
OTHER INFORMATION

(Financial figures are expressed in Hong Kong Dollar)

Becomes a Hang Seng Index Constituent Stock

Hong Kong Exchanges and Clearing Limited (“HKEx”) has been included as a Hang Seng Index constituent stock with effect from 11 September 2006.

Change in Board Lot

The board lot size of shares of \$1.00 each in the share capital of HKEx (“Shares”) for trading on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) was changed from 2,000 Shares to 500 Shares effective 26 June 2006. A free exchange period was offered to shareholders of HKEx (“Shareholders”) to exchange share certificates in new board lot size. The old share certificates in board lot of 2,000 Shares continue to be evidence of title to such shares and remain valid for transfer, delivery and settlement purposes.

Change in Senior Executive

In September 2006, Mr Patrick Kevin Conroy, Chief Operating Officer, informed the board of directors of HKEx (the “Board”) of his decision to return to the United States to pursue his career development by the end of March 2007. A Selection Committee comprising six Board members has been formed to identify suitable candidates to fill the vacancy.

Share Option Schemes

HKEx operates two share option schemes, the Pre-Listing Share Option Scheme (“Pre-Listing Scheme”) and the Post-Listing Share Option Scheme (“Post-Listing Scheme”), under which the Board may, at its discretion, offer any employee (including any executive director) of HKEx or its subsidiaries options to subscribe for shares in HKEx subject to the terms and conditions stipulated in the two schemes. Both schemes were approved by the Shareholders on 31 May 2000 and have a life of 10 years until 30 May 2010. Amendments to the Post-Listing Scheme, including, inter alia, the abolition of granting options at discounted prices, were approved by the Shareholders on 17 April 2002 so as to comply with the new requirements of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Main Board Listing Rules”) which came into effect on 1 September 2001.

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Details of the share options outstanding as at 30 September 2006 under the Pre-Listing Scheme and the Post-Listing Scheme were as follows:

Pre-Listing Scheme

Date of grant	Exercise price	Number of shares issuable under the options				Exercise period
		As at 1 Jan 2006	Issued upon subscription during the nine months ended 30 Sept 2006	Lapsed during the nine months ended 30 Sept 2006	As at 30 Sept 2006	
Employees (note 1) 20 Jun 2000	\$6.88	2,126,000	1,331,000 (note 2)	–	795,000	6 Mar 2002 – 30 May 2010 (note 3)

No further options can be, or have been, granted under the Pre-Listing Scheme from 27 June 2000, the date of listing of HKEx's shares on the Stock Exchange.

Post-Listing Scheme

Date of grant	Exercise price	Number of shares issuable under the options				Exercise period
		As at 1 Jan 2006	Issued upon subscription during the nine months ended 30 Sept 2006 (note 4)	Lapsed during the nine months ended 30 Sept 2006	As at 30 Sept 2006	
Director (note 6) 2 May 2003	\$8.28	2,460,000	–	–	2,460,000	2 May 2005 – 1 May 2013
Employees (note 1) 14 Aug 2003	\$12.45	844,000	–	–	844,000	14 Aug 2005 – 13 Aug 2013
18 Aug 2003	\$12.49	1,476,000	–	–	1,476,000	18 Aug 2005 – 17 Aug 2013
15 Jan 2004	\$17.30	1,094,000	272,000	–	822,000	15 Jan 2006 – 14 Jan 2014
31 Mar 2004	\$16.96	5,074,000	723,000	188,500	4,162,500	31 Mar 2006 – 30 Mar 2014
17 May 2004	\$15.91	200,000	50,000	–	150,000	17 May 2006 – 16 May 2014
26 Jan 2005	\$19.25	5,426,000	–	176,000	5,250,000	26 Jan 2007 – 25 Jan 2015

Since the adoption of the Employees' Share Award Scheme ("Share Award Scheme") by the Board on 14 September 2005, no further options have been granted under the Post-Listing Scheme.

No options granted under these two share option schemes were cancelled during the nine months ended 30 September 2006.

