

HONG KONG EXCHANGES AND CLEARING LIMITED

MINUTES OF THE ANNUAL GENERAL MEETING OF HONG KONG EXCHANGES AND CLEARING LIMITED HELD AT THE TRADING HALL OF THE STOCK EXCHANGE OF HONG KONG LIMITED AT 1ST FLOOR, ONE AND TWO EXCHANGE SQUARE, CENTRAL, HONG KONG ON WEDNESDAY, 17 APRIL 2002 AT 4:30 P.M.

Present : Directors :
Mr Charles Y K Lee (Chairman)
Mr John C C Chan
Mr Paul C H Fan
Mr Bill C P Kwok
Mr K C Kwong
Mr Dannis J H Lee
Mr Vincent K H Lee
Mr K C Leong
Mr John E Strickland
Mr Rodney G Ward

Shareholders :
As per the attached shareholders' attendance sheet

In Attendance : Mr David Cheung, Chief Financial Officer
Mr Joseph K S Mau, Company Secretary
Mr K M Wong, representative from PricewaterhouseCoopers

1. Quorum and Notice

The Chairman welcomed the shareholders and noted that a quorum for the meeting was present and called the meeting to order. As the Notice dated 13 March 2002 ("Notice") had been served, and with the consent of shareholders, the Notice was taken as read.

2. Voting Procedures

At the request of the Chairman, the Company Secretary explained the voting procedures.

3. Audited Accounts and Reports of the Directors and Auditors

At the request of the Chairman, Mr K M Wong representatives of PricewaterhouseCoopers, auditors of Hong Kong Exchanges and Clearing Limited ("the Company" or "HKEx") read the opinion in the Report of the Auditors, in English and in Cantonese respectively.

The Audited Accounts and Reports of the Directors and Auditors had been included in the Annual Report and sent to all shareholders, a copy of which was tabled at the meeting for identification.

There being no questions from the floor, and after being proposed by the Chairman, and seconded by Mr K W Lau of HSBC Nominees (HK) Limited, it was unanimously resolved by a show of hands,

“THAT the Audited Accounts for the year ended 31 December 2001 together with the Reports of the Directors and the Auditors be adopted as presented.”

4. Final Dividend

The Chairman said that the Board of Directors had recommended a final dividend of 25 cents per share. Including the interim dividend of 8 cents per share paid on 15 October 2001, total dividend for the year ended 31 December 2001 would amount to 33 cents per share.

After being proposed by the Chairman, and seconded by Mr Christopher Cheung, of Christfund Securities Limited, it was unanimously resolved by a show of hands,

“THAT a final dividend of 25 cents per share for the year ended 31 December 2001 be paid to shareholders whose names appeared on the register of members of the Company on 17 April 2002.”

5. Re-appointment of Auditors

The Chairman said that the accounts for the year ended 31 December 2001 were audited by PricewaterhouseCoopers, who had expressed their willingness to continue in office.

After being proposed by Mr Henry Chan of Sanfull Securities Limited, and seconded by Mrs Chu Ho Miu Hing of Good Harvest Securities Company Limited, it was unanimously resolved by a show of hands,

“THAT PricewaterhouseCoopers be re-appointed auditors of the Company until the conclusion of the next annual general meeting and the Board of Directors be authorized to fix the remuneration of the Auditors.”

6. Amendments to the Share Option Scheme

The Chairman referred shareholders to the ordinary resolution numbered 4(I) as set out in the Notice, in relation to the amendments to the post-listing share option scheme (“Share Option Scheme”) which was approved by shareholders at the Extraordinary General Meeting held on 31 May 2000 together with the Pre-listing Share Option Scheme. The proposed amendments were based on the requirements under the new Chapter 17 of the Main Board Listing Rules, which became effective in September 2001. The said amendments mainly served to impose more stringent restrictions on share option schemes. Details of the proposed amendments had been set out in the circular dated 13 March 2002 sent to shareholders and tabled at the meeting for identification. So far, no option had been granted under the Share Option Scheme.

