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(Incorporated in Hong Kong with limited liability)
(Stock Code: 388)

(Financial figures in this announcement are expressed in Hong Kong dollar (“HKD”))

2009 FIRST QUARTER RESULTS

The board of directors (“Board”) of Hong Kong Exchanges and Clearing Limited (“HKEx” or “Company”) submits the unaudited consolidated results of HKEx and its subsidiaries (“Group”) for the three months ended 31 March 2009 as follows:

FINANCIAL HIGHLIGHTS

	Three months ended 31 Mar 2009	Three months ended 31 Mar 2008	Change
KEY MARKET STATISTICS			
Average daily turnover value on the Stock Exchange	\$44.7 billion	\$98.7 billion	(55%)
Average daily number of derivatives contracts traded on the Futures Exchange	195,499	205,853	(5%)
Average daily number of stock options contracts traded on the Stock Exchange	194,279	266,199	(27%)
	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000	Change
RESULTS			
Revenue and other income	1,341,335	2,284,644	(41%)
Operating expenses	354,407	382,559	(7%)
Profit before taxation	986,928	1,902,085	(48%)
Taxation	(152,689)	(252,344)	(39%)
Profit attributable to shareholders	834,239	1,649,741	(49%)
Basic earnings per share	\$0.78	\$1.54	(49%)
Diluted earnings per share	\$0.77	\$1.53	(50%)
	Unaudited at 31 Mar 2009	Audited at 31 Dec 2008	Change
KEY ITEMS IN CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Shareholders' funds (\$'000)	8,082,240	7,295,322	11%
Total assets * (\$'000)	46,574,394	62,823,921	(26%)
Net assets per share #	\$7.53	\$6.79	11%

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

Based on 1,074,005,378 shares as at 31 March 2009, being 1,075,006,346 shares issued and fully paid less 1,000,968 shares held for the Employees' Share Award Scheme (“Share Award Scheme”) (31 December 2008: 1,073,939,532 shares, being 1,074,886,346 shares issued and fully paid less 946,814 shares held for the Share Award Scheme)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Listing

Combined Consultation on Proposed Changes to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Main Board Listing Rules”) 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 Listing Rules amendments for 15 of the 18 issues contained in the 2008 Combined Consultation Paper became effective on 1 January 2009, except those relating to the extension of the blackout period, which were subsequently modified and took effect on 1 April 2009. Pursuant to the modification, the blackout periods applicable to publication of annual financial results and interim results are 60 days and 30 days respectively.

Report on the Code on Corporate Governance Practices (“CG Code”) Implementation

On 20 February 2009, The Stock Exchange of Hong Kong Limited (“Exchange”, “Stock Exchange” or “SEHK”) published its findings on its third review of issuers’ corporate governance practices. The review included an analysis of the disclosure of corporate governance practices of 1,213 issuers in their 2007 annual reports. The findings revealed that issuers have continued to improve their corporate governance practices by not only choosing to comply with the code provisions in the CG Code but also adopting many of the recommended best practices.

Consultation on Periodic Reporting

The Listing Committee views quarterly financial reporting as a long-term goal to ensure a regular flow of timely information of issuers’ financial performance and position. In the interim, the Exchange will explore various approaches and undertake a further consultation with stakeholders on the alternatives to quarterly financial reporting.

Review of Chapter 18 of the Main Board Listing Rules (“Chapter 18”)

The Exchange has engaged external mineral consultants to review the listing requirements and disclosure obligations for mineral companies, as contained in Chapter 18. Market consultation on the proposed amendments, based on the consultants’ recommendations, would be released in the first half of 2009.

Web Proof Information Pack (“WPIP”) Implementation

The Exchange continues working with the Securities and Futures Commission (“SFC”) with a view to consulting the market on codifying the requirement in the Listing Rules to post a WPIP on the HKEX website prior to the issue of an initial public offering (“IPO”) prospectus.

Listing Rules and Related Process Review

An action plan has been drawn up for the Listing Committee to consider in detail the recommendations of the consultant engaged by the Board to conduct a strategic review of the Listing Rules and their application. The objective of the review is to identify possible means of enhancing the competitiveness of the Exchange as an international listing venue without sacrificing the quality of Hong Kong’s securities market. Initiatives endorsed by the Listing Committee will be pursued as a high priority.

In addition, the Exchange is considering a number of issues relating to the Listing Rules, namely: (i) possible streamlining of the Main Board IPO process and the current documentary requirements; (ii) the continuing disclosure obligation; (iii) a framework for acceptance of the People's Republic of China ("PRC") accounting and auditing standards and audit firms for PRC companies listed in Hong Kong; (iv) a review of CG Code in relation to the role of company secretaries and standing board committees; and (v) the various proposals made by investment banks to streamline the rights issues process and timetable.

Cash Market

Market Performance

In the first three months of 2009, 7 companies were newly listed on the Main Board (none on the Growth Enterprise Market ("GEM")) and 2 Main Board companies were delisted. Total capital raised, including post-listing funds, reached \$16.2 billion. As at 31 March 2009, 1,092 and 174 companies were listed on the Main Board and GEM respectively with a total market capitalisation of about \$10,127.7 billion. In addition, there were 2,510 Derivative Warrants ("DWs"), 1,513 Callable Bull/Bear Contracts ("CBBCs"), 7 Real Estate Investment Trusts, 24 Exchange Traded Funds ("ETFs") and 171 debt securities listed as at 31 March 2009. The average daily turnover in the first three months of 2009 was about \$44.7 billion on the Main Board and about \$70 million on GEM.

Suspension of the Closing Auction Session ("CAS")

The CAS in the securities market was suspended effective 23 March 2009. The decision was made due to the need to maintain public confidence in the orderliness, fairness and transparency of the market in light of the price volatility during the CAS since its introduction on 26 May 2008.

The pre-CAS closing time at 4 pm and the method for calculating closing prices for securities (ie, based on the median of 5 snapshot nominal prices taken during the last minute prior to the end of the market's afternoon session) were resumed.

HKEx will, in the meantime, continue to explore possible alternative CAS arrangements, including improvements to the 2 per cent price control mechanism. Any future proposals concerning the CAS will be put forward for public consultation before implementation.

Expansion of Market Education on Securities Products

HKEx expanded the education materials on its website to further clarify the potential areas of risk that market participants may face when trading in Hong Kong listed securities. The risks include price and liquidity risks as well as counterparty risk which can stem from financial intermediaries involved in structuring, managing and providing liquidity. Currently, the ETF product corner provides a list of ETFs classified by their underlying assets and their trading arrangements. There are also individual product corners for different structured products such as DWs and CBBCs which serve as useful resource centres for market participants who are interested in structured products.

