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**Hong Kong Exchanges and Clearing Limited**  
**香港交易及結算所有限公司**

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

(Financial figures in this announcement are expressed in Hong Kong Dollar (“HKD”))

## **2009 THIRD QUARTER RESULTS**

The board of directors (“Board”) of Hong Kong Exchanges and Clearing Limited (“Company” or “HKEx”) submits the unaudited consolidated results of HKEx and its subsidiaries (“Group”) for the nine months ended 30 September 2009 as follows:

### **FINANCIAL HIGHLIGHTS**

	<b>Nine months ended 30 Sept 2009</b>	Nine months ended 30 Sept 2008	Change	<b>Three months ended 30 Sept 2009</b>	Three months ended 30 Sept 2008	Change
<b>KEY MARKET STATISTICS</b>						
Average daily turnover value on the Stock Exchange	<b>\$61.3 billion</b>	\$79.3 billion	(23%)	<b>\$66.7 billion</b>	\$63.6 billion	5%
Average daily number of derivatives contracts traded on the Futures Exchange	<b>210,503</b>	199,436	6%	<b>204,637</b>	215,417	(5%)
Average daily number of stock options contracts traded on the Stock Exchange	<b>193,147</b>	232,545	(17%)	<b>168,876</b>	220,110	(23%)
	<b>Unaudited Nine months ended 30 Sept 2009 \$'000</b>	Unaudited Nine months ended 30 Sept 2008 \$'000	Change	<b>Unaudited Three months ended 30 Sept 2009 \$'000</b>	Unaudited Three months ended 30 Sept 2008 \$'000	Change
<b>RESULTS</b>						
Revenue and other income	<b>5,224,804</b>	5,847,235	(11%)	<b>1,871,710</b>	1,635,904	14%
Operating expenses	<b>1,140,310</b>	1,298,512	(12%)	<b>380,292</b>	529,569	(28%)
Profit before taxation	<b>4,084,494</b>	4,548,723	(10%)	<b>1,491,418</b>	1,106,335	35%
Taxation	<b>(609,478)</b>	(614,670)	(1%)	<b>(217,287)</b>	(146,688)	48%
Profit attributable to shareholders	<b>3,475,016</b>	3,934,053	(12%)	<b>1,274,131</b>	959,647	33%
Basic earnings per share	<b>\$3.23</b>	\$3.67	(12%)	<b>\$1.19</b>	\$0.89	34%
Diluted earnings per share	<b>\$3.22</b>	\$3.65	(12%)	<b>\$1.18</b>	\$0.89	33%
				<b>Unaudited at 30 Sept 2009</b>	Audited at 31 Dec 2008	Change
<b>KEY ITEMS IN CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>						
Shareholders' funds (\$'000)				<b>6,755,931</b>	7,295,322	(7%)
Total assets * (\$'000)				<b>40,339,263</b>	62,823,921	(36%)
Net assets per share #				<b>\$6.28</b>	\$6.79	(8%)

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

# Based on 1,075,058,908 shares as at 30 September 2009, being 1,076,086,346 shares issued and fully paid less 1,027,438 shares held for the Share Award Scheme (31 December 2008: 1,073,939,532 shares, being 1,074,886,346 shares issued and fully paid less 946,814 shares held for the Share Award Scheme)

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Listing

##### Enhancing Listing Transparency and Efficiency

On 24 July 2009, The Stock Exchange of Hong Kong Limited (“Exchange” or “Stock Exchange” or “SEHK”) published guidance materials to enhance the transparency of its Initial Public Offering (“IPO”) application process. In addition, the proposed changes to filing and checklist requirements for listing of equity securities and the related rule amendments took effect on 2 November 2009. The streamlined listing process will shorten the listing timetable, lower costs and reduce the paperwork burden.

##### Combined Consultation on Proposed Changes to the Listing Rules (“2008 CCP”)

The rule amendments in relation to exempting issuers, subject to certain exceptions, from the notifiable transaction rules regarding construction of fixed assets for their own use in the ordinary and usual course of business (Issue 15 of the 2008 CCP) took effect on 1 September 2009. The changes will facilitate planning for business development by listed issuers while upholding shareholders’ right to know about and participate in decisions that involve important changes affecting the company.

On 9 October 2009, the Exchange published the Consultation Conclusion on Issue 11 (General Mandates) of the 2008 CCP, and concluded that no amendments would be made to the 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 (collectively, “Listing Rules”) with regard to general mandates.

##### Proposals to Accelerate Rights Issues and Open Offers

On 31 July 2009, the Exchange published a consultation paper on proposals to accelerate rights issues and open offers. With a shorter timetable, it will be easier for listed companies to raise funds by rights issues or open offers which are in the interest of shareholders. A total of 37 responses were received and published on the HKEx website, and a review of which is underway.

##### Proposal to Accept Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong

On 28 August 2009, the Exchange published a consultation paper to seek the public’s views regarding a proposed framework to accept the use of Mainland accounting and auditing standards and Mainland audit firms endorsed by the Ministry of Finance People’s Republic of China and the China Securities Regulatory Commission by Mainland incorporated companies listed in Hong Kong. The proposal will help reduce compliance costs for Mainland incorporated issuers, promote more timely disclosure of information to investors and increase market efficiency. It will also provide for cooperation between the relevant regulatory authorities in Hong Kong and the Mainland in investigation and regulation of the endorsed audit firms. The consultation ended on 23 October 2009 and a total of 30 responses were received.

## Other Consultations

As part of the continued effort to improve the listing regulatory regime without compromising market quality, the Exchange also published 3 other consultation papers, as set out in the following table, in September and October this year to seek market views on various proposals to modify certain Listing Rules requirements in line with international best practices.

<b>Date</b>	<b>Consultation Paper</b>	<b>Objectives</b>	<b>Submission Deadline</b>
11 Sept	New Listing Rules for Mineral and Exploration Companies	To bring Hong Kong's regulatory framework for listed mineral and exploration companies in line with international best practice	11 Nov 2009
18 Sept	Proposed Changes to Requirements for Circulars and Listing Documents of Listed Issuers	To streamline certain requirements for listed issuers' circulars and listing documents and to improve disclosure standards in circulars and listing documents	18 Nov 2009
2 Oct	Proposed Changes to the Connected Transaction Rules	To address specific issues in the regulation of connected transactions under the Listing Rules	2 Dec 2009

## Cash Market

### Market Performance

In the first nine months of 2009, 31 companies were newly listed on the Main Board (including 4 transferred from the Growth Enterprise Market ("GEM")), and 2 on GEM. Four Main Board companies and 4 GEM companies were delisted. Total capital raised, including post-listing funds, reached \$364.8 billion. As at 30 September 2009, 1,114 and 172 companies were listed on the Main Board and GEM respectively with a total market capitalisation of about \$15,959.7 billion. In addition, there were 3,093 Derivative Warrants ("DWs"), 1,893 Callable Bull/Bear Contracts ("CBBCs"), 7 Real Estate Investment Trusts, 37 Exchange Traded Funds ("ETFs") and 166 debt securities listed as at 30 September 2009. The average daily turnover in the first nine months of 2009 was about \$61.0 billion on the Main Board and about \$270 million on GEM.

### ETF Market Development

The Securities and Futures Commission ("SFC") and the Taiwan Financial Supervisory Commission reached an agreement on 22 May 2009 whereby ETFs listed on the Exchange and the Taiwan Stock Exchange ("TSE") are mutually recognised for cross listing. Upon signing of the agreement, 16 and 11 ETFs listed in Hong Kong and Taiwan respectively became qualified for cross listing.

The Taiwan-listed Polaris Taiwan Top 50 Tracker Fund (HK) was cross listed in Hong Kong on 19 August 2009. Three Hong Kong-listed ETFs were cross listed on TSE as of mid-September this year, and they were actively traded by the investors in Taiwan.

### Best Venue in Asia-Pacific for Algorithmic / Electronic Trading

In September 2009, HKEx was named the "best venue in Asia-Pacific for algorithmic / electronic trading" by the *AsianInvestor* magazine in its 2009 Service Provider Awards for trading and execution for equities, in recognition of HKEx's excellence in the development of securities trading infrastructure.

## **Derivatives Market**

### **Market Performance**

The turnover of all futures and options for the first nine months of 2009 was 74,877,056 contracts, a decrease of 5 per cent against the same period in 2008. On 30 September 2009, open interests for Hang Seng Index (“HSI”) Futures and Hang Seng China Enterprises Index (“H-shares Index”) Futures were 83,150 and 80,516 contracts respectively, up 4 per cent and 12 per cent from 30 June 2009. Open interests for HSI Options and H-shares Index Options on 30 September 2009 also rose to 222,382 and 190,047 contracts respectively, up 22 per cent and 66 per cent from 30 June 2009.

Mini-HSI Futures achieved a record open interest of 11,148 contracts on 29 July 2009 while Mini H-shares Index Futures posted a record daily volume of 5,326 contracts on 27 August 2009.

### **Public Consultation on Certified Emission Reduction (“CER”) Futures**

A total of 24 responses to the consultation paper on the feasibility of developing an emissions trading platform in Hong Kong and introducing CER futures as a product were received. Respondents included companies related to the Clean Development Mechanism project, investment / settlement banks, carbon trading companies, consultancy companies, professional associations, a local utility company, an overseas governmental body, and individuals, but no Exchange Participants (“EPs” or “Participants”). HKEx is consolidating and analysing the comments and plans to release the consultation conclusion before the end of the year.

### **Revision of 6 Option Classes’ Position Limit**

In order to cope with the growing stock options market, HKEx, after consulting the SFC, revised the position limit of 6 option classes to 50,000 open contracts per option class in any direction for all expiry months combined effective 2 July 2009.

