

From: vpfkwan [REDACTED]
Sent: Sunday, September 07, 2014 4:01 PM
To: feedback@hksi.org; response
Subject: weighted voting rights versus one share one vote

Dear [REDACTED] (HKSI),

Reference your recent consultation paper on WVR published by HKEx, please convey my comment to HKEx as follows:-

1. minimum threshold of shares outstanding -
suggest forced conversion of MVS (multiple voting shares) into OSOV shares if the number of MVS outstanding falls below 15% of total share capital issued and outstanding
2. vote of shareholders
suggest require the conversion of all MVS into OSOV shares if more than 50% of holders of MVS vote for it
3. sunset clause
suggest require the conversion of MVS into OSOV shares at a particular future date, say after 5 years upon IPO listing

Those MVS holders will have to think about ways to increase their shareholdings over 5 years to revert to normal.

This is prudent, I believe.

Overall, my comment is summarized as follows:-

1. HKEx should allow companies to use WVR structures, subject to the 3. provisions stated above
2. HKEx should permit WVR structures for particular industries only - IT and HT companies, to be approved by board on case by case basis (subject other terms such as size and , history, financials) - may be need to form a review panel to micro define what is IT and HT
3. review all listed companies which have a dual-class share structure with unequal voting rights at general meetings, and impose restrictions on such structures, with reference to stipulations on NYSE and elsewhere
4. review pertinent corporate governance and regulatory framework to ensure consistency for companies allowed to use WVR structures

regards,
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