Directors

Directors' training

1. Is there any prescribed form of training for directors? Would the training provided by the Exchange be considered as "continuous professional development" (CPD) for the purpose of MB Rule 3.09F / GEM Rule 5.02F?

The Exchange does not specify the format of director training. Different types of training may be counted as CPD, provided that the topics of such training fall within the scope of the topics specified in MB Rule 3.09G / GEM Rule 5.02G.

Directors' CPD may consist of external training, internal training or self-study e.g. attending in-house briefings, giving talks, attending training relevant to the listed issuer's business conducted by lawyers, and reading material relevant to the director's duties and responsibilities.

If a listed issuer's director has completed training by watching e-learning webcasts and videos provided by the Exchange on its website, such training would be considered as part of a director's CPD. Please refer to the Exchange's Corporate Governance Practices on the HKEX website for various training resources.

The training received by directors should be of sufficient quality to adequately support them in developing their knowledge and expertise. Directors should therefore consider the appropriate mode of training for each of the specified topics.

MB Rules 3.09F
GEM Rules 5.02F
First released: December 2011; last updated: May 2025

2. If a director sits on the board of several listed issuers, can the same training record be provided to each listed issuer for the purpose of compliance with the disclosure requirement in MDR paragraph B(i)?

Yes, provided that the training received is not issuer specific.

MB App C1 – MDR paragraph B(i) and Principle C.1
GEM App C1 – MDR paragraph B(i) and Principle C.1
First released: December 2011; last updated: May 2025

3. MB 3.09F / GEM Rule 5.02F states that all directors are required to receive CPD in each financial year of the listed issuer (General Director Training Requirement). Can the following count towards a director's compliance with the General Director Training Requirement:

(i) Training received to satisfy the training requirements of other organisations or professional associations that the director is subject to (e.g. CPD training requirements for solicitors or accountants);

(ii) Training received by the director in his / her capacity as a director of an issuer listed on an exchange other than the Main Board or GEM of the Exchange; and

(iii) Where a director is appointed during a listed issuer's financial year, training received by such director during the year before his / her appointment?

Yes, (i), (ii) and (iii) can all count towards a director's compliance with the General Director Training Requirement, provided that the topics of such training fall within the scope of the topics specified in MB Rule 3.09G / GEM Rule 5.02G.

MB Rules 3.09F and 3.09G
GEM Rules 5.02F and 5.02G
First released: May 2025

4. Please explain how the General Director Training Requirement and the requirement for first-time directors to complete minimum training hours within 18 months of their date of appointment (First-Time Director Training Requirement) apply to directors of listed issuers.

Regardless of their date of appointment, all directors of listed issuers as at 1 July 2025 will be subject to the General Director Training Requirement from the financial year commencing on or after 1 July 2025.

First-time directors who are appointed on or after 1 July 2025 will be required to complete 12 or 24 hours of training (as applicable) within 18 months of their date of appointment under the First-Time Director Training Requirement. During the relevant period, such directors may use the same training to satisfy the First-Time Director Training Requirement and the General Director Training Requirement. For directors appointed by a listed issuer before its listing on the Main Board or GEM of the Exchange, the 18-month period will be counted from the date of listing of such listed issuer.

For the avoidance of doubt, in respect of a listed issuer listed on the Main Board or GEM of the Exchange on or after 1 July 2025, first-time directors appointed by such listed issuer before 1 July 2025 will be subject to the First-Time Director Training Requirement.

MB Rules 3.09F and 3.09H
GEM Rules 5.02F and 5.02H
First released: May 2025; last updated: February 2026

5. What information should a listed issuer disclose in its corporate governance report in respect of the training received by a director who is subject to the First-Time Director Training Requirement?

The listed issuer should disclose details of the training that the director completed within the relevant financial year in accordance with MDR paragraph B of the Corporate Governance Code, including the number of hours completed, mode of training and training topics covered.

Where the director has not yet completed the required training in that financial year, for transparency, the listed issuer should also disclose the remaining number of training hours to be completed by the director in the next financial year. On the other hand, where the director has completed the required training, the listed issuer should include a statement confirming the completion of such training.