### **Commencement of Trading of New Stock Option Classes**

To provide more investment choice for investors, trading in options on 3 actively traded Mainland related stocks, namely China Overseas Land & Investment Limited, Tencent Holdings Limited and Zijin Mining Group Company Limited, commenced on 6 July 2009, and 4 market makers were appointed to provide liquidity in these new option classes. The total volume traded in these 3 option classes was 105,965 contracts in the third quarter of 2009.

### **Offering More Choice of Strikes and Maturities for Stock Options Trading**

The rule amendments for the narrowing of the strike intervals of stock option classes under Strike Interval Group B became effective on 2 November 2009. The strike intervals for option classes with underlying prices below \$10 were narrowed from 4-10 per cent to 2-5 per cent of the underlying prices to allow stock options investors to trade with strike prices closer to the underlying stock prices. Strike Interval Group B is applicable to 21 active option classes, including that on the Tracker Fund of Hong Kong. Moreover, a third calendar quarter expiry month was added to the same group of option classes in order to provide more choice for market participants in terms of longer maturity.

### **Additional Products Tradable by Taiwan Investors**

In addition to HSI Options, HSI Futures and Mini-HSI Futures, HKEx obtained approval from Taiwan regulatory authorities to allow Taiwan investors to trade H-shares Index Futures and Options and Mini H-shares Index Futures effective 14 September 2009.

### **Plan to Introduce Flexible Index Options**

On 22 September 2009, HKEx announced a plan to introduce HSI and H-shares Index options contracts with flexible strike prices and expiry months (collectively, “Flexible Index Options”) in the first quarter of 2010 subject to regulatory approval. Flexible Index Options should provide over-the-counter market participants with an attractive counterparty risk alternative. An information paper describing the key features of Flexible Index Options, the proposed operating arrangements and the benefits of adding the options to HKEx’s Derivatives Market has been posted on the HKEx website.

## **Clearing**

### **Memorandum of Understanding (“MOU”) with The National Depository Center**

Hong Kong Securities Clearing Company Limited (“HKSCC”) and The National Depository Center (Closed Joint Stock Company), which is part of the MICEX Group, an exchange operator based in Russia, signed an MOU on 17 September 2009. The MOU covers the exchange of information and cooperation, and further strengthens HKEx’s ties with its counterparts in Russia.

### **Scripless Securities Market**

The Scripless Securities Market Working Group led by the SFC plans to visit market operators and regulators in other countries to learn from their scripless experience before finalising a proposed scripless operating model which will be included in a joint consultation paper for publication tentatively by the end of 2009. Prior to the formal consultation, key stakeholders’ views on the proposed scripless model will be solicited and incorporated.

### **T+2 Finality for Stock Exchange Trades**

Regarding the plan to implement T+2 Finality for Stock Exchange Trades to reduce the overnight counterparty risk created by the time gap between securities and money settlement, HKEx has completed the soft consultation with banks and clearing house participants on a proposed model to bring finality of securities and money settlement for Stock Exchange Trades and Settlement Instructions (“SIs”) on the same business day. Market consultation will be conducted in the fourth quarter of this year.

### **The Derivatives Clearing and Settlement System (“DCASS”) Service Enhancement**

Effective 5 October 2009, DCASS was enhanced to substantially reduce the capital adjustment processing time for derivatives contracts to conserve the contract value as a result of corporate action of the underlying securities. The shortened processing time enables the derivatives clearing houses to process capital adjustments more frequently and to meet tighter announcement deadlines. In addition, the time for participants to retrieve DCASS reports has been extended by more than 9 hours from 9:00 am to 6:45 pm (System Input Cutoff Time) on the next business day.

## **Participant Services**

### **Participant Training and Market Education**

During the period under review, HKEx organised 39 Continuous Professional Training courses jointly with the Hong Kong Securities Institute on HKEx's services and products, including 16 courses on the Central Clearing and Settlement System ("CCASS") and DCASS systems and operations.

In the third quarter of 2009, HKEx organised 25 EP briefing sessions and seminars on derivatives products for over 1,200 attendants. In the same period, 4 EPs organised online trading simulation games regarding HSI Futures to increase investors' awareness, and 2 more EPs will launch similar games in the fourth quarter of 2009. HKEx has sponsored and will sponsor these EPs with prizes and real-time market data feed.

Since June 2009, HKEx has commenced a Joint Promotional Programme on Stock Options with 6 Options Trading Exchange Participants. In the third quarter of 2009, 2 EPs organised public seminars with the objective of increasing retail participation and 4 other EPs will start their own programmes before the end of this year.

### **EP Recruitment**

In the first nine months of this year, 17 SEHK Participants and 19 Hong Kong Futures Exchange Limited ("Futures Exchange" or "HKFE") Participants were newly admitted.

Since the launch of the third phase of the Mainland and Hong Kong Closer Economic Partnership Arrangement in 2005, more than a dozen Mainland broker firms have been admitted as EPs with 2 admissions as SEHK Participants and 3 as HKFE Participants in 2009.

As at the end of September 2009, there were a total of 497 SEHK Participants and 165 HKFE Participants.

### **Non-transferability of Trading Rights**

On 24 July 2009 and early August 2009, HKEx issued circulars and sent letters to Participants of Stock Exchange and Futures Exchange to remind them of the restricted transferability of trading rights. Pursuant to the Scheme Document for the merger of the 2 exchanges and their clearing houses on 6 March 2000, the trading rights conferred on the then shareholders of the 2 exchanges can only be transferred once within a period of 10 years from the date of merger and shall become non-transferable after 5 March 2010. Trading rights issued by the 2 exchanges subsequent to the merger are non-transferable at all times.

With effect from 5 March 2010, each EP will still be required to hold at least 1 trading right for the corresponding Exchange to fulfil the Participantship requirements, and any new trading rights will be issued directly by the Exchanges for a fee, currently set at \$500,000 per trading right.

## **Promotional Activities**

### **Listing Promotion Events Targeting Mainland Companies**

HKEx continued focusing its marketing effort on Mainland companies in the third quarter of 2009. Out of the 6 events that HKEx co-organised in the Mainland, a seminar was organised with the Government of the Hong Kong Special Administrative Region of the People's Republic of China and the Chongqing Municipal Government during the Chongqing-Hong Kong Week in Chongqing in July 2009. Another large-scale conference and roundtable discussion on listing issues were held in Wuhan, Hubei in September 2009. HKEx's Chief Executive together with senior government officials from Hubei participated as opening speakers in the event which was attended by over 300 Hubei enterprise representatives.

HKEx also held a workshop at the Exchange Auditorium in July 2009 for a delegation of government officials responsible for listing-related policy and enterprise executives from Fujian province. Mainland delegates and representatives of sponsors, legal and accounting firms based in Hong Kong made use of this opportunity to exchange views on different issues relating to listing in Hong Kong.

### **Other Promotional Activities**

In July 2009, HKEx participated in a luncheon held in Brisbane by the Brisbane Mining Club, a well-known mining industry association in Australia, as part of ongoing efforts to promote the Exchange to overseas resources companies. We delivered a keynote presentation to over 180 mining company executives at the luncheon and met with senior management of companies and government officials in Sydney and Brisbane.

During July 2009, HKEx's Chief Executive participated in various promotional activities in Tokyo to promote HKEx and listing in Hong Kong. These activities included investment seminars on HKEx and its markets for retail investors, a listing seminar for prospective Japanese companies, one-on-one meetings with institutional investors, and an interview with a local newspaper.

In July 2009, HKEx's senior executives visited Taiwan to meet with the senior management of investment banks and executives of potential listing candidates to explain recent developments in the Hong Kong securities market.

## **Information Services**

### **Provision of Free Real-time Basic Market Prices on Websites**

The soft launch of the Free Real-time Basic Market Prices Website Service, or Free Prices Website Service, on 6 designated websites, namely [www.aastocks.com](http://www.aastocks.com), [www.etnet.com.hk](http://www.etnet.com.hk) and [www.on.cc](http://www.on.cc) in Hong Kong, and [www.sohu.com](http://www.sohu.com), [www.jrj.com.cn](http://www.jrj.com.cn) and [www.qq.com](http://www.qq.com) in the Mainland, took place on 5 October 2009. The real-time basic securities prices on the Exchange can now be accessed by investors at these designated websites free of charge. The service will be officially launched on 1 January 2010 under a pilot programme that will last till the end of December 2011. The main objectives of the Free Prices Website Service are to expand dissemination of Hong Kong securities market information and raise the Hong Kong securities market profile in the Mainland. Market response has been positive. HKEx plans to review the pilot programme in its latter stage to determine whether, and if so, in what form the service should continue after 2011.

## **Information Technology**

### **System Reliability, Availability and Stability**

All major trading, clearing and settlement, and market data dissemination systems for the Cash and Derivatives Markets operated by HKEx continued to maintain 100 per cent operational system uptime. HKEx remains committed to upholding system reliability, availability and stability.

### **System Capacity Planning and Upgrade**

The Automatic Order Matching and Execution System/Third Generation (“AMS/3”) technical revamp is in progress as part of HKEx’s effort to pursue continuous improvement of its core market systems. The revamp is a software enhancement initiative without additional hardware investments, aiming to double the system throughput from 1,500 to 3,000 orders per second to support rollout of new business initiatives and growth of trading activity in HKEx’s securities market. Corresponding design enhancements are also being implemented for the Latest Generation of CCASS (“CCASS/3”) and Market Datafeed System (“MDF”) for capacity alignment with AMS/3.

