

# 2009 REMUNERATION COMMITTEE REPORT

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(Financial figures in this report are expressed in HKD)

## The Remuneration Committee

The Remuneration Committee (“RC”) comprises 5 independent non-executive Directors. Its composition is set out on page 9 of this report.

## Terms of Reference

The RC is mandated to formulate the Group’s remuneration policy for the Board’s approval. Other key functions include, inter alia, setting the guidelines for the recruitment of the Chief Executive and the Senior Management, determining their remuneration packages, and making recommendations to the Board on the Group’s annual salary adjustment, annual performance bonus and share award. The terms of reference are posted on the HKEx website.

## Major Work Done in 2009

During 2009, the RC held 2 meetings and members’ attendance record is shown in the 2009 Corporate Governance Report. The following is a summary of the major tasks completed by the RC in 2009:

- recommended a salary adjustment for merit increase and promotion for 2010;
- recommended the performance bonus pool for 2009 based on the assessment of the Company’s financial and non-financial performance and a pre-set formula implemented since 2006;
- recommended the performance bonus for the Chief Executive for 2009;
- reviewed the remuneration level for non-executive Directors and recommended to keep the remuneration level unchanged for 2009/2010; and
- adopted the RC Report for 2008.

## Remuneration Policy

### Non-executive Directors

It is the Group’s objective to remunerate non-executive Directors fairly but not excessively for their efforts and time dedicated to HKEx. Their remuneration is reviewed annually with reference to companies of comparable business or scale. Recommendations for changes in non-executive Directors’ remuneration are subject to Shareholders’ approval at general meetings.

Non-executive Directors are not entitled to participate in the Share Option Schemes and the Share Award Scheme, or other fringe benefits.

### Employees

Quality and dedicated staff are valuable assets contributing to the Group’s success. HKEx’s remuneration policy is built on the principle of providing an equitable, performance-oriented, motivating and market-competitive remuneration package to every employee. To enable our employees to reach their full potential, we are committed to staff training and development. In 2009, HKEx spent \$4.8 million on staff training and organised 136 in-house training classes with more than 4,800 participants in aggregate. In addition, 15 employees of different grades participated in the academic sponsorship programme and 765 participants attended external training programmes. HKEx’s e-learning programme also provided a variety of courses covering managerial, language and technical skills to 114 employees. More details are set out in the CSR section on the HKEx website and will be set out in the 2009 CSR Report which will be published in mid-March 2010.

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As at 31 December 2009, the Group had 841 permanent employees (2008: 848) and 9 temporary employees (2008: 17), and maintained a low turnover rate of 3 per cent (2008: 7 per cent).

Our employees' remuneration packages (including that of the Chief Executive) comprise fixed and variable components benchmarked against companies in the financial services sector. The following illustrates the mix of fixed and variable pay for employees at different grades in a year when the Group achieves its performance targets:

Different Grades of Staff	Fixed		Variable (Performance-related)	
	Base compensation – salary	Annual incentive – cash bonus	Long-term incentive – share award	Other
Senior staff *	67%	22%	11%	
Middle-level staff	75%	25%		
Supervisory-level staff	80%	20%		
General staff	86%	14%		

Base compensation – salary

Annual incentive – cash bonus

Long-term incentive – share award

\* Including the Chief Executive

Employees' rewards are linked to performance and differentiated based on a 6-level performance rating scale. A performance development process is in place to help employees set performance objectives, focus on performance improvement and identify training and development opportunities.

Other benefits include the provident fund (contribution to the provident fund will be set out in note 10 to the consolidated accounts of the 2009 Annual Report), medical insurance, dental insurance, life and personal accident insurance, employee compensation insurance and business travel insurance.

Details of HKEx's remuneration policy and structure are set out in the Corporate Governance section on the HKEx website.

