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)

(Financial figures are expressed in Hong Kong Dollar)

2007 FIRST QUARTER RESULTS

The Board of Directors ("Board") of Hong Kong Exchanges and Clearing Limited ("HKEx") submit the unaudited consolidated results of HKEx and its subsidiaries ("Group") for the three-month period ended 31 March 2007 as follows:

1. FINANCIAL HIGHLIGHTS

	Three months ended 31 Mar 2007	Three months ended 31 Mar 2006	Change
KEY MARKET STATISTICS			
Average daily turnover value on the Stock Exchange	**$52.9 billion**	$31.2 billion	70%
Average daily number of derivatives contracts traded on the Futures Exchange	**144,216**	87,755	64%
Average daily number of stock options contracts traded on the Stock Exchange	**124,662**	61,863	102%

	Unaudited Three months ended 31 Mar 2007 $'000	Unaudited Three months ended 31 Mar 2006 $'000	
RESULTS			
Income	**1,398,939**	854,127	64%
Operating expenses	**322,643**	292,527	10%
Operating profit	**1,076,296**	561,600	92%
Share of profits of associates	**5,587**	3,220	74%
Profit before taxation	**1,081,883**	564,820	92%
Taxation	**(159,346)**	(85,981)	85%
Profit attributable to shareholders	**922,537**	478,839	93%
Basic earnings per share	**$0.87**	$0.45	93%
Diluted earnings per share	**$0.86**	$0.45	91%

	Unaudited at 31 Mar 2007 $'000	Audited at 31 Dec 2006 $'000	
KEY BALANCE SHEET ITEMS			
Shareholders' funds	**6,195,762**	5,257,586	18%
Total assets *	**43,564,940**	40,453,298	8%
Net assets per share #	**$5.81**	$4.94	18%

* The Group's total assets include the Margin Funds received from Participants on futures and options contracts.

\# Based on 1,065,538,846 shares as at 31 March 2007, being 1,066,796,846 shares issued and fully paid less 1,258,000 shares held for the Employees' Share Award Scheme ("Share Award Scheme") (31 December 2006: 1,064,190,346 shares, being 1,065,448,346 shares issued and fully paid less 1,258,000 shares held for the Share Award Scheme)

2. BUSINESS REVIEW

2.1 Listing

The Listing Operations Department was established on 14 February 2007 to support issuer regulatory filings and dissemination, automation of the Initial Public Offering ("IPO") process, development and on-going regulation of debt and structured products, and collaboration with the Shanghai and Shenzhen stock exchanges on projects concerning primary and secondary market regulation and operations.

Regarding the proposal to give statutory backing to some of the more important provisions in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (collectively "Listing Rules"), the Securities and Futures Commission ("SFC") set out a revised approach to codifying the relevant parts of the Listing Rules in its consultation conclusions issued in February 2007. HKEx will continue to work with the Government of Hong Kong Special Administrative Region of the People's Republic of China and the SFC on the transitional arrangements.

On 7 March 2007, The Stock Exchange of Hong Kong Limited ("Stock Exchange") and the SFC published a Joint Policy Statement Regarding the Listing of Overseas Companies to facilitate the listing of companies incorporated outside Hong Kong or the recognised jurisdictions on the Main Board or the Growth Enterprise Market ("GEM") by clarifying the listing requirements (mainly shareholder protection standards equivalent to those offered in Hong Kong).

On 23 March 2007, HKEx announced that straight-through electronic disclosure and the abolition of the requirement for Main Board issuers to publish paid announcements in newspapers ("Electronic Disclosure Project") would commence on 25 June 2007. For a six month transitional period (Phase 1), a Main Board listed issuer will be required to publish a notification in newspapers whenever it publishes an announcement on the HKEx website and its own website. Main Board issuers without their own website must publish full announcements in newspapers in addition to publication on the HKEx website until 12 months after commencement of Phase 1. From 25 June 2008 onwards, every issuer must have its own website where the public must be able to access documents free of charge. HKEx has issued a Communication Paper to inform the market and stakeholders of the impact of the Electronic Disclosure Project.

To determine how effectively the Code on Corporate Governance Practices ("CG Code") is being implemented, HKEx published a report on the findings from its review of the corporate governance practices disclosed in listed issuers' 2005 annual reports on 30 March 2007.

The proposal on the revised GEM Model was endorsed by the Listing Committee and GEM Listing Committee (collectively "Listing Committees") subject to a few amendments. The Board will be consulted on the consultation paper on the development of GEM before its release in the middle of the year.

2.2 Cash Market

There were 13 newly listed companies on the Main Board (none on GEM) in the first quarter of 2007 with total capital raised, including post-listing funds, reaching $52.6 billion. As at 31 March 2007, 983 and 197 companies were listed on the Main Board and GEM respectively with a total market capitalisation of about $13,551 billion. In addition, there were 2,396 derivative warrants, nine Exchange Traded Funds ("ETFs"), six Real Estate Investment Trusts, 41 Callable Bull/Bear Contracts ("CBBCs") and 178 debt securities listed as at the end of March 2007. The average daily turnover in the first quarter of 2007 was about $52.6 billion on the Main Board and about $307 million on GEM. On 28 February 2007, the turnover value of the Cash Market reached a record high of $80,859 million.

HKEx provided the Mainland brokers who are interested in setting up offices in Hong Kong with the necessary support in their applications to be Exchange Participants ("EPs"). Since January 2007, five Mainland brokers have been approved to set up offices in Hong Kong and have subsequently been admitted as the Stock Exchange EPs.

A new scheme which facilitates the sale and purchase of trading rights was implemented on 7 March 2007. Under which, a trading right application will be opened for tender by all existing trading right holders, and the lowest auctioned price will be chosen. If no tender is received, HKEx will issue a new non-transferable trading right to the applicant at $500,000 each.

On 21 March 2007, HKEx published a consultation paper on "The Introduction of a Closing Auction Session" to invite market views and comments. The proposed closing auction session will offer a single-price auction that matches buy and sell orders at the price that maximises transactions.

In late February 2007, HKEx informed structured product issuers that iShares FTSE/Xinhua A50 China Tracker was eligible to be the underlying for the issue of derivative warrants. On 12 March 2007, the first day of trading, a total of 19 such derivative warrants were issued on the Stock Exchange with total turnover of about $68 million. Moreover, in April 2007, six more ETFs were newly listed on the Stock Exchange.

2.3 Derivatives Market

In the first quarter of 2007, various products achieved record highs in terms of daily volume and open interest.

