



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the shareholders of Hong Kong Exchanges and Clearing Limited (“HKEx”) will be held at the Trading Hall of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) at 1st Floor, One and Two Exchange Square, Central, Hong Kong on Wednesday, 31 March 2004 at 4:30 p.m. for the following purposes:

1. To receive and consider the Audited Accounts for the year ended 31 December 2003 together with the Reports of the Directors and Auditors thereon.
2. To declare a Final Dividend.
3. To declare a Special Dividend.
4. To elect Directors.
5. To re-appoint Auditors and to authorise the Directors to fix their remuneration.
6. To consider as special business and, if thought fit, pass with or without modification the following resolutions as Ordinary Resolutions and a Special Resolution respectively:

Ordinary Resolutions

(I) “THAT:

- (a) subject to paragraph (c) below and pursuant to section 57B of the Companies Ordinance, the exercise by the Directors of HKEx during the Relevant Period (as hereinafter defined) of all the powers of HKEx to allot, issue and deal with additional shares of HK\$1.00 each in the capital of HKEx and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of HKEx) which would or might require the exercise of such power, subject to and in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of HKEx during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of HKEx) which would or might require the exercise of such power after the end of the Relevant Period;

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- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of HKEx pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined),
 - (ii) an issue of shares as scrip dividends pursuant to the Articles of Association of HKEx from time to time,
 - (iii) an issue of shares under any option scheme or similar arrangement for the time being adopted and approved by the shareholders of HKEx for the grant or issue to employees of HKEx and/or any of its subsidiaries of shares or rights to acquire shares of HKEx,
 - (iv) an issue of shares in HKEx upon the exercise of the subscription rights attaching to any warrants which may be issued by HKEx provided that the issue of such warrants (and the consequent obligation to issue such shares) has been approved by the shareholders of HKEx, either by specific resolution or as part of a general approval, or
 - (v) any adjustment, after the date of grant or issue of any options, rights to subscribe or other securities referred to in (iii) or (iv) above, in the price at which shares in HKEx shall be subscribed, and/or in the number of shares in HKEx which shall be subscribed, on exercise of relevant rights under such options, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, rights to subscribe or other securities,

shall not exceed 20 per cent of the aggregate nominal amount of the issued share capital of HKEx at the date of passing this Resolution, and the said approval shall be limited accordingly; and

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- (d) for the purpose of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of HKEx;
- (ii) the expiration of the period within which the next annual general meeting of HKEx is required by law to be held; or
- (iii) the passing of an ordinary resolution by shareholders of HKEx in general meeting revoking or varying the authority given to the Directors of HKEx by this Resolution.

“Rights Issue” means an offer of shares in HKEx, or an offer of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the Directors of HKEx to the holders of shares of HKEx on the register of members of HKEx on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of HKEx may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations, or the expense and delay in determining the extent of any restrictions or obligations, under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong which are applicable to HKEx).”

(II) “THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of HKEx during the Relevant Period (as hereinafter defined) of all powers of HKEx to repurchase shares of HKEx on the Stock Exchange or on any other stock exchange on which the shares of HKEx may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

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(b) the aggregate nominal amount of shares which HKEx is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of HKEx at the date of passing this Resolution, and the said approval shall be limited accordingly; and

(c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of HKEx;

(ii) the expiration of the period within which the next annual general meeting of HKEx is required by law to be held; or

(iii) the passing of an ordinary resolution by shareholders of HKEx in general meeting revoking or varying the authority given to the Directors of HKEx by this Resolution.”

(III) “THAT conditional upon the passing of Resolutions 6(I) and 6(II) set out in the notice convening this meeting, the general mandate granted to the Directors of HKEx and for the time being in force to exercise the powers of HKEx to allot, issue and deal with additional shares pursuant to Resolution 6(I) set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of HKEx repurchased by HKEx under the authority granted pursuant to Resolution 6(II) set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of HKEx at the date of the said Resolution.”

(IV) “THAT a remuneration of HK\$100,000 be paid to each of the non-executive Directors of HKEx at the conclusion of the next annual general meeting of HKEx for the period from the conclusion of this meeting to the conclusion of the next annual general meeting of HKEx, provided that such remuneration will be paid in proportion to the period of service in the case of a Director who has not served the entire period.”

