

We thank you for your time spent taking this survey.
Your response has been recorded.

Below is a summary of your responses

[Download PDF](#)

An unfinished questionnaire will be automatically saved in your browser. It will be resumed when you open the questionnaire link in the same browser on the same device. Please contact consultationsupport@hkex.com.hk if the save is lost.

Thank you for taking the time to respond to the Consultation Paper on Proposed Amendments to Listing Rules relating to Shares Schemes of Listed Issuers ("Consultation Paper")

Please state whether your response represents the view of your company/organisation or your personal view

- Company/Organisation view**
 Personal view

Company/Organisation name*:

The Chamber of Hong Kong Listed Companies

Company/Organisation type*:

- Accounting Firm
- Corporate Finance Firm / Bank
- HKEX Participant
- Investment Manager
- Law Firm
- Listed Company
- Professional Body / Industry Association**
- Other

If "Other" is selected, please specify the company/organisation type

Contact Person*:

- Mr.**
- Ms.
- Mrs.

Name*:

Job Title:

Phone Number*:

Email Address*:

mikewong@chkic.org

Important note: All fields marked with an asterisk (*) are mandatory. HKEX may use the contact information above to verify the identity of the respondent. Responses without valid contact details may be treated as invalid.

Disclosure of identity

HKEX may publish your identity together with your response. Respondents who do NOT wish their identities to be published should tick the box below, otherwise please click "Next":

I/We do NOT wish to disclose my/our identity to the members of the public.

Question 1

Do you agree with the proposal to amend Chapter 17 to also govern share award schemes involving the grant of new shares of listed issuers?

Yes
 No

Please provide reasons for your views.

We agree. Granting of new shares would have the same dilution effect as issuing share options. For consistency and in the interests of shareholders protection, we agree Chapter 17 should be amended to govern granting of new shares.

Question 2

Do you agree with the proposed definition of eligible participants to include directors and employees of the issuer and its subsidiaries (including persons who are granted shares or options under the scheme as an inducement to enter into employment contracts with these companies)?

Yes

No

Please provide reasons for your views.

Question 3

Do you agree with the proposal that eligible participants shall include Service Providers, subject to additional disclosure and approval by the remuneration committee?

Yes

No

Please provide reasons for your views.

We reckon it is a common practice for service providers to be included as participants of Share Schemes, especially for New Economy companies where potential share price upside could be high, thus attractive to service providers in lieu of cash payments. However, we are mindful that the remuneration committee is meant to be responsible for the benefits of company staff and directors, and service providers are out of its remit. Many members of the remuneration committee are INEDs and not involved in the day-to-day operations of the issuer. Therefore, they may not have full grasp of the nature and scope of work of service providers and how far they contribute to company's growth. We believe that executive directors are in a better position to decide on the share schemes for service providers.

Question 4

Do you agree with the proposal that eligible participants shall include Related Entity Participants, subject to additional disclosure and approval by the remuneration committee?

Yes

No

Please provide reasons for your views.

While we agree that eligible participants shall include Related Entity Participants, for the same reason as our answer to Q.3, we do not think this should be the responsibility of the remuneration committee.

Question 5

Do you agree with the proposal to allow the scheme mandate to be refreshed once every three years by obtaining shareholders' approval?

Yes

No

Please provide reasons for your views.

Question 6

Do you agree with the proposal to allow the scheme mandate to be refreshed within three years from the date of the last shareholders' approval by obtaining independent shareholders' approval?

Yes

No

Please provide reasons for your views.

We have concerns about limiting the approval of scheme mandate refreshment within 3 years to independent shareholders only. We believe this would restrict the issuers' flexibility to use share options or grant as an incentive. This is particularly the case for New Economy companies where shares are an attractive currency because of its potential upside. The controlling shareholders and the chief executive have the best knowledge of the company's growth strategies and they should be allowed to have a say in determining when to have scheme mandate refreshments that best suit the company's needs. One simply cannot assume their participating in the approval process is an abuse of power.

Question 7

Do you agree with the proposal to remove the 30% limit on outstanding options?

- Yes
 No

Please provide reasons for your views.

Question 8

Do you agree with the proposal to require a sublimit on Share Grants to Service Providers?

- Yes
 No

Please provide reasons for your views.

Question 9

Do you agree with the proposal to require a minimum of 12-month vesting period?

- Yes
 No

Please provide reasons for your views.

Question 10

Do you agree with the proposal that Share Grants to Employee Participants specifically identified by the issuer may vest within a shorter period or immediately if they are approved by the remuneration committee with the reasons and details disclosed?

- Yes
 No

Please provide reasons for your views.

Question 11a

Do you agree with the proposed disclosure requirements relating to performance targets?

- Yes
 No

Please provide reasons for your views.

Question 11b

Do you agree with the proposed disclosure requirements relating to clawback mechanism?

Yes

No

Please provide reasons for your views.

Question 12

Do you agree that it is not necessary to impose a restriction on the grant price of shares under share award schemes?

Yes

No

Please provide reasons for your views.

Question 13

Do you agree with the proposal to apply the 1% Individual Limit to Share Grants (including grants of shares awards and share options) to an individual participant?