Notes:

1. *Employees working under employment contracts that were regarded as “continuous contracts” for the purpose of the Employment Ordinance of Hong Kong.*
2. *The weighted average closing price immediately before the dates on which the options were exercised was \$45.94.*
3. *Options granted are exercisable between 6 March 2002 and 30 May 2010, subject to a vesting scale in tranches of 25 per cent each per annum reaching 100 per cent as from 6 March 2005.*
4. *The weighted average closing price immediately before the dates on which the options were exercised was \$54.04.*
5. *Options granted are subject to a vesting scale in tranches of 25 per cent each per annum starting from the second anniversary and fully vested in the fifth anniversary of the date of grant.*
6. *The option was granted to Mr Chow Man Yiu, Paul, a Director and the Chief Executive of HKEx.*
7. *The amortised fair value of the share options charged to the profit and loss account for the nine months ended 30 September 2006 was \$11,840,000 (30 September 2005: \$17,254,000).*

Employees’ Share Award Scheme

On 14 September 2005 (“Adoption Date”), the Board adopted the Share Award Scheme in which selected employees (including any executive directors) of HKEx and its subsidiaries (“Group”) are entitled to participate. The purposes and objectives are to recognise the contributions by certain employees of the Group and to give them an incentive to remain for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. Unless early terminated by the Board, the Share Award Scheme shall be valid and effective for a term of 15 years commencing on the Adoption Date provided that no contribution to the trust fund will be made by HKEx on or after the tenth anniversary date of the Adoption Date. The maximum numbers of shares which can be awarded under the Share Award Scheme (“Awarded Shares”) and to a selected employee throughout its duration are limited to three per cent (i.e. 31,871,575 shares) and one per cent (i.e. 10,623,858 shares) respectively of the shares of HKEx in issue as at the Adoption Date.

Pursuant to the rules of the Share Award Scheme, the Board or the trustee of the Share Award Scheme (as the case may be) shall select the employees of the Group for participation in the Share Award Scheme, and determine the number of shares of HKEx to be awarded. Awarded shares are granted at nil consideration. The trustee acquires the relevant awarded shares from the market at the cost of HKEx and holds them in trust for those selected employees until the end of each vesting period. Awarded shares and the income derived therefrom are subject to a vesting scale of 25 per cent each per annum starting from the second anniversary and fully vested in the fifth anniversary of the date of award, provided that the selected employee remains an employee of the Group at all times until the relevant vesting dates and satisfies the conditions specified under the Share Award Scheme. Vested shares will be transferred at no cost to the relevant selected employees of HKEx.

OTHER INFORMATION (CONT'D)

Since its adoption, the Board has awarded a total of 960,000 shares to the selected employees and none of them is a Director of HKEx. Details of the award are set out below:

Date of award	Number of shares	Fair value per share <i>(note)</i>	Vesting period
19 Dec 2005	960,000	\$31.20	19 Dec 2007 – 19 Dec 2010

Note:

The fair value of the awarded shares was based on their market value at the date of award. The amortised fair value of the awarded shares charged to the profit and loss account for the nine months ended 30 September 2006 was \$6,132,000 (30 September 2005: \$Nil).

As at 30 September 2006, taking into account the further shares acquired by reinvesting the dividend income, there were a total of 985,500 shares held upon trust by the trustee under the Share Award Scheme, with an aggregate of 29,594 shares as returned shares (i.e. shares were not vested and/or forfeited in accordance with the terms of the Share Award Scheme). The trustee shall hold these returned shares and future related income for the benefit of one or more employees of the Group as it determines at its discretion, after taking into consideration the recommendations of the Board. During the period, 28,700 awarded shares under the Share Award Scheme lapsed and no shares were vested.

On 16 August 2006, the Board approved an amendment to the rules and the related trust deed of the Share Award Scheme under which the Board will approve the lump sum for acquiring the Awarded Shares instead of approving a fixed number of Awarded Shares. The revised rules and the trust deed are posted on HKEx's corporate website.

The Board has decided that, after adoption of the Share Award Scheme, no further options will be granted under the Post-Listing Scheme.

