



(Incorporated in Hong Kong with limited liability) (Stock Code: 388)

2005 First Quarter Results

The Directors of Hong Kong Exchanges and Clearing Limited (“HKEx”) submit the unaudited consolidated results of HKEx and its subsidiaries (the “Group”) for the three-month period ended 31 March 2005 as follows:

FINANCIAL HIGHLIGHTS

(Financial figures are expressed in Hong Kong Dollar)

	Unaudited Three months ended 31 Mar 2005	Unaudited Three months ended 31 Mar 2004	Change
KEY MARKET STATISTICS			
Average daily turnover value on the Stock Exchange	\$18.4 billion	\$19.7 billion	(7%)
Average daily number of derivatives contracts traded on the Futures Exchange	63,885	53,087	20%
Average daily number of stock options contracts traded on the Stock Exchange	26,583	25,723	3%
	\$'000	As restated \$'000	
RESULTS			
Income	574,252	648,871	(11%)
Operating expenses	282,675	284,886	(1%)
Operating profit	291,577	363,985	(20%)
Share of profits less losses of associates	2,617	2,980	(12%)
Profit before taxation	294,194	366,965	(20%)
Taxation	(48,773)	(54,069)	(10%)
Profit attributable to shareholders	245,421	312,896	(22%)
Shareholders' funds	4,237,281	4,052,143	^Φ 5%
Total assets *	19,379,696	21,443,404	^Φ (10%)
Net assets per share #	\$4.00	\$3.83	^Φ 4%
Earnings per share	\$0.23	\$0.30	(23%)

* The Group's total assets include the Margin Funds received from Participants on futures and options contracts.

^Φ Audited as at 31 December 2004.

Based on 1,058,062,846 shares issued and fully paid as at 31 March 2005 (31 December 2004: 1,056,638,846 shares).

香港交易及結算所有限公司

Hong Kong Exchanges and Clearing Limited

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MANAGEMENT DISCUSSION AND ANALYSIS

(Financial figures are expressed in Hong Kong Dollar)

BUSINESS REVIEW**Listing**Consultations on Enhancing Listing Regulation

In January 2005, the Government and the Securities and Futures Commission (“SFC”) each published a consultation paper setting out their proposals on giving statutory backing to major listing requirements. HKEx supports statutory backing for the more important listing requirements in the Listing Rules (Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Main Board Listing Rules”) and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”)) with the objective of further reinforcing the listing regime in Hong Kong, as recommended by the Government in its consultation conclusions on proposals to enhance the regulation of listing published in March 2004. HKEx submitted a combined response to the said consultation papers on 24 March 2005, and highlighted HKEx’s concerns about the proposals and its recommendations. The full text of the HKEx’s submission is available on the HKEx website.

HKEx has been working with the Government and the SFC on further developing the proposals in a manner which minimises disruption to the market and achieves the objective of giving “teeth” to major listing requirements.

Proposed New Structure for Listing Decision-Making

The Consultation Paper on New Structure for Listing Decision-Making issued on 18 February 2005 to solicit public views on the overall listing decision-making structure together with the proposed amendments to Chapters 2A and 2B of the Main Board Listing Rules for implementing such a structure closed on 22 April 2005. The management is analysing the feedback and finalising the proposed amendments to the Main Board Listing Rules and similar amendments to the GEM Listing Rules. The objective of the proposed new structure is to put in place a simpler administrative framework for listing decision-making whilst retaining the checks and balances for minimising and managing regulatory risk including potential conflicts of interest within HKEx and its subsidiaries.

Revision of the Mechanisms for Disseminating Regulatory Information by Main Board Issuers

It is and has been HKEx’s intention to revise the current mechanisms for information dissemination by Main Board issuers and to align Main Board practice with the Growth Enterprise Market (“GEM”) practice. In the longer term, this will result in the abolition of the mandatory requirement for issuers to publish paid announcements in newspapers. As an interim measure to facilitate an orderly transition to the proposed new arrangements, the Main Board Listing Committee has approved a proposal to amend the Main Board Listing Rules to require Main Board issuers to publish a summary announcement in newspapers instead of the full version of the announcement which will be posted on the HKEx website, the issuer’s website and/or other communication channels. Subject to the system and operational readiness and approval of the relevant rule amendments by the SFC, the publication of summary announcements would be implemented.

Cash Market

Market Performance

In the first quarter of 2005, five companies were listed on the Main Board and two companies on the GEM. Total capital raised, including post-listing funds, reached \$29.8 billion. As at 31 March 2005, 891 companies were listed on the Main Board with a total market capitalisation of \$6,506 billion, and 205 companies were listed on the GEM with a total market capitalisation of \$65 billion. In addition, there were 867 derivative warrants, seven Exchange Traded Funds (“ETFs”), 162 debt securities, and four Equity Linked Instruments listed as at the end of March 2005. Average daily turnover in the first quarter of 2005 was \$18.3 billion on the Main Board and \$74 million on the GEM.

Refurbishment of the Trading Hall

The three prospective three-dimension designs of the Trading Hall have been displayed in the Trading Hall seeking the views of Exchange Participants (“EPs”) and floor traders. Having reviewed the comments received, the Board approved the model initiated by Aedas Interiors on 20 April 2005 and would further consider the concerns of the EPs while finalising the design. Temporary relocation of floor traders will be required during the renovation process but trading activities will not be interrupted. Trading booths in the new trading hall will be subject to a commitment and related fee payable by EPs who wish to maintain a booth. The refurbishment work is expected to be completed around the first quarter of 2006. The Board has accepted the Government’s offer of a three-year lease at a monthly rent of \$1,250,000 exclusive of rates, management fee, and other charges with a two-month rent free period plus an option to renew for another three years subject to market rate.

Reduction of Minimum Trading Spreads

The consultation conclusions on the reduction of minimum trading spreads were published on 4 February 2005. After taking into account the market responses, HKEx has decided to implement the Phase 1 changes in mid-2005, i.e. to reduce the minimum trading spreads for shares priced above \$30 per share. Corresponding rule amendments relating to the trading parameters, market making obligations for Pilot Programme securities and ETFs, and minimum trading spreads for structured products due to the Phase 1 changes have been prepared for the SFC’s approval after the proposed enhancements were posted on the HKEx website for comments by market participants.

Callable Bull/Bear Contracts

Callable Bull/Bear Contracts (“CBBC”) are one of the fastest growing products in Europe and Australia since they were launched three years ago, and proved to be successful with no reported problem in issuance or in trading on the secondary market. CBBC on Hong Kong stocks are already available in certain overseas markets and trading actively over-the-counter in Singapore.