The pre-market opening arrangements were extended to the Hang Seng China Enterprises ("H-shares") Index Futures market on 8 January 2007. A new delta-based position limit for H-shares Index Futures and Options was implemented to adjust limits of 6,000 open futures contracts in any one contract month or 6,000 open option contracts in any one option series to 12,000 delta for all contract months combined effective 30 March 2007. On 2 April 2007, HKEx introduced a third calendar quarter expiry month in five active stock option classes and revised the market making obligations in its stock options and stock futures markets.

On 19 March 2007, HKEx expanded the range of China-related products and started offering trading of options and futures on three more stocks. HKEx also introduced Hang Seng China H-Financials Index Futures on 16 April 2007.

In February 2007, HKEx proceeded with the process for conducting a feasibility study on the trading of commodities derivatives and emission-related products in Hong Kong. A Selection Committee was formed to shortlist consultants and to invite them to submit full proposals by 11 May 2007.

HKEx was one of the sponsors of a product promotion programme conducted between December 2006 and February 2007 for the investing public to increase their knowledge of Mainland-related equity futures and options.

The Options Reference Educator on the HKEx website was revised on 9 January 2007 to enable easier navigation by users, and a refined simplified Chinese version is now available. Respective interactive training courses were conducted for staff of Options Trading EPs.

2.4 Clearing

As of 2 January 2007, broker and custodian participants have been provided with an additional option to have certain Central Clearing and Settlement System ("CCASS") payments effected intra-day through the Real Time Gross Settlement payment mechanism during the same business day.

New features have been introduced to the Stock Segregated Account with Statement Service since 2 January 2007, including online functions for account opening and stock balance and movement checking, and selection of receipt of physical statements in either English or Chinese and alert messages via short message service or email.

The proposed Third Party Clearing model has been presented to interested clearing service providers and CCASS participants, and is being finalised for implementation by the end of 2007.

The discontinuation of the insurance and guarantee facilities for the Guarantee and Reserve Funds of the three clearing houses totalling $848 million on 31 December 2006 resulted in an annual saving of approximately $10 million.

In respect of the failure of Tai Wah Securities Limited (in liquidation) to meet its obligations to Hong Kong Securities Clearing Company Limited ("HKSCC"), recovery from the HKSCC Guarantee Fund will be made if the outstanding balance of about $1.8 million cannot be fully settled upon completion of the liquidation process.

Regarding the failure of Yicko Futures Limited (in liquidation) to meet its obligations to HKFE Clearing Corporation Limited ("HKCC"), recovery from the HKCC Reserve Fund will be made if the outstanding debt of about $7.8 million cannot be fully settled upon completion of the liquidation process.

2.5 Business Development

Since the beginning of 2007, HKEx had participated in (i) conferences held in Beijing, Shanxi, Shaanxi, Jiangxi, Jiangsu, Shanghai, Sichuan, Jilin, Fujian and Hong Kong; (ii) a listing seminar in Guangzhou with the Economic and Trade Commission of the Guangdong Province, State-owned Assets Supervision and Administration Commission of Guangdong Provincial People's Government and the Financial Service Office of the Guangdong Province; (iii) a seminar with six universities in Hong Kong and Hong Kong Science and Technology Parks; and (iv) two seminars organised by local business organisations to explain the advantages of listing in Hong Kong.

Other promotional activities included (i) trips to Moscow; (ii) visits to Hanoi, Ho Chi Minh City, Kaohsiung, Taipei, Seoul, Bangkok and Almaty; and (iii) co-organising a conference with the Korean Chamber of Commerce in Hong Kong.

On 28 March 2007, HKEx signed a Memorandum of Understanding with the Abu Dhabi Securities Market on cooperation and the exchange of information.

2.6 Information Services

On 26 March 2007, HKEx launched the new version of the Issuer Information *feed* Service System ("IIS") to provide a higher capacity. The new FTP (File Transfer Protocol) file retrieval function helps shorten the time for delivery of large IIS documents by at least 90 per cent compared to the old, message-based technology. With effect from 1 June 2007, the IIS standard fee on information vendors will be reduced by more than 50 per cent from $96,000 per quarter to $45,000 per quarter.

The delay for HKEx delayed market data has been shortened to 15 minutes from 60 minutes for the Cash Market and 30 minutes for the Derivatives Market with effect from 2 April 2007. Effective 1 January 2008, information vendors licensed for redistribution of delayed securities market data only will be subject to a flat fee of $5,000 per month.

More information about the Derivatives Market is now provided on the HKEx website, including the delayed intra-day prices and turnover of all futures and options contracts traded on the HKEx Derivatives Market, a chart showing the real-time index level and intra-day movement of the H-shares Index, and the latest turnover of Hang Seng Index Futures and H-shares Index Futures contracts.

The Issuer News Alert Service has been enhanced since 2 April 2007 by doubling the maximum number of companies per subscription from 10 to 20 and shortening the interval of issuing the alerts from one hour to 30 minutes.

2.7 Information Technology

Up to the end of March 2007, all major trading, clearing and settlement, and market data dissemination systems for the Cash and Derivatives Markets achieved 100 per cent operational system uptime.

On 27 January 2007, a market-wide rehearsal was conducted to validate that the Third Generation Automatic Order Matching and Execution System ("AMS/3") is capable of handling at least 1.5 million trades in a trading day, and to enable our EPs and information vendors to review and verify the capacity and performance of their systems and trading facilities amid high market activity. HKEx is upgrading the Latest Generation of Central Clearing and Settlement System ("CCASS/3") mainframe machine for the Cash Market clearing and settlement and the Hong Kong Futures Automated Trading System, Derivatives Clearing and Settlement System and Price Reporting System for the Derivatives Market.

The CCASS/3 Middle-tier system software was replaced and upgraded in March 2007. Moreover, all the Open Gateway ("OG") and Multi-Workstation System installed at EPs' premises were upgraded in April 2007.

Enhancements were made to AMS/3 during the period, including (i) reducing the dissemination time for closing prices to about three minutes after market close; (ii) increasing the maximum outstanding orders per price queue from 10,000 for the pre-opening session and 8,000 for the continuous trading session to 20,000 for both sessions; (iii) removing the maximum limit of 4,000 outstanding orders per broker ID; and (iv) raising the maximum order size from 600 to 3,000 board lots per order.