Derivatives Market

Market Performance

On 31 March 2009, the open interest for all futures and options was 4,799,594 contracts, up 11 per cent from 31 December 2008. The Mini-Hang Seng Index Options posted a record open interest of 7,929 contracts on 27 March 2009. On 25 March 2009, the total futures and options turnover volume surpassed the 1 million contract mark for the first time in 2009, to 1,041,593 contracts, against the record high of 1,180,005 contracts achieved on 26 March 2008.

No-action Relief for Mini Futures Contracts

On 16 January 2009, the Commodity Futures Trading Commission (“CFTC”) granted Hong Kong Futures Exchange Limited (“Futures Exchange” or “HKFE”) no-action relief in connection with the offer and sale in the US of mini futures contracts based on the Hang Seng Index (“HSI”) and the Hang Seng China Enterprises Index (“H-shares Index” or “HSCEI”). With the relief, Exchange Participants (“EPs”) may now offer and sell mini futures contracts based on the HSI and HSCEI in the US by observing the relevant CFTC rules. The liquidity for both contracts is likely to increase with the participation of US investors. Similar no-action reliefs were granted to HSI Futures and H-shares Index Futures by the CFTC in June 1994 and September 2006 respectively.

Change in Closing Hours for Stock Index Futures and Options

Following the suspension of the CAS in the securities market effective 23 March 2009, the closing time for stock index futures and options (“SIFO”) was reset to 4:15 pm for full-day trading and 12:30 pm for half-day trading, ie, on the eves of Christmas, the New Year and Chinese New Year. The closing time of SIFO on the last trading day is 4:00 pm and 12:30 pm for full-day and half-day trading respectively. The typhoon arrangements for HKFE products were also revised accordingly such that trading will cease 15 minutes after the hoisting of typhoon signal number 8 or above during the morning session or afternoon session. There is no change to the method of determining the final settlement price for SIFO, which is the average of quotations of the underlying index taken at (i) 5-minute intervals from 5 minutes after the beginning of, and up to 5 minutes before the end of, the continuous trading session of the Stock Exchange; and (ii) the close of trading in the Stock Exchange on the last trading day.

Clearing

Participation Opens to Overseas Clearing Houses and Central Depositories

Overseas clearing houses and central depositories (collectively known as CSDs) can now apply to become Clearing Agency Participants of Hong Kong Securities Clearing Company Limited (“HKSCC”) as custodians for Hong Kong-listed securities. Overseas CSDs will manage their account activities in the Central Clearing and Settlement System (“CCASS”) electronically through CCASS terminals installed in their jurisdictions. For due diligence purposes, HKSCC will follow the international standard practice and require overseas CSDs to submit advice from their external lawyers in support of their applications to confirm that the overseas CSD seeking admission to HKSCC has the capacity under the laws of its jurisdiction to become an HKSCC Participant and will be subject to Hong Kong laws and the participant agreement executed with HKSCC.

Allowing overseas CSDs to open their own accounts in CCASS will provide an additional and lower cost option for the safe-keeping of overseas market participants’ Hong Kong-listed securities and may facilitate more order flow to Hong Kong.

Participant Services

Participant Training and Market Education

During the period under review, a total of 7 courses on the Automatic Order Matching and Execution System/Third Generation (“AMS/3”) and the Hong Kong Futures Automated Trading System (“HKATS”) were held to familiarise EPs with the operation of the trading devices and the relevant rules and procedures. In addition, HKEx conducted 9 EP in-house briefing sessions and 2 seminars on products and services, which were attended by over 800 individuals.

To raise market awareness and to increase retail participation in Stock Options and Gold Futures, HKEx joined forces with 11 EPs to sponsor a series of promotional activities organised by a commercial radio station in the first quarter of 2009. The activities included air-time for advertisements on the radio, newspaper write-ups and a finale which was a one-day investment expo comprising of seminars, workshops and exhibition. It was held on 15 March 2009 and was attended by over 3,000 people.

EP Recruitment

Including the 4 and 9 Participants newly admitted to the Stock Exchange and the Futures Exchange respectively in the first three months of 2009, there were a total of 489 SEHK Participants and 157 HKFE Participants as at the end of March 2009.

Promotional Activities

Promoting Hong Kong Listings

In the first quarter of 2009, HKEx continued marketing activities on the Mainland and Taiwan to promote listings in Hong Kong.

Visits were made to Anhui, Chongqing, Fujian, Guangdong, Hebei, Hubei, Inner Mongolia, Jiangsu, Shanghai, Shanxi and Zhejiang in the Mainland to meet with prospective issuers and government-related organisations. Presentations were delivered at 9 events to promote listings in Hong Kong. HKEx co-organised with the local government a roundtable meeting in Wuhu on fund raising through the capital market. It also organised a workshop in Zhangjiang for fast-growing hi-tech enterprises.

Our market focus in Taiwan was on companies seeking funds to expand their Mainland-related operations. In March 2009, our team visited individual prospective issuers and intermediaries in Taipei and Taichung to promote the Exchange as an effective fund-raising platform.

On 31 March 2009, HKEx participated in a panel discussion at an international conference in Hong Kong to explain the increasing importance of the Hong Kong securities market for Mongolia’s metals and mining companies to tap international funds.

Information Services

Pilot Programme for the Provision of Free Real-time Market Prices on Websites

The evaluation of proposals from the 12 companies short-listed from the Request for Expression of Interest process for the provision of free real-time market prices from the HKEx securities market on websites was completed and 3 Hong Kong and 3 Mainland companies have been further short-listed. Further discussion with those further short-listed companies to finalise the terms of the service is about to complete. It remains our plan to introduce the new service in the second half of 2009.

Mainland Market Data Collaboration Programme

The Mainland Market Data Collaboration Programme between HKEx and the Shanghai Stock Exchange (“SSE”) came into effect on 1 January 2009. The aim of the programme is to raise the transparency of issuers whose shares are dually listed in the two markets, thereby increasing investor protection.

At the end of March 2009, there were a total of 18 HKEx real-time Market Datafeed System (“MDF”) vendors and 14 SSE Level-2 vendors under the programme. The services offered by the participating MDF information vendors include real-time and snapshot data services delivered via leased-lines, the Internet, mobile phones, personal digital assistants (PDAs), and pagers.

Price Reporting System (“PRS”) Enhancement

In response to the findings of a survey conducted by HKEx in 2008, which indicated broad interest in additional derivatives market data among PRS subscribers, HKEx is in the process of improving the PRS data content and will roll out the enhanced system in the third quarter of 2009.

Information Technology

System Stability and Reliability

All major trading, clearing and settlement, and market data dissemination systems for the Cash and Derivatives Markets operated by HKEx continued to maintain 100 per cent operational system uptime. HKEx remains committed to upholding system stability and reliability.

