (SDGs)

- #11 Sustainable Cities and Communities (save landfill space)¹⁷;
- #12 Responsible Consumption and Production (save resources);
- #13 Climate Action (reduce paper making's carbon footprint);
- #14 Life Under Water (reduce paper making water pollution);
- #15 Life on Land (reduce deforestation, conserve eco habitats);
- #17 Partnership for the Goals (strengthen CSR and ESG targets).



¹⁰ [Scientific American: Earth's 40 Billion-Dollar Weather Disasters of 2019: 4th Most Billion-Dollar Events on Record](#)

¹¹ [Insurance Journal: Natural Catastrophes Cost \\$150B in 2019, with Insurers Paying \\$52B: Munich Re](#)

¹² [PricewaterhouseCoopers: Life Cycle Assessment and Forest Products - A White Paper](#)

¹³ [Sun, Mingxing & Wang, Yutao & Shi, Lei & Klemeš, Jiří Jaromír, 2018. "Uncovering energy use, carbon emissions and environmental burdens of pulp and paper industry: A systematic review and meta-analysis"](#)

¹⁴ [Univeristy of Minnesota: Water Use in Pulp & Paper Mills](#)

¹⁵ [Conservatree: Trees Into Paper](#)

¹⁶ [Urban Forestry Network: Trees Improve Our Air Quality](#)

¹⁷ [United Nations Sustainable Development Goals](#)

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5. Invest in Hong Kong's "Natural Capital"

Friends of the Earth(HK) organizes Tree Planting & Climate Tree Care

- Decarbonise Hong Kong;
- Boost urban forestry and green space;
- Enhance biodiversity in country parks;
- Regular weeding to avoid hillfire;
- Regular tending and fertilizing to help seedlings grow;
- Promote public participation in nature conservation;
- Giving back to Nature and invest in "Natural Capital";
- Money saved from printing could be used to plant trees.



Happiness (樂) is not taking from Nature but give something back.

Join us to plant trees and decarbonise Hong Kong!

Friends of the Earth (HK) is an environmental charity organization established in Hong Kong in 1983. www.foe.org.hk

Mission Statement: A Healthy & Sustainable Environment for ALL

- **F**ocuses on protecting our local and regional environment
- **O**ffers equitable solutions to help create environmentally sustainable public policies, business practices and community lifestyles.
- **E**ngages government, business and community to act responsibly

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Table 1: Life Cycle Assessment and Forest Products

| Medium | Indicator | Life Cycle Stage | | | | | | |
|-----------|----------------------------------|------------------|----------------|------------|-----------------------------------|---------------|-----------|-------------|
| | | Paper Production | Paper Printing | Lamination | Production of other raw materials | Manufacturing | Transport | End-of-life |
| Energy | Total primary energy consumption | +++ | | + | ++ | ++ | ++ | |
| | Non renewable energy | ++ | | | ++ | ++ | ++ | |
| | Renewable energy | +++ | | | + | + | | |
| Air | Greenhouse gas emissions | +++ | | | ++ | ++ | ++ | + |
| | Air acidification | +++ | | | + | ++ | ++ | |
| | Chemical photo-oxidants | ++ | +++ | +++ | ++ | ++ | ++ | + |
| | Human toxicity | +++ | +++ | +++ | + | ++ | ++ | |
| Water | Ecotoxicity | +++ | ++ | ++ | + | + | + | |
| | Consumption | +++ | | | + | ++ | | |
| | Eutrophication | +++ | | | ++ | ++ | | |
| Resources | Non renewable resource depletion | ++ | | + | ++ | ++ | ++ | |
| Waste | Non hazardous waste production | +++ | ++ | | + | ++ | | ++ |

Legend: high (+++); medium (++); low (+); negligible (blank)

Source: PricewaterhouseCoopers

Contact person at FoE(HK):

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