The production rollout of the revamped AMS/3 and MDF is scheduled for early 2010, subject to the successful completion of market-wide rehearsals to be held in the fourth quarter of 2009 and the readiness of EPs and Information Vendors. A new interface architecture will be introduced at the same time to facilitate higher scalability for the satellite systems.

After a hardware upgrade to further increase the Hong Kong Futures Automated Trading System (“HKATS”) capacity by 50 per cent to about 8,100 Order Book Change per second in April 2009, the capacity of Price Reporting System (“PRS”) was correspondingly upgraded in July 2009 to support projected increases in the Derivatives Market data volume and information vendor connections. On 31 October 2009, the PRS was further enhanced to provide more real-time Derivatives Market data, thereby raising the market transparency.

### **Obsolete Technology Replacement and Upgrade**

As a proactive measure to achieve sustainable high availability and quality vendor support for mission critical systems, the CCASS/3 mainframe and database software as well as the HKATS / DCASS operating system and the associated software were upgraded in September and early October 2009 respectively.

### **Independent Review of Derivatives Market Systems**

In September 2009, HKEx commenced an independent review of the core application systems (including trading, clearing and settlement, and market data dissemination systems) serving the Derivatives Market. This forms part of HKEx’s ongoing initiatives to ensure operational excellence for its mission critical systems. The independent review is expected to be completed in early 2010.



## System Consolidation and Operational Efficiency

HKEx is committed to exploring opportunities to enhance the operational efficiency and the environmental friendliness of its internal management information and support systems. During the period under review, the Employees' e-Securities Declaration and Approval System and e-Performance Management System were introduced to improve operational efficiency and reduce paper consumption.

## HKEx Website Revamp

In view of the current progress of the revamp of the HKEx website, the launch date has been rescheduled for the first quarter of 2010.

## HKEx Data Centre and Information Technology ("IT") Office Consolidation

Following the relocation of the primary Derivatives Market data centre and the related IT team from Central to an expanded data centre in Quarry Bay in June 2009, alternatives to further consolidate HKEx's data centres to a next generation production data centre with modernised facilities to cope with future business expansion are being considered.

## Risk Management

### Market Surveillance

During the period ended 30 September 2009, HKEx referred 89 cases involving possible violation in its Cash and Derivatives Markets of relevant Hong Kong laws or SFC codes, rules and regulations to the SFC for its appropriate action, pursuant to the MOU between the SFC and HKEx on market surveillance matters.

## Treasury

The Group's funds available for investment comprise Corporate Funds, cash marks and cash collateral, Margin Funds and Clearing House Funds, totalling \$41.1 billion on average for the nine months ended 30 September 2009 (30 September 2008: \$61.9 billion).

As compared with 30 June 2009, the overall size of funds available for investment as at 30 September 2009 decreased by 2 per cent or \$0.8 billion to \$34.0 billion (30 June 2009: \$34.8 billion). Details of the asset allocation of the investments as at 30 September 2009 against those as at 30 June 2009 are set out below.

	Investment Fund Size \$ billion		Bonds		Cash or Bank Deposits		Global Equities	
	Sept	Jun	Sept	Jun	Sept	Jun	Sept	Jun
Corporate Funds	7.4	8.1	62%	65%	35%	33%	3%	2%
Cash marks and cash collateral	3.2	3.7	0%	0%	100%	100%	0%	0%
Margin Funds	21.7	21.8	34%	37%	66%	63%	0%	0%
Clearing House Funds	1.7	1.2	25%	27%	75%	73%	0%	0%
Total	34.0	34.8	36%	39%	63%	60%	1%	1%

Investments are kept sufficiently liquid to meet the Group's operating needs and liquidity requirements of the cash marks and cash collateral, Clearing House Funds and Margin Funds. Excluding equities and mutual funds held under the Corporate Funds (\$0.2 billion as at 30 September 2009 and at 30 June 2009), which have no maturity date, the maturity profiles of the remaining investments as at 30 September 2009 (\$33.8 billion) and 30 June 2009 (\$34.6 billion) were as follows:

	Investment Fund Size \$ billion		Overnight		>Overnight to 1 month		>1 month to 1 year		>1 year to 3 years		> 3 years	
	Sept	Jun	Sept	Jun	Sept	Jun	Sept	Jun	Sept	Jun	Sept	Jun
	Corporate Funds	7.2	7.9	21%	14%	5%	2%	25%	38%	32%	33%	17%
Cash marks and cash collateral	3.2	3.7	100%	100%	0%	0%	0%	0%	0%	0%	0%	0%
Margin Funds	21.7	21.8	27%	35%	17%	6%	28%	44%	28%	15%	0%	0%
Clearing House Funds	1.7	1.2	74%	67%	0%	10%	1%	4%	25%	19%	0%	0%
Total	33.8	34.6	35%	38%	12%	4%	24%	37%	26%	18%	3%	3%

Credit exposure is well diversified. The Group's bond portfolio held is of investment grade and, as at 30 September 2009, had a weighted average credit rating of Aa2 (30 June 2009: Aa2) and a weighted average maturity of 2.1 years (30 June 2009: 1.4 years). Deposits are placed only with the note-issuing banks in Hong Kong, 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 the Group) at a given confidence level (95 per cent confidence interval is adopted by the Group) based on historical data (1 year is used by the Group). The overall risk, as measured by the VaR methodology, during the third quarter of 2009 and the second quarter of 2009 was as follows:

	Average VaR \$ million		Highest VaR \$ million		Lowest VaR \$ million	
	Jul-Sept	Apr-Jun	Jul-Sept	Apr-Jun	Jul-Sept	Apr-Jun
	Corporate Funds	33.7	31.3	35.3	33.3	31.6
Cash marks and cash collateral	0.0	0.1	0.1	0.2	0.0	0.0
Margin Funds	39.3	30.5	47.9	40.3	33.1	21.4
Clearing House Funds	4.1	1.8	4.4	2.9	3.3	0.5

Details of the Group's net investment income are set out in the Revenue and Other Income section under the Financial Review.

## FINANCIAL REVIEW

### Overall Performance

	Note	Unaudited Nine months ended 30 Sept 2009 \$'000	Unaudited Nine months ended 30 Sept 2008 \$'000
<b>RESULTS</b>			
Revenue and other income:			
Income affected by market turnover	(A)	<b>3,406,910</b>	3,701,879
Stock Exchange listing fees	(B)	<b>514,244</b>	541,744
Income from sale of information	(C)	<b>512,804</b>	509,960
Other revenue	(D)	<b>276,995</b>	296,752
Net investment income	(E)	<b>513,851</b>	728,259
Gain on disposal of properties	(F)	–	68,641
		<b>5,224,804</b>	5,847,235
Operating expenses		<b>1,140,310</b>	1,298,512
Profit before taxation		<b>4,084,494</b>	4,548,723
Taxation		<b>(609,478)</b>	(614,670)
Profit attributable to shareholders		<b>3,475,016</b>	3,934,053

The Group recorded a profit attributable to shareholders of \$3,475 million for the first nine months of 2009 (first quarter: \$834 million; second quarter: \$1,367 million; third quarter: \$1,274 million) compared with \$3,934 million for the same period in 2008 (2008 first quarter: \$1,650 million; second quarter: \$1,324 million; third quarter: \$960 million).

The drop in profit for the nine months ended 30 September 2009 against that of 2008 was primarily attributable to the lower turnover-related income resulting from the decrease in activity in the Cash Market and the drop in net investment income on account of lower net interest income in 2009. Moreover, the one-off gain on the disposal of 2 properties of \$69 million in 2008 was not repeated in 2009.

Total operating expenses fell by 12 per cent during the period mainly due to lower staff costs and provision for impairment losses of trade receivables from defaulting Participants (in particular the provision relating to Lehman Brothers Group of \$159 million made in 2008 was not repeated in 2009) but were partly offset by an increase in premises expenses.

### Revenue and Other Income

#### (A) Income Affected by Market Turnover

	Unaudited Nine months ended 30 Sept 2009 \$'000	Unaudited Nine months ended 30 Sept 2008 \$'000	Change
Trading fees and trading tariff	<b>1,914,205</b>	2,208,517	(13%)
Clearing and settlement fees	<b>1,043,723</b>	1,092,317	(4%)
Depository, custody and nominee services fees	<b>448,982</b>	401,045	12%
Total	<b>3,406,910</b>	3,701,879	(8%)

The decrease in trading fees and trading tariff was mainly due to the lower turnover in the Cash Market in the first nine months of 2009 against that of the corresponding period last year.

Clearing and settlement fees are derived predominantly from Cash Market transactions. The decrease in clearing and settlement fees in 2009 was mainly due to the lower turnover in the Cash Market. Despite being mostly ad valorem fees, clearing and settlement fees are also affected by the volume of SIs and are subject to a minimum and a maximum fee per transaction and therefore may not always move exactly with changes in the turnover of the Cash Market. In 2009, clearing and settlement fees did not decrease by the same percentage as the turnover in the Cash Market since the drop in transaction value of SIs was smaller, and a lower proportion of the value of SIs and exchange-traded transactions settled was subject to the maximum fee and a higher proportion of the value of SIs and exchange-traded transactions settled was subject to the minimum fee.

Depository, custody and nominee services fees rose mainly due to the increase in scrip fees, corporate action fees, stock withdrawal fees and electronic IPO (“eIPO”) handling fees but were partly offset by the decrease in dividend collection fees. Other than eIPO handling fees which are affected by the number of newly listed companies and the number of eIPO allotments, the other fees are influenced by the level of Cash Market activity but do not move proportionately with changes in the turnover in the Cash Market as they vary mostly with the number of board lots rather than the value or turnover of the securities concerned, and many are subject to a maximum fee. Moreover, scrip fees are only chargeable on the net increase in individual Participants’ aggregate holdings of the securities between book closing dates, and thus are unusually large on the first book closing date after a new listing.

