



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



Our Journey to Sustainability

2008 Corporate Social Responsibility Report

Stock Code: 388

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About this Report

Coverage of this Report

In this, our first stand-alone CSR Report, we provide a snapshot of HKEx's CSR initiatives and performance: messages from our management, our CSR vision and strategy, stakeholder engagement, CSR performance in 2008 and the initiatives for 2009 and beyond, which together serve to enable our stakeholders to assess HKEx's performance from an integrated economic, environmental and social perspective.

Our CSR activities mainly took place in Hong Kong. We divided this CSR Report into sections based on what we consider to be the key cornerstones of our CSR activities: Marketplace, Workplace, Community and Environment. Each chapter deals with HKEx's major areas of activity and subjects about which our stakeholders are most concerned.

In preparation of this Report, we have made reference to an international framework on sustainability reporting, the Global Reporting Initiative's ("GRI") G3 Sustainability Reporting Guidelines. We are confident that by taking further steps towards enhancing our CSR measures and practices within the Company, we will be able to include more elements and indicators recommended by the GRI in our future reports to provide our stakeholders a better and more comprehensive overview of our performance.

CSR Section on the HKEx Website

This Report is also posted on the HKEx website at <http://www.hkex.com.hk>. While this Report serves to provide a highlight of the most important CSR achievements in 2008, details of our CSR philosophy and related activities as well as the latest developments are set out in the CSR section on the HKEx website at <http://www.hkex.com.hk/exchange/csr/csr.htm>.



Assurance of this Report

To ensure the credibility of the information presented in the 2008 CSR Report, SustainAsia Limited was engaged to provide an independent opinion on its completeness, accuracy and reliability. The Assurance Statement is set out on page 36 of this Report.

Feedback from You

To help us improve our CSR activities and reports, we would appreciate your views on this Report and suggestions on how we can make future reports better. Please fill in the form on the CSR section of the HKEx website or as attached to this Report with your comments and feedback and return it to us.

As a token of appreciation, we would be pleased to give a free admission to our Exchange Exhibition Hall and a souvenir during the visit to each of our stakeholders who provides us with feedback within three months of the publication of this Report till 15 June 2009.

2008 CSR Highlights

Major CSR Events and Achievements

Marketplace

Working towards sustainability products and enhancing governance in the market

- > Conducted a feasibility study of developing emissions markets in Hong Kong, and initiated the exploration of new emissions-related business opportunities including, trading in certified emission reduction futures in Hong Kong
- > Conducted a market consultation on proposals to address 18 substantive policy issues pertaining to corporate governance and initial listing criteria

Workplace

Choosing to stand by our employees amid the financial turbulence

- > Provided a special relief equivalent to half-a-month's salary to junior grade employees in view of the inflationary pressure in 2008

Community

Meeting the needs of the community

- > Contributed a total of \$10 million to support relief efforts in areas affected by the Sichuan earthquakes

Environment

Developing a more systematic environmental performance monitoring system

- > Conducted the very first green audit to identify areas for improvement in respect of environmental protection
- > Commenced the establishment of an energy accounting system for locating energy saving opportunities and tracking and measuring the performance of energy-efficient strategies

CSR Recognition

- > Included as a constituent of the FTSE4Good Index since 2005
- > Recognised as a Caring Company by the Hong Kong Council of Social Service since 2005
- > Named as one of eleven corporate leaders in CSR based on a survey of all HSI constituent companies conducted by Oxfam Hong Kong in 2008



Distribution of Economic Benefits

(\$ million)	2004	2005	2006	2007	2008
A. Environmental/Social Initiatives ¹	–	–	0.2	0.4	11.1 ²
B. Remuneration ³	546.9	588.5	657.6	832.6	809.5
C. Tax ⁴	221.9	238.7	458.1	1,012.8	823.2
D. Regulatory and Related Payments ⁵	20.0	20.0	5.3	7.2	2.5
E. Procurement ⁶	428.2	468.3	494.6	679.4	618.1
F. Dividends ⁷	950.9	1,200.1	2,266.7	5,547.6	4,606.5

Notes:

¹ Represents donations made and expenses incurred for participation in charitable activities, and expenses incurred for implementation of CSR initiatives

² Includes the donation of \$10 million for Sichuan earthquake disaster relief

³ Represents staff costs and related expenses and fees paid to members of the Board and various committees

⁴ Includes Hong Kong Profits Tax and rates paid/payable to the Government, and taxes paid/payable to the Central Government of the PRC

⁵ Represents payments to the SFC under the dual filing regime (terminated in 2006) and contributions to FRC (commenced in 2006)

⁶ Represents capital expenditures and operating expenses paid/payable other than items A, B, D, depreciation and amortisation and disposal/impairment of assets, but includes exchange differences on loans and receivables

⁷ Represents dividends paid/proposed out of profits in the year concerned

Message from the Chairman

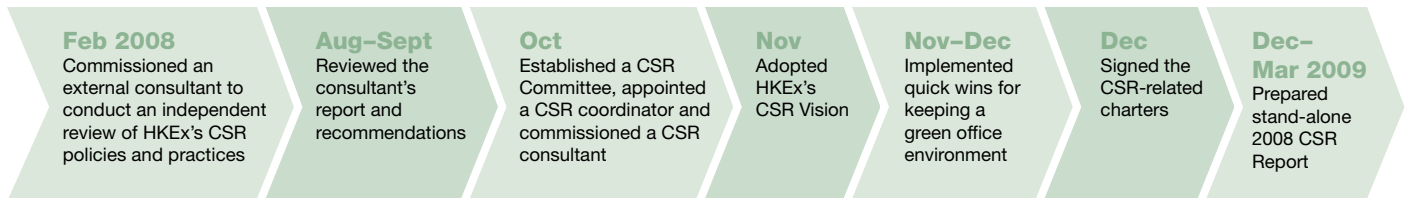


I am delighted to introduce this CSR Report, HKEx's inaugural stand-alone CSR Report and another demonstration of our commitment to social responsibility and sustainable development.

CSR has always been an integral part of the approach to good management at HKEx as we are convinced that business sustainability can only be achieved by operating profitable enterprises without compromising the well-being of either the society or the environment.

As a listed issuer, HKEx has to safeguard the interests of its stakeholders, particularly its shareholders, employees and customers, and be mindful of its wider obligations to support the community and help preserve the environment. As early as 2002, HKEx included in its annual report a section on its progress towards achieving its CSR objectives, and since 2005, the Company has been a constituent of the FTSE4Good Index, thereby conveying a convincing message to our stakeholders about our commitment to ethical and responsible business practices.

The Board shares the belief that good management of CSR is required to meet the evolving social demands in today's business environment. "Being a Responsible Corporate Citizen" remains part of our success mantra. To this end, we took a series of actions at the beginning of 2008 to improve HKEx's CSR practices.



HKEx was among the eleven companies that were named in 2008 as leaders in CSR based on a survey of the HSI constituents conducted by Oxfam Hong Kong. We understand that we cannot change the world on our own, but it is never too late to work for the benefit of our society, provided we can join our peers and work together. As an exchange controller, HKEx is well positioned to achieve its mission to promote greater understanding and commitment to sustainability among listed issuers.

The global crisis in financial markets and the subsequent economic downturn have raised a range of important and urgent questions regarding CSR generally. On 12 October 2008, HKEx as one of the signatories to the open statement of the World Federation of Exchanges, among other global exchanges, affirmed to remain open throughout this period of crisis and to fulfill its role as a continuous, transparent and open market for establishing and disseminating prices for exchange-traded instruments. Amid the current uncertainty, HKEx maintains its belief that corporate responsibility is one of the keys to gaining our stakeholders' confidence and support.

In 2009, HKEx will continue to develop its CSR work further in line with the Strategic Plan for 2007–2009. Looking ahead, we are formulating our 2010–2012 Strategic Plan with reference to our stakeholders' views. By integrating CSR considerations into the corporate strategic plan, we hope to make CSR an even bigger part of our operations and ensure that HKEx's business moves are aligned with community expectations.

I am impressed by the enthusiasm of our employees towards their community and their support of the Company's CSR goals. I sincerely thank them for their effort in making HKEx a truly responsible corporate citizen.

Ronald Joseph ARCULLI

Chairman

Hong Kong, 4 March 2009

Message from the CSR Committee Chairman



I am pleased that, with the Board’s strong support, the CSR Committee was established which laid down a remarkable milestone of HKEx’s journey towards sustainability. I am honoured to have the opportunity to serve as the Chairman of the CSR Committee and oversee CSR development within the Group.

The CSR Committee

The Board has delegated the day-to-day responsibility for all CSR-related matters to the CSR Committee which comprises 6 members, and its composition is set out on the HKEx website. The CSR Committee reports to the Board on a regular basis.

Terms of Reference

The CSR Committee is mandated to (i) consider and establish the Group’s CSR strategy, vision, principles, framework and policies; (ii) adopt practices and initiatives to promote the Group’s CSR; and (iii) set corporate objectives, targets, key performance indicators and measures to ascertain performance in prioritised CSR areas. The CSR Committee is also responsible for monitoring the implementation of the CSR policies, practices and initiatives, reviewing their effectiveness and recommending improvement measures to the Board where appropriate. In order to address our stakeholders’ evolving expectations, the CSR Committee has to keep track of the emerging CSR issues and to make recommendations to the Board as appropriate in line with the Group’s CSR commitments, and to consider and monitor any green audit issues. The CSR Committee’s terms of reference are posted on the HKEx website.

CSR Communication

We understand that CSR is not a one-off project but constitutes a major part of our business philosophy. A company’s understanding of CSR as well as its actual application when conducting daily activities are therefore of paramount importance. The CSR Committee is working towards full internal integration of CSR into the Group’s daily operations through efforts such as promoting the importance of CSR within the Group, signing CSR charters, participating in CSR promotion events and organising CSR training programmes and workshops in order to raise awareness of corporate sustainability both within and outside HKEx.

A CSR co-ordinator has been appointed to maintain close communication with the various Divisions/Departments for the implementation of our CSR initiatives.

We have established a CSR section on the HKEx website to give our stakeholders an update on our CSR performance and it also serves as an additional communication channel for you to respond to our CSR practices.

Commitment to CSR-related Charters

Community Business’s Hong Kong Corporate Social Responsibility Charter

HKEx is committed to providing leadership on CSR, integrating CSR into its organisational strategy and operations, and engaging and communicating with its stakeholders on its CSR strategies and policies in a manner relevant and appropriate to its business.

EPDHK’s Carbon Reduction Charter

HKEx has pledged to support the reduction of greenhouse gas emissions.

Signing the charters demonstrated HKEx’s commitment to the sustainable development of the marketplace, workplace, community and environment, and to promoting the development of socially responsible practices in its marketplace and community.

