

*Hong Kong Exchanges and Clearing Limited (HKE<sub>x</sub>) has announced its Strategic Plan 2010-2012 which is included in its 2009 results announcement released today. Below is a quick guide to the Strategic Plan.*

## A Quick Guide to HKE<sub>x</sub> Strategic Plan 2010-2012

<p style="text-align: center;"><b>Premise</b></p> <p style="text-align: center;"><b>The plan is the <u>NEXT LOGICAL STEP</u> in HKE<sub>x</sub>'s development, and will advance active international public financial markets in Hong Kong.</b>  <i>(It is an <b>evolution</b> not a revolution, and is based on <b>continuity</b> and the achievements in HKE<sub>x</sub>'s previous strategic plans.)</i></p>	
<p><b>Outlook</b></p> <p>HKE<sub>x</sub> sees <b>two major forces</b> going forward:</p> <ol style="list-style-type: none"> <li><b>opportunities from the further opening of the Mainland market; and</b></li> <li><b>more competition from rival exchanges and trading facilities</b></li> </ol>	<p><b>Strategies</b></p> <p>HKE<sub>x</sub> seeks to broaden its strategic, geographic and business coverage by pursuing three basic strategies:</p> <ul style="list-style-type: none"> <li>– <b>Core Strategy</b> to generate organic growth in current businesses;</li> <li>– <b>Extension Strategy</b> to preserve current position and prepare for future opportunities HKE<sub>x</sub> foresees;</li> <li>– <b>Expansion Strategy</b> to expand product platform, investor base and geographic coverage over time.</li> </ul>
<p><b><u>Elaboration</u></b></p> <p><b>Growth Opportunities</b></p> <p>The internationalisation of the renminbi is a priority of China, to which Hong Kong can contribute.</p>	<p><b><u>Elaboration</u></b></p> <p>Core: Generate organic growth by:</p> <ul style="list-style-type: none"> <li>• attracting new listings from the Mainland or international issuers with a China nexus; and</li> <li>• growing securities and derivatives market volumes</li> </ul>

<p>Hong Kong can facilitate in the process by working with regulators, exchanges and other institutions to design and introduce properly approved systems and market practices appropriate for the growing participation of Mainland investors in offshore markets.</p> <p>HKEx will position itself as the market of choice for Mainland investors to invest in securities and derivatives offshore.</p> <p><b>Emerging Competition</b></p> <p>The Hong Kong market's growth opportunities will result in increased market size, which will in turn attract rival trading facilities in the region and the rest of the world to Hong Kong and bring in more intense competition from exchanges and trading platforms around the world.</p> <p>HKEx therefore has to position itself against emerging competition by strengthening itself and its markets with increased capability, efficiency and competitiveness.</p>	<p>Extension: Preserve current position and prepare for future opportunities by:</p> <ul style="list-style-type: none"><li>• investing in IT infrastructure to maintain competitive edge regionally; and</li><li>• advocating regulatory and market reforms necessary to support business expansion</li></ul> <p>Expansion: Expand product platform, investor base and geographic coverage by:</p> <ul style="list-style-type: none"><li>• adding new asset classes and geographies;</li><li>• introducing renminbi products; and</li><li>• serving Mainland investors.</li></ul> <p>Rather than just relying on its internal resources amid a new market landscape, HKEx will consider opportunities for alliances, partnerships and other relationships internationally that <b>present strategically compelling benefits consistent with its focus on markets in Greater China. HKEx will not pursue alliances, partnerships or other relationships purely for investment gains.</b></p>
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