MB Rule 3.09H and App C1 – MDR paragraph B(i)
GEM Rule 5.02H and App C1 – MDR paragraph B(j)
First released: May 2025

6. If a first-time director ceases to be a director of an issuer listed on the Main Board or GEM of the Exchange (HK Listed Issuer) prior to completing the required number of minimum training hours, would the training previously received count if he / she is subsequently appointed as a director of another HK Listed Issuer?

Yes, provided that the time gap between the conclusion of the first appointment and the subsequent appointment is within three years. The director would only be required to complete his / her remaining balance of training hours under the First-Time Director Training Requirement within 18 months from the date of the subsequent appointment.

However, if the time gap between the appointments exceeds three years, the director would be required to complete the full 12 or 24 hours of training (as applicable) within 18 months from the date of the subsequent appointment.

First-time directors are encouraged to complete their training as soon as possible to ensure that they can effectively discharge their duties and contribute to the board in a timely manner.

MB Rule 3.09H and Note 2 thereto
GEM Rule 5.02H and Note 2 thereto
First released: May 2025

Independent non-executive directors

7. What are "appropriate professional qualifications" referred to by MB Rule 3.10(2) / GEM Rule 5.05(2)?

In this Rule, "appropriate professional qualifications" normally means professional accounting qualifications.

(i) Is a professional qualification obtained from an overseas jurisdiction acceptable, such as a PRC or Singapore qualified accountant?

Yes, a professional qualification obtained from a recognised body in an overseas jurisdiction would be acceptable.

(ii) Can a solicitor be said to have appropriate professional qualifications, or does the individual need to have the appropriate experience?

A person with a legal qualification is acceptable if that person possesses "appropriate accounting or related financial management expertise" as required by MB Rule 3.10(2) / GEM Rule 5.05(2). The Exchange may question the factors the board has considered when making its decision to accept that person as being in compliance with the Rule.

MB Rule 3.10(2)
GEM Rule 5.05(2)
First released: December 2011; last updated: May 2025

8. Can a person who has served on the audit committee of a listed issuer for a number of years be considered to have the appropriate accounting or related financial management expertise required under MB Rule 3.10(2) / GEM Rule 5.05(2)?

Note to MB Rule 3.10(2) / GEM Rule 5.05(2) provides further clarification as to what the appropriate expertise means. Prima facie, we would not consider a person whose only experience has been serving as a member of an audit committee as able to fulfil the criteria set out in the note to the Rule.

MB Rule 3.10(2)
GEM Rule 5.05(2)
First released: December 2011; last updated: May 2025

9. Is experience with a non-public company acceptable as having the appropriate accounting or related financial management expertise required under MB Rule 3.10(2) / GEM Rule 5.05(2)?

Generally no, but the Exchange recognises that the experience and scope of duties of such a candidate may demonstrate that the individual is capable of discharging the role required of such person as set out in the Rule. We expect the board to evaluate the totality of the individual's experience and education when making its decision as to whether the individual is appropriate.

MB Rule 3.10(2)
GEM Rule 5.05(2)
First released: December 2011; last updated: May 2025

10. If an existing non-executive director (NED) meets the independence requirements, can the NED be re-designated as an independent non-executive director (INED)? Does an announcement need to be made for the re-designation?

Yes, an existing NED may be re-designated as an INED, but we will consider the individual's present or past relationship with the listed issuer or a connected person on a case-by-case basis. Where, in order to meet MB Rule 3.13 / GEM Rule 5.09 requirements, a director needs to comply with any relevant cooling off period under the Listing Rules, the relevant cooling off period needs to have ended by the date on which the individual confirmation of independence is given.

An announcement will need to be made for the re-designation from being a NED to an INED pursuant to MB Rule 13.51(2) / GEM Rule 17.50(2).