Major Work Done in 2008

After its inception in September 2008, the CSR Committee held 2 meetings before the end of the year with no absentees. The following is a summary of the major tasks completed by the CSR Committee in 2008:

- > Considered and approved HKEx's CSR Vision Statement;
- > Considered and endorsed a paper reduction plan;
- > Considered the corporate donation focus;
- > Endorsed a series of measures for a green office environment;
- > Approved the provision of paternity leave of 5 days to all eligible male employees effective 1 January 2009;
- > Approved a total budget of \$1.5 million for various CSR improvement measures;
- > Approved the signing of Community Business's Hong Kong Corporate Social Responsibility Charter and the EPDHK's Carbon Reduction Charter;
- > Retained the consultant to help implement its recommendations for 6 months; and
- > Approved the engagement of an independent verifier for the 2008 CSR Report.

2009 Work Plan

With the Board's full support and our consultant's advice, various projects are underway to improve HKEx's efforts to preserve the environment and contribute to sustainability in the longer term. The following is a list of the major initiatives for 2009:

- > Determine HKEx's carbon footprint;
- > Consider the CSR goals associated with HKEx's strategies for 2009;
- > Formulate the CSR strategies for integration into the HKEx Strategic Plan 2010–2012;
- > Set CSR key performance indicators for long-term CSR development;
- > Further consider and adopt a corporate donation focus;
- > Implement the energy monitoring and reporting plan;
- > Conduct a lighting systems audit and work out improvement measures;
- > Undertake indoor air quality inspection and certification and consider improvement measures if appropriate;
- > Carry out a waste audit and consider improvement measures;
- > Endorse and roll out green purchasing and procurement guidelines; and
- > Conduct CSR training programme to raise employees' awareness of CSR.

We will endeavour to publish stand-alone reports on an annual basis to provide our stakeholders with a comprehensive review of our CSR approach and efforts and future CSR initiatives. This Report not only presents a good account of the main sustainability issues under our control, it also provides the basis for better informed judgments of management strengths and strategic capability. Hence, we welcome feedback from our stakeholders on this Report as well as our CSR performance and plans to help us advance in our journey towards a sustainable future.

CHOW Man Yiu, Paul

Chief Executive

Chairman of the CSR Committee

Hong Kong, 4 March 2009

Core Values and CSR Vision and Strategy

At HKEx, CSR is viewed as a business philosophy that creates long-term shareholders' value by embracing opportunities and managing risks deriving from economic, environmental and social developments. We have through direct/indirect communication with our stakeholders, established a set of core values for our operations across different Divisions and Departments. The core values have been guiding our behaviour when interacting with different stakeholders, underpinning our corporate culture and leading us to pursue our CSR Vision. Details of the core values are set out in the CSR section of the HKEx website.

HKEx's CSR Vision

“ To be a responsible corporate citizen committed to the sustainable development of the marketplace, workplace, community and environment, and to promote the development of socially responsible practices in our marketplace and community. ”

Further to practising socially responsible business behaviour, we aspire to leverage on HKEx's unique role as both an exchange controller and a listed issuer to set an example for local and overseas issuers listed in Hong Kong by being a good corporate citizen.

CSR Strategy and Policies

Achieving sustainable growth is not a series of one-off efforts – it is a guiding principle inherent in our operations even when not explicitly articulated. Hence, HKEx takes a long-term approach to CSR strategy which is supported by a suite of supplementary policies that define our approach to specific issues in economic, environmental and social dimensions that are instrumental in enabling our business to operate in a socially responsible manner. The development of specific CSR policies is still in progress in support of the HKEx CSR strategy and they will be introduced progressively in accordance with the action plan decided by the CSR Committee as described in this Report.

At present, our CSR strategy and policies are built on 11 core principles from 4 cornerstones: **Marketplace**, **Workplace**, **Community** and **Environment**, and they are further developed into pragmatic objectives for providing guidance on their application in our daily operations. All these policies are reviewed periodically taking into account stakeholders' views or suggestions, to ensure their relevance and appropriateness to the business as well as in harmony with our stakeholders' expectations.

The core principles, together with the objectives and initiatives implemented during 2008, are set out under “The Four Cornerstones” in this Report.

Stakeholder Engagement

We acknowledge that a healthy relationship with our stakeholders, both internal and external, is a tangible and valuable asset to the Group and it is vital to HKEx's business success. Therefore, we strive to create and maintain inclusive and honest relationships by cultivating mutual respect and seeking to grow harmoniously with our stakeholders. We always look for sustainable solutions that will help balance stakeholders' interests. To achieve this objective, we are committed to enhancing stakeholders' engagement through different effective channels.

Stakeholder engagement takes on many forms, both formal and informal, ranging from market-wide public consultations on major initiatives to one-on-one meetings with investors and two-way communication between employees and management through the Intranet. With these on-going dialogues, our understanding of our stakeholders' views and expectations is developed, enabling us to refine our CSR strategy.


Major Stakeholders of HKEx

The following diagram depicts the major stakeholders of HKEx and their respective relationships with the Group.



Major Activities with Stakeholders in 2008

Major Events	Stakeholders Involved
<p>Annual General Meeting – The 2008 Annual General Meeting held in April provided a forum for our Shareholders to exchange views with the Board</p>	Shareholders
<p>Consultative Panel Meetings – Convened 1 Cash Market Consultative Panel meeting, 4 Derivatives Market Consultative Panel meetings and 4 Clearing Consultative Panel meetings</p>	EPs Market Intermediaries
<p>Public Consultation on:</p> <ul style="list-style-type: none"> ➢ the introduction of a price control mechanism during the CAS in the securities market* ➢ 18 substantive policy and corporate governance-related issues (2008 Combined Consultation Paper)* ➢ a proposal to allow issuers to use a hard copy application form with an electronic prospectus* <div style="text-align: right;">  <p><i>Consultation Papers seeking views from our stakeholders about major market initiatives</i></p> </div>	All
<p>Selective Consultation on:</p> <ul style="list-style-type: none"> ➢ the posting of Web Proof Information Pack on the HKEx or GEM website prior to IPOs* ➢ the introduction of a depository receipt regime* 	EPs Market Intermediaries Investors Listed Issuers
<p>Consultation Conclusions on:</p> <ul style="list-style-type: none"> ➢ repositioning GEM as a second board and as a stepping stone to the Main Board* ➢ shortening deadlines for half-year and annual reporting together with related rule amendments* ➢ 15 of the 18 substantive policy issues set out in the 2008 Combined Consultation Paper* 	All
<p>Tripartite Meetings (bi-monthly liaison meetings) of the Financial Services and the Treasury Bureau, the SFC and HKEx – discussion of market regulatory issues and matters affecting the development of the securities and derivatives markets in Hong Kong</p>	Government Regulator
<p>Investors and Market Surveys to understand investors' profiles and perceptions of HKEx's markets as well as the participation of investors and EPs in the respective markets:</p> <ul style="list-style-type: none"> ➢ Retail Investor Survey 2007* ➢ Cash Market Transaction Survey 2006/07* ➢ Derivatives Market Transaction Survey 2007/08* 	EPs Market Intermediaries Investors
<p>Fund Managers/Analysts/Media Meetings – held over 120 meetings and conference calls to explain the performance and latest developments of our markets and products</p>	Investors Media Analysts
<p>Monthly Executive Forums and Quarterly Staff Briefings at which the Chief Executive explains our business, policies and developments. Over 200 employees participated in each staff briefing</p>	Employees
<p>Intranet Communication – ongoing two-way communication between employees and management through a secured internally accessible-only Intranet</p>	Employees

Major Events	Stakeholders Involved
<p>Staff Exit Interviews – 45 interviews were held to collect views and help management make improvements, if and when appropriate</p>	<p>Employees</p>
<p>2008 Town Hall Meeting of the World Federation of Exchanges, the global trade association for regulated securities and derivatives exchanges – An event designated to serve as a forum for the sharing of views, and to strengthen links between the operators of regulated exchanges and the wider financial community</p> 	<p>Overseas Exchanges Market Intermediaries</p>
<p>Responded to enquiries from organisations on sustainability and environmental conservation</p> <ul style="list-style-type: none"> ➢ CLSA Asia Pacific Markets – 2008 Clean & Green Survey ➢ Oxfam Hong Kong – Corporate Social Responsibility Survey on HSI constituents ➢ OWW Consulting, partners with Vigeo Group, an European CSR Ratings Agency – Socially Responsible Investment Rating Review, covering the Financial Services sector which is part of its coverage of the DJ STOXX Global 1800 companies ➢ Sustainable Investment Research Institute Pty Ltd – Environmental, Social and Governance Profile of HKEx ➢ Triodos Bank NV – Sector Study “Stock Exchange Global 2007” based on the sustainability criteria defined by Triodos Bank 	<p>Non-Governmental Organisations Consultants Financial Institutions Rating and Research Agencies</p>
<p>Meeting with EPDHK to explore collaboration in promoting environmental protection in Hong Kong</p>	<p>Government</p>
<p>Sponsored and/or participated in the following Climate Change-related activities:</p> <ul style="list-style-type: none"> ➢ Carbon Trading Workshop – Challenges and Trends for Financial Centers organised by Civic Exchange ➢ The Climate Conference 2008 – Making Business Sense of the Low Carbon Economy organised by The Climate Group ➢ HKQAA Symposium 2008 – Green Day – Carbon Emission Reduction organised by the Hong Kong Quality Assurance Agency 	<p>Public Non-Governmental Organisations</p>
<p>Enquiries or complaints from outside parties – cases handled:</p> <ul style="list-style-type: none"> ➢ by HKEx’s offices in the Mainland: 650 enquiries and 76 complaints ➢ by Investor Services Team: 18,850 enquiries and 76 complaints ➢ by Public Affairs Team: <ul style="list-style-type: none"> – 127 enquiries about HKEx’s website services – 46 enquiries from overseas exchanges and regulators – 80 enquiries or invitations regarding questionnaire surveys from various parties – 7 requests to use HKEx educational materials or photos in printing other educational materials 	<p>All</p>

* Documents are made available on the HKEx website

Marketplace

HKEx is the holding company of The Stock Exchange of Hong Kong Limited, Hong Kong Futures Exchange Limited and Hong Kong Securities Clearing Company Limited. A merger in 2000 integrated the securities, derivatives and clearing business under one roof and transformed Hong Kong's financial services industry from a domestically focused market into an international marketplace with focus not only on Hong Kong but expanded to include Mainland China and the rest of Asia. To help build a sustainable financial market in Hong Kong has been our primary objective which is directly in line with our Shareholders' interests of achieving ongoing success since our listing in June 2000.

Contribute to Developing Sustainable Financial Markets in Hong Kong

To Enhance the Reliability of Market Systems

We are fully aware that the availability, integrity and stability of our trading, clearing and settlement platforms and information dissemination systems are crucial to our success as well as for reinforcing Hong Kong as an international financial centre. Capacity and technology upgrades of various IT systems were completed during the year to cope with the increasing demands and the evolving market infrastructures. Details are set out in the Business Review section of HKEx's 2008 Annual Report.