## Non-executive Directors' Fee Review for 2009/2010

In 2009, the RC, after having conducted an annual review, recommended that the remuneration package for non-executive Directors for 2009/2010 should remain unchanged:

	2009/2010 (\$)	2008/2009 (\$)
Board Chairman	450,000	450,000
Board member	300,000	300,000
Executive Committee member	50,000	50,000
Audit Committee member	50,000	50,000
Remuneration Committee member	50,000	50,000
Investment Advisory Committee member	50,000	50,000

In February 2010, the RC recommended raising the remuneration of the Chairman and each of the other non-executive Directors to \$500,000 and \$350,000 per annum respectively. The additional remuneration of the chairman and every member (excluding executive Director) of the Executive Committee, Audit Committee, RC and Investment Advisory Committee is recommended to remain unchanged at \$50,000 per annum but an attendance fee of \$2,500 per meeting is proposed to reflect the variable workload and time commitment of the above committee members. The above recommendation is based on the average annual remuneration of non-executive directors of HSI constituent companies as well as overseas listed exchanges and serves to bring the remuneration of non-executive Directors that has remained unchanged in

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the past 3 years closer to that of the market. The Board has endorsed the RC's recommendations for Shareholders' approval at the AGM to be held on 22 April 2010.

## Employees' Pay Review for 2009/2010

In anticipation of the possible economic rebound in 2010 and improvement in the job market, to ensure that HKEx stays competitive in attracting and retaining good talent, the RC recommended and the Board approved an average 3 per cent increase in staff salary, which included a merit increase and promotion for eligible employees based on their performance and salary level.

To recognise employees' contribution in 2009 and under the Group's bonus schemes with the pre-set formula and measures, the Board approved the RC's recommendation of paying a discretionary performance bonus to eligible employees. The performance bonus was determined based on the Company's performance, taking into account both financial and non-financial factors including profit, business development, market and regulatory development, organisational development and market availability.

In order to ensure that long-term incentives are awarded to employees instrumental to the Company's long-term growth and success, the Board also approved the RC's recommendation to defer the award of long-term incentives to 2010 pending a review of the Share Award Scheme.

Neither the Chief Executive nor the Senior Management participated in the RC's discussion on their performance award. The RC consulted the Chief Executive about the performance of members of the Senior Management.

## Emoluments for 2009

### Non-executive Directors

Name	Director's Fee (\$)	
	2009	2008
<b>Current Directors</b>		
Ronald J Arculli	550,000	550,000
Laura M Cha	362,500	400,000
Ignatius T C Chan <sup>1</sup>	262,500	-
Moses M C Cheng	400,000	400,000
Marvin K T Cheung	350,000	350,000
Stephen C C Hui <sup>1</sup>	262,500	-
Bill C P Kwok	350,000	350,000
Vincent K H Lee	450,000	450,000
Michael T H Lee <sup>1</sup>	262,500	-
John E Strickland	350,000	350,000
John M M Williamson <sup>2</sup>	437,500	214,444
Oscar S H Wong	350,000	350,000
<b>Ex-Directors</b>		
Henry H L Fan <sup>3</sup>	75,000	300,000
Fong Hup <sup>3</sup>	100,000	400,000
Christine K W Loh <sup>3</sup>	87,500	350,000
David M Webb <sup>4</sup>	-	122,832
<b>Total</b>	<b>4,650,000</b>	<b>4,587,276</b>

Notes:

1. Mr Ignatius T C Chan was elected, and Messrs Stephen C C Hui and Michael T H Lee were appointed, on 23 April 2009.
2. Mr John M M Williamson, who was appointed on 18 June 2008 to fill the casual vacancy arising from the resignation of Mr David M Webb, was elected on 23 April 2009.
3. Messrs Henry H L Fan and Fong Hup, and Dr Christine K W Loh retired on 23 April 2009.
4. Mr David M Webb resigned on 15 May 2008.

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## Executive Director

Name	2009					Total (\$)	2008	2009	
	Salary (\$)	Cash Bonus (\$)	Other <sup>1</sup> Benefits (\$)	Retirement <sup>2</sup> Benefits Cost (\$)	Director's Fee (\$)		Total (\$)	Share <sup>3</sup> Options Benefits (\$)	Share <sup>3</sup> Awards Benefits (\$)
<b>Chief Executive</b>									
Paul M Y Chow <sup>4</sup>	7,800,000	7,800,000	58,806	975,000	–	16,633,806	12,732,504	–	460,542

