

Profits from Equity Incentives to be Based on Performance

Chinese version China's State-owned Assets Supervision and Administration Commission (SASAC) and Ministry of Finance specified that listed companies must decide the proportion of equities to be granted and exercised by the incentive objects based on the assessment results of their performance.

Under the Circular on Issues Concerning the Implementation of Equity Incentive Systems by State-owned Controlling Listed Companies released by the said departments on December 11, during the validity term of the right exercising, for the top proportion of the profits from equity incentives of the incentive objects in the total remunerations (including incomes from the equity incentives) when the equity options are granted, in principle, that of domestically listed firms and overseas H share companies shall not exceed 40%, and that of overseas red-chip companies may not exceed 50%.

The requirements shall be indicated in the companies' equity incentive management or equity granting agreements.

(Source: State-owned Assets Supervision and Administration Commission)

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