MB Rules 3.13 and 13.51(2)
GEM Rules 5.09 and 17.50(2)
First released: December 2011; last updated: May 2025

11. If a listed issuer designates an INED as the Lead INED, does an announcement need to be made for such a designation?

No, designation as a Lead INED does not fall within the types of director changes that require an announcement to be made pursuant to MB Rule 13.51(2) / GEM Rule 17.50(2).

CP B.1.2 of the Corporate Governance Code requires listed issuers to maintain an updated list of directors on their website and the Exchange's website. For transparency, listed issuers with a Lead INED should publicise any change in Lead INED designation as soon as possible by publishing an updated list of directors and their roles and functions.

MB Rule 13.51(2) and App C1 – CP B.1.2
GEM Rule 17.50(2) and App C1 – CP B.1.2
First released: May 2025

Tenure of independent non-executive directors

12. A listed issuer must not have INEDs who have served for a period of nine years or more (Long Serving INEDs) representing a majority of its INEDs as at the conclusion of a listed issuer's first annual general meeting (AGM) held on or after 1 July 2028. Please clarify whether the Exchange would regard a 50/50 split between Long Serving INEDs and non-Long Serving INEDs to be in compliance with this requirement.

The Exchange expects non-Long Serving INEDs to represent a majority (i.e. more than 50%) of the INEDs of a listed issuer by the end of phase one of the cap on INED tenure. This is consistent with the objective of the cap to promote regular board refreshment, with a view to phasing out all Long Serving INEDs by the end of the transition period.

Note 1 to MB Rule 3.13A
Note 1 to GEM Rule 5.09A
First released: May 2025

13. Where a NED is re-designated as an INED, would the individual's previous tenure as a NED be counted towards the calculation of his / her nine-year tenure for the purpose of the cap on INED tenure?

For the purpose of MB Rule 3.13A / GEM Rule 5.09A, "a period of nine years" will be counted from the date of appointment of an INED.

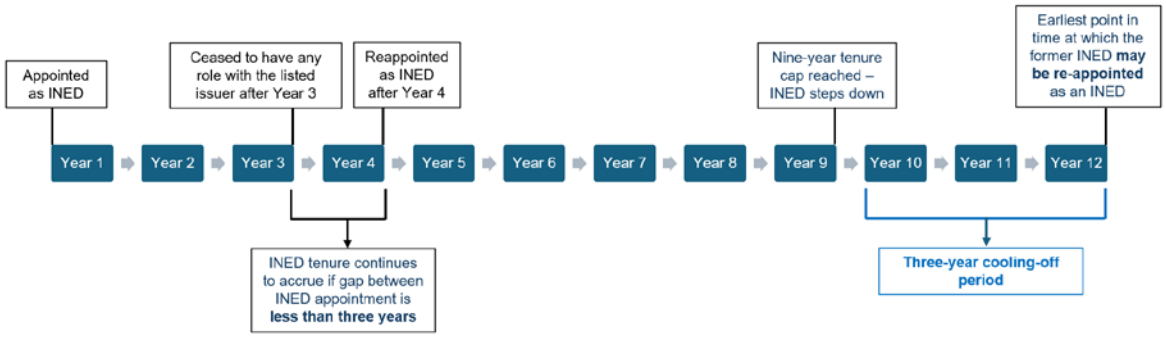
In the above scenario, the individual's nine-year tenure for the purpose of the cap on INED tenure will be counted from the date of his / her re-designation as an INED (i.e. the individual's previous tenure as a NED will not be counted).