HKEx is planning the introduction of CBBC to give the Hong Kong market participants an additional choice of investment products. In the past few months, HKEx held extensive discussions with issuers and overseas exchanges on the development of CBBC and consulted market practitioners, including issuers, brokers and industry associations, and the SFC on the infrastructure, market model, and risk management features to be adopted by HKEx for the launch and trading of CBBC.

Development of the ETFs Market

Subject to the approval of the amendments to the relevant rules, market making for all ETFs, including the Tracker Fund of Hong Kong, will be allowed. The rule amendments also serve to tighten the market making obligations, and establish a clawback mechanism on trading fee concessions given to market makers if they fail to fulfil their obligations.

Derivatives Market

Market Performance

On 29 March 2005, a record high open interest was achieved for Hang Seng Index Options (202,603 contracts), H-shares Index Futures (45,212 contracts), H-shares Index Options (29,679 contracts), and Stock Options (1,030,911 contracts). A record high daily volume was also achieved for H-shares Index Futures (31,770 contracts) on 23 February 2005 and H-shares Index Options (2,739 contracts) on 25 February 2005.

Product and Market Development

HKEx will introduce on 23 May 2005, the FTSE/Xinhua China 25 Index (FXI China 25) Futures and Options Contracts, which will complement the wide range of Mainland related products currently trading on HKEx's Cash and Derivatives markets.

A series of enhancement measures for stock options have been implemented, including: (i) the recruitment of two market makers to provide continuous quotes in eight option classes to increase visibility of market prices; (ii) the provision of more choices in strike prices by narrowing the strike intervals by 50 per cent in all expiry months for seven option classes; and (iii) the reduction in trading tariffs of Tier 1 option classes from \$5 to \$3 per contract.

The number of OMnet Application Programming Interface connections increased 10.9 per cent from 258 as at end of 2004 to 286 as at 31 March 2005, representing greater system flexibility for the market as a whole in establishing trading connections to the Hong Kong Futures Automated Trading System ("HKATS") and Internet trading facilities. HKEx has introduced measures to regulate excessive non-standard combination activities from being entered into HKATS to ensure the smooth functioning of HKATS, and enhanced the audit trail function in HKATS to further strengthen the market monitoring and supervision capabilities.

Education and Marketing

To further promote the stock options market, HKEx has introduced a joint education programme under which nine participating Options Trading EPs are sponsored to conduct public investor seminars and account executive briefings on stock options.

To improve the flexibility and efficiency of HKATS training, HKEx has introduced a HKATS self-learning kit for EPs. During the first quarter of 2005, a total of 28 Derivatives market training courses and seminars had been organised for EPs and public investors.

Clearing

Scripless Project

Hong Kong Securities Clearing Company Limited ("HKSCC") continues its discussions with the Federation of Share Registrars on the initial phase of scripless implementation, i.e. dematerialisation in the Central Clearing and Settlement System ("CCASS"). The operational arrangements are being finalised to enable HKSCC to commence the process of dematerialising physical certificates in its depository once the enabling legislation is enacted in 2006.

In the light of the scripless implementation, the Board has approved certain changes to CCASS fees which, subject to the approval of the SFC, will be implemented in stages starting from the commencement of the initial phase of dematerialisation with the ultimate objective of eliminating scrip fees upon the full implementation of the scripless market model.

Clearing Fees Reductions

Some clearing fees have been reduced, resulting in cost reductions to market participants and investors.

With effect from 1 February 2005, HKSCC has waived its stock custody fee of \$0.012 per board lot charged on a monthly basis for delisted securities and securities in prolonged suspension.

HKFE Clearing Corporation Limited (“HKCC”) and The SEHK Options Clearing House Limited (“SEOCH”) have abolished the Derivatives Clearing and Settlement System (“DCASS”) standard instruction input/processing fees of \$1.5 per transaction per side with effect from 1 March 2005.

A comprehensive fee review was completed in March 2005, and fee changes, to be implemented in two phases, were announced on 16 March 2005. Based on the level of activities in 2003, and assuming full implementation of the fee changes, the annual financial impact on HKEx would be a decrease in revenue of approximately \$48 million on a yearly basis.

Clearing Services Enhancements

HKSCC upgraded its Clearing Service Call Centre and Interactive Voice Recording System (“IVRS”) on 31 January 2005. The hotline for CCASS Investor Participants has been revamped to streamline the call flow and make it more user-friendly. The input and enquiry functions of the IVRS are now available 24 hours a day, seven days a week.

Effective 4 April 2005, the CCASS deadline for its participants to submit their voting instructions has been extended to the business day before the relevant meeting date. System development to support further enhancements to CCASS nominee services has commenced with an aim at completing the enhancements before the end of 2005.

Risk Management Policies Harmonisation

HKEx has reviewed the capital requirements of each category of clearing participants. Rule amendments will be made to simplify the structure of the participants and harmonise the capital requirements for clearing participants of the two derivatives clearing houses.

A comprehensive review on the clearing houses’ collateral policy was completed in the first quarter of 2005. The new policy, which will broaden the eligible collateral types for the Derivatives market and largely harmonise various collateral management measures of the three clearing houses, is expected to be implemented in the second half of 2005.

Business Development and Investor Services

Conferences and Seminars for Prospective Issuers

As part of our efforts to attract a diverse range of issuers, HKEx has organised during the first quarter of 2005, 12 listing conferences in Hong Kong and in the Mainland. Among them was the first conference for the local Japanese business community, and a conference co-organised with the Federation of Hong Kong Industries for local enterprises. HKEx has continued to broaden its appeal and has participated in various overseas conferences and seminars to promote listings in Hong Kong: one of them was conducted in Taiwan, targeting potential Taiwanese issuers who are considering raising funds to finance their Mainland operations.

Communications with Mainland Delegations and Potential Issuers

To promote new listings, the executives received Mainland business and government delegations, proactively contacted Mainland potential issuers, and liaised with different Mainland state-owned enterprises during the first quarter of 2005.

Training Programmes for Listed Mainland Enterprises

In February 2005, HKEx organised a training programme at the Beijing Representative Office for the management of listed Mainland enterprises to enhance their awareness of global corporate governance practices. Another programme on the International Financial Reporting Standards was co-organised with the Hong Kong and Macao Affairs Office of the State Council and the Hong Kong Polytechnic University for the listed Mainland enterprises in Hong Kong in March.

