

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.

The Chamber supports this. It is consistent with advances in technology, is more efficient, is more consistent with best international practice and promotes a more environmentally approach to public offerings. In addition, it does not appear that any investor category would be disadvantaged to any material extent by such a change.

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.

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).

With advances in technology and almost universal access to the internet in Hong Kong, this seems an unnecessary requirement. In addition, problems can potentially arise in relation to such requirements when there are restrictions on physical access to premises, such as during the current social distancing requirements to tackle COVID19.

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.

The Chamber accepts HKEX's reasons in its paper.

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.

The Chamber accepts HKEX's reasons in its paper.

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.

The current approach to redaction is appropriate and should be retained. Redaction should only be allowed in very limited circumstances were justified and necessary to protect legitimate interests.

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.

The current definition has not given rise to issues and is consistent with that used in the Takovers Code.

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.

No reason to restrict downloading or printing, and consistent with the Companies Ordinance.

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.

Practically, it would be very difficult to monitor such a system and of negligible benefit since there is a right to access such documents irrespective of identity. Such a requirement may have the effect of discouraging access; this would be an undesirable consequence.

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.

The Chamber supports this as a streamlining exercise on the basis of HKEX's reasons in its paper.

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 relevant test should be what shareholders require in order to be fully informed in relation to the matter they are being asked to vote on; on that basis, the proposal seems justified.

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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).