System Capacity Planning and Upgrade

In the Cash Market, although market turnover slowed down in the past few months, the AMS/3 order processing rate still remained at a relatively high level, as in early 2008, probably due to the active market-making activities of structured products. In this connection, the AMS/3 technical revamp and a new AMS/3 satellite system interface architecture are in progress for the further increase in the order processing rate by 100 per cent to about 3,000 orders per second. Correspondingly, the latest generation of CCASS and MDF technical revamps are also being conducted to align with the AMS/3 technical revamp.

In the Derivatives Market, a further 50 per cent increase in HKATS capacity to about 8,100 orders per second was completed on 6 April 2009 to support active market-making activities in stock options. The capacity of PRS will also be upgraded correspondingly in the latter part of this year.

Independent Review of Derivatives Market Systems

Further to the completion of the independent reviews of its Information Technology (“IT”) Governance and Electronic Disclosure System in September 2008, HKEx is preparing for an independent review of its Derivatives Market systems, namely HKATS, the Derivatives Clearing and Settlement System (“DCASS”) and PRS, in the second quarter of 2009 for the purpose of the continued improvement of the robustness of HKEx’s mission critical systems.

System Consolidation and Operational Efficiency

During the period under review, HKEx successfully implemented a number of internal workflow enhancements, including the e-Securities Declaration and Approval System, to further improve operational efficiency and quality. In order to be environmentally friendly, distribution of data centre reports has been made by electronic means as far as practicable.

HKEx Website Revamp

The revamp of the HKEx website under external advice is proceeding. The revamped website is planned for launch in the fourth quarter of 2009.

HKEx Data Centre and IT Office Consolidation

As part of the first phase to consolidate the IT infrastructure and various IT offices, the HKATS/DCASS primary data centre and the Derivatives IT office are being relocated from Central to Quarry Bay. The relocation will be completed in mid-2009.

Risk Management

Market Surveillance and Enforcement of Unusual Market Activities during CAS

To maintain an orderly, fair and transparent market, HKEx actively monitors unusual market activity. This included any unusual order input activities during the CAS before its suspension in March 2009. If the situation warrants, non-compliance cases are brought to the relevant disciplinary committee for appropriate action.

Under the Memorandum of Understanding between the SFC and HKEx on matters relating to market surveillance, HKEx refers to the SFC from time to time suspected violations of Hong Kong laws or the codes, rules and regulations made by the SFC relating to HKEx's Cash and Derivatives Markets and the SFC might make possible criminal prosecution and/or disciplinary action against licensed persons under its jurisdiction in respect of market misconduct matters.

The total number of market surveillance cases which have been referred to the SFC dropped from 40 cases in the fourth quarter of 2008 to 35 in the first quarter of 2009, including 18 cases relating to the CAS in both periods.

Treasury

The Group's funds available for investment comprise Corporate Funds, Margin Funds and Clearing House Funds, totalling \$46.3 billion on average for the three months ended 31 March 2009 (31 March 2008: \$82.5 billion).

As compared with 31 December 2008, the overall size of funds available for investment as at 31 March 2009 decreased by 29 per cent or \$15.7 billion to \$38.1 billion (31 December 2008: \$53.8 billion). Details of the asset allocation of the investments as at 31 March 2009 against those as at 31 December 2008 are set out below.

	Investment Fund Size \$ billion		Bonds		Cash or Bank Deposits		Global Equities	
	Mar 2009	Dec 2008	Mar 2009	Dec 2008	Mar 2009	Dec 2008	Mar 2009	Dec 2008
	Corporate Funds	13.0	10.8	46%	50%	53%	48%	1%
Margin Funds	23.8	41.8	39%	39%	61%	61%	0%	0%
Clearing House Funds	1.3	1.2	27%	30%	73%	70%	0%	0%
Total	38.1	53.8	41%	41%	59%	59%	0%	0%

Investments are kept sufficiently liquid to meet the Group's operating needs and liquidity requirements of the Clearing House Funds and Margin Funds. Excluding equities and mutual funds held under the Corporate Funds (\$0.2 billion as at 31 March 2009 and at 31 December 2008), which have no maturity date, the maturity profiles of the remaining investments as at 31 March 2009 (\$37.9 billion) and 31 December 2008 (\$53.6 billion) were as follows:

	Investment Fund Size \$ billion		Overnight		>Overnight to 1 month		>1 month to 1 year		>1 year to 3 years		> 3 years	
	Mar 2009	Dec 2008	Mar 2009	Dec 2008	Mar 2009	Dec 2008	Mar 2009	Dec 2008	Mar 2009	Dec 2008	Mar 2009	Dec 2008
	Corporate Funds	12.8	10.6	42%	42%	8%	4%	33%	37%	11%	11%	6%
Margin Funds	23.8	41.8	41%	32%	11%	35%	47%	33%	1%	0%	0%	0%
Clearing House Funds	1.3	1.2	66%	66%	4%	13%	30%	21%	0%	0%	0%	0%
Total	37.9	53.6	43%	35%	10%	28%	41%	34%	4%	2%	2%	1%

Credit exposure is well diversified. The Group's bond portfolio held is of investment grade and, as at 31 March 2009, had a weighted average credit rating of Aa2 (31 December 2008: Aa2) and a weighted average maturity of 0.8 year (31 December 2008: 0.6 year). Deposits are placed only with the note-issuing banks in Hong Kong, investment grade licensed banks and restricted licence banks approved by the Board from time to time.

Risk management techniques, such as Value-at-Risk ("VaR") and portfolio stress testing, are used to identify, measure, monitor and control market risks. VaR measures the expected maximum loss over a given time interval (a holding period of 10 trading days is used by the Group) at a given confidence level (95 per cent confidence interval is adopted by the Group) based on historical data (1 year is used by the Group). The overall risk, as measured by the VaR methodology, during the first quarter of 2009 and the fourth quarter of 2008 was as follows:

	Average VaR \$ million		Highest VaR \$ million		Lowest VaR \$ million	
	Jan-Mar 2009	Oct-Dec 2008	Jan-Mar 2009	Oct-Dec 2008	Jan-Mar 2009	Oct-Dec 2008
	Corporate Funds	23.2	19.5	28.5	22.0	20.8
Margin Funds	20.2	27.9	22.2	31.3	17.9	24.5
Clearing House Funds	0.4	0.6	0.6	0.7	0.3	0.4

Details of the Group's net investment income are set out in the Revenue and Other Income section under the Financial Review.

