

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 agree with the proposal for the reasons set out in paragraph 28.

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.

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.

However, please provide us with further clarification on:

(i) the clear definition of "consultants providing professional services". For example, whether or not the definition includes auditors, legal advisers and valuers; and

(ii) the fact that the professional parties who have direct access to inside/price sensitive information should not be granted any share options/awards in order to avoid conflict of interest and/or insider trading.

Issuers typically use Share Schemes for the purpose of employee remuneration, but the scope of HKFRS 2 is much broader than this. It is worth noting that under HKFRS 2, a share-based payment arrangement only requires the exchange of equity instruments, or

cash amounts based on the value of these equity instruments, with another party in return for goods and services. Therefore, there is no reason why Eligible Participants should expressly exclude financial advisors and the like, as well as consultants providing professional services to the issuers.

We consider that so long as the remuneration committee is of the view that a Service Provider falls within the ambit of "person providing services to the issuer group on a continuing and recurring basis in its ordinary and usual course of business which are material to the long term growth of the issuer group", it should be free to grant options or award shares to the Service Provider.

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 with the proposal for the reasons set out in paragraph 36.

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 with the proposal for the reasons set out in paragraph 43.

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 with the proposal for the reasons set out in paragraph 43.

Question 7

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

Yes

Please provide reasons for your views.

We agree with the proposal for the reasons set out in paragraph 47.

Question 8

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

Yes

Please provide reasons for your views.

We agree with the proposal for the reasons set out in paragraph 49.

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 agree with the proposal for the reasons set out in paragraph 52.

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 agree with the proposal for the reasons set out in paragraph 52.

Question 11a

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

Yes

Please provide reasons for your views.

We agree with the proposal for the reasons set out in paragraph 56.

Question 11b

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

Yes

Please provide reasons for your views.

We agree with the proposal for the reasons set out in paragraph 56.

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 with the proposal for the reasons set out in paragraph 59.

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.

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.

We agree with the proposal for the reasons set out in paragraph 63.

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.

We agree with the proposal for the reasons set out in paragraph 66.

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.

We agree with the proposal to also relax the current shareholder approval requirement for grants of share awards to substantial shareholder of the issuer. However, we are of the view that the grant of shares to INEDs should be prohibited as it is important for the INEDs to maintain their independence.

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.

We agree with the proposal for the reasons set out in paragraph 69.

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.

We agree with the proposal for the reasons set out in paragraph 71.

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

Please provide reasons for your views.

We agree with the proposal for the reasons set out in paragraph 76.

Question 20

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

Yes

Please provide reasons for your views.

We agree with the proposal for the reasons set out in paragraph 76.

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.

We agree with the proposal for the reasons set out in paragraph 79.

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

Please provide reasons for your views.

We agree with the proposal for the remuneration committee to review the required disclosure of matters.

However, we are of the view that the scope to be confirmed by the NEDs/INEDs of the remuneration committee should be limited. For example, NEDs/INEDs are not involved in the day-to-day business operations of the issuer. Certain matters that concern daily operations, for example and as stated in paragraph 82, "the Service Provider provides services to the issuer group on a continuing and recurring basis in its ordinary and usual course of business in the relevant period which are material to the long term growth of the issuer group, such that it was determined to be eligible participant of the share scheme" should be confirmed by the EDs instead as the NEDs/INEDs may not have knowledge of such details.

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.

We agree with the proposal for the reasons set out in paragraph 84.

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.

We agree with the proposal for the reasons set out in paragraph 86.

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.

We agree with the proposal for the reasons set out in paragraph 88.

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 proposal for the reasons set out in paragraph 91.

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.

We agree with the proposal for the reasons set out in paragraph 88.

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.

We are of the view that Chapter 17 should govern share award schemes funded only by new shares. However, we consider that it is unnecessary to govern share award schemes funded by existing shares because they do not lead to any share dilution.

Question 29

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

Yes

Please provide reasons for your views.

However, such exemption may have no practical value as it is rarely seen that share options/awards are granted at a subsidiary level, especially an insignificant subsidiary.

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.

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?

No

Please provide reasons for your views.

We are of the view that such disclosure requirement should be retained so as to ensure transparency of the fair value of the options.

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.