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(V) “THAT conditional upon:

- (a) the passing of a resolution at this meeting to approve the payment of a special cash dividend to shareholders;
- (b) the per share amount of such special cash dividend payable to shareholders of HKEx being not less than 2 per cent of the closing price of the shares of HKEx on the Stock Exchange as stated in the Stock Exchange’s daily quotations sheet on the day the announcement of the proposal to pay such special cash dividend is published in Hong Kong newspapers or, if such day is not a trading day, the first trading day thereafter; and

(c) obtaining the consent of the relevant option holder,

(i) the subscription price per share (“Pre-Listing Option Subscription Price”) and the contract size for the unexercised portion of each option that has been granted under the pre-listing share option scheme (“Pre-Listing Share Option Scheme”) of HKEx adopted on 31 May 2000 but not fully exercised on the date of the passing of this Resolution and (ii) the subscription price per share (“Post-Listing Option Subscription Price”) and the contract size for the unexercised portion of each option that has been granted under the share option scheme (“Post-Listing Share Option Scheme”) of HKEx adopted on 31 May 2000 and amended on 17 April 2002 but not fully exercised on the date of the passing of this Resolution, be adjusted as follows:

Adjusted Subscription Price

$$\text{ASP} = \text{OSP} \times \frac{\text{S} - \text{OD} - \text{CD}}{\text{S} - \text{OD}}$$

Adjusted Contract Size

$$\text{ACS} = \frac{\text{OSP} \times \text{Old Contract Size}}{\text{ASP}}$$

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where:

ACS = the contract size of the option (being the number of shares which are the subject matter of the option (insofar as it is unexercised)) adjusted in accordance with this Resolution

ASP = (i) in the case of an option granted under the Pre-Listing Share Option Scheme, the Pre-Listing Option Subscription Price of the option adjusted in accordance with this Resolution; and

(ii) in the case of an option granted under the Post-Listing Share Option Scheme, the Post-Listing Option Subscription Price of the option adjusted in accordance with this Resolution

OSP = (i) in the case of an option granted under the Pre-Listing Share Option Scheme, the original Pre-Listing Option Subscription Price of the option prior to adjustment in accordance with this Resolution; and

(ii) in the case of an option granted under the Post-Listing Share Option Scheme, the original Post-Listing Option Subscription Price of the option prior to adjustment in accordance with this Resolution

CD = the per share amount of the special cash dividend approved by shareholders at the 2004 annual general meeting of HKEx

OD = the per share amount of any ordinary cash dividend approved by shareholders at the 2004 annual general meeting of HKEx

S = the closing price of HKEx shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the last trading day on which the HKEx shares are traded cum the special cash dividend,

and, for the avoidance of doubt, any refusal to give consent on the part of an option holder shall not affect the adjustment of the Pre-Listing Option Subscription Price, the Post-Listing Option Subscription Price and/or the contract size in accordance with this Resolution in relation to the options held by other option holders who consent to such adjustment.”

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Special Resolution

(VI) “THAT subject to the written approval of the Securities and Futures Commission pursuant to section 67 of the Securities and Futures Ordinance:

(a) Article 2 of the Articles of Association of HKEx be amended by adding the following new definition:

“associate has the same meaning as in the Rules Governing the Listing of Securities on the Stock Exchange;”

(b) Article 70(1) of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“(1) Subject to the rules prescribed by any Relevant Exchange from time to time, at every general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or upon the declaration of the result of the show of hands) a poll be demanded by:

(a) the chairman of the meeting; or

(b) at least three members present in person or by proxy having the right to vote on the resolution; or

(c) a member or members present in person or by proxy representing in aggregate not less than one-tenth of the total voting rights of all the members having the right to attend and vote at the meeting; or

(d) a member or members present in person or by proxy holding shares conferring the right to attend and vote at the meeting on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right;

and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.”

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- (c) A new Article 79A be added to the Articles of Association of HKEx as follows:

“79A. Voting restrictions under Listing Rules

Where any member is, under the Rules Governing the Listing of Securities on the Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”

- (d) Article 90(2)(b) of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“(b) not earlier than the day after the despatch of the notice of the meeting and not later than 7 days prior to the date appointed for the meeting there has been given to the Secretary, by a member (other than the person to be proposed) entitled to vote at the meeting, notice of his intention to propose a resolution for the appointment or reappointment of that person and a notice executed by that person of his willingness to be appointed or re-appointed, provided however that this provision shall not apply in respect of:

- (i) the first general meeting called to appoint Directors after the date on which these Articles become effective; and
- (ii) any general meeting at which a person is to be appointed a Director to fill any vacancy created by an Inaugural Elected Director prior to the expiration of his term in 2003.”

- (e) Article 94(1) of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“(1) The Company may by ordinary resolution remove any Director (other than a Public Interest Director or the Chief Executive) before his period of office has expired notwithstanding anything in these Articles or in any agreement between him and the Company.”