FINANCIAL REVIEW

Overall Performance

	Note	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000
RESULTS			
Revenue and other income:			
Income affected by market turnover	(A)	814,645	1,351,136
Stock Exchange listing fees	(B)	153,593	191,112
Income from sale of information	(C)	154,820	185,061
Other revenue	(D)	84,407	120,624
Net investment income	(E)	133,870	368,070
Gain on disposal of properties	(F)	–	68,641
		1,341,335	2,284,644
Operating expenses		354,407	382,559
Profit before taxation		986,928	1,902,085
Taxation		(152,689)	(252,344)
Profit attributable to shareholders		834,239	1,649,741

The Group recorded a profit attributable to shareholders of \$834 million in the first quarter of 2009 compared with \$1,650 million for the same period in 2008.

The drop in profit in the first quarter of 2009 was primarily attributable to lower turnover-related income resulting from the decrease in activities in the Cash and Derivatives Markets, and the lower net investment income due to the decrease in net interest income. Moreover, the one-off gain on the disposal of two properties in 2008 was not repeated in 2009.

Total operating expenses fell by 7 per cent during the period mainly due to lower staff costs but were partly offset by an increase in premises expenses.

Revenue and Other Income

(A) Income Affected by Market Turnover

	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000	Change
Trading fees and trading tariff	495,831	866,110	(43%)
Clearing and settlement fees	256,828	420,807	(39%)
Depository, custody and nominee services fees	61,986	64,219	(3%)
Total	814,645	1,351,136	(40%)

The decrease in trading fees and trading tariff was mainly due to the lower market turnover in the Cash and Derivatives Markets in the first quarter of 2009 against the corresponding period last year.

Clearing and settlement fees are derived predominantly from Cash Market transactions. The decrease in clearing and settlement fees in 2009 was mainly due to the lower market turnover on the Cash Market. Despite being mostly ad valorem fees, clearing and settlement fees are also affected by the volume of settlement instructions and are subject to a minimum and a maximum fee per transaction and therefore may not always move exactly with changes in the turnover of the Cash Market. In 2009, clearing and settlement fees did not decrease by the same percentage as the turnover on the Cash Market since the drop in transaction value of settlement instructions was smaller, and a lower proportion of the value of exchange-traded transactions settled was subject to the maximum fee and a higher proportion of the value of exchange-traded transactions settled was subject to the minimum fee.

Depository, custody and nominee services fees decreased mainly due to lower electronic IPO (“eIPO”) handling fees and dividend collection fees, but the decrease was partly offset by the increase in corporate action fees and stock withdrawal fees. Other than the eIPO handling fees which are affected by the number of newly listed companies, the other fees are influenced by the level of Cash Market activity but do not move proportionately with changes in the turnover on the Cash Market as they vary mostly with the number of board lots rather than the value or turnover of the securities concerned, and many are subject to a maximum fee. Moreover, scrip fees are only chargeable on the net increase in individual Participants’ aggregate holdings of the securities from one book closing date to the next, and thus are unusually large on the first book closing date after a new listing.

Key Market Indicators

	Three months ended 31 Mar 2009	Three months ended 31 Mar 2008	Change
Average daily turnover value on the Stock Exchange	\$44.7 billion	\$98.7 billion	(55%)
Average daily number of derivatives contracts traded on the Futures Exchange	195,499	205,853	(5%)
Average daily number of stock options contracts traded on the Stock Exchange	194,279	266,199	(27%)

(B) Stock Exchange Listing Fees

	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000	Change
Annual listing fees	87,519	84,046	4%
Initial and subsequent issue listing fees	65,125	105,779	(38%)
Others	949	1,287	(26%)
Total	153,593	191,112	(20%)

The increase in annual listing fees was attributable to the higher number of listed companies. The drop in initial listing and subsequent issue listing fees was due to the decrease in the number of newly listed companies and DWs but was partly offset by the increase in the number of newly listed CBBCs.

Key Drivers for Annual Listing Fees

	As at 31 Mar 2009	As at 31 Mar 2008	Change
Number of companies listed on Main Board	1,092	1,055	4%
Number of companies listed on GEM	174	189	(8%)
Total	1,266	1,244	2%

Key Drivers for Initial and Subsequent Issue Listing Fees

	Three months ended 31 Mar 2009	Three months ended 31 Mar 2008	Change
Number of newly listed DWs	569	1,719	(67%)
Number of newly listed CBBCs	1,628	323	404%
Number of newly listed companies on Main Board	7	10	(30%)
Total equity funds raised on Main Board	\$16.0 billion	\$73.9 billion	(78%)
Total equity funds raised on GEM	\$0.2 billion	\$2.1 billion	(90%)

(C) Income from Sale of Information

	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000	Change
Income from sale of information	154,820	185,061	(16%)

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

(D) Other Revenue

	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000	Change
Network, terminal user, dataline and software sub-license fees	62,533	89,851	(30%)
Participants' subscription and application fees	8,779	8,528	3%
Brokerage on direct IPO allotments	205	3,734	(95%)
Trading booth user fees	3,581	2,397	49%
Accommodation income	1,524	8,916	(83%)
Sales of Trading Rights	3,500	3,000	17%
Miscellaneous revenue	4,285	4,198	2%
Total	84,407	120,624	(30%)

Network, terminal user, dataline and software sub-license fees dropped due to a decrease in sales of additional throttle.

Brokerage on direct IPO allotments fell as the number of newly listed companies decreased.

Trading booth user fees rose as the monthly user fees were increased in 2009 to reflect the rental increase of the Trading Hall.

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

(E) Net Investment Income

	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000	Change
Investment income	134,737	438,111	(69%)
Interest rebates to Participants	(867)	(70,041)	(99%)
Net investment income	133,870	368,070	(64%)

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

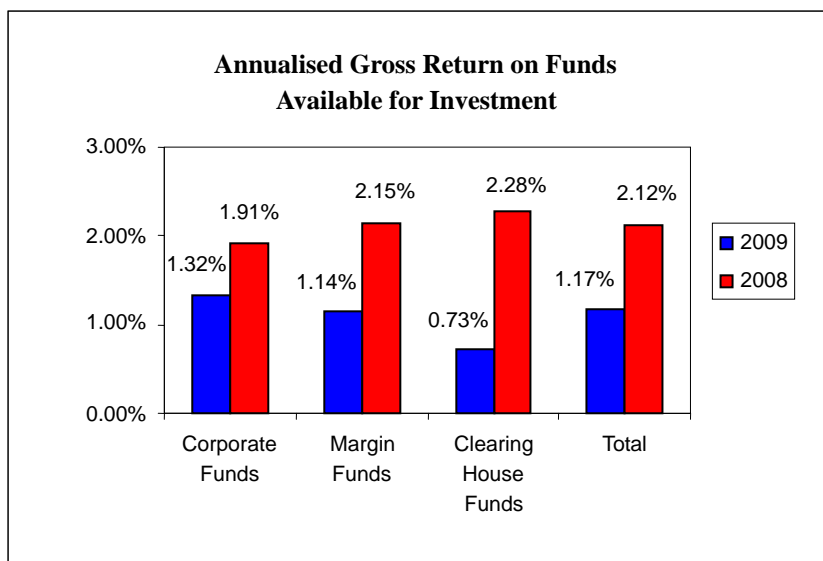
	Three months ended 31 Mar 2009 \$ billion	Three months ended 31 Mar 2008 \$ billion	Change
Corporate Funds	10.0	10.3	(3%)
Margin Funds	35.0	70.3	(50%)
Clearing House Funds	1.3	1.9	(32%)
Total	46.3	82.5	(44%)

The significant drop in average amount of Margin Funds available for investment during the period was primarily caused by decreased open interest in futures contracts and the lower margin rate required per contract.