Directors' and Chief Executive's Interests and Short Positions

As at 30 September 2006, the Directors, the Chief Executive and their respective associates had the following interests in the shares and underlying shares of HKEx, as recorded in the register maintained by HKEx pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to HKEx and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Interests in the shares and underlying shares of HKEx

Name of director	Number of shares/underlying shares held				Total	% of the issued share capital
	Personal interests	Family interests	Corporate interests	Other interests		
Chow Man Yiu, Paul	3,280,000 <i>(note 1)</i>	–	–	–	3,280,000	0.31
Lee Kwan Ho, Vincent Marshall	–	–	2,416,000 <i>(note 2)</i>	360,000 <i>(note 3)</i>	2,776,000	0.26
John Estmond Strickland	18,000 <i>(note 4)</i>	–	–	–	18,000	0.00
David Michael Webb	2 <i>(note 5)</i>	2 <i>(note 6)</i>	6 <i>(note 7)</i>	–	10	0.00

Notes:

1. *Mr Chow, who is also the Chief Executive of HKEx, has beneficial interests in 820,000 shares, and 2,460,000 underlying shares in respect of the share option granted to him pursuant to the Post-Listing Scheme on 2 May 2003. The said option is exercisable between 2 May 2005 and 1 May 2013 at an exercise price of \$8.28 per share. The number of shares issuable under the option granted and the exercise price had been adjusted in accordance with the resolution passed by Shareholders at the annual general meeting held in 2004.*
2. *Mr Lee has interests in 206,000 shares and 2,210,000 underlying shares through listed equity derivatives (physically settled options) held by Pacific Trust Company Limited, in which Mr Lee holds 33.33 per cent beneficial interests.*
3. *Mr Lee has interests in 180,000 shares and 180,000 underlying shares through listed equity derivatives (physically settled options) held by a corporation, controlled by Lee Tung Hai Family Trust, a discretionary trust of which Mr Lee is a beneficiary.*
4. *The shares were held by Mr Strickland as beneficial owner.*
5. *The shares were held by Mr Webb as beneficial owner.*
6. *The shares were owned by the spouse of Mr Webb.*
7. *The shares were owned by Fundamental Consultants Limited, Member One Limited and Member Two Limited which are under the control of Mr Webb.*

Short positions in the shares and underlying shares of HKEx

As at 30 September 2006, Mr Lee Kwan Ho, Vincent Marshall was, under the SFO, interested in aggregate short positions of 806,000 underlying shares in HKEx, representing 0.08 per cent of the total issued share capital of HKEx. These interests comprised short positions of 626,000 underlying shares arose through certain listed equity derivatives (physically settled options) held by Pacific Trust Company Limited in which Mr Lee holds 33.33 per cent beneficial interests and 180,000 underlying shares arose through certain listed equity derivatives (physically settled options) held by a corporation controlled by Lee Tung Hai Family Trust, a discretionary trust of which Mr Lee is a beneficiary.

Save for those disclosed above, none of the Director or the Chief Executive of HKEx had any interest and short position in the shares, underlying shares and debentures of HKEx or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to HKEx and the Stock Exchange pursuant to the Model Code.

Apart from the Share Option Schemes and the Share Award Scheme, at no time during the period was HKEx or any of its subsidiaries a party to any arrangements to enable the Directors of HKEx to acquire benefits by means by acquisition of shares in, or debentures of, HKEx or any body corporate. Save for the disclosed, none of the Directors or the Chief Executive of HKEx (including their spouses and children under the age of 18) had, during the nine months ended 30 September 2006, held any interest in, or been granted any right to subscribe for the securities of HKEx and its associated corporations within the meaning of the SFO, or had exercised any such rights.

Discloseable Interests and Short Positions of Shareholders under the SFO

As at 30 September 2006, the following person had interests in five per cent or more of the issued share capital of HKEx as recorded in the register required to be kept under Section 336 of the SFO. Details of the interests and short positions in the shares or underlying shares of HKEx as notified to HKEx are set out below.

