

Part B Consultation Questions

Please reply to the questions below that are raised in the Concept Paper downloadable from the HKEX website at:

<http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp2017061.pdf>

Please indicate your preference by checking the appropriate boxes.

Where there is insufficient space provided for your comments, please attach additional pages.

1. What are your views on the need for Hong Kong to seek to attract a more diverse range of companies and, in particular, those from New Economy industries to list here? Do you agree that the New Board would have a positive impact on Hong Kong's ability to attract additional New Economy issuers to our market?

Please give reasons for your views.

We believe that Hong Kong should seek to attract a more diverse range of companies that better represent today's Chinese economy and companies that more broadly represent the MSCI China. However, we do not believe that the target should necessarily [primarily] be New Economy issuers as there are other listing venues readily available for these companies such as ADRs listed on NASDAQ.

2. What are your views on whether the targeted companies should be segregated onto a New Board, rather than being included on the Main Board or GEM?

Please give reasons for your views.

We do not think it is necessary to target companies for the New Board Pro. Rather, we think the focus should be on adding the larger, more liquid companies that would attract both a local and international investor base. We think targeting these companies for the New Board PREMIUM would be beneficial.

3. If a New Board is adopted, what are your views on segmenting the New Board into different segments according to the characteristics described in this paper (e.g. restriction to certain types of investor, financial eligibility etc.)? Should the New Board be specifically restricted to particular industries?

Please give reasons for your views.

We do not feel that there should be restrictions on particular industries. We do not have a view on segmenting the New PREMIUM Board.

4. What are your views on the proposed roles of GEM and the Main Board in the context of the proposed overall listing framework?

Please give reasons for your views.

We do not have a view on GEM board as the companies tend to be too small to invest in from a market capitalisation standpoint as well as an average daily turnover metric. We do not think that GEM Board will result in an increase in the international investor base.

5. What are your views on the proposed criteria for moving from New Board PRO to the other boards? Should a public offer requirement be imposed for companies moving from New Board PRO to one of the other boards?

Please give reasons for your views.

OZ does not see the merit of a New Board Pro. The listing requirements for these companies would already meet the HK listing requirements and other alternative exchanges outside of HK. The companies that already fall into a similar category find limited success in attracting a high quality investor base. We feel this issue is caused by a few different factors:

1. The companies tend to have smaller market capitalizations and capitalizations that fall below the coverage universe of professional/institutional investors
2. The free float of these companies tend to be small
3. Because the companies are small/free floats they generally have low daily trading volume. Since they have limited liquidity they are not covered by professional investment banks/brokers

OZ feels like similar companies will find the same limited success on this new board.

6. What are your views on the proposed financial and track record requirements that would apply to issuers on New Board PRO and New Board PREMIUM? Do you agree that the proposed admission criteria are appropriate in light of the targeted investors for each segment?

Please give reasons for your views.

OZ is supportive of New Board PREMIUM proposed financial and track record requirements. NASDAQ has had a lot of success attracting ADRs. Similar requirements would be justified. This could help attract Chinese companies that may otherwise list on NYSE or NASDAQ. We are interested in quality companies so the proposed admission criteria for New Board Premium matching that of the Main Board is appropriate.

7. What are your views on whether the Exchange should reserve the right to refuse an application for listing on New Board PRO if it believes the applicant could meet the eligibility requirements of New Board PREMIUM, GEM or the Main Board?

Please give reasons for your views.

If a company meets the requirements of two boards then it should be required to list on the board that requires more detailed disclosure and stricter admission criteria.

8. What are your views on the proposed requirements for minimum public float and minimum number of investors at listing? Should additional measures be introduced to ensure sufficient liquidity in the trading of shares listed on New Board PRO? If so, what measures would you suggest?

Please give reasons for your views.

OZ does not have a view on New Board PRO for reasons listed above.

9. What are your views on whether companies listed on a Recognised US Exchange that apply to list on the New Board should be exempted from the requirement to demonstrate that they are subject to shareholder protection standards equivalent to those of Hong Kong? Should companies listed elsewhere be similarly exempted?

Please give reasons for your views.

We are supportive of measures to increase the admission of large cap growth companies to Hong Kong. If these companies are already listed in the United States, a new review of the shareholders protection standards should not be required. We believe that the same approach may be taken to companies listed on other major international stock exchanges.

10. What are your views on whether we should apply a “lighter touch” suitability assessment to new applicants to New Board PRO? If you are supportive of a “lighter touch” approach, what relaxations versus the Main Board’s current suitability criteria would you recommend?

Please give reasons for your views.