Smooth Operation of Market Systems

Periodic System Upgrades and Market Rehearsals to ensure system and market readiness before the launch of new products/services or the implementation of new initiatives in the market

- > HKATS, DCASS and PRS for the upgrade to Release 19.1
- > AMS/3 and MDF for further capacity upgrades
- > AMS/3, HKATS, MDF and PRS for various major market developments, eg five-digit stock codes and the CAS
- > 4 data centre contingency and recovery drills for all major systems

Market System Reliability

100% operational system uptime for all major trading, clearing and settlement, and market data dissemination systems in 2008

Independent Assessment of ITG and EDS

An external consultant completed the independent reviews of HKEx's ITG and EDS in September 2008 and confirmed that HKEx's ITG was in proper order and satisfactory controls were in place for EDS.

HKEx's EDS received the Hong Kong ICT Awards 2007: Best Business Grand Award supported by the Government.

To Enhance Integrity and Transparency, and Promote CSR in the Market

Besides individual effort, HKEx, as an exchange controller, has mobilised the investing public, listed issuers and other market participants to contribute positively to the sustainable growth of the financial markets in Hong Kong.

Transparency in the Market



EDP was implemented in full in 2008 which, through posting of listed issuers' announcement on the designated website, enables fast, effective and cost-efficient disclosure of information by listed issuers.

HKExnews (<http://www.hkexnews.hk>), a designated issuer website for the dissemination of issuer-related information, was launched in February 2008 to provide better searching function for issuer information and regulatory news to further promote transparency and meet with the growing demand for updated market information. The website has been operating smoothly since its introduction and recorded an average of about 454,000 page views per day in 2008.

Fostering Corporate Governance and Regulatory Requirements

Contribution to FRC – HKEx contributed a total of \$10 million up to 31 December 2008, including \$2.5 million in 2008, to the FRC to support its functions to receive and investigate possible auditing and reporting irregularities of listed companies and their potential non-compliance with financial reporting requirements.

Participation in Promotional Activities to enhance awareness of good corporate governance practices and knowledge of the Listing Rules

- “Asian Roundtable on Corporate Governance” organised by the World Bank Group and the Organisation for Economic Co-operation and Development (OECD)
- Directors' Conference 2008 organised by the Hong Kong Institute of Directors
- Corporate Governance Conference 2008 organised by the Hong Kong Institute of Chartered Secretaries
- Economic Summit organised by the media
- Conference on ethical governance in the financial sector organised by the ICAC

Publication of the 2008 Combined Consultation Paper which contains proposals to address 18 substantive policy issues pertaining to corporate governance and initial listing criteria, and implementation of 15 issues effective 1 January 2009 (save for one revised proposal for extending the “black out” period in relation to directors' dealings which should take effect from 1 April 2009)

Increasing Public's Knowledge of the Hong Kong Financial Markets

Participation in Promotional Activities to enhance knowledge of HKEx's products and their associated risks

- “Investment Triathlon”, a cross-media financial knowledge quiz, organised by the SFC
- The Asia Securities Forum 2008 organised by the Hong Kong Stockbrokers Association
- University investment research competition 2008-09 organised by Hong Kong Society of Financial Analysts
- Celebrate Hong Kong event organised by the Fraser Institute

Details of other activities organised by HKEx are set out in HKEx's 2008 Annual Report.

CSR Promotion in the Market

Review of the CG Code and study of CSR Development

The Exchange has tentative plans to conduct a review of the prevailing CG Code in the Listing Rules in 2009 and is studying developments in CSR.

To Provide Quality Products and Services in Meeting Customers' Needs

We have been enhancing the market infrastructures, introducing new products and improving our services based on evolving market demands. Details of product and service developments in 2008 are set out in HKEx's 2008 Annual Report.

Development of CSR-related Products

CERs – In response to the growing global market interests in trading in emissions-related products, HKEx commissioned consultants to conduct a feasibility study of developing emissions markets in Hong Kong. Based on the consultants' recommendation, we have been exploring new emissions-related business opportunities including, trading in CERs futures in Hong Kong. Discussions with the Tianjin Climate Exchange on possible avenues for cooperation in environmental emissions markets commenced in December 2008.

Case Study

CAS – HKEx has an open mind on the way forward and welcomes comments from all market participants. To facilitate more trading around the close of the securities market and help determine closing prices effectively, the CAS was introduced in May 2008. The introduction of the CAS followed broad market and public consultation conducted in 2007 and based on the market consensus and our experience with the long-standing pre-opening session. Through our close monitoring of public views, we noticed that there were comments and suggestions from our stakeholders on the CAS. In order to get feedback on the possible enhancement of the auction trading mechanism, a consultation paper was published in November 2008. The paper focused on a proposal to introduce a price control mechanism to restrict extreme price movements during the CAS. The consultation conclusions on the proposed introduction of a price control mechanism during the CAS were published on 13 February 2009.

Enhancement of Market Infrastructure

PRC Enterprise Listing – To further facilitate and simplify the listing of PRC enterprises in Hong Kong, the Exchange has been working closely with the Financial Services and the Treasury Bureau, Hong Kong Institute of Certified Public Accountants, the Ministry of Finance of the PRC and the SFC on deriving a framework for acceptance of PRC accounting standards and audit firms for the purpose of listing.

Mining/Natural Resources Company Listing – The Exchange is considering the revision of Chapter 18 of the Main Board Listing Rules to facilitate more listings of mining/natural resources companies in Hong Kong.

We will never be complacent about our achievement of delivering quality services and are endeavouring to excel further. In 2008, 4 training sessions were organised on customer service/service excellence for front-line employees to improve their customer services skills.

Commit to Openness, Probity and Accountability

To Maintain High Standard of Corporate Governance

HKEx, as a recognised exchange controller under Section 59 of the SFO, as well as a listed company, has public responsibility on top of the general corporate responsibility of a listed commercial entity. The responsibilities of HKEx as a recognised exchange controller and the behaviour it shall conceive when carrying out its duties are underlined in Section 63 of the SFO.

A number of measures have been undertaken to remove or reduce any potential conflict between HKEx's roles as an exchange controller and a listed commercial entity including, inter alia, the entering into a Memorandum of Understanding with the SFC, the addition of a new chapter, Chapter 38, to the Main Board Listing Rules, and the establishment of the Conflict Committee.

Section 63 of the SFO says...

In essence, HKEx is responsible for providing and ensuring an orderly, informed and fair market for trading and clearing securities or futures contracts. When discharging its public responsibilities, HKEx shall (i) act in the interest of the public, having particular regard to the interest of the investing public; and (ii) ensure that the interest of the public prevails where it conflicts with the interest of HKEx.

Compliance with the Statute

In 2008, the SFC, as the regulator of HKEx, confirmed that the Exchange's operational procedures and decision-making processes enabled it to discharge its statutory obligation to maintain an orderly, informed and fair market, and that the Exchange's performance had improved in the past three years.

HKEx's operations are organised into focused units, directly supervised and operated by the management under the control of the Board, which is the highest decision-making body. The Board determines HKEx's objectives, strategies, policies, business plan and mission, and it monitors their implementation by the management. HKEx remains deeply committed to achieving and maintaining the highest standards of corporate governance and has taken measures continuously to enhance effective functioning of the Board and to safeguard the interests of our Shareholders and other stakeholders.

Details of HKEx's governance structure, framework and practices are set out in the Corporate Governance section of the HKEx website, while the latest developments in respect of corporate governance are capsulated in HKEx's 2008 Annual Report.

To Ensure a High Standard of Integrity and Honesty When Performing Duties

The Code of Conduct set out in the Human Resources Manual governs the daily behaviour of employees when performing their duties. The Code of Conduct is updated from time to time to keep our employees abreast of the prevailing laws and other relevant regulations to ensure that HKEx's business practices are fair, ethical and responsible. The application of the Code of Conduct is monitored through declarations made by employees and the number of staff complaints received. As the exchange controller, our staff's conduct on securities dealing has been closely monitored. To facilitate staff's declaration and help monitor the application of and compliance with the relevant policy, the electronic reporting system equipped with e-mail reminders and compliance reports was implemented in 2008.

In 2008, 3 briefings on "Integrity and Corruption Prevention" by the ICAC were arranged for our employees to ensure all staff, especially the newly-hired, are familiar with the relevant laws and regulatory requirements.

A whistle-blowing policy is in place to facilitate internal reporting by employees of any malpractice. In 2008, no issues were raised by employees under the policy.

Policies and guidelines on the proper use of legitimate software and works under copyright protection are reinforced by quarterly reminders sent to employees to ensure proper management of copyright assets and to guard against inadvertent end-user piracy.

To Operate Transparently and Effectively for Our Stakeholders

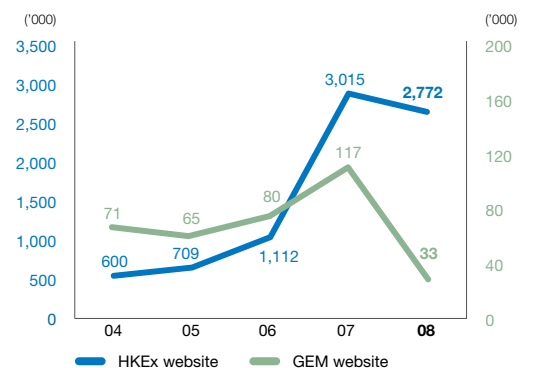
We aim at prompt delivery of updated information of HKEx's financial position, operating performance, corporate actions and latest developments to our stakeholders. In 2008, we achieved this by:

- > Publishing quarterly, interim and annual reports within 45 days, 2 months and 3 months of the period-end respectively and providing hyperlinks to online post-results announcement presentations
- > Publishing our quarterly newsletter – the "Exchange"
- > Issuing 247 news releases and sending up-to-date corporate news release hyperlinks to stakeholders by e-mail
- > Publishing 21 announcements and notices
- > Issuing 11 shareholder circulars
- > Handling approximately 3,600 media enquiries
- > Arranging 118 media interviews and 23 events for the news media



HKEx has published quarterly reports since 2005 with the view to promoting transparency and providing information on the Group's latest development.

Average Daily Pages Views of our Websites

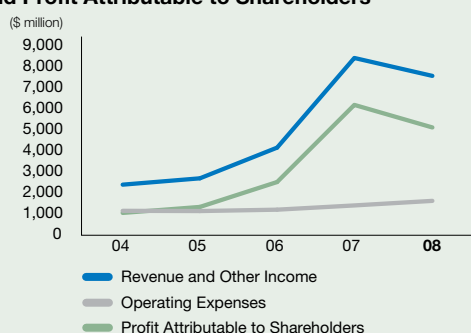


Create Sustainable Value for Our Shareholders

To Achieve Sustainable Profit Growth through Sound Commercial Practices

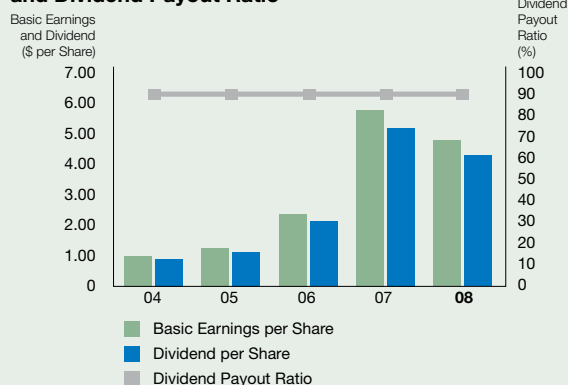
As a market-driven listed corporation, answerable to our Shareholders, HKEx competes vigorously for opportunities around the world particularly in the Asia-Pacific region. The merger of exchanges and clearing houses in 2000 enabled us to achieve synergy through vertical integration of securities businesses. Amid the global exchange consolidation trend over the past few years, we have been focusing on our core businesses of listing, trading, clearing and information dissemination. We strive to continue leveraging on our strength as the premier capital formation centre of the Mainland to achieve organic growth, and evaluate business propositions in terms of costs and benefits to ensure commercial viability, aiming to deliver sustainable value to our Shareholders.

