

Submitted via Qualtrics

Company/Organisation view

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

Please provide reasons for your views.

We note that there are differences from issuing old and granting new shares. Furthermore, as many ESOPs' subject shares are old shares, the amendments should delicately address the same without overly disturb the current practice. Nevertheless, we welcome a more streamlined and consistent application of Listing Rules to share option schemes and share award schemes.

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

Please provide reasons for your views.

We agree. Please also see our answers to Q3 and Q4 for details.

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

Please provide reasons for your views.

We agree that Service Providers may participate in the share award schemes if their contribution is beneficial to the issuer's business. It is the business reality that the issuers may engage external parties (such consultants and suppliers) to provide important services, and providing share incentives to these service providers can be a necessary tool which can align the interests of the service providers and the shareholders of the issuer. Allowing the remuneration committee to determine the definition of "Service Providers" seems sensible.

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

Please provide reasons for your views.

We agree. It seems sensible with the additional safeguards as proposed.

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

Please provide reasons for your views.

We agree. It seems sensible in the interest of minimising over-dilution.

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

Please provide reasons for your views.

We agree. Allowing additional refreshment with independent shareholder's' approval can cater for the need of different issuers.

Question 7

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

Yes

Please provide reasons for your views.

We are fine with this.

Question 8

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

No

Please provide reasons for your views.

We should defer such decision to the Company.

Question 9

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

Yes

Please provide reasons for your views.

We are fine with this.

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

Please provide reasons for your views.

We consider that different issuers may have different needs. Vesting period of 12-month may not be suitable in all cases and flexibility should be given. We can defer to the remuneration committee. It also clarify when the approval of remuneration committee is compulsory.

Question 11a

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

No

Please provide reasons for your views.

We note that practically speaking, the Company may impose different performance targets for individual eligible participants, some of which may involve commercial secrets. As such, the disclosure of the same would be overly detailed, and may not necessarily be in the interest of the Company and its shareholders.

Question 11b

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

No

Please provide reasons for your views.

We note that practically speaking, the Company may impose different clawback mechanism for individual eligible participants, some of which may involve commercial secrets. As such, the disclosure of the same would be overly detailed, and may not necessarily be in the interest of the Company and its shareholders.

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

Please provide reasons for your views.

We agree that it is not necessary to impose such restriction as it is the market practice that share awards are usually granted at nil or nominal consideration.

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

Please provide reasons for your views.

We agree with the said proposal. Since Chapter 17 is already subject to the 1% limit, the grants of share awards should also be subject to the same limit to ensure consistency. Furthermore, the 1% limit seems sensible for a company that is already listed.

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

Please provide reasons for your views.

Though we note that according to the Listing Rules, remuneration committee is already chaired by an independent non-executive director and comprising a majority of independent non-executive directors, for formality purposes and to be in line with the Corporate Governance Code and terms of reference of the remuneration committee which require them to be accountable to shareholders for the issuers' policy on remuneration of directors and senior management, the said approval should be from the remuneration committee.

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

Please provide reasons for your views.

The introduction of a new de minimis exemption for grants of new share awards to Connected Persons can provide flexibility for the issuer to structure the remuneration package without having to satisfy stringent regulatory compliance, which may have

adverse time and cost implications. Ultimately, we should provide flexibility to listed issuers to incentivise in a timely basis.

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

Please provide reasons for your views.

Please refer to our response to question 15 above for reasons.

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

Please provide reasons for your views.

Please refer to our response to question 15 above for reasons.

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

Please provide reasons for your views.

Since we are of the view that monetary threshold cannot may not necessarily align with the current market capitalisation of the issuer.

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?

No

Please provide reasons for your views.

The proposal disclosure requirements seems onerous.

Question 20

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

Yes

Please provide reasons for your views.

Agree, except those relating to performance targets and clawback mechanism.

Question 21

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

Yes

Please provide reasons for your views.

It will facilitate shareholders' assessment of the dilution impact of the Share Schemes on their interests in the issuer.

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?

No

Please provide reasons for your views.

The disclosure of matters reviewed by the remuneration committee seems onerous.

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

Please provide reasons for your views.

The proposal provides flexibility to issuers with different needs.

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

Please provide reasons for your views.

This proposal provides flexibility to the scheme participants, if they wish to transfer the share awards or options to benefit his/her family members or other persons without compromising the necessary disclosure requirements.

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

Please provide reasons for your views.

Holders of unvested shares are not shareholders yet and such holders should not have voting rights. We also agree that the number of such unvested shares be disclosed to enhance transparency and to address any concern of undue influence over the exercise of voting rights of unvested shares by management of the issuer.

Question 26

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

Yes

Please provide reasons for your views.

We agree with the proposed disclosure requirements for Share Schemes funded by existing shares of listed issuers. We agree that the share award schemes funded by existing shares serve a similar purpose as those funded by new shares. Please see our response to questions 20 and 21, we believe that announcement and disclosure of share grants in interim and annual reports are necessary.

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

Please provide reasons for your views.

Please see our response to question 25. Further, we agree to the proposal to require disclosure of the number of unvested shares held by the trustee of a Share Scheme in monthly returns.

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

Please provide reasons for your views.

If share award schemes of subsidiaries serve similar functions as those of issuers, imposition of similar requirements would be appropriate and consistent.

Question 29

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

Yes

Please provide reasons for your views.

This seems sensible.

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

Please provide reasons for your views.

Again, we welcome a more consistent application of Listing Rules, but we note the subtle differences between old shares and new shares.

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

Please provide reasons for your views.

Please see our response to question 21. We agree with the removal of recommended disclosure of the fair value of options as if they were granted. Such removal will standardise the relevant disclosure requirement in the Listing Rules and HKFRS2, which will be easier for the issuer to ensure compliance.

Question 32

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

Yes

Please provide reasons for your views.

It sounds sensible to carve out those under Chapter 17.