

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the shareholders of Hong Kong Exchanges and Clearing Limited (HKEx) will be held at the Trading Hall of The Stock Exchange of Hong Kong Limited (Stock Exchange) at 1st Floor, One and Two Exchange Square, Central, Hong Kong on Tuesday, 15 April 2003 at 4:30 p.m. for the following purposes:

1. To receive and consider the Audited Accounts for the year ended 31 December 2002 together with the Reports of the Directors and Auditors thereon.
2. To declare a Final Dividend.
3. To elect Directors.
4. To re-appoint Auditors and to authorise the Directors to fix their remuneration.
5. To consider as special business and, if thought fit, pass with or without modification the following resolutions as Ordinary Resolutions and a Special Resolution respectively:

## Ordinary Resolutions

(I) "THAT:

- (a) subject to paragraph (c) below and pursuant to section 57B of the Companies Ordinance, the exercise by the Directors of HKEx during the Relevant Period (as hereinafter defined) of all the powers of HKEx to allot, issue and deal with additional shares of HK\$1.00 each in the capital of HKEx and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of HKEx) which would or might require the exercise of such power 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),

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- (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 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

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HKEx on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of HKEx may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations, or the expense and delay in determining the extent of any restrictions or obligations, under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong which are applicable to HKEx).”

(II) “THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of HKEx during the Relevant Period (as hereinafter defined) of all powers of HKEx to repurchase shares of HKEx on the Stock Exchange or on any other stock exchange on which the shares of HKEx may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares which HKEx is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of HKEx at the date of passing this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution:

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

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

(III) “THAT conditional upon the passing of Resolutions 5(I) and 5(II) set out in the notice convening this meeting, the general mandate granted to the Directors of HKEx and for the time being in force to exercise the powers of HKEx to allot, issue and deal with additional shares pursuant to Resolution 5(I) set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing

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the aggregate nominal amount of shares in the capital of HKEx repurchased by HKEx under the authority granted pursuant to Resolution 5(II) set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of HKEx at the date of the said Resolution.”

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

## Special Resolution

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

- (a) Clause 3(d) of the Memorandum of Association of HKEx be deleted in its entirety and replaced by the following:

“(d)in this clause:

- (i) “assets” includes property, rights and interests of every description, whether present or future, actual or contingent and wherever situate and, in the case of the Company, its uncalled capital;
- (ii) “charge” includes any mortgage, pledge, lien or other form of security;
- (iii) “dispose of”, in relation to an asset, includes selling or transferring it or surrendering or extinguishing it, and also creating or granting it or any interest or right out of or in respect of it;
- (iv) “liabilities” includes debts and obligations of every description, whether present or future, actual or contingent;
- (v) “person” includes any partnership or other body of persons, whether corporate or unincorporate, and any country, territory, public authority and international organisation; and
- (vi) “subsidiary” has the meaning ascribed to it in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).”

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

(i) deleting the definitions of “clearing house” and “Commission” in Article 2(1) and replacing with the following:

“clearing house      a recognised clearing house within the meaning of Schedule 1 of the SFO or a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted with the permission of the Company on a stock exchange in such jurisdiction;

Commission          the Securities and Futures Commission established under the Securities and Futures Commission Ordinance (now repealed) which continues in existence in its original name under the SFO;”

(ii) adding a new definition to Article 2(1):

“SFO                  the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);”

(iii) deleting the definition of “Merger Ordinance” from Article 2(1).

(c) Article 55 of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“(1) Pursuant to section 61 of the SFO, a person, either alone or with any associated person or persons, is not permitted to be entitled to exercise, or control the exercise of, 5 per cent. or more of the voting power at any general meeting of the Company except in certain limited circumstances.

(2) For the purposes of this Article:

(a) “associated person” shall have the meaning ascribed to it in section 18 of the SFO;

(b) “minority controller” shall have the meaning ascribed to it in section 61(20) of the SFO in relation to a recognised exchange controller;

(c) “Permitted Person” means any person or class of persons who is permitted to be a minority controller of the Company pursuant to the SFO;

(d) “recognised exchange controller” shall have the meaning ascribed to it in Schedule 1 of the SFO;