Communications with Fund Managers and Analysts and Investor Education

HKEx has maintained continued and open dialogue with fund managers and analysts. To raise the awareness of overseas investors towards the Hong Kong Cash and Derivative markets, the management had made a number of visits to investment firms in the UK and the US in early March 2005. Public investor educational seminars to introduce HKEx's products and stock trading techniques were organised and delegations from different countries were received to provide them with a better understanding of the Hong Kong Cash and Derivatives markets, and the roles and functions of HKEx. Mentorship was also provided to university students enrolled in The Hong Kong Federation of Business Students to enrich their knowledge of the Hong Kong capital markets.

Information Services

In response to vendor feedback and technological developments, HKEx has reviewed and revised numerous market data vending policies and guidelines with a view to facilitating the data vending business. Apart from circulating the revised market data vending policies to the data vendors, HKEx held two seminars in March 2005 to prepare its data vendors for the new policies which took effect on 1 April 2005, and other upcoming data vending system developments.

Information Technology

IT Infrastructure and Operations

On 11 January 2005, HKEx appointed PCCW to consolidate the existing four market system networks into a single new Optical Ethernet network ("SDNet"). This will ensure a cost effective network infrastructure for the Hong Kong Cash and Derivatives markets. The first phase will be for HKATS/DCASS participants to migrate to the SDNet in the latter part of this year.

In March 2005, the CCASS/3 middle-tier was upgraded to the latest version. The operating system of CCASS/3 and HKATS/DCASS will be upgraded later this year to secure continued and quality system vendor support.

As of the end of March 2005, all major trading, clearing and settlement, and market data dissemination systems for the Cash and Derivatives markets had maintained 100 per cent operational system uptime for the prior 24 months. To uphold this high standard of system availability and reliability, HKEx commissioned the hardware supplier of the Third Generation Automatic Order Matching and Execution System ("AMS/3"), HKATS and DCASS hardware to conduct a technical audit in early 2005.

HKEx will continue to monitor and upgrade its system capacity to meet the growth and development of the Hong Kong Cash and Derivatives markets.

Systems Development

It is the role of the Information Technology Division to provide support to the business initiatives of other Divisions/Departments. Systems development projects in progress include the upgrading of the AMS/3 security solution for the AMS/3 off-floor devices, the replacement of the soon-to-be-obsolete AMS/3 second terminal hardware, the Phase 1 reduction of the minimum trading spreads and the associated changes to the various trading parameters, and the extension of corporate action deadlines for CCASS.

HKEx will conduct its feasibility study in relation to the upgrading of the HKATS/DCASS application software. In addition, HKEx will also streamline and redevelop some of the existing satellite systems for cash trading operations and derivatives market risk management to achieve the highest system and operational efficiency.

Treasury

HKEx's investment funds comprise Corporate Funds, Margin Funds and Clearing House Funds, totalling \$15.8 billion on average for the three months ended 31 March 2005 (2004: \$15.2 billion), an increase of \$0.6 billion against that for 2004. The increase in investment fund size was primarily due to a rise in Margin Funds received from Participants as a result of increased open interest in futures and options contracts, which was partly offset by the reduction in Corporate Funds following the \$2.2 billion payment of the 2003 special and final dividends in April 2004. As compared with that as at the end of 2004, the overall fund size as of 31 March 2005 decreased by 10 per cent or \$1.7 billion to \$14.6 billion (31 December 2004: \$16.3 billion).

Details of the asset allocation of the investments as at 31 March 2005 against those as at 31 December 2004 are set out below.

	Fund size \$ billion		Bonds		Cash or bank deposits		Global equities	
	Mar 2005	Dec 2004	Mar 2005	Dec 2004	Mar 2005	Dec 2004	Mar 2005	Dec 2004
Corporate Funds	4.1	3.9	59%	64%	35%	30%	6%	6%
Margin Funds	9.0	10.5	47%	34%	53%	66%	0%	0%
Clearing House Funds	1.5	1.9	15%	7%	85%	93%	0%	0%
Total	14.6	16.3	47%	38%	51%	60%	2%	2%

Investments are kept sufficiently liquid to meet HKEx's operating needs and possible liquidity requirements of the Clearing House Funds and Margin Funds. Excluding equities held under the Corporate Funds (\$0.3 billion as at 31 March 2005 and 31 December 2004), which have no maturity date, the maturity profile of the remaining investments as at 31 March 2005 (\$14.3 billion) and 31 December 2004 (\$16.0 billion) was as follows:

	Fund size \$ billion		Overnight		>Overnight to 1 month		>1 month to 1 year		>1 year to 3 years		> 3 years	
	Mar 2005	Dec 2004	Mar 2005	Dec 2004	Mar 2005	Dec 2004	Mar 2005	Dec 2004	Mar 2005	Dec 2004	Mar 2005	Dec 2004
Corporate Funds	3.8	3.6	10%	15%	28%	16%	23%	21%	23%	31%	16%	17%
Margin Funds	9.0	10.5	42%	40%	11%	26%	28%	14%	19%	20%	0%	0%
Clearing House Funds	1.5	1.9	81%	83%	2%	3%	8%	6%	9%	8%	0%	0%
Total	14.3	16.0	37%	39%	15%	21%	25%	15%	19%	21%	4%	4%

Credit exposure is well diversified. As at 31 March 2005, the bond portfolio held was of investment grade and had a weighted average credit rating of Aa2 (31 December 2004: Aa2) and a weighted average maturity of 1.4 years (31 December 2004: 1.5 years). Deposits are placed only with the note-issuing banks in Hong Kong and investment grade licensed banks and restricted licence banks approved by the Board from time to time.

Risk management techniques, such as Value-at-Risk ("VaR") and portfolio stress testing, are used to identify, measure, monitor and control market risks. VaR measures the expected maximum loss over a given time interval (a holding period of 10 trading days is used by HKEx) at a given confidence level (95 per cent confidence interval is adopted by HKEx) based on historical data (one year is used by HKEx). The overall risk, as measured by the VaR methodology, during first quarter of 2005 and fourth quarter of 2004 was as follows:

	Average VaR \$ million		Maximum VaR \$ million		Minimum VaR \$ million	
	Jan-Mar 2005	Oct-Dec 2004	Jan-Mar 2005	Oct-Dec 2004	Jan-Mar 2005	Oct-Dec 2004
Corporate Funds	15.3	14.4	16.1	16.2	14.1	13.2
Margin Funds	16.3	14.5	17.9	16.0	14.3	13.2
Clearing House Funds	0.7	0.9	1.5	0.9	0.6	0.8

For details of HKEx's investment income, please refer to the Income section under the Financial Review.