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

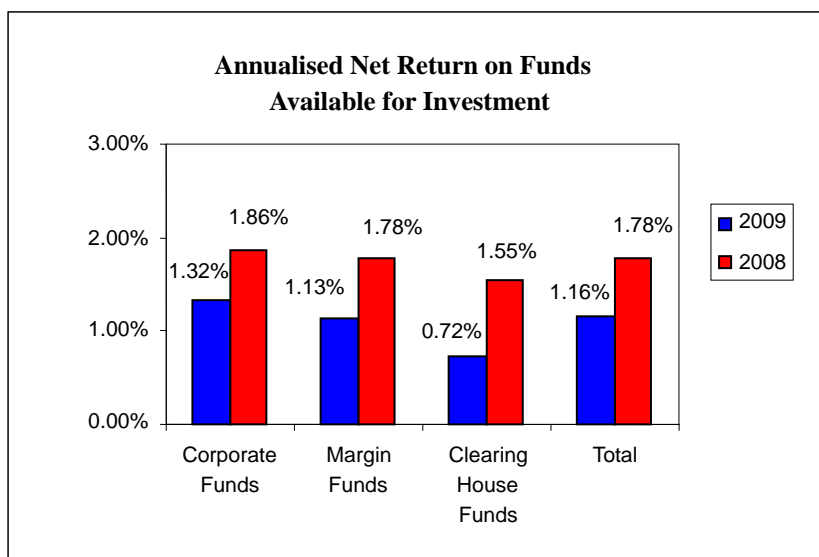
The lower net investment income was primarily due to the significant drop in net interest income of Corporate Funds and Margin Funds arising from the decrease in interest rates and the lower fund size during the first quarter of 2009 as compared with the corresponding period in 2008, but was partly offset by the increase in fair value gains of Corporate Fund investments, reflecting market movements.

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



The decrease in gross return of all funds was due to lower interest rates. The drop in gross return of the Corporate Funds was partly reduced by fair value gains of the Corporate Fund investments during the first quarter of 2009, as opposed to the fair value losses of the Corporate Fund investments in the corresponding previous period, reflecting market movements.

The annualised net return on funds available for investment after the deduction of interest rebates to Participants during the first quarter is set out below.



The net returns of all funds in 2009 were similar to the gross returns as very small amounts of interest rebates were paid to Participants since the rates of interest rebates (predominantly savings rate) fell to almost zero.

Details of the investment portfolio are set out in the Treasury section under the Business Review.

(F) Gain on Disposal of Properties

	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000	Change
Gain on disposal of properties	–	68,641	(100%)

In February 2008, the Group sold an investment property and one of the leasehold properties generating a gain of \$69 million.

Operating Expenses

	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000	Change
Staff costs and related expenses	182,588	228,900	(20%)
Information technology and computer maintenance expenses	59,086	61,583	(4%)
Premises expenses	53,803	33,960	58%
Product marketing and promotion expenses	2,969	3,560	(17%)
Legal and professional fees	3,891	3,590	8%
Depreciation	24,843	23,663	5%
Other operating expenses	27,227	27,303	(0%)
Total	354,407	382,559	(7%)

Staff costs and related expenses decreased by \$46 million, primarily due to the reduction in performance bonus accrual on account of the lower profit of the Group in 2009.

Information technology and computer maintenance expenses of the Group, excluding costs of services and goods directly consumed by the Participants of \$25 million (2008: \$24 million), were \$34 million (2008: \$38 million). The lower costs of services and goods consumed by the Group were mainly due to a decrease in maintenance costs for AMS/3 following the expiry of one of the maintenance contracts. Costs of services and goods consumed by Participants were mostly recovered from the Participants and the income was included as part of network, terminal user, dataline and software sub-license fees under Other Revenue.

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

Taxation

	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000	Change
Taxation	152,689	252,344	(39%)

Taxation fell mainly attributable to a drop in profit before taxation, but was partly offset by the decrease in non-taxable investment income.

Working Capital

Working capital increased by \$414 million or 6 per cent to \$7,611 million as at 31 March 2009 (31 December 2008: \$7,197 million). The increase was primarily due to the profit generated during the first quarter of 2009 of \$834 million but was offset by the increase in available-for-sale financial assets maturing over 1 year of \$150 million and the increase in Margin Fund financial assets maturing over 1 year of \$245 million, and the decrease in other working capital of \$25 million.

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 bank deposits have been used to hedge the currency exposure of the Group's non-HKD investments and liabilities to mitigate risks arising from fluctuations in exchange rates.

As at 31 March 2009, the aggregate net open foreign currency positions amounted to HK\$6,818 million, of which HK\$147 million were non-USD exposures (31 December 2008: HK\$6,584 million, of which HK\$211 million were non-USD exposures) and the maximum gross nominal value of outstanding forward foreign exchange contracts amounted to HK\$3,356 million (31 December 2008: HK\$3,219 million). All forward foreign exchange contracts would mature within 2 months (31 December 2008: 2 months).

Foreign currency margin deposits received by the Group are mainly hedged by investments in the same currencies, but 25 per cent of the HKD liabilities may be invested in USD deposits for a maximum maturity of 2 weeks.

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 2008.

Changes since 31 December 2008

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 2008.

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 2009 (first quarter of 2008: \$Nil).