## Senior Management

Name	2009					Total (\$)	2008	2009	
	Salary (\$)	Cash Bonus (\$)	Other <sup>1</sup> Benefits (\$)	Retirement <sup>2</sup> Benefits Cost (\$)	Compensation for Loss of Office (\$)		Total (\$)	Share <sup>3</sup> Options Benefits (\$)	Share <sup>3</sup> Awards Benefits (\$)
Charles X Li <sup>5</sup>	2,259,677	–	144,989	188,710	–	2,593,376	–	–	–
Gerald D Greiner	5,851,200	2,438,000	90,555	731,400	–	9,111,155	9,123,414	100,595	805,580
Peter J Curley <sup>6</sup>	3,360,000	560,000	34,542	336,000	–	4,290,542	2,181,416	61,520	232,331
Mark F Dickens	4,200,000	2,100,000	33,840	525,000	–	6,858,840	–	–	1,574,841
Lawrence K M Fok	3,672,000	918,000	68,060	459,000	–	5,117,060	5,433,178	77,697	196,484
Mary M L Kao	3,681,360	1,533,900	63,784	460,170	–	5,739,214	5,739,224	77,697	261,387
Kevin T King	3,000,000	1,000,000	54,616	375,000	–	4,429,616	3,813,480	–	–
Henry M W Law	2,594,880	1,081,200	45,259	324,360	–	4,045,699	4,032,510	63,432	392,840
Stewart S C Shing <sup>7</sup>	977,070	–	668,114	122,134	–	1,767,318	6,105,792	13,473	294,297
Archie T C Tsim	3,274,200	1,364,250	63,506	409,276	–	5,111,232	5,029,390	64,708	539,997
Richard G Williams <sup>8</sup>	755,820	–	19,540	94,478	–	869,838	7,529,368	–	(748,777)
Alfred K K Wong	3,240,000	1,755,000	55,409	405,000	–	5,455,409	5,421,450	71,323	553,778

### Notes:

- Other benefits include leave pay, insurance premium, club membership and relocation allowance, as applicable.
- An employee who retires before normal retirement age is eligible to 18 per cent of the employer's contribution to the provident fund after completion of 2 years of service. The rate of vested benefit increases at an annual increment of 18 per cent thereafter reaching 100 per cent after completion of 7 years of service.
- The share options benefits and the share awards benefits represent the aggregate of the amortised fair value of the share options granted and shares awarded to the Chief Executive and respective members of the Senior Management under the Post-Listing Scheme and the Share Award Scheme respectively that were charged to the consolidated income statement for the year ended 31 December 2009 (under Hong Kong Financial Reporting Standard 2, amortisation of the fair value of the options granted under the Pre-Listing Scheme is not required).
- Mr Paul M Y Chow retired on 16 January 2010. Mr Chow's total emoluments for 1 to 15 January 2010 was \$4,890,867 including his salary for 1 to 15 January 2010, leave pay, insurance premium, club membership and retirement benefits cost.
- Mr Charles X Li joined HKEx as the Chief Executive Designate on 16 October 2009 to succeed Mr Paul M Y Chow as the Chief Executive effective 16 January 2010. Mr Li's compensation package includes a salary of \$7.2 million per annum, and his emoluments for 2009 included a special allowance of \$750,000 as a compensation for loss of income during the sanitisation period and a relocation allowance of \$100,000.
- Mr Peter J Curley is a member of a pension scheme operating in the United States, and he is exempted under Section 4(3) of the Mandatory Provident Fund Schemes Ordinance from participating in HKEx's provident fund scheme. The vesting scale of retirement benefits is not applicable to Mr Curley.
- Mr Stewart S C Shing retired on 1 April 2009, and was appointed as Adviser effective 1 February 2010.
- Mr Richard G Williams resigned on 1 March 2009. As a member of a pension scheme operating in the United Kingdom, he was exempted under Section 4(3) of the Mandatory Provident Fund Schemes Ordinance from participating in HKEx's provident fund scheme. The vesting scale of retirement benefits was not applicable to Mr Williams.

Further particulars regarding the emoluments of Directors and the 5 top-paid employees as required to be disclosed pursuant to Section 161 of the Companies Ordinance and Appendix 16 of the Main Board Listing Rules will be set out in notes 14 and 15 to the consolidated accounts of the 2009 Annual Report respectively.

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## Directors' Service Contract

Mr Paul M Y Chow was employed as Chief Executive whose contract expired upon his retirement on 16 January 2010. Mr Charles X Li, the successor of Mr Paul M Y Chow, has a service contract with HKEx for an initial term of 3 years until 15 October 2012. Save as the aforesaid, no Director has any existing or proposed service contract with any member of the Group.