Investments in Associates

Computershare Hong Kong Investor Services Limited

Upon the merger of Hong Kong Registrars Limited (“HKR”), a wholly-owned subsidiary of HKSCC, with Central Registration Hong Kong Limited (“Central”) in May 2002, the Group obtained 18 per cent interest, and acquired an additional 6 per cent interest in Central at a price of \$24,875,707. Central was subsequently renamed as Computershare Hong Kong Investor Services Limited (“CHIS”). The Group was also offered an option to acquire another 6 per cent interest in CHIS at the same price, which could be exercised in whole or in part within three years from the date of merger. On 3 May 2005, the Group exercised the option and raised its interest in CHIS to 30 per cent. Regardless of this change in its CHIS holding, HKEx remains a passive minority shareholder.

ADP Wilco Processing Services Limited

Following the Board’s decision on liquidating the Group’s investment in ADP Wilco Processing Services Limited (“AWPS”) in October 2004, the voluntary dissolution of AWPS commenced in April 2005, and is in progress. The anticipated financial impact is minimal.

FINANCIAL REVIEW

Overall Performance

	Unaudited Three months ended 31 Mar 2005 \$ million	As restated Unaudited Three months ended 31 Mar 2004 \$ million
Income:		
Income directly affected by market turnover	308	337
Stock Exchange listing fees	96	91
Investment income	43	91
Other operating income	127	130
	574	649
Operating expenses	283	285
Operating profit	291	364
Share of profits less losses of associates	3	3
Profit before taxation	294	367
Taxation	(49)	(54)
Profit attributable to shareholders	245	313

The Group recorded a profit attributable to shareholders of \$245 million for the first quarter of 2005, compared with \$313 million, as restated for the same period in 2004. The decrease in profit was primarily attributable to investment income in 2005 being significantly lower than that in the first quarter of 2004, reflecting bond market movements in the two periods. The decline in the Cash market activities in 2005 has also resulted in a drop in turnover-related income.

Despite an increase in staff costs, the Group managed to keep its total operating expenses for the first quarter slightly below those of the same period last year.

A detailed analysis of the income and expenses is set out hereinbelow.

Income

(A) Income directly affected by market turnover

	Unaudited Three months ended 31 Mar 2005 \$'000	Unaudited Three months ended 31 Mar 2004 \$'000	Change
Trading fees and trading tariff	182,680	192,784	(5%)
Clearing and settlement fees	91,641	106,634	(14%)
Depository, custody and nominee services fees	33,613	37,826	(11%)
Total	307,934	337,244	(9%)

The decrease in turnover-related income was mainly due to the fewer number of trading days and the lower turnover of the Cash market in the first quarter of 2005 against those of the corresponding period last year. For trading fees and trading tariff, the decrease in income derived from Cash market was partly offset by the higher income derived from an increase in the turnover of the Derivatives market. For clearing and settlement fees, they are derived predominantly from Cash market transactions. Therefore the impact due to the increase in Derivatives market transactions is insignificant. Despite being mostly ad valorem fees, clearing and settlement fees arising from Cash market transactions may not change linearly with the Cash market turnover as the fees are subject to a minimum and a maximum fee per transaction.

Key market turnover

	Unaudited Three months ended 31 Mar 2005	Unaudited Three months ended 31 Mar 2004	Change
Average daily turnover value on the Stock Exchange	\$18.4 billion	\$19.7 billion	(7%)
Average daily number of derivatives contracts traded on the Futures Exchange	63,885	53,087	20%
Average daily number of stock options contracts traded on the Stock Exchange	26,583	25,723	3%

(B) Stock Exchange listing fees

	Unaudited Three months ended 31 Mar 2005 \$'000	Unaudited Three months ended 31 Mar 2004 \$'000	Change
Annual listing fees	65,390	61,025	7%
Initial and subsequent issue listing fees	29,798	28,083	6%
Others	1,515	1,583	(4%)
Total	96,703	90,691	7%

The increase in annual listing fees was attributable to the higher number of listed securities. Although the number of new listings in the first quarter of 2005 fell compared with the same period in 2004, the reduction in initial listing fees from new listings was more than offset by the initial listing fees forfeited due to increased numbers of lapsed and withdrawn Initial Public Offering (“IPO”) applications and approved IPOs not listed within six months of application.

Key drivers for initial and subsequent issue listing fees

	Three months ended 31 Mar 2005	Three months ended 31 Mar 2004	Change
Number of newly listed derivative warrants	303	311	(3%)
Number of new listings on the Main Board	5	8	(38%)
Number of new listings on the GEM	2	8	(75%)
Total equity funds raised on the Main Board	\$29.4 billion	\$44.3 billion	(34%)
Total equity funds raised on the GEM	\$0.4 billion	\$2.8 billion	(86%)

Key drivers for annual listing fees

	As at 31 Mar 2005	As at 31 Mar 2004	Change
Number of companies listed on the Main Board	891	856	4%
Number of companies listed on the GEM	205	192	7%
Total	1,096	1,048	5%

(C) Investment income

	Unaudited Three months ended 31 Mar 2005 \$'000	As restated Unaudited Three months ended 31 Mar 2004 \$'000	Change
Income from:			
Funds available for investment	42,880	90,440	(53%)
Investment in Singapore Exchange Limited	-	825	(100%)
Total	42,880	91,265	(53%)

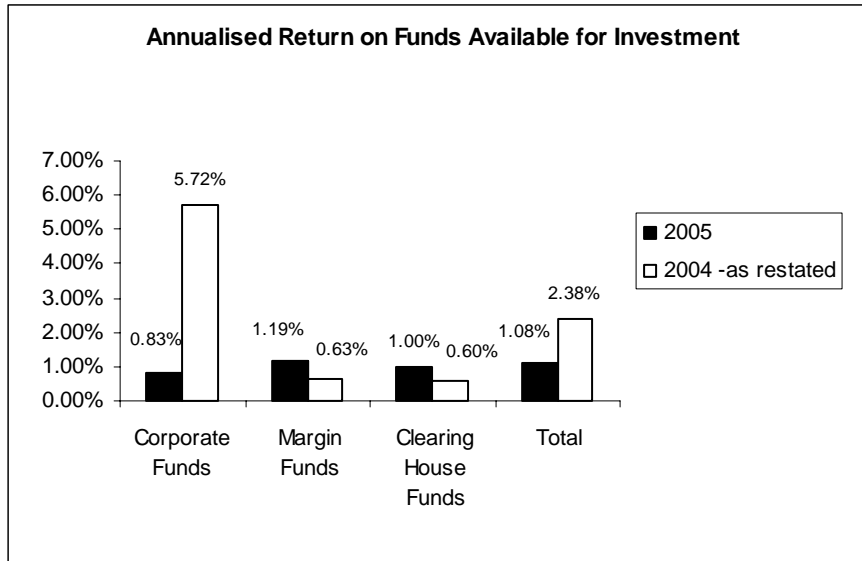
The average amount of funds available for investment was as follows:

	Three months ended 31 Mar 2005 \$ billion	Three months ended 31 Mar 2004 \$ billion	Change
Corporate Funds	4.0	5.2	(23%)
Margin Funds	10.2	8.4	21%
Clearing House Funds	1.6	1.6	0%
Total	15.8	15.2	4%

The increase in average amount of Margin Funds available for investment during the period was primarily due to the increased open interest in futures and options contracts. The reduction in Corporate Funds was mainly due to the \$2.2 billion payment of 2003 special and final dividends in April 2004.

The drop in income from funds available for investment was primarily due to a significant decrease in fair value gains of investments in comparison with the strong mark-to-market gains in the first quarter of 2004, reflecting market movements in the bond market, and the lower amount of Corporate Funds available for investment.

The performance of funds available for investment was as follows:



For details of the investment portfolio, please refer to the Treasury section under the Business Review.

(D) Other operating income

	Unaudited Three months ended 31 Mar 2005 \$'000	As restated Unaudited Three months ended 31 Mar 2004 \$'000	Change
Income from sale of information	78,990	80,555	(2%)
Other income			
Network, terminal user, dataline and software sub-license fees	30,938	29,089	6%
Participants' subscription and application fees	8,706	8,676	0%
Share registration services fees	507	606	(16%)
Brokerage on direct IPO applications	4,665	6,365	(27%)
Accommodation income	710	2,323	(69%)
Miscellaneous income	2,219	2,057	8%
	47,745	49,116	(3%)
Total	126,735	129,671	(2%)

Income from sale of information decreased as demand for information dropped in line with the fall in Cash market activities.

Despite the 20 per cent reduction in AMS/3 user fees that took effect on 1 January 2005 in anticipation of future cost savings resulting from the network consolidation project, network, terminal user, dataline and software sub-license fees increased due to the higher sale of additional throttles.

Accommodation income (i.e. retention interest charged on cash margin deposits in non-contract settlement currencies and securities deposited by Participants as alternatives to cash deposits of the Margin Funds) fell as there were less cash margin deposits denominated in non-contract settlement currencies during the period.

Operating expenses

	Unaudited Three months ended 31 Mar 2005 \$'000	As restated Unaudited Three months ended 31 Mar 2004 \$'000	Change
Staff costs and related expenses	141,384	132,379	7%
Information technology and computer maintenance expenses	48,906	54,614	(10%)
Premises expenses	19,794	19,530	1%
Product marketing and promotion expenses	1,687	3,168	(47%)
Legal and professional fees	2,893	3,881	(25%)
Depreciation	44,231	44,881	(1%)
Payment to SFC under dual filing regime	5,000	5,000	0%
Other operating expenses	18,780	21,433	(12%)
Total	282,675	284,886	(1%)

Staff costs and related expenses increased by \$9 million, as salary costs rose by \$5 million due to the increase in headcount and salary adjustment in 2005 and employee share option costs also increased by \$4 million due to the grant of new share options in March 2004, May 2004 and January 2005.

Information technology and computer maintenance expenses of the Group, after excluding goods and services directly consumed by the Participants of \$12 million (2004: \$13 million), were \$37 million (2004: \$42 million), which fell by \$5 million mainly due to lower system maintenance costs and reduced network line rental charges. During the period under review, capital expenditures on computer systems, hardware and software amounted to \$4 million (2004: \$6 million).

Product marketing and promotion expenses decreased mainly attributable to incentive programmes launched for the introduction and promotion of the H-shares Index Futures in the first quarter of 2004. No such incentive programmes were launched in the first quarter of 2005.

Other operating expenses decreased mainly as a result of savings in bank charges following the expiry of certain banking facilities that were no longer considered necessary.

Taxation

	Unaudited Three months ended 31 Mar 2005 \$'000	As restated Unaudited Three months ended 31 Mar 2004 \$'000	Change
Taxation	48,773	54,069	(10%)

Taxation dropped due to the decrease in profit before taxation, but partly offset by the lower utilisation of tax losses of certain entities within the Group.

Working Capital

Working capital increased by \$222 million or 7 per cent to \$3,287 million as at 31 March 2005 (31 December 2004: \$3,065 million) mainly due to profit generated during the first quarter of 2005.

Exposure to Fluctuations in Exchange Rates and Related Hedges

When seeking to optimise returns on its funds available for investment, the Group may invest in non-HKD securities from time to time. Forward foreign exchange contracts have been used to hedge the currency exposure of the Group's non-HKD investments and liabilities to mitigate risks arising from fluctuations in exchange rates.

As at 31 March 2005, the aggregate net open foreign currency positions amounted to \$2,037 million, of which \$204 million were non-USD exposures (31 December 2004: \$1,996 million, of which \$170 million were non-USD exposures), and the total nominal value of outstanding forward foreign exchange contracts amounted to \$392 million (31 December 2004: \$358 million). All foreign exchange contracts have a maturity of less than two months.

The Group's foreign currency liabilities, in the form of margin deposits or collateral received, are hedged by investments in the same currencies.

Changes since 31 December 2004

There were no other significant changes in the financial position or from the information disclosed under the Management Discussion and Analysis in the annual report for the year ended 31 December 2004.

It is the Group's plan to declare dividend only at the half-year and year-end. Therefore, no dividend will be proposed for the first quarter ended 31 March 2005 (first quarter of 2004: \$Nil).

Due to fluctuations in market conditions and changes in operating environment, certain categories of income and operating expenses may vary from quarter to quarter. Therefore, quarterly results should not be extrapolated to project the Group's full-year performance.

Prospects

The Group's performance relies heavily on the market turnover and listing activities. The rising interest rates, the performance of US Dollar, the instability of energy prices, and the continued close economic tie with the Mainland will all have significant impact on the Hong Kong capital markets.