The first three phases of the migration to the SDNet, a new Optical Ethernet network for the securities and derivatives markets, have been successfully completed (Phase 1: Derivatives Market circuits migrated in October 2005; Phase 2: CCASS/3 circuits migrated in June 2006; and Phase 3: Market Datafeed circuits migrated in December 2006). The last phase of AMS/3 circuits' migration is in good progress. AMS/3 optical circuit installations for all EPs have been completed. Large scale connectivity tests and market rehearsal are in progress. The cutover to SDNet is scheduled to take place in batches during mid-2007.

Redevelopment of Derivatives Market risk management systems was completed and launched in early April 2007.

2.8 Treasury

The Group's investment fund size as at 31 March 2007 was $33.3 billion (31 December 2006: $30.0 billion). Investments are kept sufficiently liquid to meet the Group's operating needs and liquidity requirements of the Clearing House Funds and Margin Funds. Credit exposure is well diversified. As at 31 March 2007, the bond portfolio had a weighted average credit rating of Aa2 (31 December 2006: Aa2) and a weighted average maturity of 0.7 year (31 December 2006: 0.7 year). Risk management techniques, such as Value-at-Risk and portfolio stress testing, are used.

2.9 Investment in Associate

As at 31 March 2007, the Group had a 30 per cent interest in Computershare Hong Kong Investor Services Limited ("CHIS"). The cost of the investment in CHIS was $52 million (31 December 2006: $52 million) and the book value was $67 million (31 December 2006: $68 million).

On 29 March 2007, the Group entered into an agreement to sell all of its interest in CHIS for a consideration of $270 million. The transaction was completed on 3 April 2007. The accounting profit on disposal of the investment amounted to $206 million and was recognised in the profit and loss account in April 2007.

3. FINANCIAL REVIEW

3.1 Overall Performance

	Unaudited Three months ended 31 Mar 2007 $'000	Unaudited Three months ended 31 Mar 2006 $'000
RESULTS		
Income:		
Income affected by market turnover	**826,659**	493,276
Stock Exchange listing fees	**143,401**	109,693
Income from sale of information	**127,612**	85,517
Investment income	**223,143**	112,959
Other income	**78,124**	52,682
	1,398,939	854,127
Operating expenses	**322,643**	292,527
Operating profit	**1,076,296**	561,600
Share of profits of associates	**5,587**	3,220
Profit before taxation	**1,081,883**	564,820
Taxation	**(159,346)**	(85,981)
Profit attributable to shareholders	**922,537**	478,839
Basic earnings per share	**$0.87**	$0.45
Diluted earnings per share	**$0.86**	$0.45

The Group achieved record high quarterly results in the first quarter of 2007 mainly due to the buoyant Cash and Derivatives Markets, and recorded a profit attributable to shareholders of $923 million compared with $479 million for the same period in 2006.

The rise in profit in the first quarter of 2007 was primarily attributable to the higher turnover-related income resulting from the increase in level of activities in the Cash and Derivatives Markets and growth in investment income from higher interest income and an increase in fair value gains of Corporate Fund investments in 2007.

Total operating expenses increased by 10 per cent during the period mainly due to higher staff costs and premises expenses.

3.2 Income

Income affected by market turnover

	Unaudited Three months ended 31 Mar 2007 $'000	Unaudited Three months ended 31 Mar 2006 $'000	Change
Trading fees and trading tariff	**504,413**	297,553	70%
Clearing and settlement fees	**261,504**	154,620	69%
Depository, custody and nominee services fees	**60,742**	41,103	48%
Total	**826,659**	493,276	68%

The increase in trading fees and trading tariff was mainly due to the higher market turnover of the Cash and Derivatives Markets in the first quarter of 2007 against that of the corresponding period last year.

Clearing and settlement fees were derived predominantly from Cash Market transactions. The increase in clearing and settlement fees in 2007 was mainly due to the higher market turnover of the Cash Market. Despite being mostly ad valorem fees, clearing and settlement fees were subject to a minimum and a maximum fee per transaction and may not always move exactly with changes in the Cash Market turnover.

Depository, custody and nominee services fees increased mainly due to higher scrip fees, stock custody fees, corporate action fees and electronic IPO ("eIPO") handling charges. The fees were influenced by the level of Cash Market activities but did not move proportionately with changes in the Cash Market turnover as they varied mostly with the board lots rather than the value of the securities concerned and many were subject to a maximum fee. Moreover, scrip fee was only chargeable on the net increase in individual Participants' aggregate holdings of the securities on book closing dates.

Key market indicators

	Three months ended 31 Mar 2007	Three months ended 31 Mar 2006	Change
Average daily turnover value on the Stock Exchange	**$52.9 billion**	$31.2 billion	70%
Average daily number of derivatives contracts traded on the Futures Exchange	**144,216**	87,755	64%
Average daily number of stock options contracts traded on the Stock Exchange	**124,662**	61,863	102%

Stock Exchange listing fees

	Unaudited Three months ended 31 Mar 2007 $'000	Unaudited Three months ended 31 Mar 2006 $'000	Change
Annual listing fees	**72,416**	66,775	8%
Initial and subsequent issue listing fees	**69,586**	41,540	68%
Others	**1,399**	1,378	2%
Total	**143,401**	109,693	31%

The increase in annual listing fees was attributable to the higher number of listed securities. The rise in initial listing and subsequent issue listing fees was due to the substantial increase in number of newly listed derivative warrants.

Key drivers for annual listing fees

	As at 31 Mar 2007	As at 31 Mar 2006	Change
Number of companies listed on Main Board	**983**	940	5%
Number of companies listed on GEM	**197**	201	(2%)
Total	**1,180**	1,141	3%

Key drivers for initial and subsequent issue listing fees

	Three months ended 31 Mar 2007	Three months ended 31 Mar 2006	Change
Number of newly listed derivative warrants	**1,107**	546	103%
Number of newly listed companies on Main Board	**13**	12	8%
Number of newly listed companies on GEM	**-**	3	(100%)
Total equity funds raised on Main Board	**$50.8 billion**	$30.5 billion	67%
Total equity funds raised on GEM	**$1.8 billion**	$2.3 billion	(22%)

Income from sale of information

	Unaudited Three months ended 31 Mar 2007 $'000	Unaudited Three months ended 31 Mar 2006 $'000	Change
Income from sale of information	**127,612**	85,517	49%

Income from sale of information rose as demand for information increased in tandem with the activities of the Cash and Derivatives Markets.