Yes

No

Please provide reasons for your views.

We agree but with a caveat that as it is a common practice for New Economy companies to issue share options or grants to individuals who play a pivotal role in company's growth and development, we would want to make sure these companies would have sufficient flexibility to incentivise key individuals for the benefit of the business. We would propose that this 1% individual limit be put on a periodic review so that New Economy companies, and all companies for that matter, would have a chance to review the validity of such a limit.

Question 14

Do you agree with the proposal to require approval from the remuneration committee instead of INEDs for all Share Grants to Connected Persons?

Yes

No

Please provide reasons for your views.

As per our answers to Q.3, some of our members minded that the remuneration committee is responsible for the benefits of staff and directors, and Connected Persons whose scope of definition is very wide, are out of its remit. We believe that the board is in a better position to handle this.

Question 15

Do you agree with the proposal to relax the current shareholder approval requirement for grants of share awards to a director (who is not an INED) or a chief executive set out in paragraph 65 of the Consultation Paper?

Yes

No

Please provide reasons for your views.

Question 16

Do you agree with the proposal to also relax the current shareholder approval requirement for grants of share awards to an INED or substantial shareholder of the issuer set out in paragraph 68 of the Consultation Paper?

- Yes
 No

Please provide reasons for your views.

Question 17

Do you agree with the proposal to relax the current shareholder approval requirement for grants of share awards to a controlling shareholder of the issuer set out in paragraph 69 of the Consultation Paper?

- Yes
 No

Please provide reasons for your views.

Question 18

Do you agree with the proposal to remove the HK\$5 million de minimis threshold for grants of options to an INED or substantial shareholder of the issuer?

Yes

No

Please provide reasons for your views.

Question 19

Do you agree with the proposals to require disclosure of Share Grants to Related Entity Participants or Service Providers on an individual basis if the grants to an individual Related Entity Participant or Service Provider exceed 0.1% of the issuer's issued shares over any 12-month period?

Yes

No

Please provide reasons for your views.

Question 20

Do you agree with the proposed disclosure requirement for the grant announcement?

Yes

No

Please provide reasons for your views.

Question 21

Do you agree with the proposed disclosure requirements for Share Grants in an issuer's interim reports and annual reports?

Yes

No

Please provide reasons for your views.

Question 22

Do you agree with the proposal to require disclosure of matters reviewed by the remuneration committee during the reporting period in the Corporate Governance Report?

Yes

No

Please provide reasons for your views.

Question 23

Do you agree with the proposal to require changes to the terms of share award or option granted be approved by the remuneration committee and/or shareholders of the issuer if the initial grant of the award or option requires such approval?

Yes

No

Please provide reasons for your views.

Question 24

Do you agree with the proposal to provide a waiver for a transfer of share awards or options granted under Share Schemes as described in paragraph 86 of the Consultation Paper?

Yes

No

Please provide reasons for your views.

Question 25

Do you agree with the proposal to restrict the voting rights of unvested shares held by the trustee of a Share Scheme and require disclosure of the number of such unvested shares in monthly returns?

Yes

No

Please provide reasons for your views.

Question 26

Do you agree with the proposed disclosure requirements for Share Schemes funded by existing shares of listed issuers?

- Yes
 No

Please provide reasons for your views.

Question 27

Do you agree with the proposal to restrict the voting rights of unvested shares held by the trustee of a Share Scheme and require disclosure of the number of such unvested shares in monthly returns?

- Yes
 No

Please provide reasons for your views.

Question 28

Do you agree with our proposal to amend Chapter 17 to also govern share award schemes funded by new or existing shares of subsidiaries of listed issuers?

- Yes
 No

Please provide reasons for your views.

We agree to this proposal for unlisted subsidiaries of a listed issuer where there is a real dilution effect on the holding companies' interests on the subsidiaries, for example, when new shares of subsidiaries are issued or existing shares of subsidiaries already held by the holding companies are used for the purpose of the share grants. However, in the case where shares of subsidiaries are purchased by the holding company in the open market (in the case of a listed subsidiary), there should not be any dilution effect and therefore needs not be governed by the new Chapter 17, for consistency. Share award schemes of listed subsidiaries of listed issuers will be governed by Chapter 17 in their own right and should not be included in that of the listed parent company.

Question 29

Do you agree with the proposed exemption for Share Schemes of Insignificant Subsidiaries?

- Yes
 No

Please provide reasons for your views.

Question 30

Do you agree with our proposal to amend Chapter 17 to also govern Share Schemes involving grants of shares or options through trust or similar arrangements for the benefit of specified participants?

- Yes
 No

Please provide reasons for your views.

Question 31

Do you agree with our proposal to remove the recommended disclosure requirement for the fair value of options as if they have been granted prior to the approval of the scheme?

- Yes
 No

Please provide reasons for your views.

Question 32

Do you agree with our proposals to amend the Rules described in paragraph 100 of the Consultation Paper?

- Yes
 No

Please provide reasons for your views.

You can access the Consultation Paper [here](#)

Technical Support:
consultationsupport@hkex.com.hk