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- (f) Article 95(h) of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“(h) in the case of a Director other than a Public Interest Director, if he is removed by ordinary resolution of the Company in accordance with the Statutes.”

- (g) Articles 101(7) to (10) of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“(7) A Director shall also not vote (or be counted in the quorum at a meeting) in relation to any resolution relating to any contract or arrangement or other proposal in which he has an interest which (taken together with any interest of any of his associates) is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply and a Director may vote (and be counted in the quorum) in respect of any resolution concerning any one or more of the following matters:

- (a) the giving to him or any of his associates of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself or any of his associates has assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) where the Company or any of its subsidiaries is offering securities in which offer the Director or any of his associates is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which any of them is to participate;

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- (d) any contract in which he or any of his associates is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his or their interest in shares or debentures or other securities of the Company;
 - (e) any contract concerning any other company (not being a company in which the Director and any of his associates in aggregate own 5 per cent. or more) in which he or any of his associates is interested directly or indirectly as an officer or shareholder;
 - (f) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director or any of his associates as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;
 - (g) any contract for the benefit of employees of the Company or of any of its subsidiaries under which the Director or any of his associates benefits in a similar manner to the employees and which does not accord to any Director or any of his associates as such any privilege or advantage not accorded to the employees to whom the contract relates; and
 - (h) any contract for the purchase or maintenance for any Director or Directors of insurance against any liability.
- (8) A company shall be deemed to be one in which a Director and any of his associates in aggregate own 5 per cent. or more if and so long as (but only if and so long as) they are (either directly or indirectly) the holder of or beneficially interested in 5 per cent. or more of any class of the equity share capital of that company (or of any third company through which the interest of the Director or that of his associate is derived) or of the voting rights available to members of that company. For the purpose of this paragraph of this Article there shall be disregarded any shares held by the Director or any of his associates as bare or custodian trustee and in which he and his associates

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have no beneficial interest, any shares comprised in a trust in which the interest of him and his associates is in reversion or remainder if and so long as some other person is entitled to receive the income of the trust and any shares comprised in an authorised unit trust scheme in which he or any of his associates is interested only as a unit holder.

- (9) Where a company in which a Director and any of his associates in aggregate own 5 per cent. or more is materially interested in a contract, he also shall be deemed materially interested in that contract.
- (10) If any question arises at any meeting as to the materiality of an interest of a Director (other than the chairman of the meeting) and any of his associates or as to the entitlement of any Director (other than the chairman of the meeting) to vote and the question is not resolved by his voluntarily agreeing to abstain from voting, the question shall be referred to the chairman of the meeting and his ruling in relation to the Director concerned shall be final and conclusive except in a case where the nature or extent of the interest of the Director or any of his associates concerned, so far as known to him, has not been fairly disclosed. If any question shall arise in respect of the chairman of the meeting or any of his associates and is not resolved by his voluntarily agreeing to abstain from voting, the question shall be decided by a resolution of the Directors (for which purpose the chairman shall be counted in the quorum but shall not vote on the matter) and the resolution shall be final and conclusive except in a case where the nature or extent of the interest of the chairman or any of his associates, so far as known to him, has not been fairly disclosed.”

By Order of the Board
HONG KONG EXCHANGES AND CLEARING LIMITED
Joseph Mau
Company Secretary

Hong Kong, 26 February 2004

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Notes:

- (1) A shareholder entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint one or more proxies to attend and vote in his stead. The proxy need not be a shareholder of HKEx.
- (2) Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of HKEx in respect of such share shall alone be entitled to vote in respect thereof.
- (3) In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practise in Hong Kong), must be deposited at HKEx's registrar, Hong Kong Registrars Limited, at Rooms 1901-5, 19/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time fixed for holding the above meeting or adjourned meeting (as the case may be).
- (4) The register of members of HKEx will be closed from Friday, 26 March 2004 to Wednesday, 31 March 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final and special dividends, all transfers, accompanied by the relevant share certificates, must be lodged for registration with HKEx's registrar, Hong Kong Registrars Limited, at the above address not later than 4:00 p.m. on Thursday, 25 March 2004.
- (5) Concerning Resolutions 6(I) and 6(II), the Board wishes to state that there is no immediate plans to issue any new shares or to repurchase any shares of HKEx. The general mandates are being sought from shareholders in compliance with the Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.
- (6) There will be two elected Director vacancies to be filled at the forthcoming annual general meeting. A circular containing further information concerning the election of Directors and Resolutions 6(I) to 6(VI) will be sent to shareholders together with HKEx's 2003 Annual Report.
- (7) For the sake of good corporate governance practice, the Chairman intends to demand poll voting for all the resolutions set out in the notice of the annual general meeting.