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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)

2010 Remuneration Committee Report

2010 REMUNERATION COMMITTEE REPORT

(Financial figures in this report are expressed in Hong Kong dollar)

The Remuneration Committee

The Remuneration Committee (RC) is comprised of 5 independent non-executive Directors. Its composition is set out on page 11 of this report.

Terms of Reference

The RC is mandated to formulate the Group's remuneration policy for the Board's approval. Other key functions include, inter alia, setting the guidelines for the recruitment of the Chief Executive and Senior Management, determining their remuneration packages, and making recommendations to the Board on the Group's annual salary adjustment, annual performance bonus and share award. The terms of reference are posted on the HKEx website.

Major Work Done in 2010

During 2010, the RC held 5 meetings. Members' attendance record is shown in the 2010 Corporate Governance Report.

Major tasks in 2010

- adopted the 2009 RC Report;
 - reviewed the remuneration level for non-executive Directors and recommended raising it for 2010/2011;
 - recommended changes in the vesting schedule of the Share Award Scheme and awarding shares to selected employees in May 2010;
 - reviewed the Compensation Structure Review recommendations;
 - recommended the performance bonus and share award pools for 2010 taking into account the Compensation Structure Review recommendations;
 - recommended a salary adjustment for 2011 for merit increase and inflation; and
 - recommended the performance bonus and share award for the Chief Executive for 2010, and his salary increase for 2011.
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Remuneration Policy

Non-executive Directors

It is the Group's objective to review non-executive Directors remuneration annually with reference to companies of comparable business or scale to ensure they are remunerated fairly but not excessively for their efforts and time dedicated to HKEx, and to seek Shareholders' approval of any changes, if necessary.

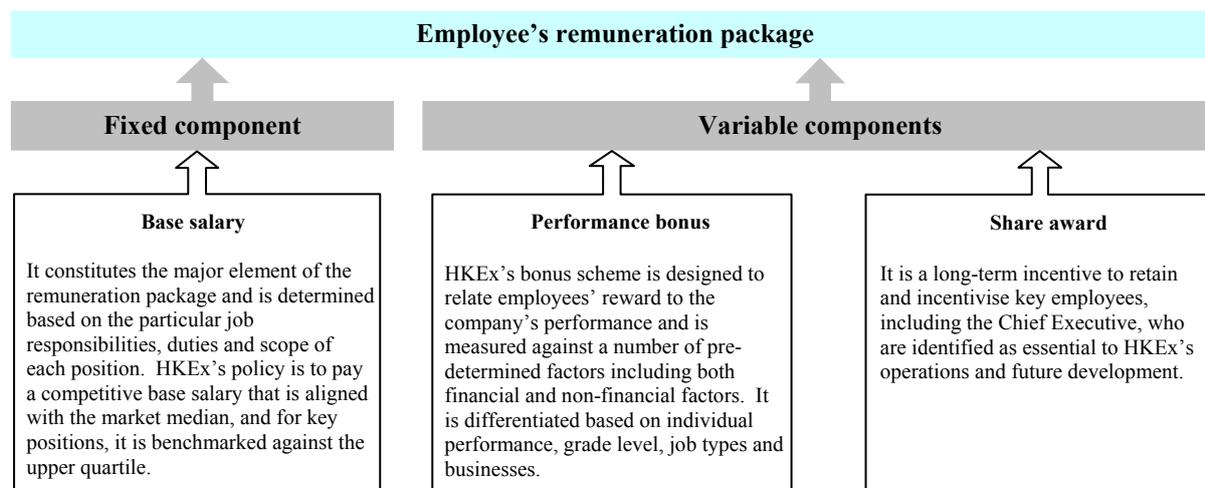
Non-executive Directors are not entitled to participate in the Share Option Schemes and the Share Award Scheme, or to other fringe benefits.

Employees

As of 31 December 2010, the Group had 866 permanent employees (2009: 841) and 17 temporary employees (2009: 9). Recognising that quality and dedicated staff are valuable assets contributing to the Group's success, our remuneration policy is to ensure an equitable, performance-oriented, motivating and market-competitive remuneration package is offered to each of them.