## Chief Executive's and the Senior Management's Interests in HKEx's Securities under Long-Term Incentive Schemes

### Share Options

Name	Date of Grant	Exercise Price (\$)	Number of Shares Issuable Under the Options				Exercise Period <sup>1</sup>
			As at 1 Jan 2009	Subscribed during the Year	Lapsed during the Year	As at 31 Dec 2009	
<b>Chief Executive</b>							
Paul M Y Chow	2 May 2003	8.28	–	–	–	–	2 May 2005 – 1 May 2013
<b>Senior Management</b>							
Charles X Li				–	–		
Gerald D Greiner	17 May 2004	15.91	100,000	–	–	100,000	17 May 2006 – 16 May 2014
	26 Jan 2005	19.25	100,000	–	–	100,000	26 Jan 2007 – 25 Jan 2015
Peter J Curley	31 Mar 2004	16.96	23,500	23,500	–	–	31 Mar 2006 – 30 Mar 2014
	26 Jan 2005	19.25	40,000	20,000	–	20,000	26 Jan 2007 – 25 Jan 2015
Mark F Dickens				–	–		
Lawrence K M Fok	31 Mar 2004	16.96	30,000	30,000	–	–	31 Mar 2006 – 30 Mar 2014
	26 Jan 2005	19.25	50,000	–	–	50,000	26 Jan 2007 – 25 Jan 2015
Mary M L Kao	31 Mar 2004	16.96	30,000	–	–	30,000	31 Mar 2006 – 30 Mar 2014
	26 Jan 2005	19.25	50,000	–	–	50,000	26 Jan 2007 – 25 Jan 2015
Kevin T King				–	–		
Henry M W Law	31 Mar 2004	16.96	25,000	–	–	25,000	31 Mar 2006 – 30 Mar 2014
	26 Jan 2005	19.25	40,000	–	–	40,000	26 Jan 2007 – 25 Jan 2015
Stewart S C Shing <sup>2</sup>	15 Jan 2004	17.30	273,500	273,500	–	–	15 Jan 2006 – 14 Jan 2014
Archie T C Tsim	26 Jan 2005	19.25	123,000	–	–	123,000	26 Jan 2007 – 25 Jan 2015
Richard G Williams <sup>3</sup>	14 Aug 2003	12.45	–	–	–	–	14 Aug 2005 – 13 Aug 2013
Alfred K K Wong	31 Mar 2004	16.96	25,000	–	–	25,000	31 Mar 2006 – 30 Mar 2014
	26 Jan 2005	19.25	50,000	–	–	50,000	26 Jan 2007 – 25 Jan 2015

Notes:

- Options granted are subject to a vesting scale in tranches of 25 per cent each per annum starting from the second anniversary and fully vested in the fifth anniversary of the date of grant.
- Mr Stewart S C Shing retired on 1 April 2009, and was appointed as Adviser effective 1 February 2010.
- Mr Richard G Williams resigned on 1 March 2009.

