

11 September 2019

HKEX INVESTOR PRESENTATION

***PROPOSED COMBINATION WITH
LONDON STOCK EXCHANGE GROUP PLC
("LSEG")***

HKEX
香港交易所

Disclaimer

NOT FOR RELEASE, PRESENTATION, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF THAT JURISDICTION

This presentation has been prepared by Hong Kong Exchanges and Clearing Limited (“**HKEX**”) in connection with the possible offer for London Stock Exchange Group plc (“**LSEG**”) by HKEX (the “**Possible Offer**”) and does not purport to contain all the information that may be necessary or desirable to fully and accurately evaluate HKEX, LSEG or the business prospects of the Possible Offer. By accepting these presentation slides, and attending the presentation, you agree to the conditions set out below. This presentation is not intended to, and does not, constitute or form any part of any offer, solicitation, invitation or recommendation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this presentation or otherwise. The statements contained in these presentation slides are not to be construed as legal, business, financial or tax advice.

This presentation is not directed at, and is not intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject HKEX to any registration requirement within such jurisdiction or country. Shareholders who are in any doubt regarding such matters should consult an appropriate independent adviser in the relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The statements contained in these presentation slides are made as at the date of this presentation, unless some other time is specified in relation to them, and delivery of this presentation shall not give rise to any implication that there has been no change in the facts set out in these presentation slides since such date. Unless expressly stated to the contrary in these presentation slides, no statement in the presentation slides is intended as a profit forecast or estimate for any period and no statement in these presentation slides should be interpreted to mean that earnings for HKEX or earnings per HKEX share, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings for HKEX or per HKEX share.

Statements in respect of the Possible Offer relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, any targets, actions or outcomes referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Except as expressly stated, nothing in this presentation constitutes a quantified financial benefits statement, profit forecast or profit estimate for the purposes of Rule 28 of the City Code on Takeovers and Mergers.

None of HKEX, its shareholders, subsidiaries, affiliates, or its or their respective directors, officers, partners, employees, representatives and advisers (the “**Relevant Parties**”) makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this presentation, or otherwise made available, nor as to the reasonableness of any assumption contained herein or therein, and any liability therefor (including in respect of direct, indirect, consequential loss or damage) is expressly disclaimed. Nothing contained herein or therein is, or shall be relied upon as, a promise or representation, whether as to the past or the future and no reliance, in whole or in part, should be placed on the fairness, accuracy, completeness and correctness of the information contained herein or therein. None of the Relevant Parties undertakes any obligation to provide the recipient with access to any additional information or to update or correct any inaccuracies in or omissions from this presentation. The information set out in this presentation is provided on an “as is” and “as available” basis and may be amended or changed. It is not a substitute for professional advice which takes account of your specific circumstances and nothing in this document constitutes legal advice.

The companies in which HKEX directly and indirectly owns investments are separate entities. In this presentation, “HKEX” is sometimes used for convenience where references are made to HKEX and its subsidiaries in general. Likewise, the words “we”, “us” and “our” are also used to refer to subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies. Similar references are made to “LSEG” with similar logical application.

This presentation contains statements that are or may be forward-looking with respect to the current expectations, estimates, projections, beliefs and assumptions of HKEX about the businesses and the markets in which it and its subsidiaries operate or aspires to operate in. These statements can be identified by the use of forward-looking terminology such as “believe”, “anticipate”, “expect”, “prospect”, “estimated”, “should”, “may” or the negative thereof, or other variations thereof, or comparable terminology indicating expectations or beliefs concerning future events. These forward-looking statements are not guarantees of future performance and are subject to market risk, uncertainties and factors beyond the control of HKEX, including government policy, regulatory approval, the behaviour of market participants, competitive developments and, where relevant, the identification of and successful entry into agreements with potential business partners. As such, there is no guarantee that the initiatives described herein, including the Possible Offer, will be implemented, or that they will be implemented in the form and timeframe described herein. Therefore, actual outcomes and returns may differ materially from the assumptions made and the statements contained in this presentation.

Each of the HKEX directors, whose names are set out on the “Board” page of the HKEX website at www.hkexgroup.com (the “**HKEX Directors**”), accepts responsibility for the information contained in this presentation. To the best of the HKEX Directors’ knowledge and belief (who have taken all reasonable care to ensure that such is the case), the information contained in this presentation is in accordance with the facts and, where appropriate, does not omit anything likely to affect the import of such information. Certain financial data has been rounded. As a result of this rounding, the totals of data presented in this presentation may vary slightly from the actual arithmetic totals of such data.