#### Key Market Indicators

	Nine months ended 30 Sept 2009	Nine months ended 30 Sept 2008	Change
Average daily turnover value on the Stock Exchange	<b>\$61.3 billion</b>	\$79.3 billion	(23%)
Average daily number of derivatives contracts traded on the Futures Exchange	<b>210,503</b>	199,436	6%
Average daily number of stock options contracts traded on the Stock Exchange	<b>193,147</b>	232,545	(17%)

#### (B) Stock Exchange Listing Fees

	Unaudited Nine months ended 30 Sept 2009 \$'000	Unaudited Nine months ended 30 Sept 2008 \$'000	Change
Annual listing fees	<b>268,333</b>	257,828	4%
Initial and subsequent issue listing fees	<b>242,193</b>	279,924	(13%)
Others	<b>3,718</b>	3,992	(7%)
<b>Total</b>	<b>514,244</b>	541,744	(5%)

The increase in annual listing fees was attributable to the higher number of listed companies. The drop in initial and subsequent issue listing fees was due to the decrease in the number of newly listed DWs but was partly offset by the increase in the number of newly listed CBBCs.

**Key Drivers for Annual Listing Fees**

	As at 30 Sept 2009	As at 30 Sept 2008	Change
Number of companies listed on Main Board	1,114	1,078	3%
Number of companies listed on GEM	172	181	(5%)
<b>Total</b>	<b>1,286</b>	1,259	2%

**Key Drivers for Initial and Subsequent Issue Listing Fees**

	Nine months ended 30 Sept 2009	Nine months ended 30 Sept 2008	Change
Number of newly listed DWs	2,728	3,951	(31%)
Number of newly listed CBBCs	6,018	2,296	162%
Number of newly listed companies on Main Board	31	36	(14%)
Number of newly listed companies on GEM	2	2	0%
Total equity funds raised on Main Board			
– through IPOs	\$63.0 billion	\$62.1 billion	1%
– Post-IPO	\$299.2 billion	\$113.9 billion	163%
Total equity funds raised on GEM			
– through IPOs	\$0.1 billion	\$0.2 billion	(50%)
– Post-IPO	\$2.5 billion	\$6.3 billion	(60%)

**(C) Income from Sale of Information**

	Unaudited Nine months ended 30 Sept 2009 \$'000	Unaudited Nine months ended 30 Sept 2008 \$'000	Change
Income from sale of information	512,804	509,960	1%

Income from sale of information rose marginally during the period as the demand for Derivatives Market information increased in tandem with the rise in activity in the Derivatives Market but this was partly offset by a drop in income from the sale of Cash Market information.

**(D) Other Revenue**

	Unaudited Nine months ended 30 Sept 2009 \$'000	Unaudited Nine months ended 30 Sept 2008 \$'000	Change
Network, terminal user, dataline and software sub-license fees	208,572	217,359	(4%)
Participants' subscription and application fees	26,248	25,722	2%
Brokerage on direct IPO allotments	6,109	5,216	17%
Trading booth user fees	11,271	7,162	57%
Accommodation income	3,912	19,891	(80%)
Sales of Trading Rights	9,000	6,835	32%
Miscellaneous revenue	11,883	14,567	(18%)
<b>Total</b>	<b>276,995</b>	296,752	(7%)

Network, terminal user, dataline and software sub-license fees dropped mainly due to a decrease in sales of additional throttle and open gateway hardware but the decrease was partly offset by the increase in open gateway and HKATS related user fees.

Trading booth user fees rose as the monthly user fees were increased in 2009 to reflect the rental increase of the Trading Hall.

Accommodation income (ie, retention interest charged on securities deposited by Participants as alternatives to cash deposits of the Margin Funds) dropped mainly due to the significant decrease in utilisation of non-cash collateral by Participants to meet their margin obligations.

### (E) Net Investment Income

	Unaudited Nine months ended 30 Sept 2009 \$'000	Unaudited Nine months ended 30 Sept 2008 \$'000	Change
Gross investment income	<b>516,607</b>	803,057	(36%)
Interest rebates to Participants	<b>(2,756)</b>	(74,798)	(96%)
Net investment income	<b>513,851</b>	728,259	(29%)

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

	Nine months ended 30 Sept 2009 \$ billion	Nine months ended 30 Sept 2008 \$ billion	Change
Corporate Funds	<b>7.9</b>	9.2	(14%)
Cash marks and cash collateral	<b>3.2</b>	0.5	540%
Margin Funds	<b>28.7</b>	50.5	(43%)
Clearing House Funds	<b>1.3</b>	1.7	(24%)
Total	<b>41.1</b>	61.9	(34%)

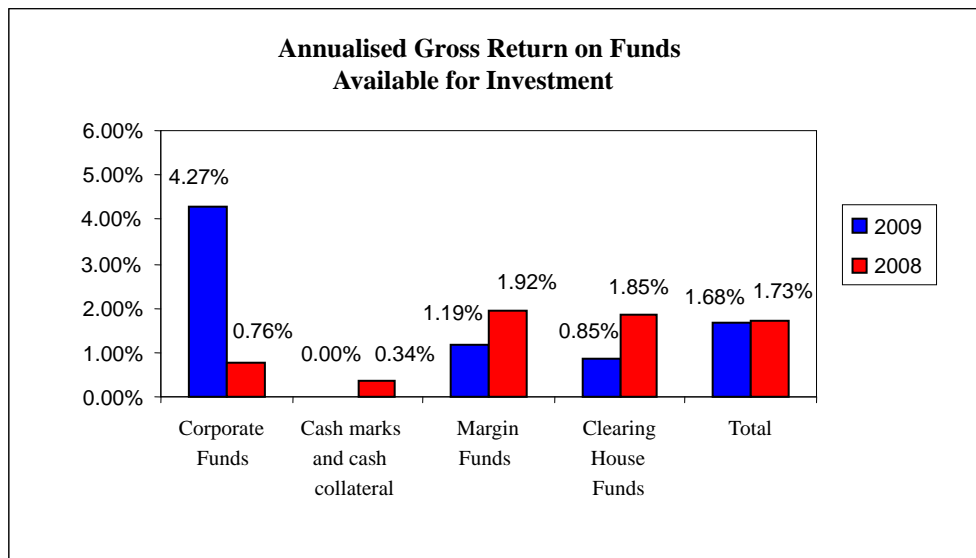
The average amount of cash marks and cash collateral increased significantly as additional cash collateral was collected from HKSCC Clearing Participants (“HKSCC Participants”) to increase the level of protection for the clearing house following the default of Lehman Brothers Securities Asia Limited (“LBSA”) in September 2008.

The drop in the average amount of Margin Funds available for investment during the period was primarily caused by the decrease in open interest in futures contracts and the lower margin rate applicable per futures contract.

The lower average amount of Clearing House Funds was mainly due to a decrease in additional contributions from Participants in response to market fluctuations and changes in risk exposure.

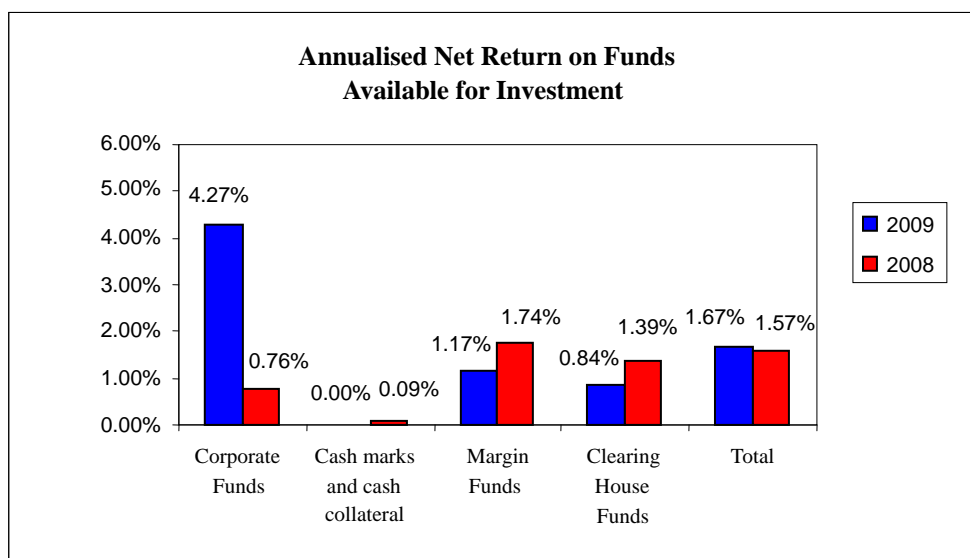
The lower net investment income was mostly due to the significant drop in net interest income of Corporate Funds and Margin Funds arising from the decrease in interest rates and lower Margin Fund size during the first nine months of 2009 as compared with the corresponding period in 2008, but was partly offset by the increase in fair value gains of Corporate Fund investments, reflecting market movements.

The annualised gross return on funds available for investment during the first nine months is set out below.



The gross returns for cash marks and cash collateral, Margin Funds and Clearing House Funds were brought down by the drop in interest rates. The increase in gross return of the Corporate Funds was mainly due to the fair value gains of the Corporate Fund investments during the first nine months of 2009, as opposed to the fair value losses of the Corporate Fund investments in the corresponding previous period, reflecting market movements.