After being proposed by the Chairman, and seconded by Mrs Choi Chen Po Sum of Coin Fall Limited, it was unanimously resolved by a show of hands,

“THAT the amendments to the Share Option Scheme in the manner as explained in the circular to shareholders of HKEx dated 13 March 2002 and as more specifically set out in the document marked “A” produced to the meeting and signed by the chairman of the meeting for the purpose of identification be and are hereby approved.”

7. General Mandate to issue new shares

The Chairman referred shareholders to the ordinary resolution numbered 4(II) as set out in the Notice, in relation to the request for a general mandate to be given by shareholders to the Directors for the issue of new shares not exceeding 20 per cent of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution. He further stated that the Directors had no immediate plan to issue new shares pursuant to the said general mandate.

After being proposed by the Chairman, and seconded by Mr S Y Fung of Ocean Crown Investment Limited, it was unanimously resolved by a show of hands,

“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 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;
- (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

- (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 date of 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).”

8. General Mandate to repurchase shares

The Chairman referred shareholders to the ordinary resolution numbered 4(III) as set out in the Notice, in relation to the request for a general mandate to be given by shareholders to the Directors for the repurchase of not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of this resolution. The circular dated 13 March 2002 containing details of the proposal had been sent to all shareholders and tabled at the meeting for identification. He further stated that the Directors had no immediate plan to repurchase any shares pursuant to the said repurchase mandate.

After being proposed by the Chairman, and seconded by Mr Trini Tsang of Grand Onward Securities Limited, it was unanimously resolved by a show of hands,

“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 of Hong Kong Limited (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;
- (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 date of 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.”

9. Extension of General Mandate to issue new shares

The Chairman referred shareholders to the ordinary resolution numbered 4(IV) as set out in the Notice, in relation to the request for an extension of the general mandate to issue new shares by including the shares repurchased pursuant to the share repurchase mandate. The passing of the ordinary resolution numbered 4(IV) had become unconditional after the ordinary resolutions numbered 4(II) and 4(III) on the Notice had been passed.

After being proposed by the Chairman, and seconded by Mr Sam Yu of RBC Investment Services (Asia) Limited, it was unanimously resolved by a show of hands,

“THAT conditional upon the passing of Resolutions 4(II) and 4(III) 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 4(II) 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 4(III) 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.”

10. Amendments to the Articles of Association

The Chairman referred shareholders to the special resolution numbered 4(V) as set out in the Notice, in relation to the amendments to the Articles of Association of the Company. The proposed amendments mainly served to permit the Company to issue summary financial reports, to make corporate communications via electronic means, and to remove the auditors’ indemnity. The two former amendments were mainly for compliance with the changes in the Companies Ordinance or the Listing Rules. The proposed removal of auditors’ indemnity was aimed at better corporate governance. The circular dated 13 March 2002, sent to shareholders and tabled at the meeting for identification also contained details of the proposed amendments. If approved by shareholders at this meeting, written approval of the proposed amendments would be sought, pursuant to Section 10 of the Exchanges and Clearing Houses (Merger) Ordinance, from the Securities and Futures Commission.

After being proposed by the Chairman, and seconded by Mr Peter Wong of Tai Fook Securities Company Limited, it was unanimously resolved by a show of hands,

“THAT subject to the written approval of the Securities and Futures Commission pursuant to section 10 of the Exchanges and Clearing Houses (Merger) Ordinance:

(a) Article 2 of the Articles of Association of HKEx be amended by:

(i) adding the following new definitions to Article 2(1):

“communication	includes a communication comprising sounds or images or both and a communication effecting a payment
electronic communication	a communication transmitted (whether from one person to another, from one device to another or from a person to a device or vice versa) by means of a telecommunications system (within the meaning of the Telecommunications Ordinance (Chapter 106 of the Laws of Hong Kong)) or by other means but while in an electronic form”

(ii) adding a new Article 2(8) as follows:

“References in these Articles to doing something by electronic means include doing it by an electronic communication.”