Revenue and Other Income, Operating Expenses and Profit Attributable to Shareholders



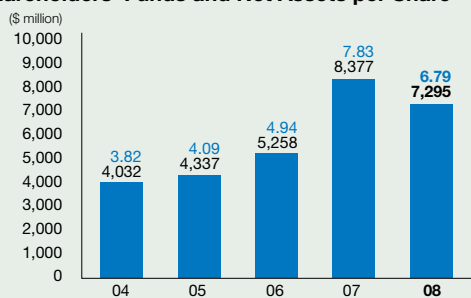
(\$ million)	2004	2005	2006	2007	2008
Revenue and Other Income	2,394	2,694	4,147	8,390	7,549
Operating Expenses	1,156	1,145	1,210	1,411	1,621
Profit Attributable to Shareholders	1,057	1,340	2,519	6,169	5,129

Basic Earnings per Share, Dividend per Share and Dividend Payout Ratio



	2004	2005	2006	2007	2008
Basic Earnings per Share (\$)	1.00	1.26	2.37	5.78	4.78
Dividend per Share (\$)	0.90	1.13	2.13	5.19	4.29
Dividend Payout Ratio	90%	90%	90%	90%	90%

Shareholders' Funds and Net Assets per Share



Figures in blue – Net assets per share in \$, based on number of shares issued and fully paid less number of shares held for the Share Award Scheme, if any, as at 31 December

	2004	2005	2006	2007	2008
Cost to Income Ratio ¹	48%	42%	29%	16%	21%
Pre-tax Profit Margin ¹	52%	58%	71%	84%	79%
Return on Equity ²	26%	31%	48%	74%	70%
Current Ratio	1.1	1.2	1.1	1.1	1.1

¹ For the purpose of computation of cost to income ratio and pre-tax profit margin, income included gain on disposal of an associate and share of profits less losses of associates.

² Based on shareholders' funds as at 31 December

* Certain comparative figures have been adjusted to conform with changes in presentation in the current year.

More operating performance indicators and details of the performance analysis in 2008 are set out in HKEx's 2008 Annual Report.

Engage Supply Chains that Reflect Our Values and Commitment

To Help Suppliers/Contractors/Business Partners to Follow Our CSR Philosophy

The high degree of responsibility promoted by HKEx is not confined to the Group itself but also applies to our suppliers. We attempt to extend our CSR effort beyond the Group and aspire to have supply chains that share our values and commitment. An established partnership with our suppliers is vitally important for sustainable business development, which enables us to secure a distinct competitive advantage.

In 2008, HKEx spent about \$600 million for the purchase of a wide range of products and services including IT hardware and software, computer maintenance, office rental, professional services, banking and investment services, overseas transportation, etc. Quotation and tendering guidelines are in place to govern the selection of vendors as appropriate in order to ensure a fair selection process. We respect the human rights of our suppliers/contractors/business partners, and we give priority to suppliers who share our commitment to environmental protection and waste reduction.

We incorporated green concepts into HKEx's requirements for major Requests for Proposals/Quotations/Tenders issued in 2008 in connection with planned IT product and service acquisitions and gave preference to those proposals with green considerations, eg energy savings, compliance with "green" standards, etc.

Promote CSR in Supply Chain

In order to take into consideration the results of the green audit on procurement management and in line with our CSR initiatives for 2009, we are in the process of adding "green" considerations to our green purchasing policy to be incorporated in HKEx's general procurement and tendering guidelines.

“As an exchange participant using the platforms and facilities of HKEx, HKEx's policies and services have a direct and significant impact on the development of our business. Reliable, efficient and user-friendly markets systems as well as more product choice could facilitate our work to distribute the services offered and the products traded at HKEx. We appreciate that HKEx takes into account our views before implementing any significant market initiatives and keeps us involved prior to any system upgrade. In addition, we strongly support HKEx's initiatives to organise briefings and seminars for us to improve our knowledge of its systems, services and products as well as the development of the financial markets in Hong Kong, and the joint promotion programme to help increase customers' awareness of new products and related investment risks.”

– by HSBC Broking Securities (Hong Kong) Limited, an EP



Workplace

We acknowledge that the success of HKEx relies, to a great extent, on our employees' commitment and concerted efforts to achieve our corporate objectives and goals. We therefore seek to foster a workplace environment that differentiates us from our competitors. By providing a supportive and quality working environment, caring for our employees and establishing strong team collaboration, HKEx strives to attract and retain the best people to support continued growth of the Company.

Create a Supportive and Quality Environment to Attract and Retain the Best People

We have a suite of staff policies (as set out in the Human Resources Manual) in place to provide pragmatic guidance to HKEx's employees on day-to-day operations. Compliance with staff policies is subject to random checking by internal and external auditors.

To Provide Fair and Competitive Reward and Recognition

In order to ensure employees' remuneration packages are in line with market levels, to reinforce the link between performance and rewards, and to retain quality staff for the continued growth of the Company, HKEx conducts annual reviews and, when and where appropriate, special reviews of staff salaries. In 2008, an external consultant was engaged to conduct an independent review of the remuneration of 22 senior executives relative to their duties and responsibilities and market levels. The results of the review were taken into consideration in the subsequent remuneration review and succession planning. In addition, an employee salary review was undertaken by the Board in December 2008 at which a salary freeze was resolved in light of the market uncertainties and slowdown of market activities. Nevertheless, in recognition of employees' contribution in 2008, the Board approved the payment of a discretionary performance bonus to eligible employees.

Relief Amid Financial Turbulence

In view of the inflationary pressure in 2008, a one-off cash payment equivalent to half-a-month's salary was awarded, as a special relief measure, to junior grade employees.

Promotion In Recognition of Increased Responsibilities

To recognise our employees' increased responsibilities and contributions, 126 employees were promoted or re-designated to take up senior positions during 2008. We encourage internal transfers and promotions over external recruitment where appropriate. A total of 6 transfers within the organisation were noted in 2008.

To Invest in Our People

We encourage and support our employees to reach their full potential through training and career development. Training may take the form of sponsorship for employees to attend external programmes or in-house programmes. On average, 10 classes of in-house courses were held each month in 2008. The courses were tailored for employees at different levels with topics covering personal effectiveness, management development and job-specific programmes as well as HKEx's products and services. Other than mandatory courses such as the Integrity and Corruption Prevention seminar organised by the ICAC and the in-house orientation programme, employees are encouraged to enrol for courses voluntarily.

Employee Development in 2008

- > Expense on staff training: \$3.8 million
Number of classes organised: 116
Average number of training hours per employee: 24
- > In-house seminars
Number of seminars organised: 6
Topics: HKEx's products and services knowledge
- > Electronic Training Programme
Number of employees enrolled: 172
Topics: managerial, language and technical skills
- > Academic sponsorship
Number of employees sponsored: 19
- > Sponsorship for places at external seminars/courses
Number of places sponsored: about 763 places
Topics: latest developments of relevant rules and regulations

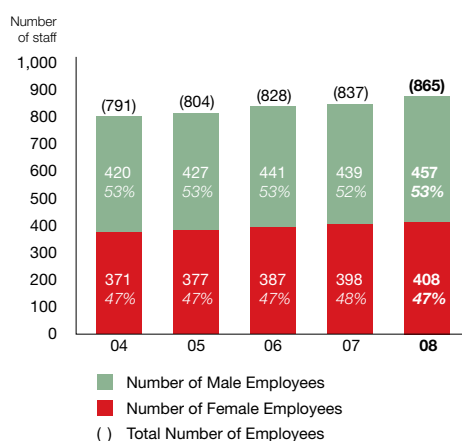
In order to ensure the effectiveness of training courses, suitable trainers are selected after a strict process involving interviews and reference checking. The Human Resources Department works closely with the trainers by giving clear requirements and necessary information for the development of the course content. Focus group meetings are conducted when necessary for employees to provide input for training course development. Upon completion of each training programme, participating employees are requested to complete an assessment form to help determine the effectiveness of the programme and identify potential areas for improvement.

To Respect Human Rights and Promote an Equal Opportunities Environment

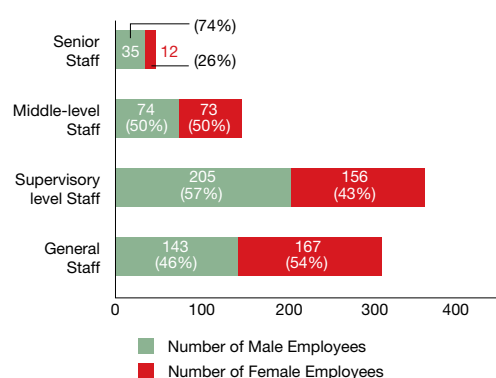
We treat each individual employee fairly and consistently in all matters, with a uniform application of the defined set of human resources philosophies as set out in the Human Resources Manual.

HKEx continues to observe the Code of Practice on Equal Opportunity as promulgated by the Equal Opportunities Commission in Hong Kong and maintains a relatively balanced gender mix of staff throughout the past 5 years.

Staff Mix at Year-end



Gender Distribution at Different Levels as at 31 December 2008



Care about Employees' Welfare and Satisfaction and Maintain a Healthy and Safe Workplace

To Encourage Work-Life Balance

Various kinds of leave in addition to annual leave are offered to our employees under different circumstances, such as sickness, marriage and pregnancy.

Introduction of Paternity Leave

On 1 January 2009, we introduced paternity leave of up to 5 days to encourage fathers to participate in the child-rearing process and give support to their spouse.

A holiday house is provided for employees' enjoyment and relaxation with their families outside working hours. Visits to the house can help promote closer and harmonious family relationships. A total of 76 employees used the holiday house during 2008. We also provide administrative and financial support to the Staff Social Club to organise social activities for employees. In 2008, about \$535,000 was contributed in this regard.

A 5-day working week has been introduced since October 2000 with the aim of improving the quality of employees' family lives and allowing more time for self-development as well as volunteer and community work. General grade employees would be compensated for hours worked in excess of normal working hours. In 2008, among 292 permanent employees who were eligible for overtime compensation, 262 submitted claims for overtime payment in respect of 20,176 hours of overtime work.

In 2008, 4 seminars on stress management were organised to help employees master stress and emotions, and to promote personal wellness and productivity in their everyday work and lives.