The annualised net return on funds available for investment after the deduction of interest rebates to Participants during the first nine months is set out below.



The net returns of all the funds were similar to the gross returns as very small amounts of interest rebates were paid to Participants since the rates of interest rebates (predominantly savings rate) fell to almost zero.

Details of the investment portfolio are set out in the Treasury section under the Business Review.

**(F) Gain on Disposal of Properties**

	<b>Unaudited Nine months ended 30 Sept 2009 \$'000</b>	Unaudited Nine months ended 30 Sept 2008 \$'000	Change
Gain on disposal of properties	–	68,641	(100%)

In February 2008, the Group sold an investment property and one of the leasehold properties generating a gain of \$69 million.

**Operating Expenses**

	<b>Unaudited Nine months ended 30 Sept 2009 \$'000</b>	Unaudited Nine months ended 30 Sept 2008 \$'000	Change
Staff costs and related expenses	<b>619,589</b>	650,208	(5%)
Information technology and computer maintenance expenses	<b>181,634</b>	179,654	1%
Premises expenses	<b>166,604</b>	107,829	55%
Product marketing and promotion expenses	<b>8,636</b>	12,384	(30%)
Legal and professional fees	<b>9,377</b>	18,513	(49%)
Depreciation	<b>73,597</b>	79,714	(8%)
Other operating expenses	<b>80,873</b>	250,210	(68%)
<b>Total</b>	<b>1,140,310</b>	1,298,512	(12%)

Staff costs and related expenses decreased by \$31 million, mainly due to the reduction in performance bonus accrual on account of the Group's lower profit and the decrease in share-based compensation expenses upon vesting of certain share options and the shares awarded ("Awarded Shares") under the HKEx Employees' Share Award Scheme ("Share Award Scheme").

The Group's information technology and computer maintenance expenses, excluding costs of services and goods directly consumed by the Participants of \$77 million (2008: \$72 million), were \$105 million (2008: \$108 million). The lower costs of services and goods consumed by the Group were mainly due to a decrease in maintenance costs for CCASS/3 due to the expiry of certain maintenance contracts. The increase in costs of services and goods directly consumed by the Participants was due to the increase in AMS/3 line rentals and HKATS maintenance expenses incurred by the Participants but was partly offset by the decrease in AMS/3 hardware and software purchased by the Participants. Costs of services and goods directly consumed by Participants were mostly recovered from the Participants and the income was included as part of the network, terminal user, dataline and software sub-license fees under Other Revenue.

Premises expenses rose due to increases in rental upon renewal of certain leases.

Legal and professional fees dropped as professional fees were incurred for the review of certain information technology systems in 2008 that was not repeated in the nine months ended 30 September 2009.

Other operating expenses dropped primarily due to the one-off provision for impairment losses of trade receivables from defaulting Participants (in particular the provision relating to Lehman Brothers Group of \$159 million) made in 2008.



## Taxation

	Unaudited Nine months ended 30 Sept 2009 \$'000	Unaudited Nine months ended 30 Sept 2008 \$'000	Change
Taxation	<b>609,478</b>	614,670	(1%)

Taxation fell mainly attributable to a decrease in profit before taxation and the write-back of overprovision for profits tax for previous years, but was partly offset by the decrease in non-taxable investment income and non-taxable gain on disposal of properties.

## Comparison of 2009 Third Quarter Performance with 2009 Second Quarter Performance

	Unaudited Three months ended 30 Sept 2009 \$'000	Unaudited Three months ended 30 Jun 2009 \$'000	Change
Revenue and other income:			
Income affected by market turnover:			
Trading fees and trading tariff	<b>697,921</b>	720,453	(3%)
Clearing and settlement fees	<b>392,291</b>	394,604	(1%)
Depository, custody and nominee services fees	<b>129,567</b>	257,429	(50%)
	<b>1,219,779</b>	1,372,486	(11%)
Stock Exchange listing fees	<b>187,470</b>	173,181	8%
Income from sale of information	<b>186,303</b>	171,681	9%
Other revenue	<b>102,629</b>	89,959	14%
Net investment income	<b>175,529</b>	204,452	(14%)
	<b>1,871,710</b>	2,011,759	(7%)
Operating expenses	<b>380,292</b>	405,611	(6%)
Profit before taxation	<b>1,491,418</b>	1,606,148	(7%)
Taxation	<b>(217,287)</b>	(239,502)	(9%)
Profit attributable to shareholders	<b>1,274,131</b>	1,366,646	(7%)

Profit attributable to shareholders decreased from \$1,367 million in the second quarter of 2009 to \$1,274 million in the third quarter of 2009. The decrease in profit was mainly driven by the lower market turnover and lower net investment income. The decrease in profit was partly offset by lower operating expenses and taxation charge.

Trading fees and trading tariff and clearing and settlement fees fell in tandem with the activities in the Cash and Derivatives Markets. Depository, custody and nominee services fees dropped mainly due to seasonal fluctuations. Net investment income dropped mainly due to the lower net interest income and the decrease in fair value gains of Corporate Fund investments, reflecting market movements.

**Key Market Indicators**

	<b>Three months ended 30 Sept 2009</b>	Three months ended 30 Jun 2009	Change
Average daily turnover value on the Stock Exchange	<b>\$66.7 billion</b>	\$71.7 billion	(7%)
Average daily number of derivatives contracts traded on the Futures Exchange	<b>204,637</b>	231,464	(12%)
Average daily number of stock options contracts traded on the Stock Exchange	<b>168,876</b>	217,696	(22%)

Operating expenses decreased by 6 per cent mainly as a result of the decrease in performance bonus accrual on account of the Group's lower profit in the third quarter.

Taxation decreased in the third quarter mainly attributable to the lower profit before taxation and the write-back of overprovision for profits tax for previous years.

**Working Capital**

Working capital fell by \$7,955 million to net current liabilities of \$758 million as at 30 September 2009 (31 December 2008: net current assets of \$7,197 million). The reduction was due to the increase in investments in financial assets and time deposits maturing over 1 year of \$7,480 million for the purpose of enhancing the return of investments, the payment of the 2008 final dividend of \$1,935 million and 2009 interim dividend of \$1,978 million and the decrease in other working capital of \$37 million, but was partly offset by the profit generated during the nine months of \$3,475 million.

**Exposure to Fluctuations in Exchange Rates and Related Hedges**

When seeking to optimise the returns on its funds available for investment, the Group may invest in non-HKD securities from time to time. Forward foreign exchange contracts and foreign currency bank deposits 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 30 September 2009, the aggregate net open foreign currency positions amounted to HK\$3,834 million, of which HK\$194 million were non-USD exposures (31 December 2008: HK\$6,584 million, of which HK\$211 million were non-USD exposures) and the maximum gross nominal value of outstanding forward foreign exchange contracts amounted to HK\$3,305 million (31 December 2008: HK\$3,219 million). All forward foreign exchange contracts would mature within 2 months (31 December 2008: 2 months).

Foreign currency margin deposits received by the Group are mainly hedged by investments in the same currencies, but 25 per cent of the HKD liabilities may be invested in USD deposits for a maximum maturity of 2 weeks.

## **Contingent Liabilities**

There were no significant changes in the Group's contingent liabilities from the information disclosed in the annual report for the year ended 31 December 2008.

## **Changes since 31 December 2008**

There were no other significant changes in the Group's financial position and from the information disclosed under Management Discussion and Analysis in the annual report for the year ended 31 December 2008.

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 third quarter ended 30 September 2009 (third quarter of 2008: \$Nil).

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

## **OPERATIONAL REVIEW**

### **Organisational Changes**

To ensure a smooth transition, Mr Charles X Li joined HKEx as the Chief Executive Designate on 16 October 2009. Mr Li will assume full responsibility as Chief Executive upon Mr Paul M Y Chow's retirement effective 16 January 2010.

### **Corporate Governance**

The Government Appointed Directors (the directors appointed by Hong Kong's Financial Secretary pursuant to Section 77 of the Securities and Futures Ordinance ("SFO")) and the Chief Executive in his capacity as a director of HKEx ("Director") are not subject to election or re-election by HKEx's shareholders ("Shareholders") as their appointments are governed by Section 77 of the SFO and HKEx's Articles of Association respectively. Save as disclosed in this paragraph, HKEx has complied with all the code provisions and, where appropriate, adopted the recommended best practices, as set out in the Code on Corporate Governance Practices (Appendix 14 to the Main Board Listing Rules) throughout the review period.

While continuing to be a constituent company in the FTSE4Good Index Series, HKEx was assigned a Global Rating of 8.0 and Home Market Rating of 10.0, out of the maximum of 10.0, from the GovernanceMetrics International Inc, a corporate governance ratings and research firm, as of 31 August 2009.

On 2 November 2009, HKEx received the Gold Award in the "General" Category of the 2009 HKMA Best Annual Reports Awards organised by The Hong Kong Management Association. HKEx is committed to improving its corporate governance and welcomes stakeholders' comments which can be sent in writing or by email to [ssd@hkex.com.hk](mailto:ssd@hkex.com.hk).

## **Corporate Social Responsibility (“CSR”) Development**

Employee education on business sustainability helps gain support for the successful implementation of our CSR measures. We conducted a total of 26 CSR workshops between March and October this year to raise employees’ awareness of CSR and to explain their role in achieving our CSR objectives. More than 90 per cent of HKEx’s employees with all levels represented had attended the workshops as of the end of October 2009.

As part of our support for corporate climate change disclosure, we have for the first time participated in the 2009 Information Request of the Carbon Disclosure Project which provides primary climate change data to the global market place.