- (b) Article 139 of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“139. Balance sheet, profit and loss accounts and summary financial reports

- (1) The Directors shall, from time to time, in accordance with the Statutes, cause to be prepared and to be laid before the annual general meeting of the Company such profit and loss accounts, balance sheets, group accounts (if any), reports of the Directors and of the Auditors and other documents (if any) as are required by the Statutes. Each balance sheet shall be signed on behalf of the Directors by two of their number. The Directors may also cause to be prepared any other financial documents (including without limitation any summary financial report) as they think fit.
- (2) Subject to paragraph (3) below, a copy of the relevant financial documents or the summary financial report shall, not less than 21 days before the meeting, be delivered or sent by post to the registered address of every member and debenture holder of the Company, or in the case of a joint holding to that member or debenture holder (as the case may be) whose name stands first in the appropriate Register in respect of the joint holding. No accidental non-compliance with the provisions of this Article shall invalidate the proceedings at the meeting.
- (3) Where a member or debenture holder of the Company has, in accordance with the Statutes and any rules prescribed by any Relevant Exchange from time to time, consented to treat the publication of the relevant financial documents and/or the summary financial report on the Company’s computer network as discharging the Company’s obligation under the Ordinance to send a copy of the relevant financial documents and/or the summary financial report, then subject to compliance with the publication and notification requirements of the Statutes and any rules prescribed by any Relevant Exchange from time to time, publication by the Company on the Company’s computer network of the relevant financial documents and/or the summary financial report at least 21 days before the date of the meeting shall, in relation to each such member or debenture holder of the Company, be deemed to discharge the Company’s obligations under paragraph (2) above.
- (4) For the purposes of this Article, “relevant financial documents” and “summary financial report” shall have the meaning ascribed to them in the Ordinance.”

- (c) Article 141 of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“141. Form of notices

Except where otherwise expressly stated, any notice to be given to or by any person pursuant to these Articles shall be in writing or, to the extent permitted by the Statutes and any rules prescribed by any Relevant Exchange from time to time and subject to Article 145(2), contained in an electronic communication. A notice calling a meeting of the Directors need not be in writing.”

- (d) Article 142 of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“142. Service of notices

- (1) A notice or other document (including a share certificate) may be served on or delivered to any member by the Company either personally or by sending it by mail, postage prepaid (and, in any case where the registered address of a member is outside Hong Kong, by prepaid airmail), addressed to such member at his registered address or by leaving it at that address addressed to the member or by any other means authorised in writing by the member concerned or by publishing it by way of advertisement in at least one English language newspaper and one Chinese language newspaper circulating in Hong Kong. Without limiting the generality of the foregoing but subject to the Statutes and any rules prescribed by any Relevant Exchange from time to time, a notice or other document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a computer network and notifying the member concerned, in such manner as he may from time to time authorise, that it has been so published.
- (2) Any such notice or other document may be served or delivered by the Company by reference to the Register as it stands at any time not more than fifteen days before the date of service or delivery. No change in the Register after that time shall invalidate that service or delivery. Where any notice or other document is served on or delivered to any person in respect of a share in accordance with these Articles, no person deriving any title or interest in that share shall be entitled to any further service or delivery of that notice or document.”

- (e) Article 145 of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“145. Service on Company

- (1) Any summons, notice, order or other document required to be sent to or served upon the Company, or upon any officer of the Company, may be sent or served by leaving the same or sending it by mail, postage prepaid (and, if posted outside Hong Kong, by prepaid airmail), addressed to the Company or to such officer at the Office.
- (2) The Directors may from time to time specify the form and manner in which a notice may be given to the Company by electronic means, including one or more addresses for the receipt of an electronic communication, and may prescribe such procedures as they think fit for verifying the authenticity or integrity of any such electronic communication. A notice may be given to the Company by electronic means only if it is given in accordance with the requirements specified by the Directors.”

