

(Expressed in Hong Kong dollars)

Board of Directors

To fill the vacancy created by the retirement of Mr LEE Hon Chiu, the Financial Secretary appointed Mr Rodney Gordon WARD a Director with effect from 1 April. Mr Ward is a solicitor and the Chairman of UBS Warburg, Asia, a global investment bank.

Interim Dividend and Close of Register

The Board of Directors has resolved to declare an interim dividend of \$0.08 per share (2000: \$0.08 per share) for the year ending 31 December 2001, amounting to a total of about \$83 million (2000: \$83 million).

The share register will be closed from Wednesday, 10 October 2001 to Friday, 12 October 2001, both dates inclusive, during which period, no transfer of shares will be registered. Dividend warrants will be despatched to shareholders on or about Monday, 15 October 2001. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with HKEx's registrar, Hong Kong Registrars Limited at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong not later than 4:00 p.m. on Tuesday, 9 October 2001.

Directors' Interests

(i) Shares

As at 30 June 2001, the Directors and their respective associates had interests in the shares of HKEx as recorded in the register maintained by HKEx pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (SDI Ordinance) as follows:

Name of Director	Number of shares held				Total
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
FAN Chor Ho, Paul	—	—	2,187,000 (note 1)	—	2,187,000
LEE Jor Hung, Dannis	—	—	1,610,000 (note 2)	—	1,610,000

Notes:

- 2,187,000 shares were owned by Compu-Chart Investment Adviser Limited, a private company in which Mr FAN Chor Ho, Paul holds a 99.99 per cent interest.
- 1,610,000 shares were owned by DL Brokerage Limited, a private company beneficially wholly owned by Mr LEE Jor Hung, Dannis.

Other than the holdings disclosed above, no interests were held or deemed or taken to be held under the SDI Ordinance by any Director or Chief Executive of HKEx or their respective associates in any equity or debt securities of HKEx or any of its associated corporations which were required to be notified to HKEx and The Stock Exchange of Hong Kong Limited (Stock Exchange) pursuant to Section 28 of the SDI Ordinance or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or which are required pursuant to Section 29 of the SDI Ordinance to be entered in the register referred to therein.

(ii) Options

On 31 May 2000, HKEx's Pre-Listing and Post-Listing Share Option Schemes (Schemes) were approved by the shareholders under which the Directors of HKEx may, at their discretion, offer any employee (including any Director) of HKEx or of any of its wholly-owned subsidiary options to subscribe for shares in HKEx subject to the terms and conditions stipulated in the Schemes. The share options granted under the Pre-Listing Scheme can be exercised in tranches of 25 per cent from 6 March 2002, reaching 100 per cent from 6 March 2005 and in any event shall end not later than 10 years from the date on which the option was granted and accepted, subject to the provisions for early exercise and/or termination contained in that Scheme. No share options have been granted under the Post-Listing Share Option Scheme.

A share option granted by HKEx to a Director of HKEx to subscribe for shares of HKEx, was outstanding and not yet exercised:

Name of Director	Date of option granted	Exercise price per share	Exercisable period	Number of shares		
				Number of shares issuable under the option at 1.1.2001	issuable under the option granted during 1.1.2001 to 30.6.2001	Number of shares issuable under the option at 30.6.2001
KWONG Ki Chi	20 June 2000	\$7.52	6 March 2002 to 30 May 2010	1,454,126	-	1,454,126



Directors' Interests (continued)

Apart from the aforesaid, neither the Directors nor the Chief Executive, nor any of their spouses or children under the age of 18, had any interest in, or had been granted, or exercised, any right to subscribe for the securities and options of HKEx and its associated corporation within the meaning of the SDI Ordinance, or had exercised any such rights.

Substantial Shareholders

The Directors are not aware of any party who was directly or indirectly interested in 10 per cent or more of the issued share capital of HKEx as at 30 June 2001 as recorded in the register required to be kept by HKEx under Section 16(1) of the SDI Ordinance.

Minority Controller

Under the Exchanges and Clearing Houses (Merger) Ordinance, no person shall be or become a Minority Controller, i.e. a person who either alone or with any associate or associates, is entitled to exercise, or control the exercise of 5 per cent or more of the voting power at any general meeting of the recognised exchange controller, except with the approval in writing of the Securities and Futures Commission (SFC) after consultation with the Financial Secretary.

As of 30 June 2001, three CCASS Participants were holding approximately 21.7 per cent, 12.4 per cent and 6.2 per cent respectively of HKEx's issued share capital. The CCASS Participants in question have informed HKEx that they have applied to the SFC for approval as Minority Controllers of HKEx on the basis that the shares are held in custody for their clients, and that the matter is under consideration.

Purchase, Sale or Redemption of HKEx's Listed Securities

During the six months ended 30 June 2001, HKEx had not redeemed, and neither HKEx nor any of its subsidiaries had purchased or sold any of HKEx's listed securities.

Audit Committee

The Audit Committee has reviewed the unaudited interim financial statements for the six months ended 30 June 2001 in conjunction with HKEx's external auditors. The independent review report of the external auditors is set out on page 46.

Compliance with the Code of Best Practice

None of the Directors of HKEx is aware of information that would reasonably indicate that HKEx is not, or was not at any time during the six months ended 30 June 2001, in compliance with Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