To further enhance CSR development within the Company, we are developing our CSR Management System which includes an Environmental Management System, Supply Chain Management System, as well as the green purchasing and procurement guidelines.

## **PROSPECTS**

Over 1 year on and after massive government and central bank stimulus packages in most economies, to say that the financial markets have regained some optimism would seem to be somewhat of an understatement in the context of how the global stock markets have performed. Still even today views differ on the state of the global economy with some expecting a second wave to hit us albeit less severely and others talking about green shoots or even a bullish recovery. While the HSI has returned to above the 20,000-point level, a significant rebound from the bottom was also noted in other stock markets around the world. The Hong Kong market capitalisation as of 30 September 2009 expanded by \$1,812 billion (13 per cent) compared to 30 June 2009, and by \$5,661 billion (55 per cent) compared to 31 December 2008.

Despite the financial market rebound, the real economies remain weak and excessive liquidity might lead to excessive investment and asset bubbles. At the Pittsburgh Summit held in September 2009, the Group of Twenty (“G-20”) pledged to sustain their strong policy response until a durable recovery is secured. This pledge has given investors added confidence that despite talks about exit strategies, liquidity is not likely to disappear overnight. Nonetheless, times are uncertain and investors are well-advised to be prudent in their investment decisions.

HKEx continues to be vigilant and is working on improvements to ensure the productive and efficient use of its resources. As recently reaffirmed in The Global Competitiveness Report 2009-2010 of the World Economic Forum, Hong Kong undoubtedly remains one of the world’s major financial centres, and continues to be attractive to both investors and companies. In the primary market, new listing activities have picked up, with abundant liquidity rekindling interest in new stocks. A total of 81 applications have been received up to 30 September in 2009, with a significant number by Mainland enterprises. We will continue promoting our fund-raising platform around the world, and strengthening our offerings and services to increase our competitiveness. A number of proposals have been made to streamline the listing process and enhance the regulatory regime, details of which are set out in the Business Review section.

Since becoming the largest ETF market in the Asia-Pacific region in terms of turnover value last year, the growth of our ETF offerings has gone from strength to strength. With the recent approval of cross-listing of ETFs by the Hong Kong and Taiwan regulators, listing of more Taiwan ETFs on the Exchange is anticipated. We are also working with the Mainland exchanges to facilitate mutual ETF listings, and believe such cross-listings could be further extended to other regional exchanges. In the Derivatives Market, in the fourth quarter this year we will offer more choice of strikes and maturities for stock options trading, and plan to introduce options with flexible features in the first quarter of 2010, subject to regulatory approval.

To expand dissemination of Hong Kong securities market information, the free real-time basic market prices website service on 6 designated websites in Hong Kong and the Mainland was soft launched on 5 October 2009. It will be officially launched on 1 January 2010 under a pilot programme until December 2011.

HKEx will continue to strive for reliability of its systems and ensure effective risk management, thereby contributing to stabilising local financial markets and cementing the position of Hong Kong as an international financial centre.

We will continue to be vigilant on developments in the global financial markets and will pay close attention to deliberations of G-20 and where we can, offer our views to proposals on financial market reforms.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	Unaudited Nine months ended 30 Sept 2009 \$'000	Unaudited Nine months ended 30 Sept 2008 \$'000	Unaudited Three months ended 30 Sept 2009 \$'000	Unaudited Three months ended 30 Sept 2008 \$'000
Trading fees and trading tariff		1,914,205	2,208,517	697,921	655,035
Stock Exchange listing fees		514,244	541,744	187,470	185,784
Clearing and settlement fees		1,043,723	1,092,317	392,291	317,457
Depository, custody and nominee services fees		448,982	401,045	129,567	104,950
Income from sale of information		512,804	509,960	186,303	155,541
Other revenue	4	276,995	296,752	102,629	78,829
<b>REVENUE</b>		<b>4,710,953</b>	<b>5,050,335</b>	<b>1,696,181</b>	<b>1,497,596</b>
Investment income		516,607	803,057	176,042	140,323
Interest rebates to Participants		(2,756)	(74,798)	(513)	(2,015)
Net investment income	5	513,851	728,259	175,529	138,308
Gain on disposal of properties	6	–	68,641	–	–
	3	<b>5,224,804</b>	<b>5,847,235</b>	<b>1,871,710</b>	<b>1,635,904</b>
<b>OPERATING EXPENSES</b>					
Staff costs and related expenses		619,589	650,208	210,018	198,222
Information technology and computer maintenance expenses		181,634	179,654	61,865	58,128
Premises expenses		166,604	107,829	54,680	38,107
Product marketing and promotion expenses		8,636	12,384	2,301	2,747
Legal and professional fees		9,377	18,513	2,224	9,663
Depreciation		73,597	79,714	25,978	29,776
Other operating expenses:					
(Reversal of provision for)/provision for impairment losses arising from Participants' default on market contracts	7(a)	(330)	163,449	–	163,449
Others	7(b)	81,203	86,761	23,226	29,477
	3	<b>1,140,310</b>	<b>1,298,512</b>	<b>380,292</b>	<b>529,569</b>
<b>PROFIT BEFORE TAXATION</b>	3	<b>4,084,494</b>	<b>4,548,723</b>	<b>1,491,418</b>	<b>1,106,335</b>
<b>TAXATION</b>	8	<b>(609,478)</b>	<b>(614,670)</b>	<b>(217,287)</b>	<b>(146,688)</b>
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>		<b>3,475,016</b>	<b>3,934,053</b>	<b>1,274,131</b>	<b>959,647</b>
Basic earnings per share	10(a)	\$3.23	\$3.67	\$1.19	\$0.89
Diluted earnings per share	10(b)	\$3.22	\$3.65	\$1.18	\$0.89

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Unaudited Nine months ended 30 Sept 2009 \$'000</b>	Unaudited Nine months ended 30 Sept 2008 \$'000	<b>Unaudited Three months ended 30 Sept 2009 \$'000</b>	Unaudited Three months ended 30 Sept 2008 \$'000
Profit attributable to shareholders	<b>3,475,016</b>	3,934,053	<b>1,274,131</b>	959,647
Other comprehensive income:				
Available-for-sale financial assets:				
Change in fair value during the period	<b>(58,928)</b>	67,190	<b>(26,774)</b>	61,637
Change in fair value on maturity	<b>(90,447)</b>	(58,201)	<b>(41,429)</b>	(16,851)
Less: Reclassification adjustment:				
Gains included in profit or loss on disposal	<b>(2,520)</b>	(4,678)	–	–
Deferred tax	<b>17,248</b>	(531)	<b>3,440</b>	(7,391)
Other comprehensive income attributable to shareholders, net of tax	<b>(134,647)</b>	3,780	<b>(64,763)</b>	37,395
Total comprehensive income attributable to shareholders	<b>3,340,369</b>	3,937,833	<b>1,209,368</b>	997,042

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited at 30 Sept 2009 \$'000	Audited at 31 Dec 2008 \$'000
<b>NON-CURRENT ASSETS</b>			
Fixed assets		259,277	311,179
Lease premium for land		59,817	60,199
Financial assets of Clearing House Funds		416,647	–
Financial assets of Margin Funds on derivatives contracts		5,989,139	–
Available-for-sale financial assets		981,651	–
Time deposits with maturity over one year		93,057	–
Deferred tax assets		4,371	4,429
Other financial assets		48,515	47,172
Other assets		3,207	3,207
		<b>7,855,681</b>	<b>426,186</b>
<b>CURRENT ASSETS</b>			
Accounts receivable, prepayments and deposits	11	5,992,716	8,526,557
Lease premium for land		509	509
Financial assets of Clearing House Funds		4,517	393,202
Cash and cash equivalents of Clearing House Funds		1,242,222	843,109
		<b>1,246,739</b>	<b>1,236,311</b>
Financial assets of Margin Funds on derivatives contracts		6,661,192	19,655,161
Cash and cash equivalents of Margin Funds on derivatives contracts		9,018,088	22,184,833
		<b>15,679,280</b>	<b>41,839,994</b>
Financial assets at fair value through profit or loss		3,534,947	3,020,035
Available-for-sale financial assets		592,618	2,581,683
Time deposits with original maturities over three months		640,155	436,896
Cash and cash equivalents – Cash marks and cash collateral received	12	3,247,625	3,599,902
Cash and cash equivalents – Corporate Funds		1,548,993	1,155,848
		<b>4,796,618</b>	<b>4,755,750</b>
		<b>32,483,582</b>	<b>62,397,735</b>
<b>CURRENT LIABILITIES</b>			
Participants' contributions to Clearing House Funds		639,865	197,520
Other financial liabilities of Clearing House Funds		24,991	72,319
Margin deposits from Clearing Participants on derivatives contracts		21,668,419	41,839,991
Other financial liabilities of Margin Funds on derivatives contracts		–	3
Cash marks and cash collateral from HKSCC Clearing Participants	12	3,247,625	3,599,902
Accounts payable, accruals and other liabilities	13	6,831,899	8,810,952
Financial liabilities at fair value through profit or loss		20,794	26,254
Participants' admission fees received		81,950	83,150
Deferred revenue		183,779	392,688
Taxation payable		508,065	141,363
Provisions		34,526	36,290
		<b>33,241,913</b>	<b>55,200,432</b>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>		<b>(758,331)</b>	<b>7,197,303</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>7,097,350</b>	<b>7,623,489</b>



	Note	Unaudited at 30 Sept 2009 \$'000	Audited at 31 Dec 2008 \$'000
<b>NON-CURRENT LIABILITIES</b>			
Participants' contributions to Clearing House Funds		273,000	252,000
Deferred tax liabilities		22,668	30,775
Financial guarantee contract		19,909	19,909
Provisions		25,842	25,483
		<b>341,419</b>	328,167
<b>NET ASSETS</b>			
		<b>6,755,931</b>	7,295,322
<b>CAPITAL AND RESERVES</b>			
Share capital		1,076,086	1,074,886
Share premium		373,307	346,902
Shares held for Share Award Scheme		(72,963)	(65,254)
Employee share-based compensation reserve		56,342	47,032
Revaluation reserve		(37,966)	96,681
Designated reserves		560,704	552,383
Retained earnings	14	4,800,421	5,242,692
<b>SHAREHOLDERS' FUNDS</b>			
		<b>6,755,931</b>	7,295,322
<b>TOTAL ASSETS</b>			
		<b>40,339,263</b>	62,823,921
<b>TOTAL LIABILITIES</b>			
		<b>33,583,332</b>	55,528,599
<b>SHAREHOLDERS' FUNDS PER SHARE</b>			
		<b>\$6.28</b>	\$6.79

## NOTES TO THE CONDENSED CONSOLIDATED ACCOUNTS

### 1. Basis of Preparation and Accounting Policies

These unaudited condensed consolidated accounts should be read in conjunction with the 2008 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 2008.