Investment income

	Unaudited Three months ended 31 Mar 2007 $'000	Unaudited Three months ended 31 Mar 2006 $'000	Change
Gross investment income	**370,299**	203,349	82%
Interest expenses	**(147,156)**	(90,390)	63%
Investment income	**223,143**	112,959	98%

The average amount of funds available for investment was as follows:

	Three months ended 31 Mar 2007 $ billion	Three months ended 31 Mar 2006 $ billion	Change
Corporate Funds	**6.0**	4.4	36%
Margin Funds	**28.0**	16.5	70%
Clearing House Funds	**2.2**	1.5	47%
Total	**36.2**	22.4	62%

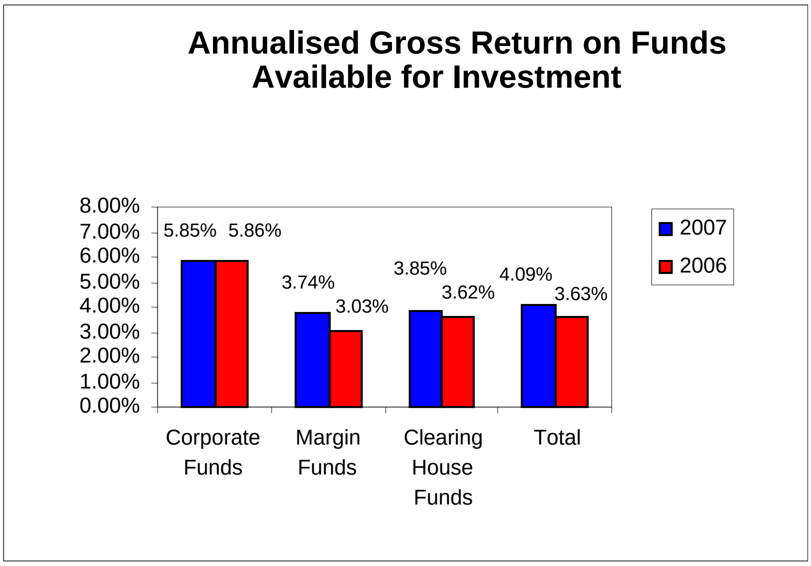
The increase in average amount of Corporate Funds during the period was mainly due to the profit net of dividends paid.

The rise in average amount of Margin Funds available for investment during the period was primarily caused by the increased open interest in futures and options contracts.

The increase in average amount of Clearing House Funds was mainly due to the increase in additional contributions from Participants in response to market fluctuations and changes in risk exposure.

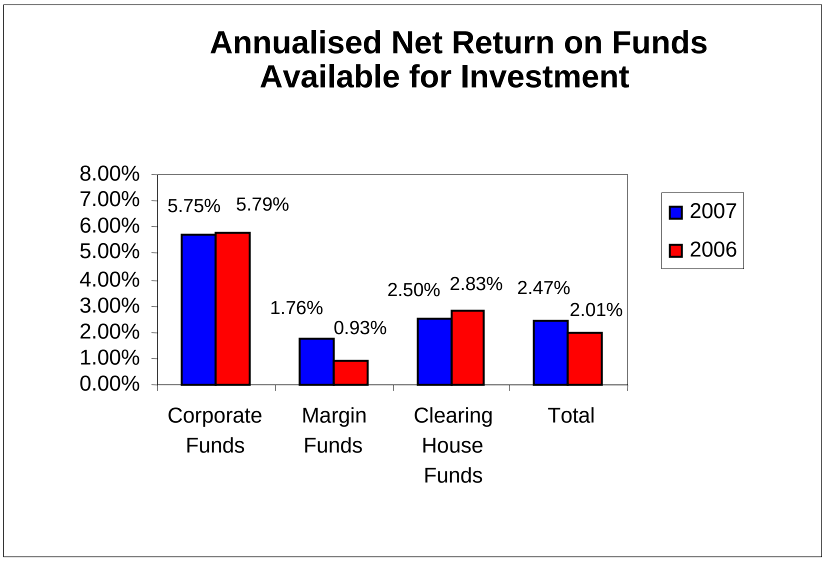
The higher investment income was primarily due to the significant increase in net interest income of all funds available for investment arising from an increase in fund size and higher fair value gains of Corporate Fund investments, reflecting market movements, during the first quarter of 2007 as compared with the corresponding period in 2006.

The annualised gross return on funds available for investment during the first quarter is set out below:



The increase in gross return on Margin Fund investments was attributable to an increase in investment in debt securities for higher yield and a decrease in the proportion of margin funds denominated in Japanese Yen during the first quarter of 2007 as compared with the corresponding period in 2006. The higher gross return on Clearing House Fund investments was mainly due to increases in the interest rate of overnight deposits.

The annualised net return on funds available for investment after the deduction of interest expenses during the first quarter was as follows:



The lower net return on Corporate Funds was due to a higher proportion of Corporate Funds, mainly marks, being entitled to interest in 2007. The net return on Clearing House Fund investments also decreased as a higher proportion of the Clearing House Fund contributions was eligible for interest in 2007.

Other income

	Unaudited Three months ended 31 Mar 2007 $'000	Unaudited Three months ended 31 Mar 2006 $'000	Change
Network, terminal user, dataline and software sub-license fees	**53,061**	35,198	51%
Participants' subscription and application fees	**8,480**	8,515	(0%)
Brokerage on direct IPO applications	**8,347**	3,264	156%
Trading booth user fees	**2,394**	1,980	21%
Fair value gain of an investment property	**500**	600	(17%)
Accommodation income	**1,841**	358	414%
Miscellaneous income	**3,501**	2,767	27%
Total	**78,124**	52,682	48%

Network, terminal user, dataline and software sub-license fees rose due to an increase in sales of OG and AMS/3 terminals and sales of additional throttles.

Accommodation income (ie retention interest charged on securities deposited by Participants as alternatives to cash deposits of the Margin Funds) increased mainly due to the increase in utilisation of non-cash collateral by Participants to meet their margin obligations.

3.3 Operating Expenses

	Unaudited Three months ended 31 Mar 2007 $'000	Unaudited Three months ended 31 Mar 2006 $'000	Change
Staff costs and related expenses	**182,305**	159,126	15%
Information technology and computer maintenance expenses	**51,301**	46,464	10%
Premises expenses	**32,410**	26,633	22%
Product marketing and promotion expenses	**2,479**	2,861	(13%)
Legal and professional fees	**1,374**	4,847	(72%)
Depreciation	**23,162**	24,940	(7%)
Other operating expenses	**29,612**	27,656	7%
Total	**322,643**	292,527	10%

Staff costs and related expenses increased by $23 million, primarily due to the increase in salary costs and provident fund contributions as a result of the increase in headcount and salary adjustment in 2007, and an increase in performance bonus accruals on account of the improved performance of the Group.