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Our employee's remuneration package (including that of the Chief Executive) comprises fixed and variable components benchmarked against companies in the financial services sector.



Employees' rewards are differentiated based on a 6-level performance rating scale. A performance development process is in place to help employees set performance objectives, focus on performance improvement and identify training and development opportunities. Information about employees' training will be set out in the 2010 Corporate Social Responsibility Report which will be available on the HKEx website on or about 14 March 2011.

Other benefits include the provident fund (contribution to the provident fund will be set out in note 9 to the consolidated accounts of the 2010 Annual Report), medical insurance, dental insurance, life and personal accident insurance, employee compensation insurance and business travel insurance.

Details of HKEx's remuneration policy and structure are set out in the Corporate Governance section of the HKEx website.

Non-executive Directors' Fee Review for 2010/2011

In 2010, the RC recommended raising the remuneration of HKEx's Chairman and each of the other non-executive Directors to \$500,000 and \$350,000 per annum respectively. The additional remuneration of the chairman and every member (excluding the Executive Director) of the Audit Committee, Executive Committee, Investment Advisory Committee and RC was recommended to remain unchanged at \$50,000 per annum but an attendance fee of \$2,500 per meeting was proposed to reflect the variable workload and time commitment of the members of each of the aforesaid committees. The recommendations were based on the average annual remuneration of non-executive directors of HSI constituent companies as well as overseas listed exchanges and served to bring the remuneration of non-executive Directors closer to that of the market. The recommendations were endorsed by the Board and approved by Shareholders at the annual general meeting held on 22 April 2010.

	2010/2011	2009/2010
	\$	\$
Board Chairman	500,000	450,000
Board member *	350,000	300,000
Each member of Audit Committee / Executive Committee * / Investment Advisory Committee / Remuneration Committee	50,000 plus an attendance fee of \$2,500 for each committee meeting	50,000

* Excluding the Executive Director

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In March 2011, the RC recommended raising the remuneration of HKEx's Chairman and each of the other non-executive Directors to \$550,000 and \$385,000 per annum respectively, and the additional remuneration of the chairman and every member (excluding Executive Director) of the Audit Committee, Executive Committee, Investment Advisory Committee and RC to \$100,000 and \$70,000 respectively. The attendance fee of \$2,500 in respect of each of the said committee meeting was recommended to remain unchanged. The above recommendations were based on the level of remuneration of non-executive directors of HSI constituent companies and overseas listed exchanges. In addition, views were sought from Egon Zehnder International Limited, an independent consultant specialising in the assessment and recruitment of top level executives and non-executive directors, which was also engaged by HKEx to conduct the evaluation of the performance of the Board and committees. The proposed increase serves to bring the remuneration of non-executive Directors closer to that of overseas exchanges and also to recognise the heavier responsibilities of the chairmen and members of the above committees. The Board has endorsed the RC's recommendations for Shareholders' approval at the annual general meeting to be held on 20 April 2011.

Employees' Pay Review for 2010/2011

During 2010, Towers Watson, an independent external consultant was engaged to review HKEx's compensation structure across all employees of different grades, aiming to ensure that compensation packages are competitive and in line with the market. The review was comprehensive covering all elements including base salary, performance bonus and long-term incentives. Towers Watson's recommendations were incorporated in the employees' annual pay review exercise, as appropriate.

For the employees' annual pay review for 2010/2011, in the light of increasing competitiveness in the job market and taking into consideration the cost of living, staff performance and salary level, the Board, based on the RC's recommendation, approved a salary adjustment which took effect from January 2011 for merit increase and inflation.

The Board also in December 2010 approved the RC's recommendation to pay a discretionary performance bonus to eligible employees in recognition of their contribution in 2010. The performance bonus was determined based on the Company's performance, taking into account both financial and non-financial factors including the Company's profit, business and organisational development, market and regulatory development, and market availability. Individual performance bonuses were differentiated based on performance rating, grade level and function.

In December 2010, the Board approved a sum of \$91.3 million for the purchase of HKEx shares from the market for awarding to 117 selected employees (including the Chief Executive).

Neither the Chief Executive nor the Senior Management participated in the RC's discussion on the performance award. The RC consulted the Chief Executive about the performance of the Senior Management members.