Executive Summary

- The proposed combination with LSEG represents a highly compelling strategic opportunity to create a global market infrastructure leader
- Two of the world's premier market infrastructure businesses, HKEX and LSEG would together offer unique potential to enhance and capture global capital and data flows. The proposed combination would:
 - Create a world-leading market infrastructure group with a global footprint, connecting the established financial markets in the West and the emerging financial markets in the East, particularly China
 - Reinforce Hong Kong's position as the key gateway between the Mainland China and the rest of the world, providing a trusted and clear path for the continued opening up of the Mainland capital markets
 - Enhance global capital formation by facilitating access to equity capital across the world and through the Connect programmes, and offer innovative opportunities across asset classes with global relevance
- The two businesses are highly complementary, and a combination would offer prospects of significant synergies. HKEX is confident that this would be highly compelling for both HKEX and LSEG shareholders



Compelling Strategic Rationale

- 1 Creation of a World Leading Market Infrastructure Group**
 - *With global footprint, diversified across asset classes, connecting the established financial markets in the West with the emerging financial markets in the East, particularly China*
- 2 Gateway to Mainland China**
 - *Reinforces HKEX's role as the leading gateway between Mainland China's capital markets and the rest of the world, significantly facilitating RMB internationalisation, providing a trusted and clear path for the continued expansion of two-way capital markets flows*
- 3 Creation of Unique and Valuable Data Sets**
 - *Through the combination of LSEG's global data and analytics capabilities and distribution channels, and HKEX's access to China*
- 4 Enhancement of Global Capital Formation**
 - *By making it easier for companies to access equity capital across the world, through the IPO and secondary fundraising markets in London, Hong Kong, Milan, and Mainland China via the Connect programmes*
- 5 Strong Technology Base Offers Innovation Opportunities**
 - *In equities, fixed income, currencies, commodities and derivatives products with domestic, regional and global relevance and allows for the application of best-in-class technologies in multiple markets and platforms*
- 6 Compelling Financial Profile**
 - *Significant synergy potential*
 - *Intends to continue dividend policy with normal target-payout ratio of 90% of combined group profits*



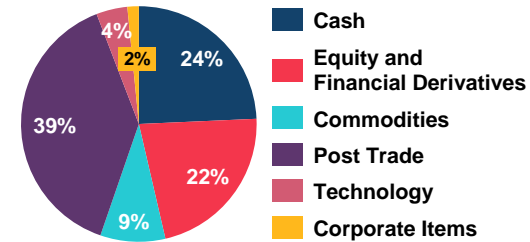
HKEX Company Overview

Overview of HKEX

- Third largest exchange group globally by market capitalisation – HK\$308bn¹
- Headquartered in Hong Kong with c.2,100 employees worldwide
 - Offices in London, Singapore, Beijing, Shanghai and Shenzhen
 - Operates 2 exchanges and 4 clearing houses in Hong Kong
 - Operates LME and LME Clear in the UK, world leader with the majority of base metals futures trading
- Multi-asset classes and fully vertically integrated
 - Equities, FIC, Commodities
 - Trading, clearing, settlement and custody
- Consistently the world's largest IPO market² with over 2,300 listed companies
- Pioneer in China capital markets connectivity

Key Financials (FY2018)

Segment Revenue³



Revenue
HK\$15.9bn

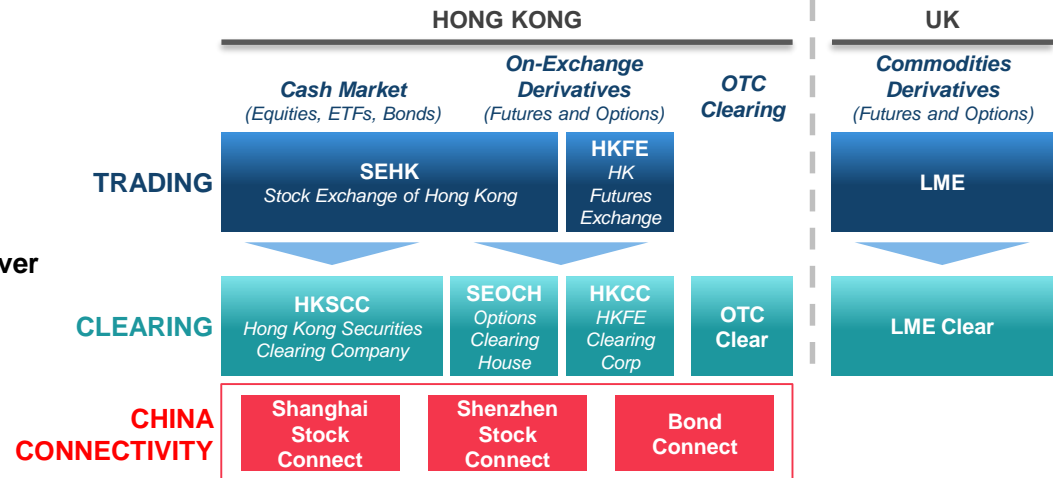
EBITDA
HK\$11.8bn

EBITDA Margin
74%

3-yr EBITDA CAGR
24%

Zero Net Debt⁴

HKEX Group



HKEX has been connecting China with international capital markets for over 20 years