To Monitor and Improve Employees' Satisfaction

To maintain high morale and effective working relationship among our employees, we conduct staff satisfaction surveys periodically to invite employees to contribute feedback and share their perspectives. The last staff satisfaction survey was conducted in 2004. The results of the survey revealed that employees in general considered HKEx an employer of choice and most employees were proud to be members of the Group. Survey participants provided comments and feedback on ways to improve HKEx's working environment and appropriate actions were taken to address the issues raised.

Improvement Measures Taken Based on Employees' Suggestions

- Enhanced the remuneration structure to ensure alignment with market
- Reinforced the link between performance and incentive reward
- Reviewed the performance appraisal system with a view to making it better reflect and differentiate performance
- Enhanced the employee provident fund scheme by increasing the number of equity funds for members' selection
- Strengthened the training and development programmes to facilitate staff development and career progression
- Improved communication channels with the introduction of Chief Executive's quarterly briefings and the Staff Suggestion Scheme
- Strengthened the training programmes for improving staff relations, communication skills of supervisors, etc.
- Enhanced the employee benefits programmes by including consultations with practitioners of Traditional Chinese Medicine in the medical benefits scheme, introducing free and subsidised medical check-up programmes for employees and their spouses, etc.
- Set up the HKEx's Volunteer Team to provide assistance to disadvantaged groups in the community
- Encouraged and supported the organisation of various sports and recreational activities by the Staff Social Club to further enhance staff cooperation and morale

To Maintain a Healthy and Safe Workplace

HKEx's Occupational Safety and Health Policy, which is set out in the Human Resources Manual, was strictly complied with throughout 2008. A workplace safety record is maintained to ensure that a healthy and safe workplace is provided for our employees at all times.

Preventive measures were undertaken with the use of appropriate office equipment to enhance workplace safety. In 2008, protective covers for office shredding machines were installed. We also solicited employees' views and concerns about office design and furniture arrangements before office relocations to help improve the occupational health and safety arrangements in HKEx's workplaces.

Workplace Safety Record 2008

Number of injury: 1 with no hospitalisation involved
Cause: Sprained back when performing duties
Number of work hours lost: 160

Certified First Aid Providers

Total number of certified first aid providers working in various office premises: 22 (approximately 1 per 39 employees), exceeding the requirement under Hong Kong's Occupational Safety and Health Regulation of at least 1 per 150 employees in the workplace

A contingency plan for the possible outbreak of pandemic influenza is in place to prevent the spread of illness in the workforce and to minimise possible disruption to HKEx's business and operations. In 2008, the Risk Management Division:

- reviewed the company-wide contingency arrangements to ensure that they are appropriate;
- ensured the proper communication of contingency plans;
- ensured the provision of appropriate budgeting allowances; and
- ensured the proper provision of protective equipment for employees.

We help employees prepare for any possible pandemic by:

- arranging health talks;
- subsidising influenza vaccinations for employees and their immediate family members;
- providing free medical check-ups or subsidised check-ups for employees and dependants aged 40 or above; and
- offering additional health check programmes to employees and their dependants at preferential rates.

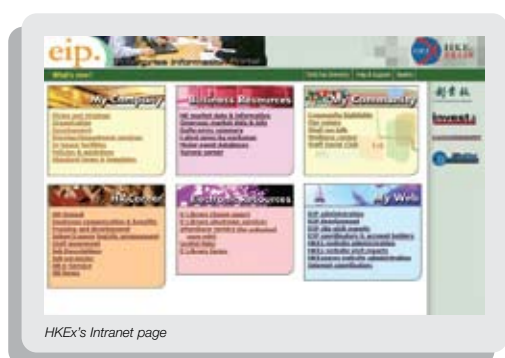
A smoke-free workplace policy, as set out in the Human Resources Manual, has been in effect since 2003. Employees are aware that any non-compliance with the policy may result in disciplinary action, and no breaches have ever been recorded.

Strengthen Team Collaboration

To Encourage an Open and Transparent Communication within the Organisation

HKEx encourages communication between all levels of the organisation to foster staff commitment to the Group. An effective information system has been designed to identify, capture and communicate pertinent information that enables employees to carry out their responsibilities. Various channels linking the management with staff have been devised for efficient and effective communication. They include:

- Quarterly Staff Presentation by Chief Executive – Explanation of the Group's policies and latest developments
- Monthly Executive Forum – Discussion of key policies and developments among executives
- Staff Suggestion Scheme – Encourages staff to put forward ideas and suggestions for improving the Group's operations and business
- "My Community" – Intranet page which invites staff suggestions on all aspects of HKEx and provides information about staff welfare and activities



HKEx's Intranet page

Grievance procedures, as set out in the Human Resources Manual, for handling employees' grievances and complaints have been established by HKEx to ensure fair treatment of all employees when their concerns are being addressed. The procedures were designed with a view to resolving problems in the best possible manner. Recommendations on improvements can be channelled to the relevant Division/Department Heads or escalated, as the case may be, to the Chief Operating Officer or the Chief Executive. If the complaint is about the Chief Executive or a Director, the employee can report it directly to the Chairman. No complaints on staff matters were received by the Human Resources Department in 2008.

To Work as a Team within the Organisation to Achieve Common Goals

The HKEx's Staff Social Club plays an important role in organising activities to enhance employees' sense of belonging and team solidarity. Other than interest groups, such as the parental club and the dance club, various sports teams have been formed under the Staff Social Club such as the soccer, basketball, volleyball, running, table tennis and badminton teams in order to promote a healthy work and life balance as well as team collaboration. A strong team spirit was embodied in HKEx's winning the championship of the Financial Sector Basketball League and various prizes in other corporate games in 2008.

Staff Social Club activities held in 2008 included:

- Chinese New Year Fireworks Appreciation cum Ping Chau Seafood Cruise
- HKEx 7-a-side Soccer Challenge Cup 2008
- Appeal for Donation to Snowstorm Victims in China
- Appeal for Donation to Sichuan Earthquake Victims
- Dessert Making Classes
- Movie Night 2008: The Dark Knight
- HKEx Mahjong Competition for Charity 2008
- HKEx Badminton Competition 2008
- HKEx Table Tennis Competition 2008
- Autumn Outing at OCT East Resort in Shenzhen
- Yoga Classes
- Festive Cookery Classes
- HKEx Karaoke Fun Day/Singing Contest
- Staff Annual Dinner



Parental Club Activity: Back to Nature – Parents and children shared a day of learning and family fun at an Organic Farm.



Dessert Making Classes – Participants enjoyed learning new skills and sharing the fruits of their labour.



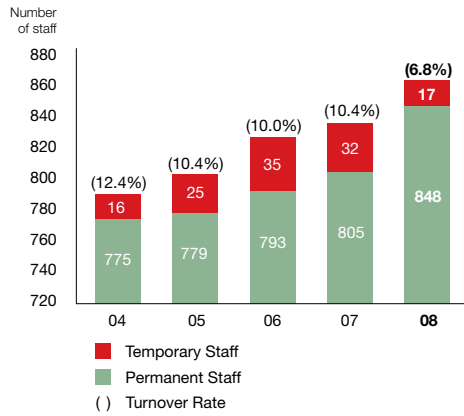
HKEx 7-a-side Soccer Challenge Cup 2008 – The United Team comprising members from the Cash Market Division, Derivatives Market Division and Risk Management Division won the championship after fierce competition.



Staff Annual Dinner 2008 – Dance Club members' wonderful performance brought great joy and delighted surprise to every participant of the event.

Our efforts in creating a supportive and quality work environment have been rewarding because we have kept our workforce intact and maintained a relatively low turnover rate in the past few years.

**Number of Permanent/Temporary Staff
Turnover Rate**



	Permanent Staff	Temporary Staff
Number of staff leaving in 2008	57	19

“ I highly appreciate the Company’s support to the Staff Social Club which successfully promoted team spirit and helped develop a sense of belonging among employees. Take me for example, I had joined the HKEx’s Table Tennis Club for some years. Participating in the Club activities like training and competitions not only offered me the opportunities of meeting new friends but also helped me develop a more balanced and healthy life. Through laughing, sharing and even competing, staff bonding has been strengthened over time which helps create harmonious atmosphere in the workplace and effectively sparks work efficiency and productivity. Moreover, I find the staff satisfaction survey very useful which could be done more frequently to collect staff suggestions on improving the work environment where we spend most of our daytime. On the whole, I am proud of being a member of this big family. ”

– by Raymond Chu (Finance and Administration Division),
who joined the Group in 1985



Raymond Chu received the 2nd Runner-up Award at the HKEx Table Tennis Competition 2007 from Brenda Yen, our Head of Human Resources Department.

Community

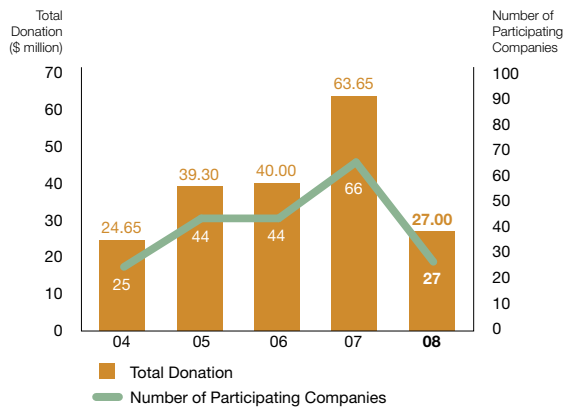
While the service of HKEx has helped many people accumulate wealth and enjoy prosperity, we believe that we should help build a sustainable community where our business operates. We closely observe social needs and support local initiatives because we believe that they can make a real and lasting contribution to the community, and we strive to create shared benefits with the community in which HKEx operates by helping those in need and establishing long-term partnerships.

Create Shared Benefits with the Community We Serve

To Establish Long-Term Community Partnership

Since 1999, HKEx has operated the Stock Code Balloting for Charity Scheme under which companies are able to choose their own stock codes by making a donation to the Community Chest of Hong Kong, which obtains donations on behalf of its member social welfare agencies and supports a wide range of welfare services in Hong Kong. Approximately \$260.7 million was raised through the Stock Code Balloting for Charity Scheme since its inception. Alongside the nearly 50 per cent drop in the number of newly listed issuers in 2008 versus 2007, the total donations channelled through the scheme as well as the number of participating companies decreased substantially as illustrated in the chart below.

Donation through Stock Code Balloting for Charity Scheme



HKEx recognises that nurturing the next generation of talents is crucial to the sustainable development of the local financial markets. To this end, HKEx is pleased to contribute to the heightening of students' interest in and knowledge of the development of the securities market, where HKEx's operations constitute an essential component.

Nurturing Next Generation

Exchange Exhibition Hall Visits

Number of visits received: 184 from different educational institutions

Purpose: Introduction of HKEx's background, facilities and business operations

Number of public visitors received: over 26,000

Investment Simulation Competition

Number of programmes sponsored: 2

Target participants: students from local and Mainland universities and general investors

Market Donation Programme

Donation of HKEx's publications as well as those of issuers to 10 universities and technical colleges and 3 public libraries in Hong Kong

Since the cessation of the submission of hard copy of most of the documents by listed issuers to the Exchange after the electronic disclosure regime became effective in September 2008, we have been developing monthly electronic products for distribution to the programme participants. We also provide market document reference services to EPs and others upon request.