2010 REMUNERATION COMMITTEE REPORT

Emoluments for 2010

Non-executive Directors

Name	Director's fee \$	
	2010	2009
Current Directors		
Ronald J Arculli	617,500	550,000
Laura M Cha	392,500	362,500
Ignatius T C Chan	397,500	262,500
Moses M C Cheng	405,000	400,000
Marvin K T Cheung	397,500	350,000
Stephen C C Hui	400,000	262,500
Bill C P Kwok	460,000	350,000
Vincent K H Lee	527,500	450,000
Michael T H Lee	397,500	262,500
John E Strickland	400,000	350,000
John M M Williamson	522,500	437,500
Oscar S H Wong	400,000	350,000
Ex-Directors		
Henry H L Fan *	—	75,000
Fong Hup *	—	100,000
Christine K W Loh *	—	87,500
Total	5,317,500	4,650,000

* Messrs Fan and Fong, and Dr Loh retired on 23 April 2009.

Executive Director

Mr Paul Chow's service contract as Chief Executive expired upon his retirement on 16 January 2010. Mr Charles Li joined on 16 October 2009 under a 3-year service contract and subsequently succeeded Mr Chow as the Chief Executive effective 16 January 2010. Save as the aforesaid, no Director has any existing or proposed service contract with any members of the Group.

Name	2010				Director's fee \$	Total \$	2009	2010	
	Salary \$	Cash bonus \$	Other ¹ benefits \$	Retirement ² benefits cost \$			Total \$	Share ³ options benefits \$	Share ³ awards benefits \$
Chief Executive									
Paul M Y Chow ⁴	314,516	—	4,537,036	39,315	—	4,890,867	16,633,806	—	207,770
Charles X Li ⁵	7,200,000	8,400,000	119,237	900,000	—	16,619,237	2,593,376	—	2,546,319

Senior Management

Name	2010				Compensation for loss of office \$	Total \$	2009	2010	
	Salary \$	Cash bonus \$	Other ¹ benefits \$	Retirement ² benefits cost \$			Total \$	Share ³ options benefits \$	Share ³ awards benefits \$
Gerald D Greiner	5,851,200	2,925,600	108,331	731,400	—	9,616,531	9,111,155	52,785	1,647,928
Peter J Curley ⁶	1,946,667	—	25,593	196,000	—	2,168,260	4,290,542	21,114	(366,241)
Mark F Dickens	4,033,333	4,200,000	57,707	504,167	—	8,795,207	6,858,840	—	2,113,163
Lawrence K M Fok	3,672,000	1,836,000	76,671	459,000	—	6,043,671	5,117,060	26,393	332,496

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Name	2010					Total \$	2009	2010	
	Salary \$	Cash bonus \$	Other ¹ benefits \$	Retirement ² benefits cost \$	Compensation for loss of office \$		Total \$	Share ³ options benefits \$	Share ³ awards benefits \$
Mary M L Kao ⁷	2,147,460	–	1,159,121	268,433	–	3,575,014	5,739,214	26,393	169,777
Kevin T King	3,000,000	1,250,000	65,232	375,000	–	4,690,232	4,429,616	–	199,829
Romnesh Lamba ⁸	3,762,500	3,500,000	58,687	470,313	–	7,791,500	–	–	925,792
Henry M W Law	2,594,880	1,946,160	50,009	324,360	–	4,915,409	4,045,699	21,114	745,598
Archie T C Tsim ⁷	855,000	–	384,685	106,875	–	1,346,560	5,111,232	43,284	(754,141)
Alfred K K Wong ⁷	2,397,333	–	493,213	299,667	–	3,190,213	5,455,409	26,393	(772,920)
Christine O M Wong ⁸	1,876,000	2,520,000	49,521	187,600	–	4,633,121	–	–	248,433
Samuel S F Wong ⁸	1,670,968	1,680,000	48,627	208,871	–	3,608,466	–	–	527,236

Notes:

- 1 Other benefits include leave pay, insurance premium, club membership and relocation allowance, as applicable.
- 2 An employee who retires before normal retirement age is eligible to 18 per cent of the employer's contribution to the provident fund after completion of 2 years of service. The rate of vested benefit increases at an annual increment of 18 per cent thereafter reaching 100 per cent after completion of 7 years of service.
- 3 The share options benefits and the share awards benefits represent the aggregate of the amortised fair value of the share options granted and shares awarded to the Chief Executive and respective members of the Senior Management under the Post-Listing Scheme and the Share Award Scheme respectively that were charged to the consolidated income statement for the year ended 31 December 2010 (under Hong Kong Financial Reporting Standard 2, amortisation of the fair value of the options granted under the Pre-Listing Scheme is not required).
- 4 Mr Chow retired on 16 January 2010.
- 5 Mr Li was appointed Chief Executive to succeed Mr Paul M Y Chow on 16 January 2010. Mr Li's emoluments for 2010 included his salary and benefits for the period between 1 and 15 January 2010 when he was in the role of Chief Executive Designate. In December 2010, the Board approved the RC's recommendation to award a performance bonus of \$8.4 million and a share award of \$7.2 million to Mr Li in recognition of his contribution in 2010, and to increase his salary to \$7,524,000 per annum with effect from January 2011.
- 6 Mr Curley resigned on 1 August 2010. As a member of a pension scheme operating in the United States, he was exempted under Section 4(3) of the Mandatory Provident Fund Schemes Ordinance from participating in HKEx's provident fund scheme. The vesting scale of retirement benefits was not applicable to Mr Curley.
- 7 Ms Kao retired on 1 August 2010, and Messrs Tsim and Wong resigned on 1 April and 9 September 2010 respectively.
- 8 Mr Lamba, Ms Wong and Mr Wong joined HKEx on 8 February, 10 June and 2 July 2010 respectively.

Further particulars regarding Directors' emoluments and the 5 top-paid employees as required to be disclosed pursuant to Section 161 of the Companies Ordinance and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be set out in notes 13 and 14 to the consolidated accounts of the 2010 Annual Report respectively.

Long-Term Incentive Schemes

HKEx implemented 2 share option schemes – the Pre-Listing Scheme and the Post-Listing Scheme – and the Share Award Scheme for the purpose of recognising the contributions of certain employees of the Group and retaining them for the continual operation and development of the Group.

Share Option Schemes

The Pre-Listing Scheme and the Post-Listing Scheme expired on 30 May 2010. All options granted under the Pre-Listing Scheme were exercised before the expiry date of the exercise period. Any unexercised options under the Post-Listing Scheme shall however continue to be valid and exercisable subject to the provisions of the scheme until the end of the respective exercise periods.

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Movements in the share options during the year ended 31 December 2010 and the share options remained outstanding as at 31 December 2010 are set out in the following.

Pre-Listing Scheme

Date of grant	Exercise price \$	Number of shares issuable under the options			As at 31 Dec 2010	Exercise period
		As at 1 Jan 2010	Issued upon ¹ subscription during the year	Cancelled/ lapsed during the year		
Employees²						
20 Jun 2000	6.88	114,000	114,000	–	–	6 Mar 2002 – 30 May 2010

Post-Listing Scheme

Date of grant	Exercise price \$	Number of shares issuable under the options			As at 31 Dec 2010	Exercise period ⁴
		As at 1 Jan 2010	Issued upon ³ subscription during the year	Cancelled/ lapsed during the year		
Employees²						
31 Mar 2004	16.96	1,020,000	550,500	–	469,500	31 Mar 2006 – 30 Mar 2014
17 May 2004	15.91	100,000	–	–	100,000	17 May 2006 – 16 May 2014
26 Jan 2005	19.25	2,122,500	1,237,500	–	885,000	26 Jan 2007 – 25 Jan 2015

Notes:

- 1 The weighted average closing price immediately before the dates on which the options were exercised was \$126.79.
- 2 Employees working under employment contracts that were regarded as “continuous contracts” for the purpose of the Employment Ordinance of Hong Kong.
- 3 The weighted average closing price immediately before the dates on which the options were exercised was \$133.14.
- 4 Options granted were subject to a vesting scale in tranches of 25 per cent each per annum starting from the second anniversary and became fully vested in the fifth anniversary of the grant.