HKEx will continue its efforts to provide quality markets supported by a robust regulatory regime and a reliable, cost-effective market infrastructure. HKEx will proactively reinforce its status of being the premier international marketplace for the listing and trading of Hong Kong and Mainland-related equities and derivatives.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Financial figures are expressed in Hong Kong Dollar)

	Note	Unaudited Three months ended 31 Mar 2005 \$'000	As restated Unaudited Three months ended 31 Mar 2004 \$'000
INCOME	2		
Trading fees and trading tariff		182,680	192,784
Stock Exchange listing fees		96,703	90,691
Clearing and settlement fees		91,641	106,634
Depository, custody and nominee services fees		33,613	37,826
Income from sale of information		78,990	80,555
Investment income	3	42,880	91,265
Other income	4	47,745	49,116
	2	574,252	648,871
OPERATING EXPENSES			
Staff costs and related expenses		141,384	132,379
Information technology and computer maintenance expenses		48,906	54,614
Premises expenses		19,794	19,530
Product marketing and promotion expenses		1,687	3,168
Legal and professional fees		2,893	3,881
Depreciation		44,231	44,881
Payment to SFC under dual filing regime		5,000	5,000
Other operating expenses	5	18,780	21,433
	2	282,675	284,886
OPERATING PROFIT	2	291,577	363,985
SHARE OF PROFITS LESS LOSSES OF ASSOCIATES	2	2,617	2,980
PROFIT BEFORE TAXATION	2	294,194	366,965
TAXATION	2/6	(48,773)	(54,069)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	2	245,421	312,896
Earnings per share	7	\$0.23	\$0.30

CONDENSED CONSOLIDATED BALANCE SHEET

(Financial figures are expressed in Hong Kong Dollar)

	Note	Unaudited at 31 Mar 2005 \$'000	Audited at 31 Dec 2004 \$'000
NON-CURRENT ASSETS			
Fixed assets		285,562	324,300
Investment property		13,300	13,300
Lease premium for land		94,534	94,670
Investments in associates		36,548	38,731
Clearing House Funds		1,479,884	1,861,487
Compensation Fund Reserve Account		37,270	37,451
Time deposit with maturity over one year		39,075	38,941
Deferred tax assets		1,991	1,227
Other assets		12,952	13,142
		2,001,116	2,423,249
CURRENT ASSETS			
Accounts receivable, prepayments and deposits	8	4,332,871	4,691,846
Lease premium for land		548	548
Taxation recoverable		26	91
Margin Funds on derivatives contracts		9,045,471	10,529,692
Financial assets at fair value through profit or loss		2,627,195	2,761,593
Time deposits with original maturity over three months		401	1,340
Cash and cash equivalents		1,372,068	1,035,045
		17,378,580	19,020,155
CURRENT LIABILITIES			
Margin deposits from Clearing Participants on derivatives contracts		9,045,471	10,529,692
Accounts payable, accruals and other liabilities	8	4,632,562	4,902,350
Financial liabilities at fair value through profit or loss		2,176	10,749
Participants' admission fees received		3,250	4,850
Deferred revenue		238,623	284,148
Taxation payable		145,009	199,678
Provisions		24,137	23,212
		14,091,228	15,954,679
NET CURRENT ASSETS		3,287,352	3,065,476
TOTAL ASSETS LESS CURRENT LIABILITIES		5,288,468	5,488,725
NON-CURRENT LIABILITIES			
Participants' admission fees received		83,800	82,850
Participants' contributions to Clearing House Funds		918,655	1,298,752
Deferred tax liabilities		24,628	30,876
Provisions		24,104	24,104
		1,051,187	1,436,582
NET ASSETS		4,237,281	4,052,143
CAPITAL AND RESERVES			
Share capital		1,058,063	1,056,639
Share premium		112,407	104,034
Employee share-based compensation reserve		22,421	17,061
Revaluation reserves		(56,611)	18,829
Designated reserves		680,716	680,996
Retained earnings	9	1,922,995	1,677,964
Proposed/declared dividends	9	497,290	496,620
SHAREHOLDERS' FUNDS		4,237,281	4,052,143

Notes:

1. These unaudited condensed consolidated accounts should be read in conjunction with the 2004 annual accounts. The accounting policies and methods of computation used in the preparation of these accounts are consistent with those used in the annual accounts for the year ended 31 December 2004.

As disclosed in the 2004 annual accounts, the Group adopted various new Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) in the fourth quarter of 2004. The results for the three months ended 31 March 2004 have been restated in accordance with the new HKFRSs.

The effect of changes in accounting policies on the condensed consolidated profit and loss account for the three months ended 31 March 2004 is as follows:

	Effect of adopting						Total \$'000
	HKAS 1 \$'000	HKAS 17 \$'000	HKFRS 2 \$'000	HKFRS 3, HKAS 36 & HKAS 38 \$'000	HKAS 32 & HKAS 39 \$'000	Other reclassification \$'000	
Increase / (decrease) in investment income	-	-	-	-	622	(2,323)	(1,701)
Increase in other income	-	-	-	-	-	2,323	2,323
Increase in staff costs and related expenses	-	-	(1,794)	-	-	-	(1,794)
Increase in premises expenses	-	(137)	-	-	-	-	(137)
Decrease in depreciation	-	471	-	-	-	-	471
Increase in other operating expenses	-	-	-	-	(287)	-	(287)
Increase / (decrease) in share of profits less losses of associates	(610)	-	-	662	-	-	52
Decrease / (increase) in taxation	610	(7)	-	-	(153)	-	450
Total increase / (decrease) in profit	-	327	(1,794)	662	182	-	(623)
Increase / (decrease) in basic earnings per share	-	0.03 cents	(0.17 cents)	0.06 cents	0.02 cents	-	(0.06 cents)

The Group manages a significant amount of investments. Securities and derivative financial instruments (i.e. forward foreign exchange contracts) held for trading purposes (such as those of the Corporate Funds), and securities or bank deposits with embedded derivatives of the Margin Funds and the Corporate Funds whose economic characteristics and risks are not closely related to the host investments (“structured securities” or “structured deposits”) are classified as financial assets/ liabilities at fair value through profit or loss with changes in fair value recognised in the profit and loss account. Securities not held for trading (such as those held for the Clearing House Funds, Compensation Fund Reserve Account and Margin Funds (other than structured securities or structured deposits)) are classified as available-for-sale financial assets with changes in fair value recognised in the investment revaluation reserve.