To Improve the Quality of Life of those in Need

Every corporate donation by HKEx must be reviewed by the Head of Human Resources Department and Head of Corporate Communications Department and approved by the Chief Executive to ensure that it is made appropriately. To monitor the impact of our donations, the responsible personnel may visit or have meetings with the beneficiary organisation before and after a donation for soliciting feedback.

Disaster Relief in 2008

In May 2008, HKEx donated \$5 million through the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region to support relief efforts in areas affected by the Sichuan earthquake. In July 2008, we donated a further \$5 million to the Trust Fund in Support of Reconstruction in the Sichuan Earthquake Stricken Areas established by the Government, which was set up to receive and disburse Government funding and public donations to support the post-quake reconstruction work. Employees were also encouraged to make individual donations to the relief effort.



Cheque presentation to Gao Siren, Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region



HKEx Community Shield 2008 – Paul Chow, our Chief Executive, presented the Champion Award to the winning team. With a matching donation from HKEx, more than \$90,000 was raised for charity through the event.



CENTRAL Rat Race 2008 – The Rat Gang Award came home with 9 HKEx staff members who wore bright red "388" tuxedos and won Best Costume among over 40 other teams. HKEx sponsored one leg of the race, which helped raise nearly \$2.4 million for MINDSET, a registered charitable organisation that supports mental health-related organisations and projects in Hong Kong and Mainland China.



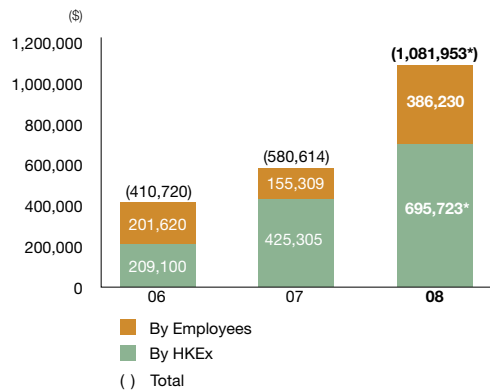
MTR Hong Kong Race Walking 2008 – The HKEx Team won the 1st Runner-up Award in the Corporate Team Challenge. The event raised \$1.3 million for the Hospital Authority's "Ideal BMI" Disease Prevention Project.

In 2008, there were cash or in-kind donations to different charitable organisations through various activities:

- CENTRAL Rat Race 2008 for Mindset
- Friends of the Earth (HK) – Annual Charitable Donation
- HKEx Community Shield 2008 – Charity Football Match Donation
- Hong Kong Christian Council – Rural China Orphan Sponsorship: Trek for Child 1122
- Mahjong Competition for Charity 2008 for ORBIS
- Mooncake Collection Campaign 2008
- MTR Hong Kong Race Walking 2008 – Corporate Team Challenge
- People's Food Bank of St James' Settlement – fund-raising campaign
- Playright Children's Play Association – sponsorship of Toy Library in Tai Po
- Standard Chartered Hong Kong Marathon Corporate Challenge 2008
- The Community Chest Corporate Challenge 2008
- The Community Chest Green Day 2008
- The Community Chest Dress Special Day 2008
- UNICEF Charity Run 2008

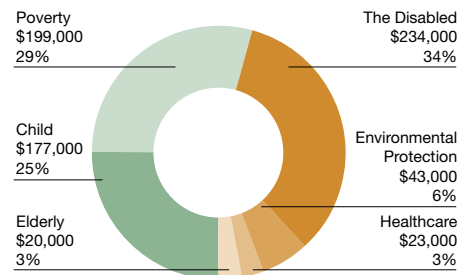
- ### Recognition of HKEx's/Our Employees' Generosity and/or Contribution
- > UNICEF Charity Run – “Top Fund Raiser (Group) Award”
 - > ORBIS Pin Campaign 2008 – “Top Five Fund Raising Organisations Award”
3rd Runner-up among over 500 organisations
 - > The Community Chest's Corporate & Employee Contribution Programme
Bronze Award (2007/2008)
Certificate of Appreciation (2008/2009)
 - > Hong Kong Council of Social Service – “Caring Company” since 2005/2006
For 2008/2009, HKEx was recognised in the areas of “Volunteering”, “Employee Friendly”, “Employing Vulnerable”, “Mentoring” and “Giving”

Donation made to Charities by HKEx and Its Employees#



Including donation and participation fees for activities held by the Volunteer Team
* Excluding the donation of \$10 million by HKEx for Sichuan earthquake disaster relief

Breakdown of HKEx's Donation in 2008**



Promote Participation in the Community

To Encourage, Support and Recognise Employees who Serve the Community

HKEx has participated in the Volunteer Movement organised by the Social Welfare Department of Hong Kong as a registered volunteer organisation to further promote, support and recognise the volunteering efforts of employees.

HKEx employees are encouraged to serve the local community by participating in volunteer work. HKEx's Volunteer Team was established in 2006 to promote volunteering among our staff and their families and to offer care and support to the needy people in Hong Kong. As at the end of 2008, the team had 94 members, equivalent to 11 per cent of our workforce. With the Company's financial support, the team organises a great variety of volunteer services for the elderly, children, underprivileged members of society (including the poor and the disabled) and environmental protection.



Mid-Autumn Visit to the Tung Wah Group of Hospitals' Yu Chun Keung Memorial Care & Attention Home – HKEx volunteers joined residents of a home for the elderly for singing and other activities.



Home Maintenance for Elderly – HKEx volunteers painted walls and ceilings to brighten the homes of some of Hong Kong's elderly citizens.

While we provide support to our employees to contribute to the community during their work, we are impressed by their passion in serving the community by using their own time. In 2008, their volunteer work reached 1,403 hours, representing an increase over 200 per cent from the previous year.

Volunteer Team Major Activities in 2008

- > Story Reading and Book Donation Project
- > Mooncake Collection Campaign
- > Mid-Autumn Visit to the Tung Wah Group of Hospitals' Yu Chun Keung Memorial Care & Attention Home
- > Home Maintenance for the Elderly
- > Autumn Wetland Exposure Tour
- > Outdoor Game Day for the Disabled and Others

	2005	2006	2007	2008
Number of volunteer hours	135	613	427	1,403

Social Care Briefings

To help our employees to consider their roles and possible contribution to the meeting of social needs, external speakers will be invited to give talks on current status of volunteer work in designated areas (eg elderly, children with learning difficulties, the poor) and where more volunteers are needed.

Case Study

Event: Autumn Wetland Exposure Tour

Date: 9 November 2008 (Sunday)

Venue: Hong Kong Wetland Park and Tai Po Waterfront Park

A total of 18 HKEx volunteers took part in a full-day outing organised by the HKEx Volunteer Team and the Boys' & Girls' Clubs Association of Hong Kong (BGCA) on 9 November 2008. A total of 31 children aged from 7 to 11 from BGCA Yau Tong Service Centre joined the outing, which allowed them to enjoy the beauty of nature and acquire knowledge about environmental protection through visiting the Hong Kong Wetland Park.

At the Wetland Park, groups of children and HKEx volunteers were very excited to see Pui Pui the Alligator taking its sun-bath and the many interesting wetland creatures such as waving crabs and jumping fish. After a delicious lunch buffet at Tin Shui Wai in the New Territories, the groups moved on to an exciting outdoor game at the green Tai Po Waterfront Park. The group competition was very keen but at the end, all children received a prize – a book about nature and environmental protection donated by HKEx. On the way home, both the volunteers and the children were tired but happy and satisfied. Some children asked HKEx volunteers to sign their story books, in order to keep a good memory of the event.

After the outing, the volunteers wrote letters to each of their team members, enclosing an encouraging note and group photos of the event. For many children, that was the first personal letter they had ever received. A few days later, to their great surprise, our volunteers received beautiful, hand-made photo albums filled with children's drawings and touching notes in return. Many of the children's gifts of love are now proudly displayed on the desks of our volunteers.



Volunteer Team's Experience Sharing

Event: Story Reading for Children

Date: 9 August 2008 (Saturday)

Venue: Tung Wah Group of Hospitals ("TWGH"), Chan Han Nursery School in Sau Mau Ping

There is an old saying that "Knowledge is power", which is the truest and most encouraging statement to those who have grown up in a poor family and have been struggling to climb up in the society.

The volunteering service "Story Reading for Children" aims to stimulate the interest in reading as well as to cultivate a reading habit among young children through story reading and role plays.

Our service target is a group of young children (aged 3 to 6) studying at TWGH, Chan Han Nursery School, who come from families of low income or receiving Comprehensive Social Security Assistance. On that day, our team of 19 volunteers arrived at the nursery school in the early morning. We first took photos for each of the children and then divided them into two groups for story reading and handcraft making. We chose the story "The first day of Little Chicken at school". The story encourages children to give helping hands to each other. One of us read the story loud. The others operated hand puppets as different animal roles. The children's eyes were sparkling with happiness when they saw the puppets. Within seconds Brother Chicken and Sister Giraffe were swarmed with happy and exciting children who just could not stop talking. How adorable!

After the story session, we guided the children to make handcrafted photo frame for the display of their own photo taken earlier that day. Strictly following the principle of "Nothing should be left behind", our happy little kids all worked very hard to ensure that every inch on their photo frames was filled with beautiful stickers.

Unlike some spoiled kids, these children were pure, naive and innocent. They did not hide their feelings of excitement and happiness towards the programmes and story books arranged by the big brothers and sisters from HKEx. At the final sharing session, their school supervisor asked them why they were so happy. The children all raised their hands and replied "Because Brothers and Sisters love us very much!" Their answer melted our hearts.

I hope these little kids will start their reading: from today's children story books to piles of books on all subjects in the future so that they will make contribution to the society and create a bright future for themselves and their beloved families.



– by Lam Man Kiu (Listing Division – IPO Transactions Department)

“ HKEx is always very supportive to charity works. For the past years, HKEx has established a very good working partnership with St. James' Settlement. Since 2004, they have been helping in different services in various forms, from cash donations to in-kind donation; moreover, their staff are kind to help raising funds and get involved in different volunteer services, setting good examples in CSR.

The most incredible fundraising programme for People's Food Bank took place in April 2008. Within 2 weeks, HKEx staff had raised \$120,000 and the same amount was donated by HKEx on a dollar-to-dollar basis, making a total of \$240,000. To realise tripartite co-operation among the Government, businesses and citizens, the People's Food Bank also applied to the Government's Partnership Fund for the Disadvantaged and obtained further \$120,000, bringing the total to \$360,000. Almost all the funds raised were spent on the purchase of basic food, such as canned food, noodles and rice, while its small portion was used to sponsor a poverty relief program, in which two friendly visits were organised to distribute poverty gift packs to 300 needy living in Sham Shui Po and Sheung Shui. From this fund-raising activity, about 600 people were benefited and had a temporary relief. ”

– by Connie Ng, Centre Supervisor,
People's Food Bank of St James' Settlement,
a community service provider which HKEx partners with in
various charitable activities



Our Chief Executive, Paul Chow (second from left) and Chief Financial Officer, Archie Tsim (first on right) represented HKEx at the cheque presentation ceremony which was also attended by representatives of the Partnership Fund for the Disadvantaged and the People's Food Bank, St James' Settlement. A total of \$360,000 was raised through the fund raising programme for People's Food Bank.