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

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000
Trading fees and trading tariff		495,831	866,110
Stock Exchange listing fees		153,593	191,112
Clearing and settlement fees		256,828	420,807
Depository, custody and nominee services fees		61,986	64,219
Income from sale of information		154,820	185,061
Other revenue	4	84,407	120,624
REVENUE		1,207,465	1,847,933
Investment income		134,737	438,111
Interest rebates to Participants		(867)	(70,041)
Net investment income	5	133,870	368,070
Gain on disposal of properties	6	-	68,641
	3	1,341,335	2,284,644
OPERATING EXPENSES			
Staff costs and related expenses		182,588	228,900
Information technology and computer maintenance expenses		59,086	61,583
Premises expenses		53,803	33,960
Product marketing and promotion expenses		2,969	3,560
Legal and professional fees		3,891	3,590
Depreciation		24,843	23,663
Other operating expenses	7	27,227	27,303
	3	354,407	382,559
PROFIT BEFORE TAXATION	3	986,928	1,902,085
TAXATION	8	(152,689)	(252,344)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		834,239	1,649,741
Basic earnings per share	9(a)	\$0.78	\$1.54
Diluted earnings per share	9(b)	\$0.77	\$1.53

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000
Profit attributable to shareholders	834,239	1,649,741
Other comprehensive income:		
Available-for-sale financial assets:		
Change in fair value during the period	(46,933)	56,821
Change in fair value on maturity	(15,029)	(15,155)
Less: Reclassification adjustment:		
Gains included in profit or loss on disposal	-	(4,678)
Deferred tax	10,223	(5,828)
Other comprehensive income attributable to shareholders, net of tax	(51,739)	31,160
Total comprehensive income attributable to shareholders	782,500	1,680,901

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited at 31 Mar 2009 \$'000	Audited at 31 Dec 2008 \$'000
NON-CURRENT ASSETS			
Fixed assets		291,712	311,179
Lease premium for land		60,071	60,199
Financial assets of Margin Funds on derivatives contracts		245,207	-
Available-for-sale financial assets		150,176	-
Time deposit with maturity over one year		206	-
Deferred tax assets		4,177	4,429
Other financial assets		48,479	47,172
Other assets		3,207	3,207
		803,235	426,186
CURRENT ASSETS			
Accounts receivable, prepayments and deposits	10	8,056,699	8,526,557
Lease premium for land		509	509
Tax recoverable		26,752	-
Financial assets of Clearing House Funds		417,219	393,202
Cash and cash equivalents of Clearing House Funds		903,350	843,109
		1,320,569	1,236,311
Financial assets of Margin Funds on derivatives contracts		12,455,711	19,655,161
Cash and cash equivalents of Margin Funds on derivatives contracts		11,058,744	22,184,833
		23,514,455	41,839,994
Financial assets at fair value through profit or loss		3,167,630	3,020,035
Available-for-sale financial assets		2,921,573	2,581,683
Time deposits with original maturities over three months		606,904	436,896
Cash and cash equivalents		6,156,068	4,755,750
		45,771,159	62,397,735
CURRENT LIABILITIES			
Participants' contributions to Clearing House Funds		308,877	197,520
Other financial liabilities of Clearing House Funds		35,891	72,319
Margin deposits from Clearing Participants on derivatives contracts		23,759,662	41,839,991
Other financial liabilities of Margin Funds on derivatives contracts		-	3
Accounts payable, accruals and other liabilities	11	13,508,675	12,410,854
Financial liabilities at fair value through profit or loss		12,712	26,254
Participants' admission fees received		83,800	83,150
Deferred revenue		336,320	392,688
Taxation payable		81,033	141,363
Provisions		33,391	36,290
		38,160,361	55,200,432
NET CURRENT ASSETS		7,610,798	7,197,303
TOTAL ASSETS LESS CURRENT LIABILITIES		8,414,033	7,623,489

	Note	Unaudited at 31 Mar 2009 \$'000	Audited at 31 Dec 2008 \$'000
NON-CURRENT LIABILITIES			
Participants' contributions to Clearing House Funds		259,500	252,000
Deferred tax liabilities		26,542	30,775
Financial guarantee contract		19,909	19,909
Provisions		25,842	25,483
		331,793	328,167
NET ASSETS			
		8,082,240	7,295,322
CAPITAL AND RESERVES			
Share capital		1,075,006	1,074,886
Share premium		349,342	346,902
Shares held for Share Award Scheme		(69,610)	(65,254)
Employee share-based compensation reserve		53,286	47,032
Revaluation reserve		44,942	96,681
Designated reserves		554,928	552,383
Retained earnings	12	6,074,346	5,242,692
SHAREHOLDERS' FUNDS			
		8,082,240	7,295,322
TOTAL ASSETS			
		46,574,394	62,823,921
TOTAL LIABILITIES			
		38,492,154	55,528,599
SHAREHOLDERS' FUNDS PER SHARE			
		\$7.53	\$6.79

NOTES TO THE CONDENSED CONSOLIDATED ACCOUNTS

1. Basis of Preparation and Accounting Policies

These unaudited condensed consolidated accounts should be read in conjunction with the 2008 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 2008.

2. Turnover

The Group's turnover comprises trading fees and trading tariff from securities and options traded on the Stock Exchange and derivatives contracts traded on the Futures Exchange, Stock Exchange listing fees, clearing and settlement fees, depository, custody and nominee services fees, income from sale of information, net investment income (including investment income net of interest rebates to Participants of Clearing House Funds) and other revenue.

3. Operating Segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has four reportable segments. The segments are managed separately as each business offers different products and services and requires different information technology systems and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

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, CBBs, ETFs, 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. Results of the Listing Function are included in 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 stock and equity index futures and options, and interest rate, commodity and Exchange Fund Note futures. Its income mainly comprises trading fees, trading tariff and net 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 HKFE Clearing Corporation Limited, which are responsible for clearing, settlement and custodian activities of the Cash and Derivatives Markets operated by the Group. Its income is derived primarily from net 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.

An analysis of the Group's reportable segment profit before taxation for the period by operating segment is as follows:

	Unaudited Three months ended 31 Mar 2009					Group \$'000
	Cash Market \$'000	Derivatives Market \$'000	Clearing Business \$'000	Information Services \$'000	Inter-segment elimination (note b) \$'000	
Income from external customers	537,525	166,722	348,218	155,000	-	1,207,465
Net investment income	15,328	101,206	20,013	77	(2,754)	133,870
	552,853	267,928	368,231	155,077	(2,754)	1,341,335
Operating expenses						
Direct costs	142,632	37,843	81,738	11,388	(2,754)	270,847
Indirect costs	39,464	13,586	24,239	6,271	-	83,560
	182,096	51,429	105,977	17,659	(2,754)	354,407
Reportable segment profit before taxation	370,757	216,499	262,254	137,418	-	986,928

	Unaudited Three months ended 31 Mar 2008					Group \$'000
	Cash Market \$'000	Derivatives Market \$'000	Clearing Business \$'000	Information Services \$'000		
Income from external customers	961,489	181,793	519,451	185,200		1,847,933
Net investment income	30,081	318,757	19,134	98		368,070
Gain on disposal of properties	33,442	11,580	19,116	4,503		68,641
	1,025,012	512,130	557,701	189,801		2,284,644
Operating expenses						
Direct costs	148,621	36,967	89,726	14,094		289,408
Indirect costs	45,405	15,893	25,918	5,935		93,151
	194,026	52,860	115,644	20,029		382,559
Reportable segment profit before taxation	830,986	459,270	442,057	169,772		1,902,085

- (a) The accounting policies of the reportable segments are the same as the Group's accounting policies. Central income (mainly net investment income of the Corporate Funds) and central costs (mainly costs of support functions that centrally provide services to all of the operating segments) are allocated to the operating segments as they are included in the measure of the segments' profit that is used by the chief operating decision-makers for the purposes of resource allocation and assessment of segment performance. Performance is measured based on segment profit before taxation. Taxation charge/(credit) is not allocated to reportable segments.
- (b) The elimination adjustment represents the inter-segment interest charge from the Corporate Centre to the Clearing Business segment for funding the closing-out of market contracts of the defaulting Participant, Lehman Brothers Securities Asia Limited. There were no inter-segment sales and charges during the three-month period ended 31 March 2008.