Further details of the Share Option Schemes will be set out in note 33(b) to the consolidated accounts of the 2010 Annual Report.

Share Award Scheme

The Share Award Scheme was approved by the Board on 14 September 2005 (Adoption Date). The maximum number of shares which can be awarded under the Share Award Scheme and to a selected employee throughout its duration is limited to 3 per cent (ie, 31,871,575 shares) and 1 per cent (ie, 10,623,858 shares) respectively of the HKEx shares in issue as at the Adoption Date.

Pursuant to the Board’s decision made in the annual pay review exercise of 2009, the award of long-term incentive for 2009 was deferred to 2010 pending the review of the Share Award Scheme. On 23 April 2010, the Board approved RC’s recommendation to change the vesting period of the Awarded Shares and related income under the Share Award Scheme from 5 years to 3 years. Accordingly, the vesting timetable is changed to 50 per cent of the Awarded Shares and related income per annum on the second and third anniversary of the date of grant. The amended and restated rules relating to the Share Award Scheme took effect on 13 May 2010 but do not apply to the Awarded Shares granted prior to 13 May 2010. The amended and restated rules together with the trust deed of the Share Award Scheme are available on the HKEx website.

On 23 April 2010, the Board also approved an amount of \$92.6 million for the purchase of HKEx shares from the market for selected employees, including the Chief Executive and selected new employees in 2010.

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In December 2010, the Board approved a sum of \$91.3 million for the purchase of the HKEx shares from the market for selected employees, including the Chief Executive, and a sum of \$30 million for the purchase of HKEx shares for selected new employees to be recruited in 2011.

Further details in relation to the Share Award Scheme will be set out in note 33(c) to the consolidated accounts of the 2010 Annual Report.

Since its adoption, a total of 2,726,023 shares have been awarded up to the date of this report, representing about 0.26 per cent of the issued share capital of HKEx as at the Adoption Date.

Date of approval by Board	Date of award ¹	Awarded sum \$'000 ¹	Number of shares purchased	Number of Awarded Shares	Average fair value per share \$ ²	Number of Awarded Shares vested during the year	Vesting period
19 Dec 2005	19 Dec 2005	N/A	960,000	960,000	31.20	181,875	19 Dec 2007 – 19 Dec 2010
13 Dec 2006	15 Jan 2007	19,673	272,500	272,465	72.28	54,673	13 Dec 2008 – 13 Dec 2011
14 Feb 2007	7 Jun 2007	600	7,000	7,000	81.33	1,750	16 Apr 2009 – 16 Apr 2012
15 May 2007	17 Jul 2007	600	5,500	5,500	102.29	1,375	18 Jun 2009 – 18 Jun 2012
12 Dec 2007	4 Feb 2008	26,300	151,000	150,965	163.72	30,755	12 Dec 2009 – 12 Dec 2012
18 Feb 2008	7 Apr 2008	612	4,200	4,200	144.18	4,200	18 Feb 2010 – 18 Feb 2013
10 Dec 2008	3 Feb 2009	4,900	59,900	59,900	81.96	–	1 Jan 2011 – 1 Jan 2014
23 Apr 2010	10 Jun 2010	88,516	720,100	720,054	123.29	–	13 May 2012 – 13 May 2013
23 Apr 2010	9 Jul 2010	840	6,900	6,900	121.88	–	10 Jun 2012 – 10 Jun 2013
23 Apr 2010	9 Jul 2010	2,520	21,000	21,000	120.32	–	2 Jul 2012 – 2 Jul 2013
14 Dec 2010	31 Dec 2010	91,303	518,100	518,039	176.75	–	14 Dec 2012 – 14 Dec 2013

Notes:

- 1 Prior to 16 August 2006, the date of award refers to the date on which the Board determined such number of shares awarded to the selected employees. Following the amendments to the rules of the Share Award Scheme which took effect on 16 August 2006, the date of award refers to the date on which the trustee allocated such number of Awarded Shares to the selected employees from the total number of shares purchased with the sum determined by the Board.
- 2 Prior to 16 August 2006, the fair value of the Awarded Shares was based on the market value of HKEx share at the date of award. With effect from 16 August 2006, as a result of the amendments to the rules of the Share Award Scheme, the fair value of the Awarded Shares was based on the average purchase cost per share.