Environment

Environmental problems, such as climate change, air pollution, natural resource consumption and waste, are growing threats to the society. As we have seen in recent years, natural disasters stemming from environmental problems have not only devastated communities but also impaired the business environment. The problem is not a distant one for us.

Although HKEx does not operate in an environmentally sensitive business and is predominantly service-oriented, we recognise that our operations still have an impact on the environment and that addressing environmental problems is a collective responsibility shared by every member of the community. Therefore, we have enhanced the Company's practices to minimise our impact on the environment. As part of our 2009 environmental project implementation, we are developing auditable indicators, to help closely monitor and evaluate our environmental performance as well as ensure compliance with legislative requirements. Ongoing promotional activities and trainings are organised to increase employees' awareness and knowledge of the importance of environmental protection. We are also extending our efforts beyond HKEx to implement environmentally-friendly initiatives in the marketplace.

Care for the Environment

To Reduce Environmental Impact by Minimising Use and Maximising Re-use of Resources

Green Audit – HKEx commissioned an external consultant to conduct an independent green audit on its premises to identify areas for improvement in respect of environmental protection. About 90 per cent of the consultant's recommendations on keeping a green office environment have been implemented. We are working closely with the relevant parties, such as the landlords, regarding the outstanding items. As a result of one of the recommendations of the green audit, we are establishing an energy accounting system for locating energy saving opportunities and tracking and measuring the performance of energy-efficient strategies.

Our Carbon Footprint in 2008

Carbon Dioxide Equivalents (tonnes)

Office Activities:

> Electricity Consumption ^{1,2}	10,239
> Paper Consumption ³	51

Fuel Used from Transportation:

> Corporate Fleet ²	26
> Business Travel ⁴	234

Notes:

¹ The electricity consumption included the air-conditioning supply in all data centre locations and the Exchange Square premises and did not include the air-conditioning supply in other HKEx's office premises, namely International Finance Centre, Worldwide House, Vicwood Plaza, the office portion of PCCW Tower, Chinachem Exchange Square and ICBC Tower where the air-conditioning was centrally supplied by the respective building landlords.

² 'Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, 2008 (EPDHK)' were used for the accounting and calculation of emissions.

³ Based on the amount of paper purchased; the 'VfU Standard (2007 update)' was used for calculation of emissions

⁴ ICAO (International Civil Aviation Organisation) Carbon Emissions Calculator, the GHG Protocol (WBCSD / WRI) and emission factors from Defra 2008 were used for the calculation of emissions.

GHG Emissions Reduction in 2008

Carbon Dioxide
Equivalents
(tonnes)

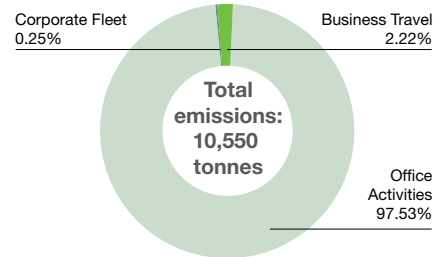
GHG emissions avoided by recycling waste paper ⁵	(956) ⁶
-------------------------------------------------------------	--------------------

GHG – greenhouse gas

⁵ The amount of paper recycled was higher than that purchased resulting from a great amount of paper documents sent to us. By recycling the paper and not sending them to landfill, a total of 956 tonnes of GHG emissions were avoided.

⁶ 'Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, 2008 (EPDHK)' were used for the calculation of emissions.

Distribution of Carbon Dioxide Equivalents



Power Consumption

Electricity consumption accounted for over 90 per cent of the carbon emissions of HKEx recorded in 2008, which amounted to 12M kWh with about 10,239 tonnes of carbon emissions. The electricity consumption at our various data centres and offices premises (Note 1 above) accounted for 59 per cent and 41 per cent of the total electricity use respectively.

Power Consumption Reduction

- > Applied energy saving lamps in office premises where applicable
- > Adopted the Summer Attire Policy throughout the year to support the maintenance of optimal indoor temperature
- > Encouraged energy saving by posting reminders to switch off lights at prominent locations in meeting rooms or common areas where applicable
- > Installed exit signs with light emitting diode (LED) lamps for illumination where applicable



Reminders to switch off lights posted in the office area

Case Study

Energy-Saving Measures Undertaken in the Newly Renovated Data Centre

Our data centre in Quarry Bay is currently under renovation and expansion. Green concepts have been incorporated in designing the data centre in order to enhance energy efficiency and become more environmentally friendly.

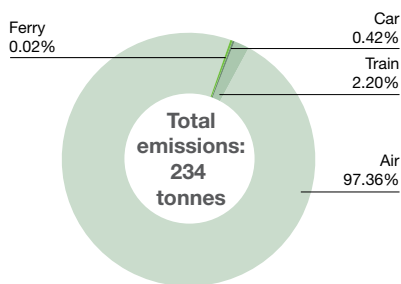


Computer Room Air Conditioning (CRAC) unit with Electronic Control (EC) Fan	High Efficiency Uninterruptible Power Supply (UPS) System	High Light Output Ratio (LOR)	FM200 Gas Extinguishing System	Environmentally Friendly Refrigerant
				
<p>All CRAC units have built in EC fans. The speed of EC fan will be variable depending on the room temperature</p>	<p>High Efficiency UPS System is installed which is able to achieve over 95 per cent efficiency at 100 per cent load</p>	<p>T5 fluorescent tubes and high LOR light fittings will be used</p>	<p>Environmentally friendly clean agent (FM200) will be used in the fire suppression system</p>	<p>Environmentally friendly refrigerant (R407C) will be used in the cooling system</p>

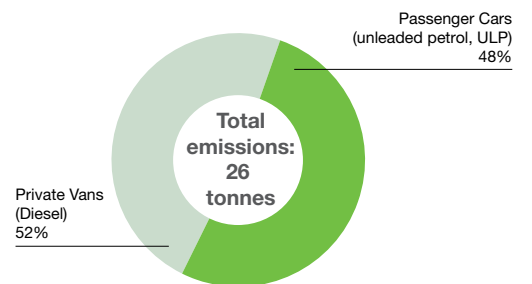
Another area of energy consumption stemming from HKEx's operations is overseas travel by staff. Overseas business travel was undertaken by employees mainly for business development purposes. A centralised policy on business travel is in place stating that the Chief Executive's approval is required for overseas travel. In 2008, there were more than 350 man-trips and about 234 tonnes of carbon emissions were noted.

A total of about 26 tonnes of carbon emissions were recorded in respect of our corporate fleet in 2008. With certain offices now closer to HKEx headquarters following relocation in 2008, necessary transportation between different office locations is envisaged to be reduced.

Carbon Emissions from Business Travel 2008



Carbon Emissions by HKEx Corporate Fleet 2008



Environmental Impact Reduction

With the consultant's assistance, we are working on the following projects which are to be completed within the second quarter of 2009 in order to help further improve our environment.

- > Energy monitoring and reporting
- > Lighting systems audit
- > Indoor air quality inspection and certification
- > Waste audit
- > Green purchasing and procurement guidelines

Paper Consumption

With the aim to reduce paper consumption, we have made wider use of electronic means for communications, and despatched electronic greeting cards and publications such as newsletters and financial reports. More than 70 per cent of the office personal computers are connected to double-sided printers. Besides, automation of internal processes are in place, eg:

- > e-leave system
- > electronic process for handling share options
- > Electronic Securities Declaration and Approval System for securities and derivatives transactions



Paper Consumption Reduction

- > To incorporate "Conserve the Environment – Think before you print" in all outgoing emails
- > To provide all office personal computers with access to double-sided printing facilities after upgrading the existing photocopiers by the end of the first quarter of 2009
- > To reduce the computer reports printing from data centres by about 30% by further streamlining or using softcopy for computer reports after the first quarter of 2009
- > To automate the performance evaluation process

Use of Environmentally-friendly Products

To advocate environmental protection, HKEx gives preference to environmentally-friendly products during procurement. We choose Forest Stewardship Council certified/environmentally-friendly paper and use recyclable papers for business cards and financial reports.

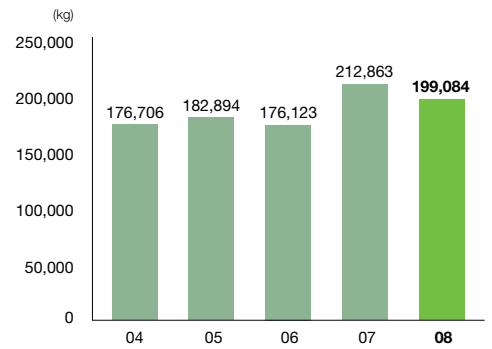
For HKEx's office renovation or relocation projects in 2008, green office concepts for lighting environment controls and indoor air quality were incorporated on a large scale. Environmentally-friendly building materials such as wallpaper and sealants are now used, where applicable, during renovation. Energy-efficient office equipment/appliances have been used in new offices. From 2008 onwards, all newly procured electrical appliances and general personal computer equipment are energy-efficient or energy-star-qualified models. In addition, low volatile organic compound adhesive is applied during carpet tile replacement.

Waste Management

The general paper waste is collected by HKEx's cleaning contractor and delivered to the building management office for central disposal, while confidential waste paper is collected by a specifically assigned waste collector for recycling.

Other than paper waste, obsolete IT hardware and related equipment is also a major category of waste at HKEx. We have participated in the recycling and recovery of electronic and electrical equipment through programmes of EPDHK. In 2008, 342 computers and related equipment and 25 pieces of electronic equipment were channelled through these programmes. Deteriorated UPS batteries have been returned to the vendor for disposal in compliance with Hong Kong's Waste Disposal (Chemical Waste) (General) Regulation (Cap.354c), and 192 batteries were returned in 2008.

Confidential Waste Paper for Recycling



Advocate Environmental Protection

To Help Promote a “Green” Hong Kong

HKEx, as a frontline regulator, is pleased to promote environmental protection in our marketplace, especially the reduction of paper consumption. The final phase of the EDP became effective on 25 June 2008. As a result, all issuers' announcements are now disseminated by straight-through electronic disclosure via the HKEx website and issuers' own websites instead of through paid announcements in newspapers.

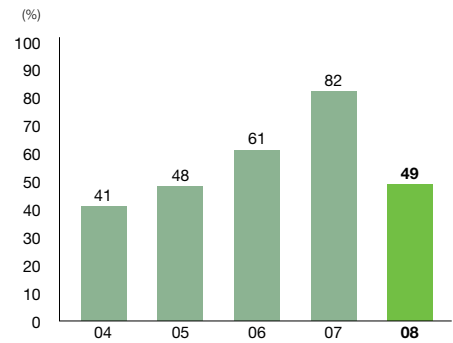
Effective 1 September 2008, the Listing Rules were amended to reduce the number of hard copy of documents including drafts and published circulars, announcements and other documents that issuers are required to provide to the Exchange.