2. The Group's turnover comprises trading fees and trading tariff from securities and options traded on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") and derivatives contracts traded on Hong Kong Futures Exchange Limited ("the Futures Exchange"), Stock Exchange listing fees, clearing and settlement fees, depository, custody and nominee services fees, income from sale of information, investment income (including investment income net of interest expenses of Clearing House Funds) and other income, which are **disclosed as Income** in the condensed consolidated profit and loss account.

The Group's income is derived solely from business activities in Hong Kong. An analysis of the Group's income and results for the period by business segments is as follows:

	Unaudited				
	Three months ended 31 Mar 2005				
	Cash Market \$'000	Derivatives Market \$'000	Clearing Business \$'000	Information Services \$'000	Group \$'000
Income	263,325	91,246	139,961	79,720	574,252
Costs	133,466	37,480	94,193	17,536	282,675
Segment results	129,859	53,766	45,768	62,184	291,577
Share of profits less losses of associates	(4)	-	2,621	-	2,617
Segment profits before taxation	129,855	53,766	48,389	62,184	294,194
Taxation					(48,773)
Profit attributable to shareholders					245,421

	As restated				
	Unaudited				
	Three months ended 31 Mar 2004				
	Cash Market \$'000	Derivatives Market \$'000	Clearing Business \$'000	Information Services \$'000	Group \$'000
Income	302,936	82,319	182,014	81,602	648,871
Costs	135,728	36,375	93,695	19,088	284,886
Segment results	167,208	45,944	88,319	62,514	363,985
Share of profits less losses of associates	-	-	2,980	-	2,980
Segment profits before taxation	167,208	45,944	91,299	62,514	366,965
Taxation					(54,069)
Profit attributable to shareholders					312,896

The **Cash Market** business mainly refers to the operations of the Stock Exchange, which covers all products traded on the Cash market platforms, such as equities, debt securities, unit trusts, warrants and rights. Currently, the Group operates two Cash market platforms, the Main Board and the GEM. The major sources of income of the business are trading fees, trading tariff and listing fees. Direct costs of the Listing Function are treated as segment costs under the Cash Market.

The **Derivatives Market** business refers to the derivatives products traded on the Futures Exchange and stock options traded on the Stock Exchange, which includes the provision and maintenance of trading platforms for a range of derivatives products, such as equity and interest rate futures and options. Its income mainly comprises trading fees and net interest income on the Margin Funds received.

The **Clearing Business** refers to the operations of the three Clearing Houses, namely HKSCC, SEOCH and HKCC, which are responsible for clearing, settlement and custodian activities and the related risk management of the Cash and Derivatives markets operated by the Group. Its income is derived primarily from interest earned on the Clearing House Funds and fees from providing clearing, settlement, depository and nominee services.

The **Information Services** business is responsible for developing, promoting and compiling historical and statistical data, and sales and business development of market data. Its income comprises primarily income from sale of Cash market and Derivatives market information.

In addition to the above, central income (mainly investment income of Corporate Funds) and central costs (mainly costs of the support functions that centrally provide services to all of the business segments) are allocated to the business segments and included in the segment income and costs.

3. Investment Income

	Unaudited Three months ended 31 Mar 2005 \$'000	As restated Unaudited Three months ended 31 Mar 2004 \$'000
Interest income		
- bank deposits	20,070	5,010
- listed available-for-sale financial assets	1,611	781
- unlisted available-for-sale financial assets	18,298	11,444
	39,979	17,235
Interest expenses	(2,904)	(104)
Net interest income	37,075	17,131
Net realised and unrealised gains/(losses) and interest income on financial assets at fair value through profit or loss		
- bank deposits with embedded derivatives	266	1,045
- listed securities	10,590	27,891
- unlisted securities	(8,794)	38,601
- exchange difference	2,623	4,205
	4,685	71,742
Gains/(losses) on disposal and maturity of available-for-sale financial assets		
- unlisted securities	-	101
- exchange difference	-	(151)
	-	(50)
Dividend income		
- listed available-for-sale financial assets	-	1,070
- listed financial assets at fair value through profit or loss	981	1,137
	981	2,207
Other exchange difference	139	235
Total investment income	42,880	91,265
Total investment income is derived from:		
Corporate Funds (note a)	8,368	75,761
Margin Funds	30,635	13,146
Clearing House Funds	3,877	2,358
	42,880	91,265

(a) Investment income derived from Corporate Funds includes investment income of Compensation Fund Reserve Account of \$186,000 (2004: \$131,000) and Cash and Derivatives Market Development Fund ("CDMD Fund") of \$Nil (2004: \$6,000).

4. Other income

	Unaudited Three months ended 31 Mar 2005 \$'000	As restated Unaudited Three months ended 31 Mar 2004 \$'000
Network, terminal user, dataline and software sub-license fees	30,938	29,089
Participants' subscription and application fees	8,706	8,676
Share registration services fees	507	606
Brokerage on direct IPO applications	4,665	6,365
Accommodation income on cash margin deposits in non-contract settlement currencies and securities deposited by Participants as alternatives to cash deposits of the Margin Funds	710	2,323
Miscellaneous income	2,219	2,057
	47,745	49,116

5. Other operating expenses

	Unaudited Three months ended 31 Mar 2005 \$'000	As restated Unaudited Three months ended 31 Mar 2004 \$'000
Reversal of provision for impairment losses of trade receivables	(440)	(503)
Insurance	4,098	4,290
Financial data subscription fees	1,559	2,032
Custodian and fund management fees	1,943	2,097
Bank charges	745	2,118
Repair and maintenance expenses	1,762	1,573
Other miscellaneous expenses	9,113	9,826
	18,780	21,433

6. Taxation in the condensed consolidated profit and loss account represents:

	Unaudited Three months ended 31 Mar 2005 \$'000	As restated Unaudited Three months ended 31 Mar 2004 \$'000
Provision for Hong Kong Profits Tax (note a)	52,624	61,419
Deferred taxation	(3,851)	(7,350)
	48,773	54,069

(a) Hong Kong Profits Tax has been provided for at 17.5 per cent (2004: 17.5 per cent) on the estimated assessable profit for the period.

7. The calculation of basic earnings per share is based on the profit attributable to shareholders of \$245,421,000 (2004: \$312,896,000) and the weighted average of 1,056,924,490 shares (2004: 1,050,318,758 shares) in issue during the three-month period. The employee share options outstanding did not have a material dilutive effect on the basic earnings per share.