Information technology and computer maintenance expenses of the Group, after excluding goods and services directly consumed by the Participants of $17 million (2006: $14 million), were $34 million (2006: $32 million). The increase in costs directly consumed by Participants was primarily due to the increase in the purchase of the AMS/3 hardware and software by the Participants to replace their outdated terminals.

Premises expenses rose due to the increase in rental upon the renewal of certain leases.

Legal and professional fees dropped primarily due to the legal fee provision for judicial review of the New World case in the first quarter of 2006.

Depreciation decreased as certain fixed assets became fully depreciated.

Other operating expenses increased, mainly attributable to higher bank charges due to increased eIPOs and higher index licence fees as a result of the rise in derivative transactions.

3.4 Share of Profits of Associates

	Unaudited Three months ended 31 Mar 2007 $'000	Unaudited Three months ended 31 Mar 2006 $'000	Change
Share of profits of associates	**5,587**	3,220	74%

Share of profits of associates increased due to the higher profitability of CHIS.

3.5 Taxation

	Unaudited Three months ended 31 Mar 2007 $'000	Unaudited Three months ended 31 Mar 2006 $'000	Change
Taxation	**159,346**	85,981	85%

Taxation increased mainly attributable to an increase in operating profit, but partly offset by an increase in non-taxable investment income.

3.6 Working Capital

Working capital increased by $957 million or 22 per cent to $5,228 million as at 31 March 2007 (31 December 2006: $4,271 million). The increase was primarily due to the profit generated during the first quarter of 2007 of $923 million and the reclassification of the investment in CHIS of $67 million as a current asset, and the decrease in other working capital of $33 million.

3.7 Exposure to Fluctuations in Exchange Rates and Related Hedges

When seeking to optimise the returns on its funds available for investment, the Group may invest in non-HKD securities from time to time. Forward foreign exchange contracts and foreign currency cash and bank deposits have been used to hedge the currency exposure of the Group's non-HKD investments, highly probable forecast transactions and liabilities to mitigate risks arising from fluctuations in exchange rates.

As at 31 March 2007, the aggregate net open foreign currency positions amounted to HK$2,259 million, of which HK$223 million were non-USD exposures (31 December 2006: HK$2,210 million, of which HK$213 million were non-USD exposures), and the maximum gross nominal value of outstanding forward foreign exchange contracts amounted to HK$280 million (31 December 2006: HK$281 million). All forward foreign exchange contracts would mature within one month (31 December 2006: one month).

Foreign currency margin deposits received by the Group are hedged by investments in the same currencies.

3.8 Contingent Liabilities

There were no significant changes in the Group's contingent liabilities from the information disclosed in the annual report for the year ended 31 December 2006.

3.9 Changes since 31 December 2006

There were no other significant changes in the Group's financial position and from the information disclosed under Management Discussion and Analysis in the annual report for the year ended 31 December 2006.

It is the Group's plan to declare dividend only at the half-year and year-end. Therefore, no dividend will be proposed for the first quarter ended 31 March 2007 (first quarter of 2006: $Nil).

Due to fluctuations in market conditions and changes in operating environment, certain categories of income and operating expenses may vary from quarter to quarter. Therefore, quarterly results should not be extrapolated to project the Group's full-year performance.

4. CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	**Unaudited Three months ended 31 Mar 2007 $'000**	Unaudited Three months ended 31 Mar 2006 $'000
INCOME	6.2		
Trading fees and trading tariff		**504,413**	297,553
Stock Exchange listing fees		**143,401**	109,693
Clearing and settlement fees		**261,504**	154,620
Depository, custody and nominee services fees		**60,742**	41,103
Income from sale of information		**127,612**	85,517
Investment income	6.3	**223,143**	112,959
Other income	6.4	**78,124**	52,682
	6.2	**1,398,939**	854,127
OPERATING EXPENSES			
Staff costs and related expenses		**182,305**	159,126
Information technology and computer maintenance expenses		**51,301**	46,464
Premises expenses		**32,410**	26,633
Product marketing and promotion expenses		**2,479**	2,861
Legal and professional fees		**1,374**	4,847
Depreciation		**23,162**	24,940
Other operating expenses	6.5	**29,612**	27,656
	6.2	**322,643**	292,527
OPERATING PROFIT	6.2	**1,076,296**	561,600
SHARE OF PROFITS OF ASSOCIATES	6.2	**5,587**	3,220
PROFIT BEFORE TAXATION	6.2	**1,081,883**	564,820
TAXATION	6.2/6.6	**(159,346)**	(85,981)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	6.2	**922,537**	478,839
Basic earnings per share	6.7(a)	**$0.87**	$0.45
Diluted earnings per share	6.7(b)	**$0.86**	$0.45

5. CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited at 31 Mar 2007 $'000**	Audited at 31 Dec 2006 $'000
NON-CURRENT ASSETS			
Fixed assets		**219,412**	210,161
Investment property		**19,800**	19,300
Lease premiums for land		**93,438**	93,575
Investment in an associate		**-**	68,377
Clearing House Funds		**1,831,817**	2,270,531
Compensation Fund Reserve Account		**41,002**	40,535
Available-for-sale financial assets		**23,210**	-
Time deposit with maturity over one year		**39,071**	38,886
Deferred tax assets		**3,758**	3,330
Other financial assets		**19,480**	18,583
Other assets		**3,212**	3,212
		2,294,200	2,766,490
CURRENT ASSETS			
Accounts receivable, prepayments and deposits	6.8	**9,820,560**	10,201,562
Lease premiums for land		**548**	548
Margin Funds on derivatives contracts		**24,482,739**	21,666,474
Financial assets at fair value through profit or loss		**2,908,386**	2,878,224
Available-for-sale financial assets		**1,270,149**	539,132
Time deposits with original maturities over three months		**239,923**	185,611
Cash and cash equivalents		**2,481,924**	2,215,257
		41,204,229	37,686,808
Non-current asset held for sale	6.9	**66,511**	-
		41,270,740	37,686,808
CURRENT LIABILITIES			
Margin deposits from Clearing Participants on derivatives contracts		**24,482,739**	21,666,474
Accounts payable, accruals and other liabilities	6.10	**10,870,240**	11,107,200
Financial liabilities at fair value through profit or loss		**3,248**	7,505
Participants' admission fees received		**2,100**	1,700
Deferred revenue		**269,631**	318,468
Taxation payable		**386,733**	287,368
Provisions		**28,358**	26,712
		36,043,049	33,415,427
NET CURRENT ASSETS		**5,227,691**	4,271,381
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,521,891**	7,037,871