SEHK published in April 2008 a consultation paper on a proposal to allow issuers to distribute printed application forms without an accompanying printed prospectus when certain conditions are met so as to reduce the size of prospectuses. The consultation conclusions are expected to be published in the second quarter of 2009.

Since 1999, HKEx has been providing new listing with electronic IPO service to facilitate paperless application to IPO. A significant drop in the percentage of new listings provided with eIPO was noted in 2008 because the transfer of listing from GEM to the Main Board (which did not involve public offer) accounted for 37 per cent of the new listings (2007: 2 per cent).

In order to encourage wider support for paper consumption reduction, HKEx launched a scheme in 2007 under which a charitable donation of \$50 for each election by our Shareholders to access HKEx's corporate communications via electronic means will be made, subject to a cap of \$100,000 per year. As a result, a total of \$42,100 was donated to Friends of the Earth (HK) in 2008 to help preserve and improve Hong Kong's environment.

Percentage of New Listings Provided with eIPO



Volunteer Service at Fung Yuen Butterfly Reserve – HKEx volunteers and their families helped save trees in Hong Kong's countryside while expanding their knowledge of nature conservation.

HKEx also donated \$100,000 to Playright Children's Play Association in 2008 for setting up a toy library in Tai Po, Hong Kong. By lending toys to children, the library helps to reduce toy waste.

Moreover, to expand the knowledge and experience in nature conservation of our staff and their family members, we organised a volunteer service in 2008 at Fung Yuen Butterfly Reserve to help preserve an important natural habitat in Hong Kong for butterflies.

“ The direct environmental impacts that arise from HKEx's operations are the same as those for the majority of office-based businesses in Hong Kong – electricity consumption, resource use and waste generation (particularly paper), indoor environmental quality, and business travel.

Several initiatives have been in place for some time to address these issues. However HKEx is taking some important steps to enhance the effectiveness of these, especially through more systematic green office practices, monitoring of key performance indicators, and sharing of achievements via this CSR Report. Equally important is the introduction of CSR training to HKEx staff, helping to inform and encourage their participation in the Company's environmental goals.

BEC encourages HKEx to continue the evolution of its environmental practices through a company-wide environmental management system (EMS), with particular focus on reducing its carbon footprint through unnecessary electricity use and working with its service providers to find greener solutions to everyday issues. As a leader in its market place HKEx is well-placed to set an example to its client base and the business community as a whole, helping move Hong Kong towards positive and noticeable change in the quality and sustainability of our environment. ”

– by Business Environment Council, HKEx's CSR consultant

CSR Initiatives for 2009 and Beyond

CSR Strategies and Management

- To consider the CSR goals associated with HKEx's strategies for 2009
- To set CSR key performance indicators for long term CSR development
- To incorporate CSR considerations into HKEx's strategic plan for 2010 – 2012

Stakeholder Engagement

- To continue seeking views from market practitioners through the consultative panels and meetings with market participants
- To conduct Market Transaction Surveys to monitor the degree of participation of investors and EPs in the respective markets
- To conduct the Retail Investor Survey to understand the latest status of, and to monitor any changes in, retail investors' profile and perceptions of the HKEx markets

Marketplace

Contribute to Developing Sustainable Financial Markets in Hong Kong

- To conduct market rehearsal before implementation of major initiatives or system upgrades
- To perform contingency and recovery drills for major market systems
- To proactively monitor, review and upgrade, if necessary, the capacity of various systems
- To provide free real-time last trade prices on websites
- To facilitate direct access to HKEx market data by Mainland and overseas information vendors
- To expand the Market Data Collaboration Programme
- To enrich the PRS content
- To publish the consultation conclusions on the 3 remaining issues in the 2008 Combined Consultation Paper
- To consider introducing mandatory quarterly reporting for Main Board issuers
- To consider the CG Code in the Listing Rules and study CSR developments
- To consider the results of the strategic review of the Listing Rules
- To review whether to accept PRC accounting standards, auditing standards and audit firms
- To review Chapter 18 of the Main Board Listing Rules regarding the requirements applicable to mining and resources companies and conduct a market consultation on the relative proposed amendments to the Main Board Listing Rules in the first half of 2009
- To implement the price control mechanism during CAS and monitor and review its operation 6 months after implementation
- To introduce futures contracts on CERs subject to market consultation and acceptance
- To explore the introduction of more products in our market, eg, a wider variety of structured products, more futures on precious metals and options with flexible features
- To facilitate market participation by admitting overseas institutional investors as remote EPs
- To seek position limit adjustments for our key contracts
- To study the T+2 finality for money settlement of Continuous Net Settlement positions, and Isolated Trades and Settlement Instructions transactions
- To continue working on the share registrar participation model and admit share registrars as CCASS Participant
- To organise or provide support for organising training and seminars about our services and products and risks associated with them
- To continue organising promotional activities in the Mainland and overseas to attract companies to list in Hong Kong
- To participate in and organise activities to promote the various markets of HKEx

Commit to Openness, Probity and Accountability

- To arrange training talks on various codes of conduct and staff policies
- To revamp the HKEx website
- To continue organising media activities (interviews, news conferences and media workshops) to explain HKEx's policies, strategies, products and services, including a media workshop on emissions trading

Engage Supply Chains that Reflect Our Values and Commitment

- To incorporate CSR philosophy in our general procurement and tendering guidelines taking into account the relevant and appropriate recommendations from the green audit to be completed by mid-2009

Workplace

Create a Supportive and Quality Environment to Attract and Retain the Best People

- > To ensure employees' remuneration packages are in line with market levels and to reinforce the link between performance and rewards
- > To continue organising training classes for employees in particular on customer service and the importance of CSR. A budget of \$6 million has been set aside for employees' training
- > To continue developing the potential of employees for their career growth and development
- > To continue promoting equal employment opportunities

Community

Create Shared Benefits with the Community We Serve

- > To further consider and adopt a corporate donation focus
- > To continue making donations to charitable organisations. A budget of \$800,000 has been set aside for donations to charity
- > To continue operating the Stock Code Ballot for Charity Scheme and Market Donation Programme
- > To sponsor programmes organised by student-run associations from universities

Promote Participation in the Community

- > To support our Volunteer Team in organising community services and charitable activities
- > To conduct a series of social care briefings

Care about Employees' Welfare and Satisfaction and Maintain a Healthy and Safe Workplace

- > To collect employees' views and make improvements as appropriate
- > To promote health and safety awareness within the workplace
- > To continue supporting Staff Social Club activities

Strengthen Team Collaboration

- > To promote direct dialogue between employees and the management within the organisation
- > To ensure employees' complaints are handled promptly and fairly
- > To respond promptly to any reported malpractice and implement rectification if and when appropriate

Environment

Care for the Environment

- > To roll out network printing by the end of the first quarter of 2009
- > To reduce by 30 per cent paper consumption in printing data centre reports
- > To implement the energy monitoring and reporting plan by early 2009
- > To complete a lighting systems audit by mid-2009 and work out improvement measures
- > To complete indoor air quality inspection and certification by mid-2009 and consider improvement measures if appropriate
- > To complete a waste audit by mid-2009 and consider improvement measures
- > To establish in-house guidelines and procedures for energy saving by the third quarter of 2009
- > To adopt green purchasing and procurement guidelines by the third quarter of 2009
- > To automate the performance evaluation process by the third quarter of 2009
- > To reinforce employees' awareness of the importance of environmental protection and conservation of natural resources

Advocate Environmental Protection

- > To implement automation of stamp duty payment
- > To re-visit the possible transition to a scripless securities market in Hong Kong
- > To publish consultation conclusions on and implement the use of paper application forms with electronic prospectuses

Assurance Statement

SustainAsia Ltd has been commissioned by Hong Kong Exchanges and Clearing Ltd (HKEx) to provide independent verification of HKEx's 2008 Corporate Social Responsibility (CSR) Report to be published along with HKEx's 2008 Annual Report.

Scope of verification and methodology

The verification process was performed over the January – February 2009 period and its objectives were to provide an independent opinion on the completeness and overall quality of the 2008 CSR Report, as well as the accuracy and robustness of the information presented therein.

SustainAsia's scope of verification was limited to the information presented in the 2008 CSR Report and excluded financial information.

SustainAsia has selected a representative sample of statements in the draft report (English version) for verification, through applying AccountAbility's Five Part Materiality Test. The verification was conducted through desktop review of report content, online questionnaires, documentation review and interviews of designated HKEx personnel.

As a result of this verification process, SustainAsia has made some observations and suggested minor adjustments and amendments to the original draft report. We have also made recommendations to improve HKEx's CSR management and reporting system.

Conclusion

Within the scope of our assignment, we have assessed the quantitative data and qualitative statements sampled from the HKEx's 2008 CSR Report and verified their accuracy. We consider this report a balanced, comprehensive and accurate presentation of HKEx's CSR performance in 2008.



Christophe Bongars
Chief Executive Officer, SustainAsia Ltd
Hong Kong, 20 February 2009



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Glossary

AMS/3	The Third Generation Automatic Order Matching and Execution System
Board	Board of HKEx
CAS	Closing Auction Session
CCASS	The Central Clearing and Settlement System
CER(s)	Certified Emissions Reduction Unit(s)
CG Code	Code on Corporate Governance Practices
CSR	Corporate Social Responsibility
DCASS	The Derivatives Clearing and Settlement System
DJ STOXX Global 1800	An international stock market index compiled by a joint venture of Deutsche Börse Group, Dow Jones & Company and SIX Swiss Exchange
Director(s)	Director(s) of HKEx
eIPO	Electronic IPO
EDP	Electronic Disclosure Project
EDS	Electronic Disclosure System
EP(s) or Participant(s)	Exchange Participant(s)
EPDHK	Environmental Protection Department, Hong Kong
Exchange or SEHK	The Stock Exchange of Hong Kong Limited
FRC	Financial Reporting Council
GEM	The Growth Enterprise Market
Government	The Government of the Hong Kong Special Administrative Region of the People's Republic of China
Group	HKEx and its subsidiaries
HKATS	The Hong Kong Futures Automated Trading System
HKEx or the Company	Hong Kong Exchanges and Clearing Limited
Hong Kong	Hong Kong Special Administrative Region of the People's Republic of China
HSI	Hang Seng Index
ICAC	Independent Commission Against Corruption
IPO(s)	Initial Public Offering(s)
IT	Information Technology
ITG	Information Technology Governance
Listing Rules	Main Board Listing Rules and Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
Main Board Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
MDF	Market Datafeed
PRC	The People's Republic of China
PRS	The Price Reporting System
SFC	Securities and Futures Commission
SFO	Securities and Futures Ordinance
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
\$/HKD	Hong Kong Dollar



We are committed to caring for the environment and looking for sustainable ways to minimise our impact on it. This Report is printed on Elation (FSC certified) and Printspeed (recyclable), both are manufactured at ISO 14001 accredited mills, with acid-free and elemental chlorine-free processes.

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