Source: Company information
 (1) As of 10 September 2019
 (2) Ranked # 1 in IPO funds raised in 6 of the past 10 years
 (3) Segment split based on FY2018. Since April 2019, the Clearing segment is renamed the Post Trade segment as part of the reorganisation to facilitate Strategic Plan execution

(4) Net debt is zero when the amount of cash and cash equivalents of Corporate Funds (excluding those reserved for supporting Skin-in-the-Game and default fund credits of Clearing House Funds) is higher than total borrowings



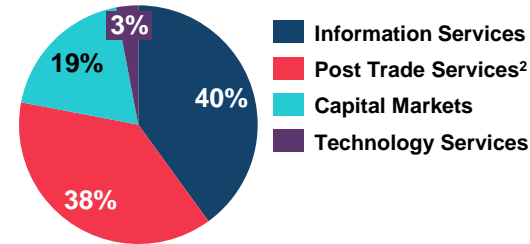
LSEG Company Overview

Overview of LSEG

- **Largest market infrastructure group in Europe by market capitalisation^D**
 - Headquartered in London with significant operations in North America, Italy, France and Sri Lanka
 - Employs c.4,400 people in 18 countries
- **Post-trade services segment includes clearing, settlement and custody offered by LCH and Monte Titoli**
 - #1 OTC clearer worldwide with US\$1,077tn cleared^{A,C}
 - >90% market share globally in interest rate swaps clearing^C
- **Leading global information services, capital markets and technology player^{A,B,C}**
 - Leading global index provider with c.US\$16tn in benchmarked AUM^{A,B}
 - Multi-asset class coverage through FTSE Russell, the Yield Book and Mergent
 - Offers primary and secondary capital market services through, London Stock Exchange, Borsa Italiana, MTS (fixed income market) and Turquoise (MTF)
 - MillenniumIT is a leading global market infrastructure technology provider^C

Key Financials (FY2018)^A

Segment Revenue¹



Revenue
£2,135m
HK\$20.7bn

EBITDA
£1,045m
HK\$10.1bn

EBITDA Margin
49%

3-Yr EBITDA CAGR
25.0%

Debt^{3,A}
£2,320m
HK\$22.5bn

LSEG Businesses^A

Information Services

FTSE Russell Indexes
Real time data
Other information

Post Trade – LCH

OTC Clearing
Non-OTC Clearing

Post Trade: CC&G/ Monte Titoli

Clearing
Settlement, Custody & Other

Capital Markets

Primary Markets
Secondary Markets – equities
Secondary Markets – fixed income, derivatives and other

Technology Services

Technology Services

Leading market infrastructure player in Europe, with world leading businesses in information services, post trade, capital markets and technology

Note: Financials in non-HKD currencies are converted to HKD for illustrative purposes. Rate: £1=HK\$9.6865 (at 10 September 2019)

Source: Company information (A: annual and interim reports, B: investor relations materials, C: company website), D: Bloomberg




(1) Segment split based on FY18; segment breakdown excludes "other and eliminations" category (-£7m revenue for FY18)

(2) Post trade services includes both LCH and CC&G and Monte Titoli

(3) As of 30 June 2019 (2019 Interim Report)



Combined Business Would Be Competitive, Scaled And Robust

| | | Capital Markets | | Post-Trade | | Information Services and Technology | | |
|------|------|---|--|---|--|--|---|---|
| | | Cash Markets | Derivatives Markets | Clearing | Custody & Settlement | Index | Market Data | Technology |
| HKEX | |  <p>SEHK 滬港通 SHANGHAI CONNECT 深港通 SHENZHEN CONNECT 債券通 BOND CONNECT</p> | <p>SEHK (Structured Products & Stock Options)</p> <p>HKFE (Futures & Options)</p> <p> LME An HKEX Company (Base Metals)</p> | <p>HKSCC (Cash)</p> <p>HKCC (Futures & Options)</p> <p>SECH (Stock Options)</p> <p>OTC Clear (OTC Deriv.)</p> <p>LME Clear (Base Metals)</p> | <p>HKSCC (Cash Market Securities Depository)</p> |  <p>中華交易服務 CHINA EXCHANGES SERVICES (Indexing)</p> | <p>Market Data</p> <p>HKEX news 披露易</p> | <p>HKEX</p> <p>LME</p> <p>BayConnect</p> |
| | LSEG | |  <p>London Stock Exchange</p>  <p>Turquoise</p>  <p>Borsa Italiana</p>  <p>MTS</p> <p>ORB AIM ELITE</p> | <p>CURVEGLOBAL</p> <p>IDEM</p> | <p>LCH</p> <p>SwapClear</p> <p>CC&G</p> | <p>Monte Titoli</p> |  <p>FTSE Russell</p>  <p>MERGENT by FTSE Russell</p> | <p>UnaVista</p> <p>RNS</p> <p>SEDOL Real-Time Data</p> |