Long positions in the shares of HKEx

Name	Capacity	Number of shares held	Total	% of the issued share capital
JPMorgan Chase & Co	Beneficial owner	7,137,626	} 56,750,615 (note 1)	5.33
	Investment manager	4,505,310		
	Custodian corporation/ approved lending agent	45,107,679		

Short positions in the shares and underlying shares of HKEx

Name	Capacity	Number of shares/ underlying shares held	Total	% of the issued share capital
JPMorgan Chase & Co	Beneficial owner	53,087,000	} 53,377,000 (note 2)	5.01
	Investment manager	290,000		

Notes:

1. It included 45,107,679 shares in the lending pool.
2. It included short positions of 53,087,000 underlying shares under certain listed equity derivatives (5,157,000 underlying shares – cash settled) and unlisted equity derivatives (2,000,000 underlying shares – physically settled; 45,930,000 underlying shares – cash settled).

Apart from the aforesaid, the Directors are not aware of any other party who was directly or indirectly interested in five per cent or more of the issued share capital of HKEx, as recorded in the register required to be kept by HKEx under Section 336 of the SFO.

Minority Controllers

Under Section 61 of the SFO, no person shall be or become a Minority Controller, i.e. a person who either alone or with any associated person or persons, is entitled to exercise, or control the exercise of five per cent or more of the voting power at any general meeting of the recognised exchange controller, except with the approval in writing of the Securities and Futures Commission (“SFC”) after consultation with the Financial Secretary.

The SFC has so far granted approval to five entities to be Minority Controllers of HKEx, on the basis that the shares are held by them in custody for their clients.

According to the Central Clearing and Settlement System Participants Shareholding Report of HKEx as at 30 September 2006, the five approved Minority Controllers were in aggregate holding 57.45 per cent of the issued share capital of HKEx.

Corporate Governance

HKEx applied the principles and fully complied with all requirements set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Main Board Listing Rules throughout the review period.

In September 2006, GovernanceMetrics International Inc assigned higher scores to HKEx in recognition of our achievement of improved corporate governance practices. As of 31 July 2006, the Global score was 7.5 (May 2006: 6.5) and Home Market score was 9.5 (May 2006: 9.5) out of the full score of 10.0.

In November 2006, HKEx has once again been assessed as one of the top ten locally listed companies with best corporate governance practices under the second Survey on Corporate Governance of Hong Kong Listed Companies (the first conducted in 2004) jointly conducted by The Hong Kong Institute of Directors and City University of Hong Kong. The project covered 174 major local companies and aimed at encouraging the adoption of best corporate governance practices in Hong Kong through a systematic evaluation of current practices.

On 6 November 2006, HKEx was awarded the Gold Prize (General Category) in the 2006 HKMA Best Annual Reports Awards and the Winner in the Citation for Achievement in Corporate Governance Disclosure (General Category), organised by The Hong Kong Management Association.

HKEx, as a regulator and a public company, will continue its commitment to articulate and maintain high standards of corporate governance.

Compliance with the Model Code

HKEx has adopted the Model Code as set out in Appendix 10 to the Main Board Listing Rules. All Directors have confirmed, following specific enquiry by HKEx, that they fully complied with the Model Code throughout the review period.

Review of Accounts

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2006 in conjunction with HKEx's external auditors.

Management has appointed the external auditors to carry out certain agreed-upon procedures in accordance with Hong Kong Standards on Related Services 4400 "Engagements to perform agreed upon procedures regarding financial information" issued by the Hong Kong Institute of Certified Public Accountants on the unaudited condensed consolidated financial statements for the nine months ended 30 September 2006.

Purchase, Sale or Redemption of HKEx's Listed Securities

During the nine months ended 30 September 2006, HKEx had not redeemed, and neither HKEx nor any of its subsidiaries had purchased or sold, any of HKEx's listed securities, except that the trustee of the Share Award Scheme, had pursuant to the Board's approval for the award of 960,000 shares to a number of employees in December 2005, purchased 2,000 shares on the Stock Exchange in January 2006 (958,000 shares purchased in December 2005). During the period, the trustee of the Share Award Scheme also applied, according to the terms of the trust deed, the dividend income received in respect of the HKEx shares held under the trust to acquire further 10,000 HKEx shares in May 2006 and 15,500 HKEx shares in September 2006 on the Stock Exchange. The total amount paid to acquire these 27,500 shares during the period was about \$1,574,000.

By Order of the Board
Hong Kong Exchanges and Clearing Limited
Ronald Joseph Arculli
Chairman

Hong Kong, 14 November 2006