Note 2 to MB Rule 3.13A
Note 2 to GEM Rule 5.09A
First released: May 2025

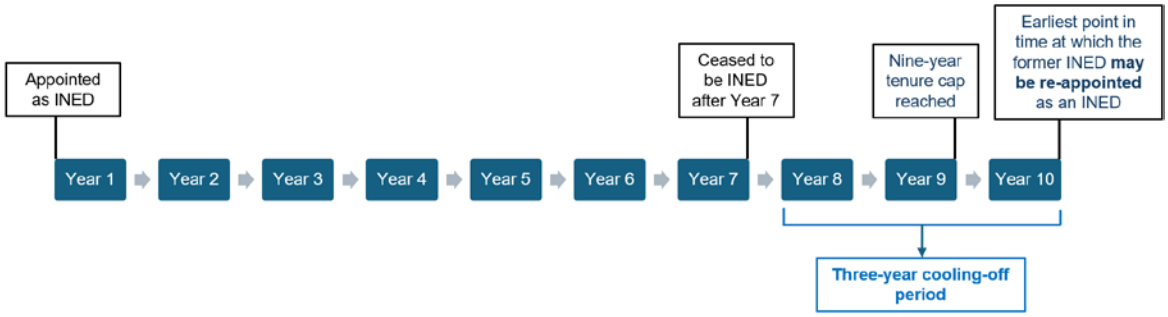
14. Note 2 to MB Rule 3.13A / GEM Rule 5.09A provides that where an individual ceases to be an INED of a listed issuer for a period(s) of less than three years (prior to serving as an INED for nine years), such period(s) will be counted towards the calculation of the nine-year tenure cap under MB Rule 3.13A / GEM Rule 5.09A. Further, a previous Long Serving INED may be re-appointed as an INED of the same listed issuer upon the expiry of a three-year cooling-off period in accordance with Note 3 to MB Rule 3.13A / GEM Rule 5.09A. Please provide some examples to illustrate the application of these requirements in practice.

Please refer to the illustrative examples below:

Illustrative example 1 – a former INED is re-appointed as an INED by the same listed issuer

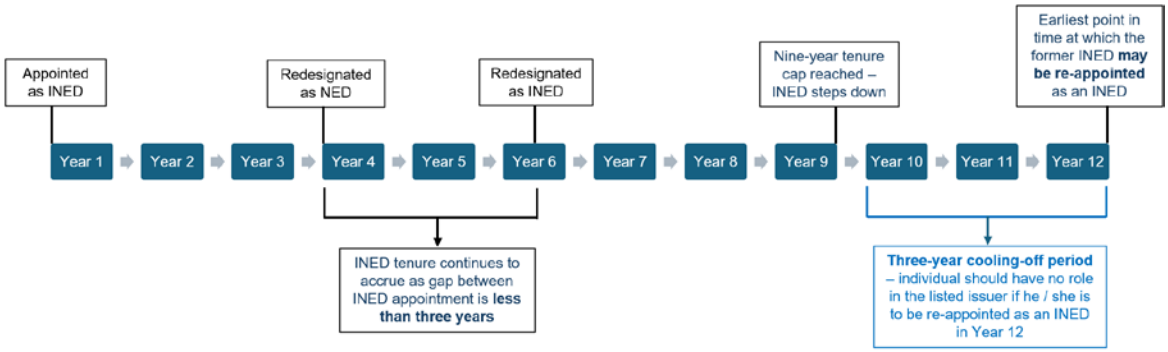


Illustrative example 2 – an INED steps down prior to reaching the nine-year tenure cap



If a Long Serving INED is re-designated as a NED (rather than stepping down from the listed issuer's board), the individual will need to observe a three-year cooling-off period (during which he / she does not have any role on the board of the listed issuer, its holding company or any of their respective subsidiaries or any core connected persons of the listed issuer) before he / she can be re-appointed as an INED of the same listed issuer.

Illustrative example 3 – an INED is re-designated as a NED prior to reaching the nine-year tenure cap



Notes 2 and 3 to MB Rule 3.13A
Notes 2 and 3 to GEM Rule 5.09A
First released: May 2025

15. Where a listed issuer changes its listing status from a secondary listing to a dual-primary / primary listing on the Exchange, how is the tenure of the listed issuer's INEDs calculated for the purpose of the cap on INED tenure?

The nine-year tenure cap requirement on INED tenure does not apply to secondary listed issuers. Accordingly, the nine-year tenure of the INEDs of a listed issuer who changes its listing status from secondary listing to dual-primary or primary listing on the Exchange will be counted from the date of its primary listing on the Exchange. As such, although the INEDs of such a listed issuer may be appointed at different dates, they will reach the nine-year tenure cap at the same time under the Rules. To avoid abrupt changes in board composition, in these circumstances the listed issuer should plan ahead and periodically refresh its board.