As at 31 December 2010, taking into account the further shares acquired by reinvesting the dividend income received in respect of the shares held under the trust, there were a total of 1,655,993 shares held in trust by the trustee under the Share Award Scheme.

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Chief Executive's and the Senior Management's Interests in HKEx's Securities under Long-Term Incentive Schemes

Share Options

Name	Date of grant	Exercise price \$	Number of shares issuable under the options				Exercise period ¹
			As at 1 Jan 2010	Subscribed during the year	Lapsed during the year	As at 31 Dec 2010	
Senior Management							
Gerald D Greiner	17 May 2004	15.91	100,000	–	–	100,000	17 May 2006 – 16 May 2014
	26 Jan 2005	19.25	100,000	–	–	100,000	26 Jan 2007 – 25 Jan 2015
Peter J Curley ²	26 Jan 2005	19.25	20,000	20,000	–	–	26 Jan 2007 – 25 Jan 2015
Lawrence K M Fok	26 Jan 2005	19.25	50,000	50,000	–	–	26 Jan 2007 – 25 Jan 2015
Mary M L Kao ²	31 Mar 2004	16.96	30,000	30,000	–	–	31 Mar 2006 – 30 Mar 2014
	26 Jan 2005	19.25	50,000	50,000	–	–	26 Jan 2007 – 25 Jan 2015
Henry M W Law	31 Mar 2004	16.96	25,000	–	–	25,000	31 Mar 2006 – 30 Mar 2014
	26 Jan 2005	19.25	40,000	–	–	40,000	26 Jan 2007 – 25 Jan 2015
Archie T C Tsim ²	26 Jan 2005	19.25	123,000	123,000	–	–	26 Jan 2007 – 25 Jan 2015
Alfred K K Wong ²	31 Mar 2004	16.96	25,000	25,000	–	–	31 Mar 2006 – 30 Mar 2014
	26 Jan 2005	19.25	50,000	50,000	–	–	26 Jan 2007 – 25 Jan 2015

Notes:

- Options granted were subject to a vesting scale in tranches of 25 per cent each per annum starting from the second anniversary and became fully vested in the fifth anniversary of the grant.
- Mr Curley resigned and Ms Kao retired on 1 August 2010, and Messrs Tsim and Wong resigned on 1 April and 9 September 2010 respectively.

Awarded Shares

Name	Date of award ²	Number of Awarded Shares	Average ³ fair value per share \$	Number of shares ¹					Vesting period ⁴
				As at 1 Jan 2010	Further shares acquired during the year through reinvesting dividends received	Vested during the year	Lapsed during the year	As at 31 Dec 2010	
Chief Executive									
Paul M Y Chow ⁵	15 Jan 2007	11,528	72.28	6,370	–	6,370	–	–	13 Dec 2008 – 13 Dec 2011
	7 Apr 2008	4,200	144.18	4,545	–	4,545	–	–	18 Feb 2010 – 18 Feb 2013
Charles X Li	10 Jun 2010	73,217	123.29	–	1,050	–	–	74,267	13 May 2012 – 13 May 2013
	31 Dec 2010	40,856	176.75	–	–	–	–	40,856	14 Dec 2012 – 14 Dec 2013