We do not have a view on the suitability assessment of applicants to the New Board PRO.

11. What are your views on whether the New Board PRO should be restricted to professional investors only? What criteria should we use to define a professional investor for this purpose?

Please give reasons for your views.

[We do not think Hong Kong should focus on a New Board which is structured to only permit limited investor participation.]

We do not think HKEx should focus on a New Board with restricted participation. Narrowing the scope of the eligible investor base will reduce interest and coverage and ultimately [reduce] liquidity in the names.

12. Should special measures be imposed on Exchange Participants to ensure that investors in New Board PRO-listed securities meet the eligibility criteria for both the initial placing and secondary trading?

- Yes
- No

Please give reasons for your views.

We have not formed a view.

13. What are your views on the proposal for a Financial Adviser to be appointed by an applicant to list on New Board PRO, rather than applying the existing sponsor regime? If you would advocate more prescriptive due diligence requirements, what specific requirements would you recommend be imposed?

Please give reasons for your views.

We are supportive of continued focus on disclosure by issuers to allow investors to make more informed decisions.

14. What are your views on the proposed role of the Listing Committee in respect of each segment of the New Board?

Please give reasons for your views.

We have not formed a view.

15. Do you agree that applicants to listing on New Board PRO should only have to produce a Listing Document that provided accurate information sufficient to enable professional investors to make an informed investment decision, rather than a Prospectus? If you would advocate a more prescriptive approach to disclosure, what specific disclosures would you recommend be required?

Yes

No

Please give reasons for your views.

We have not formed a view.

16. What are your views on the proposed continuous listing obligations for the New Board? Do you believe that different standards should apply to the different segments?

Please give reasons for your views.

We believe that the continuous listing obligations for the New Board PREMIUM should be similar to that of other international boards like NASDAQ.

17. For companies that list on the New Board with a WVR structure, should the Exchange take a disclosure-based approach as described in paragraph 153 of this Concept Paper? Should this approach apply to both segments of the New Board?

Please give reasons for your views.

We are supporting of the admission of companies with WVR structures. We believe a disclosure based approach as described in paragraph 153 would be appropriate and will permit investors to make informed decisions around the risks and benefits of investing in a company with a WVR structure. We think it is very important that HKEx attracts companies with WVR structures.

18. If, in addition, you believe that the Exchange should impose mandatory safeguards for companies that list on the New Board with a WVR structure, what safeguards should we apply? Should the same safeguards apply to both segments of the New Board?

Please give reasons for your views.

We think sufficient detailed disclosure will safeguard investors by allowing them to make informed decisions.

19. Do you agree that the SEHK should allow companies with unconventional governance features (including those with a WVR structure) to list on PREMIUM or PRO under the “disclosure only” regime described in paragraph 153 of the Concept Paper, if they have a good compliance record as listed companies on NYSE and NASDAQ? Should companies listed elsewhere be similarly exempted?

Please give reasons for your views.

We feel the SEHK should allow these companies to list on the New Board PREMIUM and agree they should list under 'disclosure only' regime. This will permit investors to make informed decisions.

20. What are your views on the suspension and delisting proposals put forward for the New Board?

Please give reasons for your views.

OZ is in favour of protecting investors. The suspension and delisting proposals appear fair and reasonable. A company should publish financial information within set deadlines. Voluntary suspensions should be very limited and should take the approach of other international exchanges. Trading suspensions should be saved for only serious questions regarding a company's condition. Companies should be allowed to halt or pause trading intraday pending news regarding itself for a set amount of time, but should resume immediately thereafter. It is important for institutional investors that they have confidence that the securities will trade on a day to day basis unless serious questions are raised.

21. Should New Board-listed companies have to meet quantitative performance criteria to maintain a listing? If so, what criteria should we apply? Do you agree that companies that fail to meet these criteria should be placed on a “watchlist” and delisted if they fail to meet the criteria within a set period of time?

Please give reasons for your views.

For the Premium Board OZ thinks there should be quantitative performance criteria to maintain a listing. There should be a minimum amount of publically held shares (NASDAQ is 500k shares), a minimum market value of publicly held securities of at least HK\$7mm, and should have some reasonable number of minimum public holders. We agree that companies who fail to meet these criteria should be placed on a watchlist first and then delisted if they fail to meet this criteria within a set period of time. It is important that the exchange lists high quality companies and has a listing profile that keeps it amongst the top in class.

22. Do you consider that an even “lighter touch” enforcement regime should apply to the New Board (e.g. an exchange-regulated platform)?

Yes

No

Please give reasons for your views.

We have not formed a view on this.

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