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- (e) “Relevant Share Capital” means securities of the Company which carry (or may, according to their terms, in certain circumstances carry) the right to vote on any resolution at any general meeting of the Company (whether or not the right is exercisable in relation to all resolutions at all general meetings);
  - (f) “Restricted Person” means any person who is a minority controller of the Company and is not a Permitted Person; and
  - (g) “Restricted Shares” means the securities to which section 1(9) of Part 6 of Schedule 3 to the SFO applies (with references to “the corporation concerned” in that section being interpreted as references to the Company).
- (3) No person shall become a minority controller of the Company except in accordance with the provisions of the SFO and other applicable law.
- (4) (a) Every person shall forthwith provide written notice to the Company if:
- (i) he/it becomes a minority controller of the Company or a company of which the Company is a subsidiary; or
  - (ii) he/it has been served with a notice (a “Commission Notice”) from the Commission pursuant to section 61(9)(b) of the SFO or section 1(2) of Part 6 of Schedule 3 to the SFO.
- (b) A notice given in relation to paragraph (a)(i) above shall include details of that person’s and his/its associated persons’ interests in the Relevant Share Capital and either the basis on which that person is permitted to be a minority controller under the SFO (a “Permitted Person Notice”) or a statement that the person is not permitted to be such a minority controller (a “Restricted Person Notice”). The Directors may forward any notices to the Commission for further investigation and enforcement.
- (c) A notice given in relation to paragraph (a)(ii) above (also, a “Restricted Person Notice”) shall include a copy of the relevant Commission Notice.
- (d) The Directors may by notice in writing (a “Disclosure Notice”) require any member, or any other person appearing to be interested or appearing to have been interested in the securities of the Company, to disclose to the Company in writing such information (supported if the Directors so require by a statutory declaration and/or by independent evidence) as the Directors shall require relating to the ownership of or interests in the securities in question as lies within the knowledge of such member or other person, including (without prejudice to the generality of the foregoing):

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- (i) any information which the Company would be entitled to seek pursuant to section 329 of the SFO;
  - (ii) any information which the Directors shall deem necessary or desirable in order to determine whether any securities or rights to subscribe for, or convert into, securities of the Company are Restricted Shares; and
  - (iii) any information which the Directors shall deem necessary or desirable in order to determine whether any person is or is deemed to be a Restricted Person or otherwise in relation to the application or potential application of this Article.
- (e) A Disclosure Notice pursuant to paragraph (4)(d) of this Article may be given by the Directors at any time. One or more Disclosure Notices may be given in respect of the same securities in the Company to a member and/or any other person appearing to be, or to have been, interested in those securities.
- (f) The Directors may forward any response in respect of a Disclosure Notice to the Commission for further investigation and enforcement. Furthermore, where the holder of any securities or rights to subscribe for, or convert into, securities in the Company, or any person appearing to be interested in such securities or rights, fails to comply within 14 days with a Disclosure Notice, the Directors may notify the Commission of such non-compliance together with such other information as the Directors deem necessary or desirable in this connection.
- (5) If the Directors shall become aware (as a result of having received a Restricted Person Notice or a Commission Notice pursuant to Section 1(10) of Part 6 of Schedule 3 to the SFO or otherwise) that any person has become a Restricted Person, the Directors may serve a written notice on all persons (other than persons referred to in paragraph (9) of this Article) who appear to the Directors to have interests in (and, if different, are the registered holders of) the Restricted Shares. Such notice shall set out the restrictions referred to in paragraph (6) of this Article.
- (6) A holder of a Restricted Share on whom a notice has been served under paragraph (5) above shall not in respect of those securities be entitled, until such time as the relevant person notifies the Company in writing (together with such confirmation from the Commission or other evidence as may be required by the Directors) that such person has ceased to be a Restricted Person, to attend or vote at any general meeting of the Company or meeting of the holders of Relevant Share Capital or of any class thereof, and the rights to attend (whether in person or by proxy), to speak and to demand and vote on a

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poll which but for the provisions of this paragraph would have attached to the Restricted Share shall vest in the chairman of such meeting. The manner in which the chairman exercises or refrains from exercising any such rights shall be entirely at his discretion. The chairman of any such meeting as aforesaid shall be informed by the Directors of any securities becoming or being deemed to be a Restricted Share or ceasing to be a Restricted Share.

- (7) The Directors may assume without enquiry that a person is a Permitted Person or is not a Restricted Person.
- (8) The Directors may take such action and do such things which they believe to be necessary or desirable in order to ensure that the Company (a) does not assist in or permit the contravention of any restrictions imposed on any person and/or securities by the Commission pursuant to any Commission Notice (including without limitation refusing to register any transfer of any securities), and (b) does not commit an offence under section 2 of Part 6 of Schedule 3 to the SFO or any other applicable law.
- (9) The Directors shall not be obliged to serve any notice required under this Article to be served upon any person if either his identity or his address is not known to them. The absence of service of such notice in such circumstances as aforesaid, and any accidental error in or failure to give any notice to any person upon whom notice is required to be served under this Article, shall not prevent the implementation of or invalidate any procedure under this Article.
- (10) If any Director believes that a person is a Restricted Person he shall inform the other Directors of that fact.
- (11) The provisions of these Articles regarding the giving of notice to members shall apply to the giving to a member of any notice required by this Article. Any notice required by this Article to be given to a person who is not a member, or who is a member whose registered address is not within Hong Kong and who has not given to the Company an address within Hong Kong at which notices may be given to him, shall be deemed validly given if it is sent by mail (or airmail if the address is outside Hong Kong) in a prepaid envelope addressed to that person at the address (or if more than one, at one of the addresses), if any, at which the Directors believe him to be resident or carrying on business or to his last known address as shown on the register of members. The notice shall in such a case be deemed to have been given on the day following that on which the envelope containing the same is posted, unless it was sent by airmail, in which case it shall be deemed to have been given on the fifth day following that on which it was posted. Proof that the envelope was properly addressed and put into post as prepaid mail or prepaid airmail (as the case may be) shall be conclusive evidence that the notice was given.