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## Awarded Shares

Name	Date of Award <sup>2</sup>	Number of Awarded Shares	Average <sup>3</sup> Fair Value per Share (\$)	Number of Shares <sup>1</sup>					As at 31 Dec 2009	Vesting Period <sup>4</sup>
				As at 1 Jan 2009	Reinvesting Dividends Received	Further Shares Acquired during the Year through	Vested during the Year	Lapsed during the Year		
<b>Chief Executive</b>										
Paul M Y Chow <sup>5</sup>	15 Jan 2007	11,528	72.28	9,282	273		3,185	–	6,370	13 Dec 2008 – 13 Dec 2011
	7 Apr 2008	4,200	144.18	4,411	134		–	–	4,545	
<b>Senior Management</b>										
Charles X Li										
———— Nil ————										
Gerald D Greiner	19 Dec 2005	40,600	31.20	22,381	665		11,520	–	11,526	19 Dec 2007 – 19 Dec 2010
	15 Jan 2007	11,911	72.28	9,600	283		3,290	–	6,593	13 Dec 2008 – 13 Dec 2011
	4 Feb 2008	8,418	163.72	8,838	268		2,271	–	6,835	12 Dec 2009 – 12 Dec 2012
Peter J Curley	19 Dec 2005	20,200	31.20	11,134	330		5,730	–	5,734	19 Dec 2007 – 19 Dec 2010
	15 Jan 2007	9,629	72.28	7,766	232		2,659	–	5,339	13 Dec 2008 – 13 Dec 2011
Mark F Dickens	3 Feb 2009	59,900	81.96	–	1,785		–	–	61,685	1 Jan 2011 – 1 Jan 2014
Lawrence K M Fok	19 Dec 2005	24,600	31.20	13,559	400		6,979	–	6,980	19 Dec 2007 – 19 Dec 2010
	15 Jan 2007	3,842	72.28	3,096	90		1,059	–	2,127	13 Dec 2008 – 13 Dec 2011
	4 Feb 2008	658	163.72	698	26		175	–	549	12 Dec 2009 – 12 Dec 2012
Mary M L Kao	19 Dec 2005	28,700	31.20	15,821	470		8,143	–	8,148	19 Dec 2007 – 19 Dec 2010
	15 Jan 2007	5,048	72.28	4,065	118		1,392	–	2,791	13 Dec 2008 – 13 Dec 2011
	4 Feb 2008	1,202	163.72	1,270	42		323	–	989	12 Dec 2009 – 12 Dec 2012
Kevin T King										
———— Nil ————										
Henry M W Law	19 Dec 2005	22,900	31.20	12,619	374		6,495	–	6,498	19 Dec 2007 – 19 Dec 2010
	15 Jan 2007	6,660	72.28	5,368	157		1,837	–	3,688	13 Dec 2008 – 13 Dec 2011
	4 Feb 2008	3,623	163.72	3,812	118		977	–	2,953	12 Dec 2009 – 12 Dec 2012
Stewart S C Shing <sup>6</sup>	15 Jan 2007	5,360	72.28	4,313	–		4,313	–	–	13 Dec 2008 – 13 Dec 2011
	4 Feb 2008	1,361	163.72	1,433	–		1,433	–	–	12 Dec 2009 – 12 Dec 2012
Archie T C Tsim	19 Dec 2005	32,700	31.20	18,025	534		9,278	–	9,281	19 Dec 2007 – 19 Dec 2010
	15 Jan 2007	8,965	72.28	7,224	210		2,476	–	4,958	13 Dec 2008 – 13 Dec 2011
	4 Feb 2008	4,941	163.72	5,189	162		1,332	–	4,019	12 Dec 2009 – 12 Dec 2012
Richard G Williams <sup>7</sup>	15 Jan 2007	12,490	72.28	10,061	–		–	10,061	–	13 Dec 2008 – 13 Dec 2011
	4 Feb 2008	7,672	163.72	8,050	–		–	8,050	–	12 Dec 2009 – 12 Dec 2012
Alfred K K Wong	19 Dec 2005	32,100	31.20	17,694	526		9,108	–	9,112	19 Dec 2007 – 19 Dec 2010
	15 Jan 2007	9,417	72.28	7,590	223		2,600	–	5,213	13 Dec 2008 – 13 Dec 2011
	4 Feb 2008	5,113	163.72	5,373	164		1,379	–	4,158	12 Dec 2009 – 12 Dec 2012

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Notes:

1. The number included shares acquired through reinvesting dividends received.
2. Prior to 16 August 2006, the date of award referred to the date on which the Board determined such number of shares awarded to the selected employees. Following the amendments to the rules of the Share Award Scheme which took effect from 16 August 2006, the date of award referred to the date on which the trustee allocated such number of Awarded Shares to the selected employees from the total number of shares purchased with the sum determined by the Board.
3. Prior to 16 August 2006, the fair value of the Awarded Shares was based on the market value at the date of award. With effect from 16 August 2006, as a result of the amendments to the rules of the Share Award Scheme, the fair value of the Awarded Shares was based on the average purchase cost per share.
4. The shares awarded are vested in tranches of 25 per cent per annum starting from the second anniversary until the fifth anniversary of the date of approval of the award by the Board.
5. According to the terms of the Share Award Scheme, a total of 10,915 shares were vested and transferred to Mr Paul M Y Chow on 15 January 2010, the date immediately prior to his retirement.
6. Mr Stewart S C Shing retired on 1 April 2009, and according to the terms of the Share Award Scheme, a total of 5,746 shares were vested and transferred to him on the date immediately prior to his retirement. Mr Shing was subsequently appointed as Adviser effective 1 February 2010.
7. Mr Richard G Williams resigned on 1 March 2009.

