

香港聯合交易所有限公司

(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

Our Ref: CRO20161209-025

9 December 2016

To: Main Board Listed Issuers (Attn: Authorised Representatives)
GEM Listed Issuers (Attn: Authorised Representatives)

Dear Sirs,

Exchange Launches Training for Company Directors

The Exchange has noted from its recent investigations and disciplinary actions that a number of company directors have failed in their duties and not taken a proactive role in fulfilling their responsibilities as directors, either due to a lack of understanding of the Listing Rules or because they did not give their compliance obligations the focus they require.

Directors are reminded that if they fail to discharge their duties and responsibilities, they may be disciplined by the Exchange and may otherwise attract civil and/or criminal liabilities.

Directors training programme

To ensure they can fulfil their duties, directors are expected to receive a comprehensive, formal and tailored induction upon initial appointment; and thereafter to participate in continuous professional training to develop and refresh their knowledge and skills.

The Exchange plans to roll out in the first quarter of 2017 a new training programme for directors that will cover a broad range of topics, including, but not limited to:

- duties of directors and the role and functions of board committees;
- risk management and internal control;
- company secretary (including board secretary) and other support available to directors; and
- initial public offerings – the Exchange's expectations on directors (including their appointments).

The Exchange intends to provide this training by way of webcasts on a quarterly basis in order to reach as many directors as possible and to give them the flexibility to complete the training according to their own timeline.

Good corporate governance

An important role of the Exchange is to promote good corporate governance amongst its listed issuers (issuers) which is essential to issuers' long-term success. The development of good corporate governance is an evolving process with the overarching goal of achieving higher standards amongst our issuers. The Exchange monitors developments in this area on an ongoing basis and reviews the Corporate Governance Code and Corporate Governance Report (Corporate Governance Code) and related Listing Rules periodically to ensure that they reflect currently acceptable standards in the marketplace and are in line with international best practice.

Sponsors (pre-listing) and the nomination committee (of issuers) play an important role in identifying individuals suitably qualified to become board members. They are also expected to play a central role in ensuring that the board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the issuer's business, including gender diversity.

The Exchange considers that it is good practice for independent non-executive directors to be appointed sufficiently in advance of an issuer's listing so as to gain a proper understanding of the affairs of the issuer as well as their responsibilities and functions as directors.

Through our continuing efforts to provide guidance and training to directors along with our periodic reviews of the Corporate Governance Code and related Listing Rules, we seek to improve the quality of directors and, consequently, the effectiveness of boards.

Yours faithfully
For and on behalf of
The Stock Exchange of Hong Kong Limited

[Signed]

David Graham
Chief Regulatory Officer and Head of Listing