4. Other Revenue

	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000
Network, terminal user, dataline and software sub-license fees	62,533	89,851
Participants' subscription and application fees	8,779	8,528
Brokerage on direct IPO allotments	205	3,734
Trading booth user fees	3,581	2,397
Accommodation income on securities deposited by Participants as alternatives to cash deposits of Margin Funds	1,524	8,916
Sales of Trading Rights	3,500	3,000
Miscellaneous revenue	4,285	4,198
	84,407	120,624

5. Net Investment Income

	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000
Interest income		
- bank deposits	28,846	247,454
- listed available-for-sale financial assets	3,138	2,526
- unlisted available-for-sale financial assets	88,569	189,001
	120,553	438,981
Interest rebates to Participants	(867)	(70,041)
Net interest income	119,686	368,940
Net realised and unrealised gains/(losses) and interest income on financial assets and financial liabilities at fair value through profit or loss, held for trading		
- listed securities	12,550	(25,429)
- unlisted securities	9,091	18,194
- exchange differences	(7,971)	1,906
	13,670	(5,329)
Realised gains on disposal of unlisted available-for-sale financial assets	-	1,437
Dividend income from listed financial assets at fair value through profit or loss	685	1,450
Other exchange differences on loans and receivables	(171)	1,572
Net investment income	133,870	368,070
Net investment income was derived from:		
Corporate Funds	32,769	48,234
Margin Funds	98,832	312,614
Clearing House Funds	2,269	7,222
	133,870	368,070

6. Gain on Disposal of Properties

The Group sold an investment property and one of the leasehold properties in the first quarter of 2008, generating a gain of \$68,641,000.

7. Other Operating Expenses

	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000
Reversal of provision for impairment losses of trade receivables	(279)	(96)
Insurance	1,145	1,172
Financial data subscription fees	1,275	1,119
Custodian and fund management fees	2,815	3,116
Bank charges	1,668	3,033
Repair and maintenance expenses	2,274	2,172
License fees	4,611	4,835
Communication expenses	1,223	1,096
Other miscellaneous expenses	12,495	10,856
	27,227	27,303

8. Taxation

Taxation charge/(credit) in the condensed consolidated income statement represented:

	Unaudited Three months ended 31 Mar 2009 \$'000	Unaudited Three months ended 31 Mar 2008 \$'000
Provision for Hong Kong Profits Tax for the period (note a)	146,447	263,113
Deferred taxation	6,242	(10,769)
	152,689	252,344

- (a) Hong Kong Profits Tax has been provided for at 16.5 per cent (2008: 17.5 per cent) on the estimated assessable profit for the period.

9. 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 2009	Unaudited Three months ended 31 Mar 2008
Profit attributable to shareholders (\$'000)	834,239	1,649,741
Weighted average number of shares in issue less shares held for Share Award Scheme	1,073,940,769	1,069,784,647
Basic earnings per share	\$0.78	\$1.54

(b) Diluted Earnings per Share

	Unaudited Three months ended 31 Mar 2009	Unaudited Three months ended 31 Mar 2008
Profit attributable to shareholders (\$'000)	834,239	1,649,741
Weighted average number of shares in issue less shares held for Share Award Scheme	1,073,940,769	1,069,784,647
Effect of employee share options	3,368,753	7,873,868
Effect of Awarded Shares	906,239	1,118,822
Weighted average number of shares for the purpose of calculating diluted earnings per share	1,078,215,761	1,078,777,337
Diluted earnings per share	\$0.77	\$1.53

10. Accounts Receivable, Prepayments and Deposits

The Group's accounts receivable, prepayments and deposits mainly represented the Group's Continuous Net Settlement ("CNS") money obligations receivable under the T+2 settlement cycle, which accounted for 93 per cent (31 December 2008: 93 per cent) of the total accounts receivable, prepayments and deposits. CNS money obligations receivable mature within 2 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 3 months.

11. Accounts Payable, Accruals and Other Liabilities

The Group's accounts payable, accruals and other liabilities mainly represented the Group's CNS money obligations payable under the T+2 settlement cycle, which accounted for 55 per cent (31 December 2008: 64 per cent) of the total accounts payable, accruals and other liabilities. CNS money obligations mature within 2 days after the trade date. The majority of the remaining accounts payable, accruals and other liabilities would mature within 3 months.

12. Retained Earnings (Including Proposed Dividend)

	Unaudited 2009 \$'000	Audited 2008 \$'000
At 1 Jan	5,242,692	6,288,138
Profit for the period/year (note a)	834,239	5,128,924
Transfer (to)/from Clearing House Funds reserves	(2,545)	142,470
Transfer from leasehold buildings revaluation reserve on disposal of a leasehold property	-	3,155
	(2,545)	145,625
Dividends:		
2007 final dividend	-	(3,634,850)
Dividend on shares issued for employee share options exercised after 31 Dec 2007	-	(11,309)
	-	(3,646,159)
2008 interim dividend	-	(2,670,320)
Dividend on shares issued for employee share options exercised after 30 Jun 2008	-	(3,055)
	-	(2,673,375)
Unclaimed dividend forfeited	-	2,566
Vesting of shares of Share Award Scheme	(40)	(3,027)
At 31 Mar 2009/31 Dec 2008	6,074,346	5,242,692
Representing:		
Retained earnings	4,141,136	3,309,601
Proposed dividend	1,933,210	1,933,091
At 31 Mar 2009/31 Dec 2008	6,074,346	5,242,692

- (a) The Group's profit for the period/year included a surplus attributable to the net investment income net of expenses and reversal of provision for closing-out losses of the Clearing House Funds of \$2,545,000 (year ended 31 December 2008: net deficit attributable to the net investment income net of expenses less provision for closing-out losses of the Clearing House Funds of \$142,470,000).

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2009 in conjunction with HKE_x's external auditor.