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(12) Any resolution or determination of, or decision or exercise of any discretion or power by, the Directors or any Director or the chairman of any meeting under or pursuant to the provisions of this Article shall be final and conclusive; and any act or thing done, by or on behalf of, or on the authority of, the Directors or any Director pursuant to the foregoing provisions of this Article shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to its validity or otherwise on any ground whatsoever. The Directors shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Article.

(13) This Article shall apply notwithstanding any provision in these Articles to the contrary.”

(d) Article 90(3) of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“(3) Subject to the provisions of section 77 of the SFO, the Financial Secretary may at any time:

(a) appoint any person as a Director representing the public interest; and

(b) remove from office any person so appointed (whether or not his term has been completed);

provided that the number of Directors from time to time appointed by the Financial Secretary shall not exceed eight.”

(e) Article 106 of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“The Directors may from time to time appoint committees (including, but without limitation, a Risk Management Committee in compliance with section 65 of the SFO) consisting of such member or members of their body and/or such other person(s) as they think fit, and may delegate any of their powers to any such committee, and from time to time revoke any such delegation and discharge any such committee wholly or in part. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Directors. Without limiting the generality of this Article 106, any committee so formed may be authorised by the Directors to sub-delegate all or any of the powers, authorities or discretions for the time being vested in it.”

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- (f) Article 111(2) and (3) of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“(2)Any appointment of a person to the office of Chairman by the Directors shall be subject to (and effective only upon) the written approval of such appointment by the Chief Executive of Hong Kong. The Chairman shall be a non-executive Director and shall be appointed for an initial term coinciding with his term as a non-executive Director and may be re-appointed in accordance with the provisions of this Article for a further period or periods up to a maximum of the longer of six consecutive years or six consecutive annual general meetings (including the initial term as aforesaid but disregarding any annual general meeting held in the year 2000). For greater certainty, a person who has served as Chairman for the maximum consecutive period as aforesaid shall not be eligible for reappointment until the later of one year after he ceases to be Chairman or the next annual general meeting after he ceases to hold such office. A person may only be removed from his office as Chairman by:

- (a) a resolution of the Directors passed by two-thirds in number of the Directors from time to time; or
- (b) written notice from the Chief Executive of Hong Kong removing him from his office in accordance with section 69 of the SFO.

- (3) Any appointment of a person to the office of Chief Executive or Chief Operating Officer by the Directors shall be subject to (and effective only upon):

- (a) the Chairman providing his prior written recommendation to the appointment of the relevant person to the relevant office; and
- (b) the written approval of the Commission.

A person may only be removed from his office as Chief Executive or Chief Operating Officer by:

- (i) a resolution of the Directors passed by a simple majority in number of the Directors from time to time if such removal has been recommended by the Chairman; or
- (ii) written notice from the Commission removing him from his office in accordance with section 70 of the SFO.

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A person removed from office by the Commission pursuant to subparagraph 3(ii) above shall be entitled to appeal his removal to the Chief Executive in Council (having the same meaning as used in section 73 of the SFO) in accordance with the provisions of section 73 of the SFO.””

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

Hong Kong, 12 March 2003

Notes:

- (1) A shareholder entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint one or more proxies to attend and vote in his stead. The proxy need not be a shareholder of HKEx.
- (2) Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of HKEx in respect of such share shall alone be entitled to vote in respect thereof.
- (3) In order to be valid, the enclosed form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practise in Hong Kong), must be deposited at HKEx's registrar, Hong Kong Registrars Limited, at Rooms 1901-5, 19/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time fixed for holding the above meeting or adjourned meeting (as the case may be).
- (4) The register of members of HKEx will be closed from Thursday, 10 April 2003 to Tuesday, 15 April 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged for registration with HKEx's registrar, Hong Kong Registrars Limited at the above address not later than 4:00 p.m. on Wednesday, 9 April 2003.
- (5) Concerning Resolutions 5(I) and 5(II), the Directors wish to state that there are no immediate plans to issue any new shares or to repurchase any shares of HKEx. The general mandates are being sought from shareholders in compliance with the Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.
- (6) There will be six elected Director vacancies to be filled at the forthcoming annual general meeting. A circular containing further information concerning the election of Directors and Resolutions 5(I) to 5(V) will be sent to shareholders together with HKEx's 2002 Annual Report.