## Long-Term Incentive Schemes

HKEx maintains 2 share option schemes – the Pre-Listing Scheme and the Post-Listing Scheme – and the Share Award Scheme for the purpose of recognising the contributions of certain employees of the Group and retaining them for the continual operation and development of the Group.

### Share Option Schemes

Under the Share Option Schemes, the Board may, at its discretion, offer any employee (including any Executive Director) of the Group, options to subscribe for shares in HKEx subject to the terms and conditions stipulated in the 2 schemes. Both schemes were approved by the Shareholders on 31 May 2000 and have a life of 10 years until 30 May 2010. Pursuant to the terms of the Pre-Listing Scheme, no further options can be granted thereunder as from 27 June 2000, the date of listing of HKEx shares on the Exchange. Amendments to the Post-Listing Scheme, including, inter alia, the abolition of granting options at a discounted price, were approved by Shareholders on 17 April 2002 so as to comply with the new requirements of Chapter 17 of the Main Board Listing Rules which came into effect on 1 September 2001.

A non-refundable sum of \$1 by way of consideration for the grant of an option is required to be paid by each grantee upon acceptance of the granted option. Pursuant to these schemes, the maximum number of subscribable shares under options that may be granted shall not in aggregate exceed 10 per cent of the shares in issue as at the date of approval of the schemes, ie, a total of 104,066,484 shares.

The total number of shares available for issue, save for those granted but yet to be exercised, under the Pre-Listing Scheme and the Post-Listing Scheme aggregated to 65,184,484 shares, which represented approximately 6 per cent of the issued share capital of HKEx as at the date of this report.

No share options were granted after 26 January 2005 and no further share options will be granted following the adoption of the Share Award Scheme in September 2005.

The maximum entitlement of each participant and the basis of determining the exercise price of the options granted pursuant to the Pre-Listing Scheme and the Post-Listing Scheme are set out below.

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## Pre-Listing Scheme

The maximum entitlement of each participant, when aggregated with shares issued and issuable under all options granted to him/her, must not exceed 25 per cent of the aggregated number of shares issued and issuable under the Pre-Listing Scheme.

The subscription price for a share in HKEx in respect of any particular option granted was determined based on a formula:  $P = 80 \text{ per cent } (A \times B)$ , where “P” was the subscription price; “A” was 18.81, a price/earnings multiple determined by reference to the price/earnings multiples of various financial companies listed on the Stock Exchange and/or overseas; and “B” was the earnings per share of the Group based on its audited combined results for the year ended 31 December 1999 as if the then group structure of HKEx had been in existence throughout the year divided by 1,040,664,846 shares in issue. Based on this formula, the subscription price of the option granted was \$7.52 per share, which was subsequently adjusted by Shareholders at the AGM held in 2004, to \$6.88 per share as the result of the payment of a special dividend of \$1.68 per share in 2004.

## Post-Listing Scheme

Unless approved by Shareholders in a general meeting, no employee shall be granted an option if the total number of shares issued and to be issued upon exercise of the options granted and to be granted to such employee in any 12-month period up to the date of the latest grant would exceed 1 per cent of the share capital of HKEx in issue at the relevant time.

The subscription price of shares in respect of any particular option granted shall be at least the higher of: (i) the closing price of HKEx shares on the Exchange, as stated in the Exchange’s daily quotations sheet on the relevant offer date in respect of such option; or (ii) the average of the closing prices of HKEx shares on the Exchange, as stated in the Exchange’s daily quotations sheet for the 5 trading days immediately preceding the relevant offer date in respect of such option; or (iii) the nominal value of a share in HKEx.

Further details of the Share Option Schemes will be set out in note 38(b) to the consolidated accounts of the 2009 Annual Report. The share options granted under the 2 schemes, which remained outstanding as at 31 December 2009 were as follows:

### Pre-Listing Scheme

Date of Grant	Exercise Price (\$)	Number of Shares Issuable Under the Options				Exercise Period <sup>2</sup>
		As at 1 Jan 2009	Issued upon <sup>1</sup> Subscription during the Year	Lapsed during the Year	As at 31 Dec 2009	
<b>Employees<sup>3</sup></b>						
20 Jun 2000	6.88	130,000	16,000	–	114,000	6 Mar 2002 – 30 May 2010