	Note	**Unaudited at 31 Mar 2007 $'000**	Audited at 31 Dec 2006 $'000
NON-CURRENT LIABILITIES			
Participants' admission fees received		**79,900**	79,750
Participants' contributions to Clearing House Funds		**1,190,003**	1,642,495
Deferred tax liabilities		**12,189**	14,003
Financial guarantee contract		**19,909**	19,909
Provisions		**24,128**	24,128
		1,326,129	1,780,285
NET ASSETS		**6,195,762**	5,257,586
CAPITAL AND RESERVES			
Share capital		**1,066,797**	1,065,448
Share premium		**211,685**	185,942
Shares held for Share Award Scheme		**(51,297)**	(51,297)
Employee share-based compensation reserve		**52,319**	52,119
Revaluation reserves		**(1,042)**	10,569
Hedging reserve		**(42)**	-
Designated reserves		**682,873**	668,262
Retained earnings	6.11	**2,966,478**	2,060,156
Proposed dividend	6.11	**1,267,991**	1,266,387
SHAREHOLDERS' FUNDS		**6,195,762**	5,257,586
SHAREHOLDERS' FUNDS PER SHARE		**$5.81**	$4.94

6. NOTES TO THE CONDENSED CONSOLIDATED ACCOUNTS

6.1 Basis of Preparation and Accounting Policies

These unaudited condensed consolidated accounts should be read in conjunction with the 2006 annual accounts. The accounting policies and methods of computation used in the preparation of these accounts are consistent with those used in the annual accounts for the year ended 31 December 2006.

The Group manages a significant portfolio of investments. Securities and derivative financial instruments (ie forward foreign exchange contracts) held for trading purposes (such as those of the Corporate Funds managed by external fund managers), and securities or bank deposits with embedded derivatives of the Margin Funds and the Corporate Funds whose economic characteristics and risks are not closely related to the host investments ("structured securities" or "structured deposits") are classified as financial assets/liabilities at fair value through profit or loss with changes in fair value recognised in the profit and loss account. Securities not held for trading (such as those of the Corporate Funds managed internally and those held for the Clearing House Funds, Compensation Fund Reserve Account and Margin Funds (other than structured securities or structured deposits)) are classified as available-for-sale financial assets with changes in fair value recognised in the investment revaluation reserve.

6.2 Turnover and Segment Information

The Group's turnover comprises trading fees and trading tariff from securities and options traded on the Stock Exchange and derivatives contracts traded on Hong Kong Futures Exchange Limited ("Futures Exchange"), Stock Exchange listing fees, clearing and settlement fees, depository, custody and nominee services fees, income from sale of information, investment income (including investment income net of interest expenses of Clearing House Funds) and other income, which are **disclosed as Income** in the condensed consolidated profit and loss account.

The Group's income is derived solely from business activities in Hong Kong. An analysis of the Group's income and results for the period by business segment is as follows:

	Unaudited Three months ended 31 Mar 2007				
	Cash Market $'000	**Derivatives Market $'000**	**Clearing Business $'000**	**Information Services $'000**	**Group $'000**
Income	**618,590**	**262,329**	**389,303**	**128,717**	**1,398,939**
Operating expenses					
Direct costs	**111,158**	**33,285**	**84,383**	**11,463**	**240,289**
Indirect costs	**37,798**	**13,100**	**25,806**	**5,650**	**82,354**
	148,956	**46,385**	**110,189**	**17,113**	**322,643**
Segment results	**469,634**	**215,944**	**279,114**	**111,604**	**1,076,296**
Share of profits of an associate	**-**	**-**	**5,587**	**-**	**5,587**
Segment profits before taxation	**469,634**	**215,944**	**284,701**	**111,604**	**1,081,883**
Taxation					**(159,346)**
Profit attributable to shareholders					**922,537**

	Unaudited Three months ended 31 Mar 2006				
	Cash Market $'000	Derivatives Market $'000	Clearing Business $'000	Information Services $'000	Group $'000
Income	397,373	129,383	241,006	86,365	854,127
Operating expenses					
Direct costs	105,224	29,185	78,996	10,856	224,261
Indirect costs	32,007	9,492	21,764	5,003	68,266
	137,231	38,677	100,760	15,859	292,527
Segment results	260,142	90,706	140,246	70,506	561,600
Share of profits of associates	1	-	3,219	-	3,220
Segment profits before taxation	260,143	90,706	143,465	70,506	564,820
Taxation					(85,981)
Profit attributable to shareholders					478,839

The **Cash Market** business mainly refers to the operations of the Stock Exchange, which covers all products traded on the Cash Market platforms, such as equities, debt securities, unit trusts, CBBCs, warrants and rights. Currently, the Group operates two Cash Market platforms, the Main Board and GEM. The major sources of income of the business are trading fees, trading tariff and listing fees. Costs of the Listing Function are treated as segment costs under the Cash Market.

The **Derivatives Market** business refers to the derivatives products traded on the Futures Exchange and stock options traded on the Stock Exchange, which includes the provision and maintenance of trading platforms for a range of derivatives products, such as equity and interest rate futures and options. Its income mainly comprises trading fees and investment income on the Margin Funds invested.

The **Clearing Business** refers to the operations of the three Clearing Houses, namely HKSCC, The SEHK Options Clearing House Limited and HKCC, which are responsible for clearing, settlement and custodian activities and the related risk management of the Cash and Derivatives Markets operated by the Group. Its income is derived primarily from investment income earned on the Clearing House Funds and fees from providing clearing, settlement, depository, custody and nominee services.

The **Information Services** business is responsible for developing, promoting, compiling and sales of real-time, historical as well as statistical market data and issuer information. Its income comprises primarily income from sale of Cash Market and Derivatives Market data.

In addition to the above, central income (mainly investment income of the Corporate Funds) and central costs (mainly costs of the support functions that centrally provide services to all of the business segments) are allocated to the business segments and included in the segment income and costs.

