

## 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.

With the technology advancement and high internet users penetration rate in recent years, we do not foresee that the new proposal would result in any harm to the investing public. Also, this is in line with the Hong Kong's "go green" initiative and reduces the unnecessary administrative burdens and costs for listing applicants.

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.

<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).

Given there is no way to avoid any form of duplication of displayed documents, it won't make practical sense if downloading and/or printing of the listing documents is not allowed. It should keep flexible for the investing public to make their own hard copies of the whole listing document or part of it when needed.

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.

Save as our further comments stated in response to questions 4, 5, 7, 8, 9 and 10 below, we agree in principle with the proposal for Online Display Documents.

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.

We recommend that the Exchange should either consider facilitating automatic removal of Online Display Documents after the expiry of the specified period or make it clear the timing and mechanism how the listed issuers may remove such document themselves from the Exchange's website. We also recommend the Exchange to facilitate a registration process for the public to read the Online Display Documents in order for the relevant listed issuer to record and/or follow up subsequently where necessary.

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.

<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.

Although the material terms of the transactions should have been disclosed in transaction announcements and/or circulars, the contracts related to the transactions may still contain other information which maybe sensitive but unrelated. Listed issuers are most unwilling to see malicious, unfair or prejudicial usage of such information and hence need measures to protect commercial secrets, if any, of the listed issuers and/or counterparties of the transactions. To reduce the burden to seek separate approval from the Exchange on a case by case basis, we recommend the Exchange to provide general guidance on sensitive information which maybe redacted. Listed issuers may then make prior consultation with the Exchange should they wish to redact contents further to those provided in the Exchange's guidance. Listed issuers should be given more flexibility on how to display their documents online. If the approval from the Exchange is not granted on redacting certain content of the document, listed issuer should still be given an option to display the redacted documents online as well as physically display the unredacted 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.

We believe that the measures in respect of registration of viewers and protection of commercial secrets mentioned in this reply are more pragmatic than the restrictions of downloading and/or printing of Online Display Documents.

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.

Historically, listed issuers can keep track on the list of persons who have read the document on physical inspection at designated locations. We consider that if the documents are displayed online, there should be arrangements facilitating the same to relieve listed issuers' concerns on malicious, unfair or prejudicial usage of their information. In the very unlikely case that appropriate arrangements cannot be made with the current technology and facilities, we consider postponing the implementation of the proposal to a later stage when necessary safeguard is in place.

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.

We agree the proposal to remove the requirement to display certain documents which are not directly related to the transactions. Such proposal could largely relieve administrative burdens of listed issuers. For clarity, we also recommend the Exchange to state it clear in their guidance that the contracts pertaining to the transaction being tabled and approved by the board of directors are the extent of Online Display Documents.

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

Please give reasons for your views.

Please refer to our views stated in Question 9 above.

- End -

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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).