

Listing Decisions

Updated: 01/07/1999

HKEx LISTING DECISION

Cite as HKEx-LD4-1 (July 1999) [\(Withdrawn in January 2023\)](#)

[\[This Listing Decision is withdrawn following the amendments to the Rule requirements relating to share schemes of subsidiaries of issuers. The amended Rules became effective on 1 January 2023\]](#)

	Summary
Name of Parties	Company A - a listed company Company B - Company A's 60%-owned overseas-listed subsidiary
Subject	Whether a waiver from all the requirements of Chapter 17 (including approval from the shareholders of Company A) could be granted for an employee share option scheme proposed to be adopted by Company B
Listing Rule	Rule 17.01
Decision	Waiver from Chapter 17 could not be granted and, among other things, approval from Company A's shareholders would be required

Summary of Facts

Company B proposed to adopt a share option scheme for its employees and certain marketing personnel of Company A who also devoted part of their working time to Company B.

Company A applied to the Exchange for a waiver in respect of the scheme from all the requirements of Chapter 17 (including the requirement to obtain approval from its own shareholders for the scheme) on the ground that, under the listing rules of the overseas exchange on which Company B was listed, the shareholders of Company B (i.e. Company A by virtue of its 60% interest) would in any event have to approve the scheme. Company A further submitted that, as the requirements of such listing rules with regard to share option schemes were similar to those of Chapter 17 of the Exchange's Listing Rules, the shareholders of Company A would have adequate protection.

Analysis

Rule 17.01 of the Listing Rules clearly states that the provisions of Chapter 17 extend to "schemes of all subsidiaries of listed issuers, even if the subsidiary is incorporated or otherwise established and operating abroad".

As the implementation of the scheme would lead to a dilution of Company A's interest in Company B, shareholders of Company A (other than shareholders who were also persons eligible under the scheme) needed to be given an opportunity to approve the implementation of the scheme. The fact that Company B was listed elsewhere did not detract from this need.

Decision

The application for a waiver from all the requirements of Chapter 17 was rejected.