



Announcement

Merger with Hong Kong Registrars

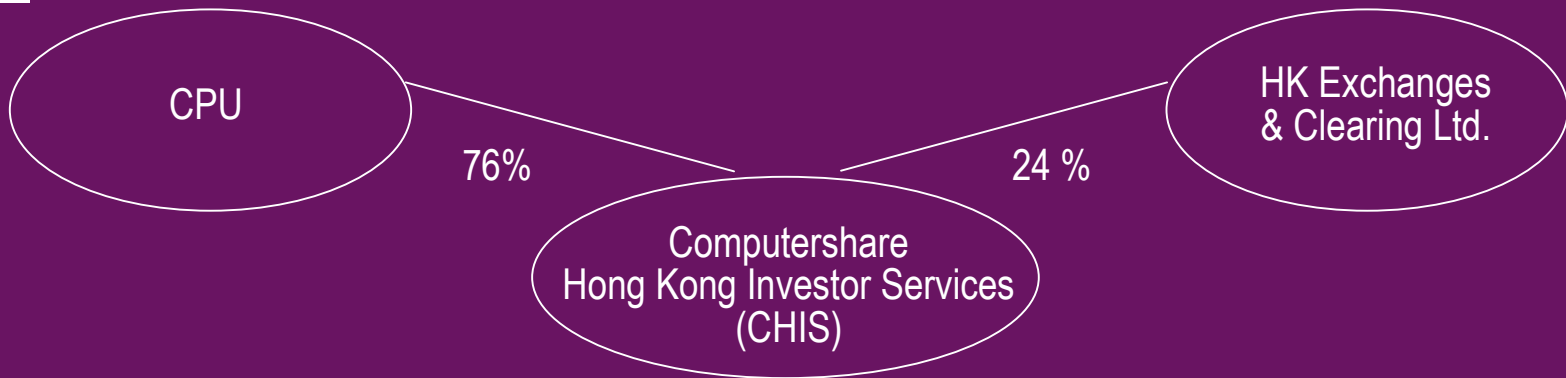
26 April 2002

Key Elements of the Transaction

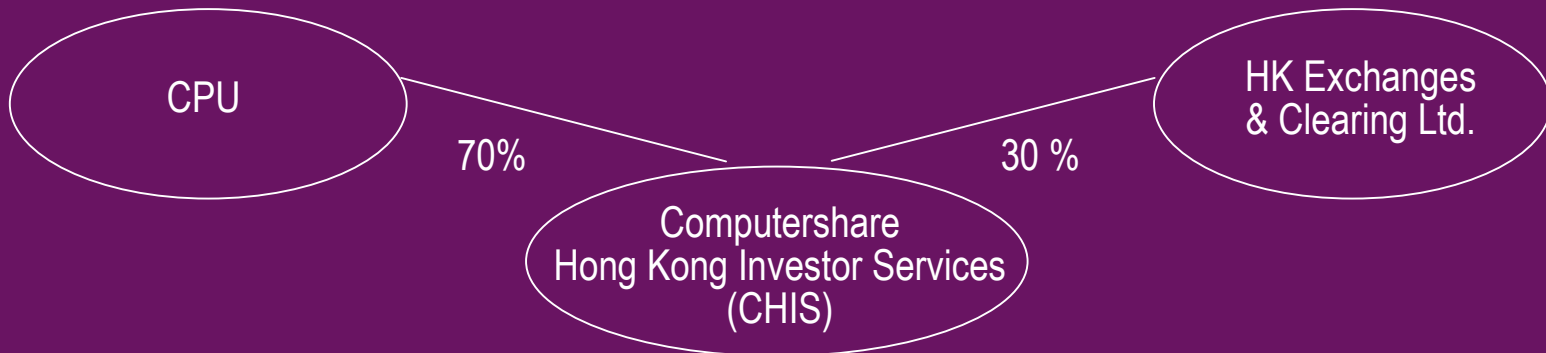
- CPU and Hong Kong Exchanges and Clearing (HKEx) are to merge share registry businesses effective from 1 June 2002
- Equity Interests in joint venture: CPU 76%; HKEx 24 %
- Option for HKEx to increase to 30% interest within next 3 years (by 2005)
- Cost: HKEx paying ~ HK\$ 25 M to top up 24%
- No additional CPU funding required
- Financial impact: EPS positive to CPU - J/V to pay commercial IT rates to CTS
- As majority shareholder, CPU controls management of the joint venture
- All registry clients of the new J/V will be maintained on CPU systems

Proposed Ownership Structure

Day 1



In 2005 - Option for HK Exchange to acquire a further 6% of CHIS



Strategic Value to CPU

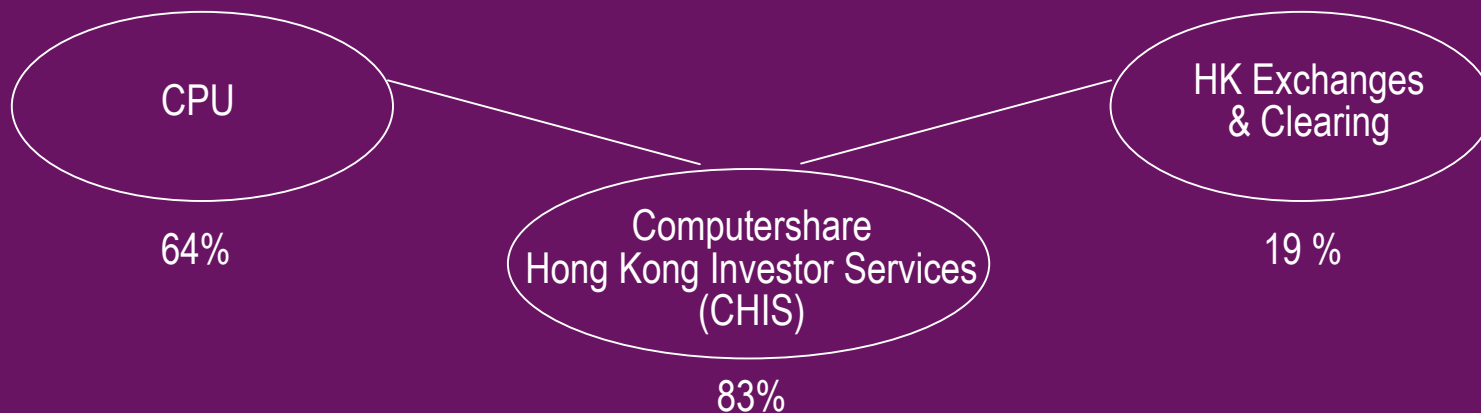
Immediate

- Increase market share dominance in Hong Kong to 83%
- Increase the representation of clients in the Hang Seng Index and Hang Seng China Enterprise Indices
- CTS bureau services provided to J/V
- Expand relationship with HKEx
- Reduced competition in registry services
- Obtain further scale from introduction of SCRIP end May '02

Longer Term

- Opportunity to further increase efficiency as HK moves to a “scripless” / electronic trading environment (regulatory consultation currently underway)
- Strategic local partner for expansion into China

Market Share Analysis *



	<u>Market Share*</u>	<u>Profile of Client Base</u>	
		Hang Seng Index	Hang Seng China Enterprise Index
CHIS	83%	67%	100%
Bank of East Asia	17%	33%	--

* Based on market capitalisation as at 31 January, 2002

Overview of Hong Kong Securities Market

- Medium level of transparency
- Majority of stock by value held in depository via custodian / nominee accounts
- Electronic settlement of market traded through depository
- Paper based outside depository
- Approximately 800 listed entities
- Publicly listed stock exchange (which also owns depository)