6.3 Investment Income

	Unaudited Three months ended 31 Mar 2007 $'000	Unaudited Three months ended 31 Mar 2006 $'000
Interest income		
- bank deposits	**153,324**	130,918
- listed available-for-sale financial assets	**8,384**	3,379
- unlisted available-for-sale financial assets	**148,792**	19,618
	310,500	153,915
Interest expenses	**(147,156)**	(90,390)
Net interest income	**163,344**	63,525
Net realised and unrealised gains and interest income on financial assets and financial liabilities at fair value through profit or loss, held for trading		
- listed securities	**32,411**	40,574
- unlisted securities	**13,905**	7,634
- exchange differences	**11,605**	35
	57,921	48,243
Dividend income		
- listed financial assets at fair value through profit or loss	**1,712**	1,111
Other exchange differences on loans and receivables	**166**	80
Total investment income	**223,143**	112,959
Total investment income was derived from:		
Corporate Funds (note a)	**85,652**	63,811
Margin Funds	**123,391**	38,319
Clearing House Funds	**14,100**	10,829
	223,143	112,959

(a) Investment income derived from Corporate Funds included investment income of Compensation Fund Reserve Account of $541,000 (2006: $455,000).

6.4 Other Income

	Unaudited Three months ended 31 Mar 2007 $'000	Unaudited Three months ended 31 Mar 2006 $'000
Network, terminal user, dataline and software sub-license fees	**53,061**	35,198
Participants' subscription and application fees	**8,480**	8,515
Brokerage on direct IPO applications	**8,347**	3,264
Trading booth user fees	**2,394**	1,980
Fair value gain of an investment property	**500**	600
Accommodation income on securities deposited by Participants as alternatives to cash deposits of the Margin Funds	**1,841**	358
Miscellaneous income	**3,501**	2,767
	78,124	52,682

6.5 Other Operating Expenses

	Unaudited Three months ended 31 Mar 2007 $'000	Unaudited Three months ended 31 Mar 2006 $'000
(Reversal of provision for)/provision for impairment losses of trade receivables	**(63)**	115
Insurance	**1,196**	4,007
Financial data subscription fees	**1,006**	1,139
Custodian and fund management fees	**2,193**	2,019
Bank charges	**3,490**	1,979
Repair and maintenance expenses	**1,756**	1,692
License fees	**3,845**	2,508
Communication expenses	**1,250**	1,148
Other miscellaneous expenses	**14,939**	13,049
	29,612	27,656

6.6 Taxation

Taxation charge/(credit) in the condensed consolidated profit and loss account represented:

	Unaudited Three months ended 31 Mar 2007 $'000	Unaudited Three months ended 31 Mar 2006 $'000
Provision for Hong Kong Profits Tax for the period (note a)	**159,527**	89,105
Deferred taxation	**(181)**	(3,124)
	159,346	85,981

(a) Hong Kong Profits Tax has been provided for at 17.5 per cent (2006: 17.5 per cent) on the estimated assessable profit for the period.

6.7 Earnings Per Share

The calculation of the basic and diluted earnings per share is as follows:

(a) Basic earnings per share

	Unaudited Three months ended 31 Mar 2007	Unaudited Three months ended 31 Mar 2006
Profit attributable to shareholders ($'000)	**922,537**	478,839
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme	**1,065,201,786**	1,062,111,757
Basic earnings per share	**$0.87**	$0.45

(b) Diluted earnings per share

	Unaudited Three months ended 31 Mar 2007	Unaudited Three months ended 31 Mar 2006
Profit attributable to shareholders ($'000)	**922,537**	478,839
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme	**1,065,201,786**	1,062,111,757
Effect of employee share options	**11,314,431**	10,488,116
Effect of Awarded Shares	**1,185,988**	959,297
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,077,702,205**	1,073,559,170
Diluted earnings per share	**$0.86**	$0.45

6.8 Accounts Receivable, Prepayments and Deposits

The Group's accounts receivable, prepayments and deposits amounted to $9,820,560,000 (31 December 2006: $10,201,562,000). These mainly represented the Group's Continuous Net Settlement ("CNS") money obligations receivable under the T+2 settlement cycle, which accounted for 94 per cent (31 December 2006: 94 per cent) of the total accounts receivable, prepayments and deposits. CNS money obligations receivable mature within two days after the trade date. Fees receivable are due immediately or up to 30 days depending on the type of services rendered. The majority of the remaining accounts receivable, prepayments and deposits would mature within three months.

6.9 Non-current Asset Held For Sale

The investment in the associate, CHIS, was classified as a non-current asset held for sale as at 31 March 2007. On 29 March 2007, the Group entered into an agreement to sell all of its 7,317 fully paid Class A ordinary shares (equivalent to 30 per cent interest) of CHIS for a consideration of $270,320,000 as the Directors of HKEx ("Directors") considered that the sale represented a good opportunity for the Group to realise a gain on the investment. The transaction was completed and the Group ceased to have significant influence over CHIS on 3 April 2007. The net proceeds of the sale (after deducting stamp duty of $270,000) substantially exceeded the carrying amount of the investment in associate and accordingly, no impairment loss was required on the reclassification of the investment in associate as held for sale.

6.10 Accounts Payable, Accruals and Other Liabilities

The Group's accounts payable, accruals and other liabilities amounted to $10,870,240,000 (31 December 2006: $11,107,200,000). These mainly represented the Group's CNS money obligations payable under the T+2 settlement cycle, which accounted for 85 per cent (31 December 2006: 86 per cent) of the total accounts payable, accruals and other liabilities. CNS money obligations mature within two days after the trade date. The majority of the remaining accounts payable, accruals and other liabilities would mature within three months.

6.11 Retained Earnings (Including Proposed / Declared Dividends)

	Unaudited 2007 $'000	Audited 2006 $'000
At 1 Jan		
Retained earnings	**2,060,156**	1,775,641
Proposed/declared dividends	**1,266,387**	680,163
At 1 Jan	**3,326,543**	2,455,804
Profit for the period/year (note a)	**922,537**	2,518,569
Surplus of investment income net of expenses of Clearing House Funds for the period/year transferred to Clearing House Funds reserves	**(14,070)**	(37,840)
Investment income net of expenses of Compensation Fund Reserve Account for the period/year transferred to Compensation Fund Reserve Account reserve	**(541)**	(2,026)
Transfer from Development reserve (note b)	**-**	72,245
	(14,611)	32,379
Unclaimed dividend forfeited	**-**	686
Dividends:		
2005 final dividend	**-**	(679,549)
Dividend on shares issued for employee share options exercised after 31 Dec 2005	**-**	(1,039)
	-	(680,588)
2006 interim dividend	**-**	(1,000,050)
Dividend on shares issued for employee share options exercised after 30 Jun 2006	**-**	(257)
	-	(1,000,307)
At 31 Mar 2007/31 Dec 2006	**4,234,469**	3,326,543
Representing:		
Retained earnings	**2,966,478**	2,060,156
Proposed dividend	**1,267,991**	1,266,387
At 31 Mar 2007/31 Dec 2006	**4,234,469**	3,326,543

(a) The Group's profit for the period/year included a net profit attributable to investment income net of expenses of the Clearing House Funds and Compensation Fund Reserve Account for an aggregate amount of $14,611,000 (year ended 31 December 2006: $39,866,000).