- (f) Article 146 of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

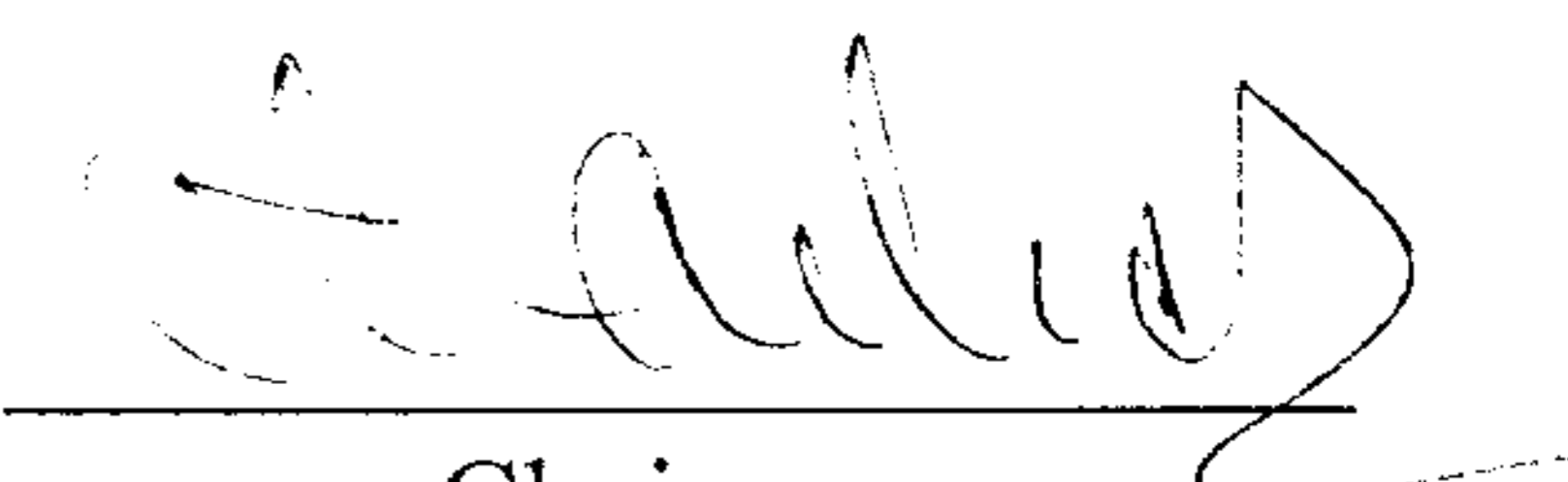
“146. Proof of postage to be sufficient proof of service

Any notice or other document, if sent by mail, postage prepaid, shall be deemed to have been served or delivered on the day following that on which the letter, envelope, or wrapper containing the same is put into the post. In proving such service it shall be sufficient to prove that the letter, envelope or wrapper containing the notice or document was properly addressed and put into the post as prepaid mail or prepaid airmail (as the case may be). Any notice or other document not sent by post but left by the Company at a registered address shall be deemed to have been served or delivered on the day it was so left. Any notice or other document, if sent by electronic means (including through any relevant system), shall be deemed to have been given on the day following that on which the electronic communication was sent by or on behalf of the Company. Any notice or other document served or delivered by the Company by any other means authorised in writing by the member concerned shall be deemed to have been served when the Company has carried out the action it has been authorised to take for that purpose. Any notice or other document published by way of advertisement or on a computer network shall be deemed to have been served or delivered on the day it was so published.”

- (g) Article 155 of the Articles of Association of HKEx be amended by deleting the word “Auditor” immediately after the words “every Director”.”

11. Close

There being no other business, the Chairman declared the meeting closed.


Chairman