Highly complementary businesses diversified across asset class, geography and verticals positioned for ongoing innovation and application of new technologies to the benefit of market stakeholders



Deal Overview – Proposed Key Terms

| | |
|-----------------------|--|
| Purchase Price | <ul style="list-style-type: none">▪ LSEG shareholders receive per LSEG share: 2,045 pence in cash and 2.495 HKEX shares▪ Implying c.8,361 pence per share, c.£29.6 billion equity value¹ |
| Premium | <ul style="list-style-type: none">▪ 22.9% premium to LSEG closing share price on 10 Sep 2019▪ 22.4% premium to VWAP LSEG price² |
| Structure | <ul style="list-style-type: none">▪ To be implemented by way of a recommended scheme of arrangement, with optionality to implement by way of a contractual offer |
| Financing | <ul style="list-style-type: none">▪ Financed from existing cash resources and new credit facilities |
| Governance | <ul style="list-style-type: none">▪ Have regard to UK corporate governance best practices, appropriate for a leading global market infrastructure group |
| Listing | <ul style="list-style-type: none">▪ Primary listing in Hong Kong and intends to apply for a secondary listing in London |
| Approvals | <ul style="list-style-type: none">▪ Transaction subject to customary regulatory and anti-trust approvals |

(1) Based on the closing price of HK\$245.20 per HKEX share on 10 September 2019 and a £:HK\$ exchange rate of £1=HK\$9.6865. Equity value refers to the entire issued and to be issued ordinary share capital of LSEG

(2) VWAP since 29 July 2019, the first trading date after the first announcement of the Refinitiv transaction, to 10 September 2019

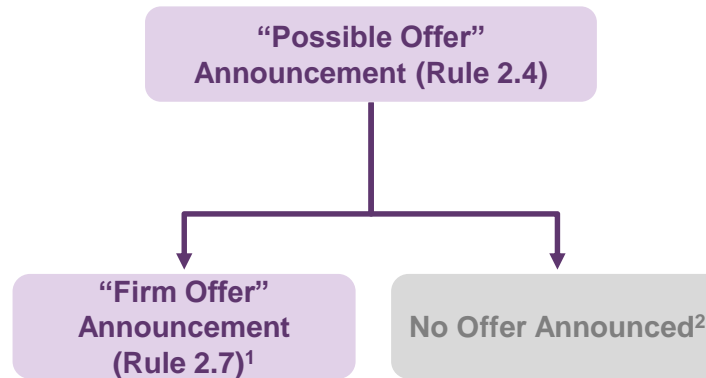


Transaction Framework and Key Stages

UK Regulatory Framework

- This transaction is governed by the Takeover Panel and the UK Takeover Code (“the Code”)
- The Code provides an orderly framework within which takeovers of UK public companies are conducted
- Governs issues including timing, communications and protection of shareholder and other stakeholder interests

Key Stages of Proposed Transaction



Key Documentation Under the Code

- **Rule 2.4 or “Possible Offer” Announcement:** public announcement confirming a possible offer is being considered
- **Rule 2.7 or “Firm Offer” Announcement:** public announcement of a firm intention to make an offer containing full details of the offer terms and its conditions

STRUCTURE OF PROPOSED TRANSACTION

- HKEX intends to implement by a recommended scheme of arrangement
- However, HKEX reserves the right to implement by way of a contractual offer

OVERVIEW OF STEPS FOLLOWING A “FIRM OFFER” ANNOUNCEMENT (IF UNDER SCHEME OF ARRANGEMENT)



(1) Subject to a 28-day deadline from the “Possible Offer” Announcement, which may be extended with the consent of the Board of LSEG and the Takeover Panel

(2) A statement of intention not to make an offer under Rule 2.8 would be issued and HKEX would be required to stop work on an offer for the target for a minimum period of 6 months

(3) Including approvals from financial regulators (e.g. FCA), anti-trust and other authorities and the shareholders of HKEX

(4) Including LSEG shareholder approval and UK court sanction

Conclusion

The proposed combination with LSEG represents a highly compelling strategic opportunity to create a global market infrastructure leader

This would strengthen both the businesses of HKEX and LSEG, better positioning them to innovate across markets and geographies, and offer market participants and investors unprecedented global market connectivity

The two businesses are highly complementary, and a combination would offer prospects of significant synergies. HKEX is confident that this would be highly compelling for both HKEX and LSEG shareholders

