Investor Coalition for Equal Votes

2nd June 2026

Ms. Kelly Lee
Hong Kong Exchanges and Clearing Limited (HKEX)
8th Floor, Two Exchange Square
Central, Hong Kong

Submitted via email to kellylee@hkex.com.hk

Re: Listing Framework Competitiveness Review – evidence for your consideration

Dear Ms. Lee and team,

The Investor Coalition for Equal Votes (ICEV) consists of global asset owners and managers with approximately $4.5 trillion in assets under management who are concerned about the long-term effects of misalignment between invested capital and shareholder voting rights, and who have extensive allocations to the Hong Kong Exchange and other Asian markets. We count amongst our supporters the Asian Corporate Governance Association (ACGA), the Australian Council for Superannuation Investors (ACSI), the International Corporate Governance Network (ICGN) and the Council of Institutional Investors (CII) – who co-founded ICEV.

We are writing to share our research on the evidence that shows that i) any benefits to company value of dual-class share structures (DCSS) decline over a period of just a few years, and ii) the world's largest investors – so vital for the liquidity that underlies thriving capital markets – overwhelmingly prefer equal voting rights, or voting rights with a suitable time-based sunset clause.

Companies with DCSS tend to be undervalued compared to their peers

> ICEV's 2023 report with Chronos Sustainability *Undermining the Shareholder Voice: The Rise and Risks of Unequal Voting Rights* showed that capital structures providing disproportionate voting rights to founders and other insiders cause long-term performance risk by foreclosing companies' ability to make necessary leadership changes in response to sustained underperformance.
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> Boards cannot carry out their fundamental oversight purpose if capital structures are designed specifically to render founders, their favoured board members, and their favoured managers unaccountable to the holders of a majority of outstanding shares. Evidence suggests that the risk to performance stemming from unequal voting rights increases after only a very few years of a company's life as a public company[1].

[1] ICEV "Undermining the Shareholder Voice" report, 2023. Our report, which pulls together the available academic and industry evidence base, found that any benefits to dual-class share structures decline only a few years after listing.

We view “one share, one vote” structures as the optimal way to avoid this performance risk, and – following the evidence in our report on company value and dual-class share structures – we encourage companies that choose not to enter the public markets with proportionate voting rights to at least incorporate time-based sunset provisions of seven years or less from IPO into their governing documents at the time of going public.

Investors prefer equal voting rights (or a suitable time-based sunset provision)

Healthy financial markets rely both on a steady pipeline of companies *and* a deep pool of investor capital to provide the liquidity that is one of the most fundamental attractions for companies considering listing in a particular jurisdiction.

ICEV’s 2024 report *Voting on Voting Rights* pulled together the voting policies on DCSS from 31 of the world’s largest asset owners and managers – including those headquartered in Asia[2]. Although a spectrum of approaches is taken – from votes against ‘dual-class enabling’ directors at every company board they sit on, to expressing support for “one-share, one-vote” proposals – what is clear is that the institutional investor base necessary for thriving capital markets has strong views on this issue.

We also note the results of a September 2025 survey of international asset owner Chief Investment Officers (CIOs) and portfolio managers undertaken by the Governance for Growth Investor Campaign (GGIC)[3] and Opinium, found that 97% of respondents said that shareholder rights and investor protection mechanisms are either “very important” (61%) or “quite important” when making company-specific investment decisions[4]. 55% also said that the 2024 UK listing rules reforms – which align with many of the HKEX’s recent proposals on Weighted Voting Rights (WVR) – had made UK-listed companies appear more risky as investment destinations – a dynamic HKEX should weigh more carefully.

As well as the links provided here, our covering email attaches copies of our reports for ease of reference. We would welcome the opportunity to further discuss with you any of the above issues specifically, or the work of our coalition more generally.

Yours sincerely,

Caroline Escott
Chair, Investor Coalition for Equal Votes

Alexander Wolsky
Vice-Chair, Investor Coalition for Equal Votes

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[2] ICEV report 'Voting on voting rights – How the world’s largest investors sanction companies with unequal voting rights’

[3] Governance for Growth Investor Campaign | Railpen | Railpen

[4] Further details of the survey results and methodology can be found in GGIC’s December 2025 report going for governance, going for growth.