### Post-Listing Scheme

Date of Grant	Exercise Price (\$)	Number of Shares Issuable Under the Options				Exercise Period <sup>5</sup>
		As at 1 Jan 2009	Issued upon <sup>4</sup> Subscription during the Year	Lapsed during the Year	As at 31 Dec 2009	
<b>Executive Director<sup>6</sup></b>						
2 May 2003	8.28	–	–	–	–	2 May 2005 – 1 May 2013
<b>Employees<sup>3</sup></b>						
14 Aug 2003	12.45	–	–	–	–	14 Aug 2005 – 13 Aug 2013
15 Jan 2004	17.30	273,500	273,500	–	–	15 Jan 2006 – 14 Jan 2014
31 Mar 2004	16.96	1,514,500	494,500	–	1,020,000	31 Mar 2006 – 30 Mar 2014
17 May 2004	15.91	100,000	–	–	100,000	17 May 2006 – 16 May 2014
26 Jan 2005	19.25	2,667,500	520,000	25,000	2,122,500	26 Jan 2007 – 25 Jan 2015



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Notes:

1. The weighted average closing price immediately before the dates on which the options were exercised was \$74.54.
2. Options granted are subject to a vesting scale in tranches of 25 per cent each per annum reaching 100 per cent as from 6 March 2005.
3. Employees working under employment contracts that were regarded as “continuous contracts” for the purpose of the Employment Ordinance of Hong Kong.
4. The weighted average closing price immediately before the dates on which the options were exercised was \$98.38.
5. Options granted are subject to a vesting scale in tranches of 25 per cent each per annum starting from the second anniversary and fully vested in the fifth anniversary of the date of grant.
6. The option was granted to Mr Paul M Y Chow, an Executive Director and the Chief Executive.

No options granted under the Share Option Schemes were cancelled during the year ended 31 December 2009.

As from 26 January 2010, the fifth anniversary of the latest grant on 26 January 2005 under the Post-Listing Scheme, all shares that might be issued under the Share Option Schemes were fully vested.

## Share Award Scheme

The Share Award Scheme was approved by the Board on 14 September 2005 (“Adoption Date”). The rules and the trust deed of the Share Award Scheme are posted on the HKEx website. The maximum numbers of shares which can be awarded under the Share Award Scheme and to a selected employee throughout its duration are limited to 3 per cent (ie, 31,871,575 shares) and 1 per cent (ie, 10,623,858 shares) respectively of the HKEx shares in issue as at the Adoption Date.

In 2008, the Board approved an amount of \$4,900,000 for the purchase of HKEx shares to be awarded to an employee upon his joining HKEx on 1 January 2009. Save for the purchase and allocation of 59,900 HKEx shares to the relevant employee in 2009 according to the rules of the Share Award Scheme, no further shares were awarded in the year. Further details in relation to the award and the Share Award Scheme will be set out in note 38(c) to the consolidated accounts of the 2009 Annual Report.

Since its adoption, a total of 1,460,030 shares have been awarded up to the date of this report, representing about 0.14 per cent of the issued share capital of HKEx as at the Adoption Date.

## Members of the Remuneration Committee

Ronald Joseph ARCULLI (Chairman)  
CHA May-Lung, Laura  
CHENG Mo Chi, Moses  
LEE Kwan Ho, Vincent Marshall  
John Mackay McCulloch WILLIAMSON

Hong Kong, 4 March 2010

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## Glossary

AGM	Annual General Meeting of HKEx
Awarded Shares	Shares awarded under the Share Award Scheme
Board	Board of HKEx
CSR	Corporate Social Responsibility
Director(s)	Director(s) of HKEx
Exchange or Stock Exchange	The Stock Exchange of Hong Kong Limited
Group	HKEx and its subsidiaries
HKEx or the Company	Hong Kong Exchanges and Clearing Limited
HSI	Hang Seng Index
Main Board Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Post-Listing Scheme	Post-Listing Share Option Scheme approved by the Shareholders on 31 May 2000 which was subsequently amended by the Shareholders on 17 April 2002
Pre-Listing Scheme	Pre-Listing Share Option Scheme approved by the Shareholders on 31 May 2000
Senior Management	Senior executives of HKEx as referred to in the 2009 Annual Report
Shareholders	Shareholders of HKEx
Share Award Scheme	The Employees' Share Award Scheme adopted by the Board on 14 September 2005 which was subsequently amended by the Board on 16 August 2006
Share Option Schemes	Pre-Listing Scheme and Post-Listing Scheme
\$/HKD	Hong Kong Dollar