



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

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

Employees' Share Award Scheme

Reference is made to the announcement dated 14 September 2005 relating to the adoption of the Employees' Share Award Scheme ("Scheme") by the board of directors ("Board") of the Hong Kong Exchanges and Clearing Limited ("HKEx"). Pursuant to the Scheme adopted on 14 September 2005 ("Adoption Date"), the Board today, based on the closing price of HK\$31.20 per share, resolved to award 960,000 Shares ("Awarded Shares") to 139 eligible employees ("Selected Employees").

Pursuant to the Scheme, the Board resolved today, 19 December 2005, ("Reference Date"), to grant the Awarded Shares to the Selected Employees in order to recognise their contributions and give incentive to them in order to retain them for the continual operation and development of HKEx. The Awarded Shares represent approximately 0.09% per cent of the issued share capital of HKEx as at the Adoption Date (1,062,385,846 shares). Based on today's closing price of HK\$31.20 per share, the award amounted to approximately HK\$30 million.

Under the Scheme rules, the Board shall cause to pay about HK\$30 million (the "Reference Amount"), being the sum of (i) the closing price of the Awarded Shares as at the Reference Date, and (ii) the related purchase expenses to the trustee of the Scheme ("Trustee") from HKEx's internal resources as soon as possible. The Trustee shall, within 20 business days (or such longer period as the Trustee and the Board may agree from time to time having regard to the circumstances of the purchase concerned) after receiving the Reference Amount, apply the Reference Amount towards the purchase of the Awarded Shares at the prevailing market price. Any excess Reference Amount provided shall be returned by the Trustee to HKEx after completion of the purchase. Where the Reference Amount is not sufficient for the purchase of all the Awarded Shares, the Trustee shall acquire the maximum number of board lots of shares and seek further funds from the Board until all the Awarded Shares are purchased. For the avoidance of doubt, the shares so purchased shall be held in trust for the Selected Employees by the Trustee until the end of each vesting period, subject to the terms of the Scheme rules.

The Awarded Shares and the related income derived therefrom are subject to a vesting scale by which the Awarded Shares and the related income will be vested on the Selected Employees in tranches of 25 per cent each on every anniversary date of the Reference Date starting from the second anniversary date until the fifth. When the Selected Employee has satisfied all the vesting conditions specified by the Board at the time of making the award and become entitled to the shares forming the subject of the award, the Trustee shall transfer the relevant vested shares (awarded shares, related scrip distribution and further shares acquired or subscribed out of the income derived therefrom) to that employee at no cost.

Details of the Scheme rules can be found from HKEx's corporate website at www.hkex.com.hk.

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

Hong Kong, 19 December 2005

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

This announcement is also published on the HKEx website (<http://www.hkex.com.hk>).

Please also refer to the published version of this announcement in South China Morning Post on 20 December 2005.