#### Change in presentation of cash marks and cash collateral received from HKSCC Participants

Cash and cash equivalents comprise Corporate Funds and cash marks and cash collateral received from HKSCC Participants. In previous years, the obligation to refund cash marks and cash collateral was included in “Accounts payable, accruals and other liabilities” in the consolidated statement of financial position.

Since the default of LBSA in September 2008, cash marks and cash collateral requirements have increased substantially compared to prior years. Therefore, in 2009, as an enhancement to the presentation of the consolidated statement of financial position, the cash marks and cash collateral received from HKSCC Participants are shown as a component of “Cash and cash equivalents” under current assets and the obligation to refund such marks and collateral is shown as “Cash marks and cash collateral from HKSCC Clearing Participants” under current liabilities in the consolidated statement of financial position.

The comparative figures conform with the enhanced disclosure. This change has no effect on the consolidated income statement.

### 2. Turnover

The Group’s turnover comprises trading fees and trading tariff from securities and options traded on the Stock Exchange and derivatives contracts traded on the Futures Exchange, Stock Exchange listing fees, clearing and settlement fees, depository, custody and nominee services fees, income from sale of information, net investment income (including investment income net of interest rebates to Participants of Clearing House Funds) and other revenue.

### 3. Operating Segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has 4 reportable segments. The segments are managed separately as each business offers different products and services and requires different information technology systems and marketing strategies. The following summary describes the operations in each of the Group’s reportable segments:

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, CBBCs, ETFs, warrants and rights. Currently, the Group operates 2 Cash Market platforms, the Main Board and GEM. The major sources of income of the business are trading fees, trading tariff and listing fees. Results of the Listing Function are included in 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 stock and equity index futures and options, and interest rate, commodity and Exchange Fund Note futures. Its income mainly comprises trading fees, trading tariff and net investment income on the Margin Funds invested.

The **Clearing Business** refers to the operations of the 3 clearing houses, namely HKSCC, The SEHK Options Clearing House Limited and HKFE Clearing Corporation Limited, which are responsible for clearing, settlement and custodian activities of the Cash and Derivatives Markets operated by the Group. Its income is derived primarily from net investment income earned on the Clearing House Funds and fees from providing clearing, settlement, depository, custody and nominee services.

The **Information Services** business is responsible for developing, promoting, compiling and sales of real-time, historical as well as statistical market data and issuer information. Its income comprises primarily income from sale of Cash Market and Derivatives Market data.

An analysis of the Group's reportable segment profit before taxation for the period by operating segment is as follows:

	Unaudited Nine months ended 30 Sept 2009					Group \$'000
	Cash Market \$'000	Derivatives Market \$'000	Clearing Business \$'000	Information Services \$'000	Inter-segment elimination (note b) \$'000	
Income from external customers	2,072,163	539,792	1,586,079	512,919	–	4,710,953
Net investment income	105,448	276,439	139,824	617	(8,477)	513,851
	2,177,611	816,231	1,725,903	513,536	(8,477)	5,224,804
Operating expenses						
Direct costs	459,479	121,107	258,040	38,090	(8,477)	868,239
Indirect costs	128,998	39,392	84,649	19,032	–	272,071
	588,477	160,499	342,689	57,122	(8,477)	1,140,310
Reportable segment profit before taxation	1,589,134	655,732	1,383,214	456,414	–	4,084,494

	Unaudited Nine months ended 30 Sept 2008					Group \$'000
	Cash Market \$'000	Derivatives Market \$'000	Clearing Business \$'000	Information Services \$'000		
Income from external customers	2,421,588	525,383	1,592,033	511,331		5,050,335
Net investment income	51,364	664,811	11,960	124		728,259
Gain on disposal of properties	33,442	11,580	19,116	4,503		68,641
	2,506,394	1,201,774	1,623,109	515,958		5,847,235
Operating expenses						
Direct costs	436,108	105,611	431,454	39,229		1,012,402
Indirect costs	132,387	44,056	91,560	18,107		286,110
	568,495	149,667	523,014	57,336		1,298,512
Reportable segment profit before taxation	1,937,899	1,052,107	1,100,095	458,622		4,548,723

- (a) The accounting policies of the reportable segments are the same as the Group's accounting policies. Central income (mainly net investment income of the Corporate Funds) and central costs (mainly costs of support functions that centrally provide services to all of the operating segments) are allocated to the operating segments as they are included in the measure of the segments' profit that is used by the chief operating decision-makers for the purposes of resource allocation and assessment of segment performance. Performance is measured based on segment profit before taxation. Taxation charge/(credit) is not allocated to reportable segments.
- (b) The elimination adjustment represents the inter-segment interest charge from the Corporate Centre to the Clearing Business segment for funding the closing-out of market contracts of the defaulting Participant, LBSA. There were no inter-segment sales and charges during the nine-month period ended 30 September 2008.

#### 4. Other Revenue

	Unaudited Nine months ended 30 Sept 2009 \$'000	Unaudited Nine months ended 30 Sept 2008 \$'000	Unaudited Three months ended 30 Sept 2009 \$'000	Unaudited Three months ended 30 Sept 2008 \$'000
Network, terminal user, dataline and software sub-license fees	208,572	217,359	78,483	57,539
Participants' subscription and application fees	26,248	25,722	8,708	8,593
Brokerage on direct IPO allotments	6,109	5,216	5,181	639
Trading booth user fees	11,271	7,162	3,852	2,385
Accommodation income on securities deposited by Participants as alternatives to cash deposits of Margin Funds	3,912	19,891	1,208	4,675
Sales of Trading Rights	9,000	6,835	1,500	–
Miscellaneous revenue	11,883	14,567	3,697	4,998
	276,995	296,752	102,629	78,829

5. Net Investment Income

	Unaudited Nine months ended 30 Sept 2009 \$'000	Unaudited Nine months ended 30 Sept 2008 \$'000	Unaudited Three months ended 30 Sept 2009 \$'000	Unaudited Three months ended 30 Sept 2008 \$'000
Interest income				
– bank deposits	90,131	439,744	30,065	92,320
– listed available-for-sale financial assets	10,734	8,049	4,816	3,338
– unlisted available-for-sale financial assets	202,215	414,096	51,727	101,546
	<b>303,080</b>	861,889	<b>86,608</b>	197,204
Interest rebates to Participants	(2,756)	(74,798)	(513)	(2,015)
Net interest income	<b>300,324</b>	787,091	<b>86,095</b>	195,189
Net realised and unrealised gains/(losses) and interest income on financial assets and financial liabilities at fair value through profit or loss				
<u>On designation</u>				
– unlisted securities with embedded derivatives	9,090	–	(44)	–
– bank deposits with embedded derivatives	1,020	167	1,502	167
– exchange differences	1,549	–	2	–
	<b>11,659</b>	167	<b>1,460</b>	167
<u>Held for trading</u>				
– listed securities	145,569	(59,021)	61,033	(30,191)
– unlisted securities	53,226	20,989	20,856	835
– exchange differences	1,176	(27,150)	5,128	(28,613)
	<b>199,971</b>	(65,182)	<b>87,017</b>	(57,969)
	<b>211,630</b>	(65,015)	<b>88,477</b>	(57,802)
Realised gains on disposal of unlisted available-for-sale financial assets	1,500	1,460	–	–
Dividend income from listed financial assets at fair value through profit or loss	1,955	3,289	740	865
Other exchange differences on loans and receivables	(1,558)	1,434	217	56
Net investment income	<b>513,851</b>	728,259	<b>175,529</b>	138,308
Net investment income/(loss) was derived from:				
Corporate Funds	253,365	52,203	105,497	(27,850)
Cash marks and cash collateral	(81)	348	(56)	1
Margin Funds	252,412	658,417	66,718	160,997
Clearing House Funds	8,155	17,291	3,370	5,160
	<b>513,851</b>	728,259	<b>175,529</b>	138,308

6. Gain on Disposal of Properties

The Group sold an investment property and one of the leasehold properties in the first quarter of 2008, generating a gain of \$68,641,000.

## 7. Other Operating Expenses

- (a) (Reversal of provision for)/provision for impairment losses arising from Participants' default on market contracts

Amount for 2008 mainly included \$157,141,000 of provision for impairment loss of trade receivables arising from the default on market contracts by LBSA.

