

**THE STOCK EXCHANGE OF HONG KONG LIMITED (“Company”)  
BOARD OF DIRECTORS (“Board”)  
TERMS OF REFERENCE AND MODUS OPERANDI**

**Membership**

1. The Board shall consist of at least 4 members (“Directors”).
2. The term of a Director who is an employee of any of Hong Kong Exchanges and Clearing Limited and its subsidiaries (“Group”) shall, unless being terminated by the Board, be coterminous with his or her employment with the Group.
3. The Chairman shall be appointed by the Board.
4. The Company Secretary shall be the secretary to the Board.

**Quorum, frequency and proceedings of meetings**

5. Three Directors shall be a quorum.
6. The Board proceedings shall be governed by the Company’s Articles of Association.
7. The Board shall meet at least four times a year at approximately quarterly intervals. Additional meetings should be held as the work of the Board demands. The Chairman may convene additional meetings at his or her discretion. Notice of meetings shall be given to all Directors.
8. The Chairman shall have a second or casting vote in the case of an equality of votes, and this power shall be exercised at the Chairman’s own discretion.
9. The Head of Listing shall attend the meeting whenever matters in relation to the listing function are discussed. Other executives will from time to time be invited to attend the meeting to provide information on matters to be addressed at such meeting.

**Duties, powers and functions**

10. The duties, powers and functions of the Board shall be as follows:
  - (a) to manage the Company’s business in accordance with its Articles of Association;
  - (b) to ensure compliance with the laws, rules and regulations governing the Company;
  - (c) to promote the Company’s vision, mission, principles, policies and values; and

(d) without prejudice to the generality of the foregoing:-

- i. to oversee and enhance the Company's development, and to monitor its strategic and annual operating plan as well as the financial budget;
- ii. to be responsible for the preparation and the true and fair presentation of the financial statements in accordance with the prevailing accounting standards and laws, to approve the financial statements and to liaise with the Group's external auditor;
- iii. to consider and, if appropriate, declare or recommend to shareholders on appropriation of profit, payment of dividend and allocation to reserve account;
- iv. to make and approve amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (collectively, "Listing Rules") for the approval of the Securities and Futures Commission ("SFC");
- v. to make rules for the proper regulation and efficient operation of the stock market which the Company operates, for the regulation of its exchange participants and holders of trading rights as well for the establishment and maintenance of compensation arrangements for the investing public;
- vi. to make and approve amendments to the Company's rules, regulations and operational procedures (collectively, "Rules") for the approval of the SFC, and to interpret and supervise compliance with the Rules;
- vii. to ensure that the operation of the Company's facilities is in accordance with the Rules as approved by the SFC;
- viii. to formulate and implement appropriate procedures for ensuring that its exchange participants comply with the Company's Rules;
- ix. to form any committee(s) or panel(s), appoint members thereto, delegate at any time and from time to time to any person or committee(s) or panel(s), any of its powers and functions conferred on it hereunder, review and approve the reports of the committee(s) and panel(s), and review the performance and revise the composition and terms of reference as appropriate of the committee(s) and panel(s);
- x. to consider and approve the appointment of members to the Listing Committee, the Listing Review Committee, the GEM Listing Committee, the GEM Listing Review Committee and any other committees related to the listing function as established from time to time;

- xi. to oversee all matters and to formulate policies in relation to the Company's internal control, businesses and corporate accommodation, and risk management, and to supervise the Company's management to implement such policies;
- xii. to review the Company's performance against targets and objectives, in particular its performances on finance, business, corporate governance and corporate social responsibility;
- xiii. to ensure that the Company shall at all times provide and maintain adequate and properly equipped premises, competent personnel (in particular the senior appointments to the Listing Division), and automated systems with adequate capacity, facilities to meet contingencies or emergencies, security arrangements and technical support for the conduct of its business;
- xiv. to liaise with all regulatory authorities and organisations on all matters relating to the Company (including the performance of its exchange participants), and to monitor changes in their policies relating to and affecting the Company;
- xv. to convene general meetings and to make proposals for the approval of shareholders thereat;
- xvi. to ensure accountability towards and sufficient communication with the Company's stakeholders, in particular its shareholders;
- xvii. to engage such external legal or other professional advisers to assist and/or advise it on issues as it considers necessary;
- xviii. to have full and free access to the Company's information to ensure informed decision making; and
- xix. to do any such things to enable the Board to discharge its obligations and responsibilities.

## **Review**

- 11. The Board shall periodically review the adequacy of these Terms of Reference and make appropriate amendments, as and when required, to ensure that they remain relevant to the Company's objectives.

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