

Allianz Global Investors Asia Pacific Limited

BY E-MAIL (ListingRegulation@sfc.hk)

Corporate Finance Division
Securities and Futures Commission
35/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

14th November 2016

Dear Sirs,

Consultation Paper on the Proposed Enhancements to the Stock Exchange of Hong Kong Limited's Decision-Making and Governance Structure for Listing Regulation ("the Consultation Paper")

Overall, Allianz Global Investors Asia Pacific Limited is supportive of the proposals set out in the Consultation Paper as we view them to be very important steps to enhance the governance structure on listing policies and execution.

Below please find our observations on some areas for reference:

Listing applications by new applicants

We think more resources should be spent in vetting the listing applications and monitoring the listed companies post listing. We observe that in some IPO prospectuses, companies do not have a specific/sustainable business model in place; the actual earnings delivered by the newly listed companies within a short period of time from listing are much lower than the expected results disclosed in IPO prospectuses.

Regarding book building practices at some IPOs, we note that cornerstone investors take up substantial allocations. As a result, general investors may not be given a fair chance to participate and this may result in skewed pricing of the IPOs and poor liquidity post listing.

Composition and Procedures of the Listing Policy Committee/ the Listing Regulatory Committee / the Listing Regulatory (Review) Committee

It is crucial that investor representatives in the Committees are representatives who truly represent general investing public's interests. Are there any thoughts to improve the transparency in the nomination and selection process of the investor representatives? We think impartiality is a key criterion such that parties such as asset managers, corporate finance advisers and sponsors who may have potential conflicts of interests are naturally deterred from joining the Committees. Moreover, we suggest that

the Committees to be composed by full-time members as this will enhance their accountability and impartiality.

Other matters

To improve the efficiency and quality of the market, we think the transparency concerning any longstanding trading-suspended stocks should be improved. For example, there should be periodic announcements to update the investing public on the latest development of the listed securities.

The Hong Kong stock market has not been able to attract listing of certain technical companies, healthcare companies and REITs while there are many stocks trading at minimal liquidity with their fundamentals (profitability, viability of business strategies) having already deteriorated substantially.

The measures in the Consultation Paper will hopefully strengthen the governance structure and will lead to positive evolution and development in Hong Kong's capital markets and hence marking Hong Kong more competitive as an international financial center.

We would be pleased to discuss and clarify any of the above issues raised, if required. Please contact

Yours sincerely,
For and on behalf
Allianz Global Investors Asia Pacific Limited

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