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Name	Date of award ²	Number of Awarded Shares	Average ³ fair value per share \$	As at 1 Jan 2010	Number of shares ¹				Vesting period ⁴
					Further shares acquired during the year through reinvesting dividends received	Vested during the year	Lapsed during the year	As at 31 Dec 2010	
Senior Management									
Gerald D Greiner	19 Dec 2005	40,600	31.20	11,526	359	11,885	–	–	19 Dec 2007 – 19 Dec 2010
	15 Jan 2007	11,911	72.28	6,593	204	3,391	–	3,406	13 Dec 2008 – 13 Dec 2011
	4 Feb 2008	8,418	163.72	6,835	214	2,341	–	4,708	12 Dec 2009 – 12 Dec 2012
	10 Jun 2010	35,700	123.29	–	514	–	–	36,214	13 May 2012 – 13 May 2013
	31 Dec 2010	16,601	176.75	–	–	–	–	16,601	14 Dec 2012 – 14 Dec 2013
Peter J Curley ⁶	19 Dec 2005	20,200	31.20	5,734	95	–	5,829	–	19 Dec 2007 – 19 Dec 2010
	15 Jan 2007	9,629	72.28	5,339	89	–	5,428	–	13 Dec 2008 – 13 Dec 2011
Mark F Dickens	3 Feb 2009	59,900	81.96	61,685	1,925	–	–	63,610	1 Jan 2011 – 1 Jan 2014
	10 Jun 2010	14,236	123.29	–	207	–	–	14,443	13 May 2012 – 13 May 2013
	31 Dec 2010	19,860	176.75	–	–	–	–	19,860	14 Dec 2012 – 14 Dec 2013
Lawrence K M Fok	19 Dec 2005	24,600	31.20	6,980	217	7,197	–	–	19 Dec 2007 – 19 Dec 2010
	15 Jan 2007	3,842	72.28	2,127	64	1,091	–	1,100	13 Dec 2008 – 13 Dec 2011
	4 Feb 2008	658	163.72	549	17	179	–	387	12 Dec 2009 – 12 Dec 2012
	10 Jun 2010	7,468	123.29	–	110	–	–	7,578	13 May 2012 – 13 May 2013
Mary M L Kao ⁶	19 Dec 2005	28,700	31.20	8,148	135	8,283	–	–	19 Dec 2007 – 19 Dec 2010
	15 Jan 2007	5,048	72.28	2,791	46	2,837	–	–	13 Dec 2008 – 13 Dec 2011
	4 Feb 2008	1,202	163.72	989	18	1,007	–	–	12 Dec 2009 – 12 Dec 2012
Kevin T King	10 Jun 2010	6,101	123.29	–	87	–	–	6,188	13 May 2012 – 13 May 2013
Romnesh Lamba ⁷	10 Jun 2010	25,626	123.29	–	367	–	–	25,993	13 May 2012 – 13 May 2013
	31 Dec 2010	23,832	176.75	–	–	–	–	23,832	14 Dec 2012 – 14 Dec 2013
Henry M W Law	19 Dec 2005	22,900	31.20	6,498	202	6,700	–	–	19 Dec 2007 – 19 Dec 2010
	15 Jan 2007	6,660	72.28	3,688	112	1,893	–	1,907	13 Dec 2008 – 13 Dec 2011
	4 Feb 2008	3,623	163.72	2,953	93	1,007	–	2,039	12 Dec 2009 – 12 Dec 2012
	10 Jun 2010	15,832	123.29	–	230	–	–	16,062	13 May 2012 – 13 May 2013
	31 Dec 2010	7,362	176.75	–	–	–	–	7,362	14 Dec 2012 – 14 Dec 2013

2010 REMUNERATION COMMITTEE REPORT

Name	Date of award ²	Number of Awarded Shares	Average ³ fair value per share \$	As at 1 Jan 2010	Number of shares ¹			As at 31 Dec 2010	Vesting period ⁴
					Further shares acquired during the year through reinvesting dividends received	Vested during the year	Lapsed during the year		
Archie T C Tsim ⁶	19 Dec 2005	32,700	31.20	9,281	–	–	9,281	–	19 Dec 2007 – 19 Dec 2010
	15 Jan 2007	8,965	72.28	4,958	–	–	4,958	–	13 Dec 2008 – 13 Dec 2011
	4 Feb 2008	4,941	163.72	4,019	–	–	4,019	–	12 Dec 2009 – 12 Dec 2012
Alfred K K Wong ⁶	19 Dec 2005	32,100	31.20	9,112	283	–	9,395	–	19 Dec 2007 – 19 Dec 2010
	15 Jan 2007	9,417	72.28	5,213	161	–	5,374	–	13 Dec 2008 – 13 Dec 2011
	4 Feb 2008	5,113	163.72	4,158	131	–	4,289	–	12 Dec 2009 – 12 Dec 2012
	10 Jun 2010	21,233	123.29	–	307	–	21,540	–	13 May 2012 – 13 May 2013
Christine O M Wong ⁷	9 Jul 2010	6,900	121.88	–	98	–	–	6,998	10 Jun 2012 – 10 Jun 2013
	31 Dec 2010	14,299	176.75	–	–	–	–	14,299	14 Dec 2012 – 14 Dec 2013
Samuel S F Wong ⁷	9 Jul 2010	21,000	120.32	–	301	–	–	21,301	2 Jul 2012 – 2 Jul 2013