Management has appointed the external auditor to carry out certain agreed-upon procedures in accordance with Hong Kong Standard 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 2009.

OPERATIONAL REVIEW

Organisational Changes

Mr Richard Williams, Head of Listing, left HKEx at the end of February 2009 for family reasons after joining HKEx for more than 6 years, and Mr Stewart Shing, who had been the Head of Clearing since December 2003, retired on 1 April 2009. We would like to thank them for their many noteworthy contributions to HKEx and their relentless effort in developing respectively the primary market and clearing services in Hong Kong during their service. Messrs Mark Dickens and Derrick Fung were appointed as their successors effective 1 March 2009 and 1 April 2009 respectively. Mr Gerald Greiner was appointed as the Chief Executive of HKSCC effective 1 April 2009 to succeed Mr Stewart Shing. The updated organisation chart is posted on the HKEx website.

Corporate Governance

The Directors appointed by the Financial Secretary of Hong Kong (“Financial Secretary”) and the Chief Executive in his capacity as a Director are not subject to election or re-election by HKEx’s shareholders (“Shareholders”) as governed by Section 77 of the Securities and Futures Ordinance and HKEx’s Articles of Association respectively. Save as disclosed in this paragraph, HKEx has complied with all the code provisions and, where appropriate, adopted the recommended best practices, as set out in the CG Code contained in Appendix 14 to the Main Board Listing Rules throughout the review period.

As of 15 February 2009, HKEx’s Global Rating and Home Market Rating assigned by GovernanceMetrics International, a corporate governance ratings and research firm, were 8.0 and 10.0 respectively out of the maximum of 10.0.

We continue our commitment to make further progress in the evolution of our corporate governance practice and welcome comments from our stakeholders, which can be sent to us in writing or by email to ssd@hkex.com.hk.

Corporate Social Responsibility (“CSR”) Development

In March 2009, we established a CSR section (www.hkex.com.hk/exchange/csr/csr.htm) on the HKEx website to disclose our CSR philosophy and related activities as well as the latest CSR developments within the Company. Our first stand alone CSR Report was published in March 2009 to provide a highlight of the most important CSR achievements in 2008, which is posted on the HKEx website under the CSR section. Our stakeholders are invited to give their comments on the 2008 CSR Report by completing the feedback form on the HKEx website at www.hkex.com.hk/exchange/csr/csr_reporting.htm to enable us to improve our future reports.

PROSPECTS

The persistence of negative market sentiment had a significant impact on both the primary and secondary markets in the first quarter of 2009. The total funds raised and the average daily turnover value during this period on the Stock Exchange dropped by 93 per cent and 12 per cent respectively from the last quarter of 2008. The plunge in global consumption was magnified by worsening unemployment and tighter credit conditions which caused aggressive business retrenchment in most economies. There seems little doubt that but for massive intervention by many governments, conditions would have been far worse. The latest news does not indicate that the grip of a deep contraction has yet to ease. The Financial Secretary in his Budget Speech forecast a 2 to 3 per cent decrease in Hong Kong’s GDP (Gross Domestic Product) for 2009 and the first negative growth for

the whole year since the Asian financial turmoil in 1998. Despite glimmers of hope that global fiscal policy stimulus may be working, with the economy sinking into recession, HKE_x's financial performance is likely to be adversely affected.

Despite the difficulties ahead, HKE_x continues to work hard to ensure it operates a quality market built on a solid financial infrastructure with sound products and services to bolster confidence in our marketplace. Internally, we adhere to prudent risk management practices to safeguard our stakeholders' interests. Additionally, we have conducted a strategic review of the Listing Rules and their application to enhance our competitiveness. Externally, HKE_x is continuing to explore new opportunities, including introducing innovative products such as options with flexible features and emissions-related products. Amid the global financial turmoil, the number of IPOs slightly increased from 5 in the last quarter of 2008 to 7 during the first quarter of 2009. It is particularly encouraging that HKE_x was named in February 2009 as the "Stock Exchange of the Year" in The Asset Triple A Transaction Banking Awards 2009.

HKE_x signed a Closer Cooperation Agreement with the Shanghai Stock Exchange and the Shenzhen Stock Exchange respectively in January and April 2009. We are committed to working together more closely towards the common goals of meeting the domestic and international fund-raising needs of Chinese enterprises for their continued development, and contributing to the greater development of China's economy. The Central Government has demonstrated its strong support of Hong Kong, and is taking active steps to stimulate growth. HKE_x will work more closely with the Mainland authorities and exchanges to seek closer cooperation and mutual benefits for our securities markets.

While our 2007-2009 Strategic Plan remains in place to achieve sustainable organic growth, we are developing our third Three-Year Strategic Plan for 2010-2012, which will include reaffirming our focus on market quality, our core businesses and system excellence to prepare ourselves to take advantage of new opportunities that may emerge from the new financial order.

PURCHASE, SALE OR REDEMPTION OF HKE_x'S LISTED SECURITIES

During the three months ended 31 March 2009, neither HKE_x nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Exchange a total of 59,900 HKE_x shares at a total consideration of about \$4.9 million.

PUBLICATION OF RESULTS AND QUARTERLY REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2009

This results announcement is published on HKE_xnews at www.hkexnews.hk and the HKE_x website at www.hkex.com.hk/relation/results/2009results.htm. The Quarterly Report for the three months ended 31 March 2009 will be available on both websites and despatched to Shareholders on or about Wednesday, 27 May 2009.

BOARD OF DIRECTORS

Messrs Ignatius T C Chan and John M M Williamson were elected as Directors by Shareholders at the annual general meeting held on 23 April 2009 each for a term of approximately 3 years from 23 April 2009 until the conclusion of the annual general meeting to be held in 2012. On the same day, the Financial Secretary re-appointed Dr Marvin K T Cheung and appointed Messrs Stephen C C Hui and Michael T H Lee as Government Appointed Directors each for a term of approximately 2 years from 23 April 2009 until the conclusion of the annual general meeting to be held in 2011.

The Board would like to express its sincere gratitude to Messrs Henry H L Fan and Fong Hup and Dr Christine K W Loh for their invaluable contributions, advice and support rendered to HKE_x over the past years.

Following the changes in the Board composition that took effect on 23 April 2009, the Board considered and appointed members to various Committees and Consultative Panels on 24 April 2009. The updated member list is available on the HKE_x website. The term of service of each Director with each Committee or Consultative Panel shall be coterminous with the individual's term of directorship with HKE_x.

As at the date of this announcement, the Board comprises 12 Independent Non-executive Directors, namely Mr ARCULLI, Ronald Joseph (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 STRICKLAND, John Estmond, Mr WILLIAMSON, John Mackay McCulloch 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, 13 May 2009