(b) The Development reserve was fully utilised in 2006 for funding projects that were for the betterment of the securities market.

7. PROSPECTS

The Cash and Derivatives Markets continued to be vigorous in the first quarter of 2007. The turnover value of the Cash Market reached $80,859 million on 28 February 2007, the highest level ever in Hong Kong. The average daily turnover value of the Cash Market amounted to $52,884 million for the first three months of 2007, while a total of 16.67 million contracts were traded in the Derivatives Market in the quarter.

Locally listed Mainland enterprises remained a prominent driver of growth in the Cash Market. The contribution of Mainland enterprises continued to grow notably in the first quarter of 2007. They accounted for 64.5 per cent of the total equity market turnover and 49.6 per cent of the total market capitalisation as at 31 March 2007.

With the steady growth of the Mainland economy, Mainland enterprises have continued to seek both listing and post-listing funds to bolster their business development and expansion. The progressive relaxation of Renminbi ("RMB") capital and revenue accounts provides a favourable medium to long term environment for the development of financial products in Hong Kong. The agreement by the Central Government in early 2007 to allow authorised Mainland financial institutions to issue RMB bonds in Hong Kong further provides market participants with ample opportunities to develop RMB-related business. We welcome the listing of RMB bonds on the Stock Exchange. We have also seen the opening up of channels with the QDII (Qualified Domestic Institutional Investor) and QFII (Qualified Foreign Institutional Investor) schemes arising from China's relaxation of restrictions on investments and capital movements. In particular, in April 2007 the China Banking Regulatory Commission announced a relaxation of the investment restrictions under which up to half of QDII quotas may be invested in equity funds authorised by the SFC. In addition, the China Insurance Regulatory Commission recently gave approval to a Mainland major insurance company to enter into a strategic partnership in Hong Kong for the purpose of managing the foreign currency assets of the insurance company.

It is highlighted in the Report on Economic Summit on "China's 11th Five-Year Plan and the Development of Hong Kong" that Hong Kong should be further developed as China's international financial centre of global significance. We would use our best efforts to implement the recommendations in the Action Agenda of the Report to strengthen Hong Kong's status and competitiveness as an economic centre.

Looking ahead, Hong Kong will continue to play its role as the Mainland's premier fund raising centre as well as an investment centre for Mainland investors in the further liberalisation of the Mainland market. We are also proactive to capture the opportunities arising from economic development in other markets, particularly in Asia to reinforce Hong Kong's position as a major international financial centre.

In the midst of the various business initiatives which we are pursuing, we remain committed to maintaining a robust market infrastructure and enhancing market quality. We strongly believe that an orderly, informed and fair marketplace is the key to securing investor confidence and HKEx's continued success and growth.

8. CORPORATE GOVERNANCE

The Articles of Association of HKEx were amended in 2005 to specify that all Directors (Government Appointed Directors and Elected Directors), other than the Chief Executive who is an ex-officio Director and whose term of service on the Board is subject to the term of his employment contract with HKEx, are appointed for a term of not more than three years, but shall be eligible for re-appointment upon retirement.

The Government Appointed Directors and the Chief Executive in his capacity as a Director are not subject to election or re-election by Shareholders, as governed by Section 77 of the Securities and Futures Ordinance and the Articles of Association of HKEx respectively. Save as disclosed in this paragraph, HKEx fully complied with all the provisions set out in the CG Code and where appropriate, adopted the recommended best practices throughout the review period.

GovernanceMetrics International, a corporate governance research and ratings agency, continued to assign high ratings to HKEx in recognition of its high corporate governance standards. As of 15 February 2007, the Global Rating and Home Market Rating remained at 7.5 and 10.0 respectively out of the maximum of 10.0.

On 24 April 2007, The Asset announced that HKEx has been named as one of the best companies in Hong Kong in terms of corporate governance in The Asset Magazine’s annual Corporate Governance Rankings 2007.

9. REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2007 in conjunction with HKEx's external auditors.

Management has appointed the external auditors to carry out certain agreed-upon procedures in accordance with Hong Kong Standards on Related Services 4400 "Engagements to perform agreed-upon procedures regarding financial information" issued by the Hong Kong Institute of Certified Public Accountants on the unaudited condensed consolidated financial statements for the three months ended 31 March 2007.

10. PURCHASE, SALE OR REDEMPTION OF HKEx'S LISTED SECURITIES

During the three months ended 31 March 2007, HKEx had not redeemed, and neither HKEx nor any of its subsidiaries had purchased or sold, any of HKEx's listed securities.

11. BOARD OF DIRECTORS

As at the date of this announcement, the Board of HKEx comprises 12 Independent Non-executive Directors, namely Mr ARCULLI, Ronald Joseph (Chairman), Mrs CHA May-Lung, Laura, Mr CHENG Mo Chi, Moses, Dr CHEUNG Kin Tung, Marvin, Mr FAN Hung Ling, Henry, Mr FONG Hup, Dr KWOK Chi Piu, Bill, Mr LEE Kwan Ho, Vincent Marshall, Dr LOH Kung Wai, Christine, Mr STRICKLAND, John Estmond, Mr WEBB, David Michael and Mr WONG Sai Hung, Oscar, and one executive Director, Mr CHOW Man Yiu, Paul, who is also the Chief Executive.

By Order of the Board
Hong Kong Exchanges and Clearing Limited
Ronald Joseph Arculli
Chairman

Hong Kong, 9 May 2007

This results announcement is also published on HKEx's corporate website at http://www.hkex.com.hk/relation/relation.htm and the website of the Stock Exchange. The Quarterly Report 2007 for the three months ended 31 March will be available on both websites on or about 21 May 2007.

Please also refer to the published version of this announcement in the South China Morning Post on 10 May 2007.