Notes:

- 1 The number included shares acquired through reinvesting dividends received.
- 2 Prior to 16 August 2006, the date of award refers to the date on which the Board determined such number of shares awarded to the selected employees. Following the amendments to the rules of the Share Award Scheme which took effect on 16 August 2006, the date of award refers to the date on which the trustee allocated such number of Awarded Shares to the selected employees from the total number of shares purchased with the sum determined by the Board.
- 3 Prior to 16 August 2006, the fair value of the Awarded Shares was based on the market value of HKEx share at the date of award. With effect from 16 August 2006, as a result of the amendments to the rules of the Share Award Scheme, the fair value of the Awarded Shares was based on the average purchase cost per share.
- 4 Effective 13 May 2010, the vesting period of the Awarded Shares has been changed from 5 years to 3 years. Accordingly, the Awarded Shares and the related income would be vested in 2 equal tranches from the second to the third year after the grant, as opposed to 4 equal tranches from the second to the fifth year prior to the change.
- 5 According to the terms of the Share Award Scheme, a total of 10,915 shares were vested and transferred to Mr Chow on 15 January 2010, the date immediately prior to his retirement.
- 6 Mr Curley resigned and Ms Kao retired on 1 August 2010, and Messrs Tsim and Wong resigned on 1 April and 9 September 2010 respectively.
- 7 Mr Lamba, Ms Wong and Mr Wong joined HKEx on 8 February, 10 June and 2 July 2010 respectively.

Members of the Remuneration Committee

Ronald Joseph ARCULLI (Chairman)

CHA May-Lung, Laura

CHENG Mo Chi, Moses

LEE Kwan Ho, Vincent Marshall

John Mackay McCulloch WILLIAMSON

Hong Kong, 2 March 2011

2010 REMUNERATION COMMITTEE REPORT

Glossary

2010 Annual Report	HKEx's annual report for the year ended 31 December 2010 (which will be available on the HKEx website on or about 14 March 2011)
Awarded Shares	Shares awarded under the Share Award Scheme
Board	Board of HKEx
Director(s)	Director(s) of HKEx
Group	HKEx and its subsidiaries
HKEx or the Company	Hong Kong Exchanges and Clearing Limited
HSI	Hang Seng Index
Post-Listing Scheme	Post-Listing Share Option Scheme approved by the Shareholders on 31 May 2000 which was subsequently amended by the Shareholders on 17 April 2002
Pre-Listing Scheme	Pre-Listing Share Option Scheme approved by the Shareholders on 31 May 2000
Senior Management	Senior executives of HKEx as referred to in the 2010 Annual Report
Shareholders	Shareholders of HKEx
Share Award Scheme	The Employees' Share Award Scheme adopted by the Board on 14 September 2005 which was subsequently amended on 16 August 2006 and 13 May 2010
Share Option Schemes	Pre-Listing Scheme and Post-Listing Scheme

Board of Directors

As at 2 March 2011, the Board comprises 12 Independent Non-executive Directors, namely Mr Ronald Joseph ARCULLI (Chairman), Mrs CHA May-Lung, Laura, Mr CHAN Tze Ching, Ignatius, Dr CHENG Mo Chi, Moses, Dr CHEUNG Kin Tung, Marvin, Mr HUI Chiu Chung, Stephen, Dr KWOK Chi Piu, Bill, Mr LEE Kwan Ho, Vincent Marshall, Mr LEE Tze Hau, Michael, Mr John Estmond STRICKLAND, Mr John Mackay McCulloch WILLIAMSON and Mr WONG Sai Hung, Oscar, and one Executive Director, Mr LI Xiaojia, Charles, who is also the Chief Executive.