8. The Group's accounts receivable, prepayments and deposits and accounts payable, accruals and other liabilities amounted to \$4,332,871,000 (31 December 2004: \$4,691,846,000) and \$4,632,562,000 (31 December 2004: \$4,902,350,000) respectively. These mainly represent the Group's Continuous Net Settlement ("CNS") money obligations under the T+2 settlement cycle. The Group's CNS money obligations receivable represent 93 per cent (31 December 2004: 91 per cent) of the total accounts receivable, prepayments and deposits. CNS money obligations payable represent 87 per cent (31 December 2004: 87 per cent) of the total accounts payable, accruals and other liabilities. CNS money obligations mature within two days as they are due for settlement two days after the trade date. The majority of the remaining accounts receivable, prepayments, deposits, accounts payable, accruals and other liabilities will mature within three months. Fees receivable are due immediately or up to 30 days depending on the type of services rendered.

9. Retained earnings (including proposed/declared dividends)

	Unaudited at 31 Mar 2005 \$'000	Audited at 31 Dec 2004 \$'000
At 1 Jan		
Retained earnings	1,677,964	1,578,991
Proposed/declared dividends	496,620	2,202,898
Profit for the period/year (note a)	245,421	1,056,884
(Surplus)/deficit of investment income net of expenses of Clearing House Funds for the period/year transferred to Clearing House Funds reserves	(1,519)	5,040
Investment income net of expenses of Compensation Fund Reserve Account for the period/year transferred to Compensation Fund Reserve Account reserve	(186)	(576)
Transfer from CDMD Fund reserve (note b)	-	914
Transfer from Development reserve	1,985	3,283
Dividends paid:		
2003 special and final dividends	-	(2,202,898)
Dividend on shares issued for employee share options exercised after declaration of 2003 special and final dividends	-	(15,661)
	-	(2,218,559)
2004 interim dividend	-	(454,283)
Dividend on shares issued for employee share options exercised after declaration of 2004 interim dividend	-	(8)
	-	(454,291)
At 31 Mar/31 Dec	2,420,285	2,174,584
Representing:		
Retained earnings	1,922,995	1,677,964
Proposed/declared dividends	497,290	496,620
At 31 Mar/31 Dec	2,420,285	2,174,584

(a) The Group's profit for the period/year includes a net profit attributable to investment income net of expenses of the Clearing House Funds, Compensation Fund Reserve Account and CDMD Fund for an aggregate amount of \$1,705,000 (year ended 31 December 2004: deficit of \$2,182,000).

(b) The CDMD Fund reserve was fully utilised in 2004 for funding initiatives that were for the development and betterment of the Cash and Derivatives markets in Hong Kong.

10. Events after balance sheet date

In May 2005, the Group acquired a further 6% interest in an associate, Computershare Hong Kong Investor Services Limited, for a consideration of approximately \$25 million.

CORPORATE GOVERNANCE

HKEx is committed to building and maintaining high standards of corporate governance. HKEx applied the principles and complied with all requirements set out in the Code on Corporate Governance Practices (“CG Code”) contained in Appendix 14 of the Main Board Listing Rules, with certain deviations from code provisions A.4.1 and A.4.2 in respect of the service term and rotation of Directors, throughout the review period.

The code provisions A.4.1 and A.4.2 provides that (a) non-executive directors should be appointed for specific terms, subject to re-election, and (b) all directors appointed to fill casual vacancy should be subject to election by Shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific terms, should be subject to retirement at least once every three years. Details of the deviations were set out in the Corporate Governance Report of HKEx’s 2004 Annual Report issued in March 2005.

To ensure stricter compliance with the CG Code, relevant amendments to the Articles of Association were proposed and approved by Shareholders at the annual general meeting held on 12 April 2005 (“2005 AGM”) and subsequently approved by the SFC on 18 April 2005 pursuant to Section 67 of the SFO.

At the 2005 AGM, Dr Kwok Chi Piu, Bill and Mr Lee Kwan Ho, Vincent Marshall were re-elected by shareholders for a specific three-year term. In addition, shareholders also resolved on the service term of Messrs Lee Jor Hung, Dannis and David Michael Webb who were elected by shareholders in 2003, to continue until the conclusion of the annual general meeting to be held in 2006; and that of Messrs John Estmond Strickland and Wong Sai Hung, Oscar who were re-elected by shareholders in 2004, to continue until the annual general meeting to be held in 2007.

Following the effective of the amendments to the Articles, and shareholders’ resolutions passed at the 2005 AGM, HKEx fully complies with the CG Code.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group’s unaudited condensed consolidated financial statements for the three months ended 31 March 2005 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 HKICPA on the unaudited condensed consolidated financial statements for the three months ended 31 March 2005.

PURCHASE, SALE OR REDEMPTION OF HKEx’S LISTED SECURITIES

During the three months ended 31 March 2005, HKEx had not redeemed and neither HKEx nor any of its subsidiaries had purchased or sold any of HKEx’s listed securities.

BOARD OF DIRECTORS

Dr Kwok Chi Piu, Bill and Mr Lee Kwan Ho, Vincent Marshall were successfully re-elected by Shareholders at the 2005 AGM and their service terms will be approximately three years from 12 April 2005 until the conclusion of the annual general meeting to be held in 2008. On the same day, the Financial Secretary appointed Dr Cheung Kin Tung, Marvin, and re-appointed Messrs Fan Hung Ling, Henry and Fong Hup as Government Appointed Directors for a term of approximately two years from 12 April 2005 until the conclusion of the annual general meeting to be held in 2007. Mr Leong Ka Chai, a Government Appointed Director, retired after the conclusion of the 2005 AGM. The Board takes this opportunity to express its appreciation to Mr Leong for his invaluable contributions, advice, and support rendered to HKEx over the past years.

As at the date of this announcement, the Board of Directors of HKEx comprises 12 Independent Non-executive Directors, namely Mr LEE Yeh Kwong, Charles (Chairman), Dr CHEUNG Kin Tung, Marvin, Mr FAN Hung Ling, Henry, Mr FONG Hup, Mr FRESHWATER, Timothy George, Dr KWOK Chi Piu, Bill, Mr LEE Jor Hung, Dannis, Mr LEE Kwan Ho, Vincent Marshall, Dr LO Ka Shui, Mr STRICKLAND, John Estmond, Mr WEBB, David Michael, Mr WONG Sai Hung, Oscar, and one executive Director, Mr CHOW Man Yiu, Paul, who is also the Chief Executive.

By Order of the Board
Hong Kong Exchanges and Clearing Limited
Lee Yeh Kwong, Charles
Chairman

Hong Kong, 11 May 2005

This results announcement is published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the quarterly report will be available from the same website on or about 18 May 2005.