For the purpose of disclosure in the corporate governance report, the listed issuer should disclose the total tenure of each director (i.e. as calculated from the date of the director's appointment). In addition, for completeness, the listed issuer should include a note to indicate the total tenure of each director since its primary listing date for the purpose of computing compliance with the nine-year tenure cap requirement.

Note 2 to MB Rule 3.13A
MB App C1 – MDR paragraph B(a)
First released: May 2025

16. During the transition period for the cap on INED tenure:

(a) How will the current requirements in the Corporate Governance Code in respect of Long Serving INEDs apply?

During the transition period, the relevant code provisions will continue to apply for the two different situations as below:

- For listed issuers where all INEDs are Long Serving INEDs, the requirements on tenure disclosure in the shareholder circular and new INED appointment will continue to apply for any relevant AGM held on or before 30 June 2028 (i.e. the expiry of phase one); and

- For listed issuers where certain of their INEDs are Long Serving INEDs, the requirements on the re-election of Long Serving INEDs will continue to apply for any relevant AGM held on or before 30 June 2031 (i.e. the expiry of phase two).

(b) Is it necessary to re-elect a Long Serving INED every year at the AGM (using a separate AGM resolution)? Alternatively, can a listed issuer continue to re-elect Long Serving INEDs on a regular rotation basis in accordance with its constitutional documents?

The Corporate Governance Code does not require a listed issuer to consider the election of Long Serving INEDs every year. The listed issuer may continue to elect Long Serving INEDs on a regular rotation basis in accordance with its constitutional documents. However, under CP B.2.3, such further appointment should be subject to a separate resolution to be approved by shareholders.

Listed issuers with Long Serving INEDs should conduct comprehensive succession planning to phase out their Long Serving INEDs in an orderly and measured manner.

MB App C1 – CPs B.2.3 and B.2.4
GEM App C1 – CPs B.2.3 and B.2.4
First released: December 2011; last updated: May 2025

Overboarding

17. INEDs who hold seven (or more) Hong Kong listed issuer directorships (Overboarding INEDs) must comply with the cap of six concurrent Hong Kong listed issuer directorships by the first AGM held on or after 1 July 2028 by any listed issuer that an Overboarding INED serves. How will the current requirements in the Corporate Governance Code in respect of Overboarding INEDs apply during the transition period for the cap on overboarding?

During the transition period, the disclosure requirements in respect of the election of Overboarding INEDs will continue to apply for any relevant general meeting held on or before 30 June 2028.

MB Rule 3.12A, App C1 – CP B.3.4(b)
GEM Rule 5.07A, App C1 – CP B.3.4(b)
First released: May 2025

Procedures for election of directors

18. If the procedures for shareholders to propose a person for election as a director are set out in a listed issuer's constitutional documents (which are already required to be published on its website and the Exchange's website), does the listed issuer need to separately publish these procedures on its website?

Yes, we expect the listed issuer to publish the procedures separately on its website to facilitate shareholders to locate the procedures.

MB Rule 13.51D
GEM Rule 17.50C
First released: December 2011; last updated: May 2024

19. Are listed issuers required to publish on their websites the procedures for director election in both English and Chinese?

Yes.

MB Rule 13.51D
GEM Rule 17.50C
First released: December 2011; last updated: May 2024

General

20. Will directors still be subject to criminal liability for false or misleading information which they provide to the Exchange after the removal of the submission requirement of directors' undertakings?

Yes. Since the directors' undertakings under the repealed Form 5B of the MB Rules (or the repealed Form 6A of the GEM Rules) have been codified into the Listing Rules, a director or supervisor who provides information to the Exchange which is false or misleading in a material particular, may be in breach of section 384 of the Securities and Futures Ordinance, and therefore subject to the criminal sanctions imposed by that section.

MB Rules 3.09B, 3.09C and 3.09D
GEM Rules 5.02B, 5.02C and 5.02D
First released: December 2011; last updated: May 2025