On 16 September 2008, the SFC issued a restriction notice on LBSA, which prohibited LBSA from settling its outstanding positions in CCASS. Following the issue of the SFC restriction notice, LBSA was declared a defaulter and its outstanding positions were closed out by HKSCC in accordance with the General Rules of CCASS. HKSCC incurred a loss of \$157,141,000 (including costs and expenses net of recoveries up to 30 September 2008) as a result of such closing-out. LBSA submitted a winding-up petition and provisional liquidators were appointed on 17 September 2008. HKSCC will seek recovery of the closing-out loss via the liquidation process and after giving due regard to its entitlement to recover the loss, or part thereof, from the HKSCC Guarantee Fund and other avenues available to HKSCC for the recovery of such loss.

- (b) Others

	Unaudited Nine months ended 30 Sept 2009 \$'000	Unaudited Nine months ended 30 Sept 2008 \$'000	Unaudited Three months ended 30 Sept 2009 \$'000	Unaudited Three months ended 30 Sept 2008 \$'000
(Reversal of provision for)/provision for impairment losses of other trade receivables	(1,176)	1,988	(1,061)	1,671
Provision for/(reversal of provision for) impairment losses of fixed assets	754	–	(46)	–
Insurance	3,077	3,589	792	1,242
Financial data subscription fees	3,816	3,302	1,328	1,145
Custodian and fund management fees	8,224	8,889	2,683	2,829
Bank charges	8,733	7,636	4,587	2,149
Repair and maintenance expenses	7,005	6,101	2,348	2,023
License fees	11,551	11,413	3,170	3,516
Communication expenses	3,811	4,006	1,300	1,241
Other miscellaneous expenses	35,408	39,837	8,125	13,661
	<b>81,203</b>	86,761	<b>23,226</b>	29,477

## 8. Taxation

Taxation charge/(credit) in the condensed consolidated income statement represented:

	Unaudited Nine months ended 30 Sept 2009 \$'000	Unaudited Nine months ended 30 Sept 2008 \$'000	Unaudited Three months ended 30 Sept 2009 \$'000	Unaudited Three months ended 30 Sept 2008 \$'000
Provision for Hong Kong Profits Tax for the period (note a)	605,969	625,546	219,648	155,174
Overprovision in respect of prior years	(5,690)	(151)	(5,654)	(151)
	<b>600,279</b>	625,395	<b>213,994</b>	155,023
Deferred taxation	9,199	(10,725)	3,293	(8,335)
	<b>609,478</b>	614,670	<b>217,287</b>	146,688

- (a) Hong Kong Profits Tax has been provided for at 16.5 per cent (2008: 16.5 per cent) on the estimated assessable profit for the period.

**9. Dividends**

	<b>Unaudited Nine months ended 30 Sept 2009 \$'000</b>	Unaudited Nine months ended 30 Sept 2008 \$'000	<b>Unaudited Three months ended 30 Sept 2009 \$'000</b>	Unaudited Three months ended 30 Sept 2008 \$'000
Interim dividend paid of \$1.84 (2008: \$2.49) per share	<b>1,979,977</b>	2,676,436	–	–
Less: Dividend for shares held by Share Award Scheme	<b>(1,867)</b>	(3,061)	–	–
	<b>1,978,110</b>	2,673,375	–	–

**10. Earnings Per Share**

The calculation of the basic and diluted earnings per share is as follows:

(a) Basic earnings per share

	<b>Unaudited Nine months ended 30 Sept 2009</b>	Unaudited Nine months ended 30 Sept 2008	<b>Unaudited Three months ended 30 Sept 2009</b>	Unaudited Three months ended 30 Sept 2008
Profit attributable to shareholders (\$'000)	<b>3,475,016</b>	3,934,053	<b>1,274,131</b>	959,647
Weighted average number of shares in issue less shares held for Share Award Scheme	<b>1,074,560,764</b>	1,071,737,234	<b>1,074,984,200</b>	1,073,349,273
Basic earnings per share	<b>\$3.23</b>	\$3.67	<b>\$1.19</b>	\$0.89

(b) Diluted earnings per share

	<b>Unaudited Nine months ended 30 Sept 2009</b>	Unaudited Nine months ended 30 Sept 2008	<b>Unaudited Three months ended 30 Sept 2009</b>	Unaudited Three months ended 30 Sept 2008
Profit attributable to shareholders (\$'000)	<b>3,475,016</b>	3,934,053	<b>1,274,131</b>	959,647
Weighted average number of shares in issue less shares held for Share Award Scheme	<b>1,074,560,764</b>	1,071,737,234	<b>1,074,984,200</b>	1,073,349,273
Effect of employee share options	<b>3,307,017</b>	5,878,512	<b>3,087,682</b>	4,125,086
Effect of Awarded Shares	<b>911,753</b>	1,148,411	<b>915,791</b>	1,164,812
Weighted average number of shares for the purpose of calculating diluted earnings per share	<b>1,078,779,534</b>	1,078,764,157	<b>1,078,987,673</b>	1,078,639,171
Diluted earnings per share	<b>\$3.22</b>	\$3.65	<b>\$1.18</b>	\$0.89

**11. Accounts Receivable, Prepayments and Deposits**

The Group's accounts receivable, prepayments and deposits mainly represented the Group's Continuous Net Settlement ("CNS") money obligations receivable under the T+2 settlement cycle, which accounted for 90 per cent (31 December 2008: 93 per cent) of the total accounts receivable, prepayments and deposits. CNS money obligations receivable mature within 2 days after the trade date. The majority of the remaining accounts receivable, prepayments and deposits were due within 3 months.

**12. Cash Marks and Cash Collateral from HKSCC Clearing Participants**

HKSCC Participants are required to deposit cash marks and cash collateral with HKSCC to cover the risk of potential losses arising from their unsettled securities transactions. The cash marks and cash collateral received are held in savings accounts and form part of the cash and cash equivalents of the Group.

**13. Accounts Payable, Accruals and Other Liabilities**

The Group's accounts payable, accruals and other liabilities mainly represented the Group's CNS money obligations payable under the T+2 settlement cycle, which accounted for 79 per cent (31 December 2008: 90 per cent) of the total accounts payable, accruals and other liabilities. CNS money obligations mature within 2 days after the trade date. The majority of the remaining accounts payable, accruals and other liabilities would mature within 3 months.

**14. Retained Earnings (Including Proposed Dividend)**

	<b>Unaudited 2009 \$'000</b>	Audited 2008 \$'000
At 1 Jan	<b>5,242,692</b>	6,288,138
Profit for the period/year (note a)	<b>3,475,016</b>	5,128,924
Transfer (to)/from Clearing House Funds reserves	<b>(8,321)</b>	142,470
Transfer from leasehold buildings revaluation reserve on disposal of a leasehold property	–	3,155
	<b>(8,321)</b>	145,625
Dividends:		
2008/2007 final dividend	<b>(1,932,993)</b>	(3,634,850)
Dividend on shares issued for employee share options exercised after 31 Dec 2008/31 Dec 2007	<b>(1,715)</b>	(11,309)
	<b>(1,934,708)</b>	(3,646,159)
2009/2008 interim dividend	<b>(1,977,861)</b>	(2,670,320)
Dividend on shares issued for employee share options exercised after 30 Jun 2009/30 Jun 2008	<b>(249)</b>	(3,055)
	<b>(1,978,110)</b>	(2,673,375)
Unclaimed dividends forfeited	<b>3,915</b>	2,566
Vesting of shares of Share Award Scheme	<b>(63)</b>	(3,027)
At 30 Sept 2009/31 Dec 2008	<b>4,800,421</b>	5,242,692
Representing:		
Retained earnings	<b>4,800,421</b>	3,309,601
Proposed dividend	–	1,933,091
At 30 Sept 2009/31 Dec 2008	<b>4,800,421</b>	5,242,692

- (a) The Group's profit for the period included a surplus attributable to the net investment income net of expenses and reversal of provision for closing-out losses of the Clearing House Funds of \$8,321,000 (year ended 31 December 2008: net deficit attributable to the net investment income net of expenses less provision for closing-out losses of the Clearing House Funds of \$142,470,000).

## **REVIEW OF ACCOUNTS**

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2009 in conjunction with HKEx's external auditor.

Management has appointed the external auditor to carry out certain agreed-upon procedures in accordance with Hong Kong Standard 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 2009.

## **PURCHASE, SALE OR REDEMPTION OF HKEx'S LISTED SECURITIES**

During the nine months ended 30 September 2009, neither HKEx nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Exchange a total of 89,700 HKEx shares at a total consideration of about \$8.6 million.

## **PUBLICATION OF RESULTS AND QUARTERLY REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009**

The results announcement is published on the HKExnews website at [www.hkexnews.hk](http://www.hkexnews.hk) and the HKEx website at [www.hkex.com.hk/relation/results/ResultsAnn.htm](http://www.hkex.com.hk/relation/results/ResultsAnn.htm). The Quarterly Report for the nine months ended 30 September 2009 will be available on the HKExnews and HKEx websites and despatched to Shareholders on or about Wednesday, 25 November 2009.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises 12 Independent Non-executive Directors, namely Mr ARCULLI, Ronald Joseph (Chairman), Mrs CHA May-Lung, Laura, Mr CHAN Tze Ching, Ignatius, Dr CHENG Mo Chi, Moses, Dr CHEUNG Kin Tung, Marvin, Mr HUI Chiu Chung, Stephen, Dr KWOK Chi Piu, Bill, Mr LEE Kwan Ho, Vincent Marshall, Mr LEE Tze Hau, Michael, Mr STRICKLAND, John Estmond, Mr WILLIAMSON, John Mackay McCulloch and 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**  
**ARCULLI, Ronald Joseph**  
Chairman

Hong Kong, 11 November 2009