

11 September 2019

HKEX INVESTOR PRESENTATION

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

HKEX
香港交易所

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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*



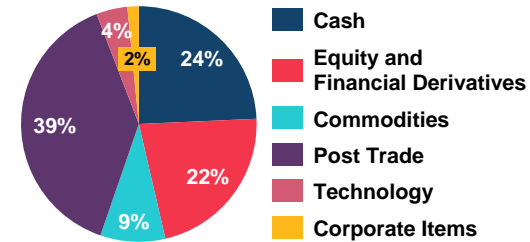
HKEX Company Overview

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

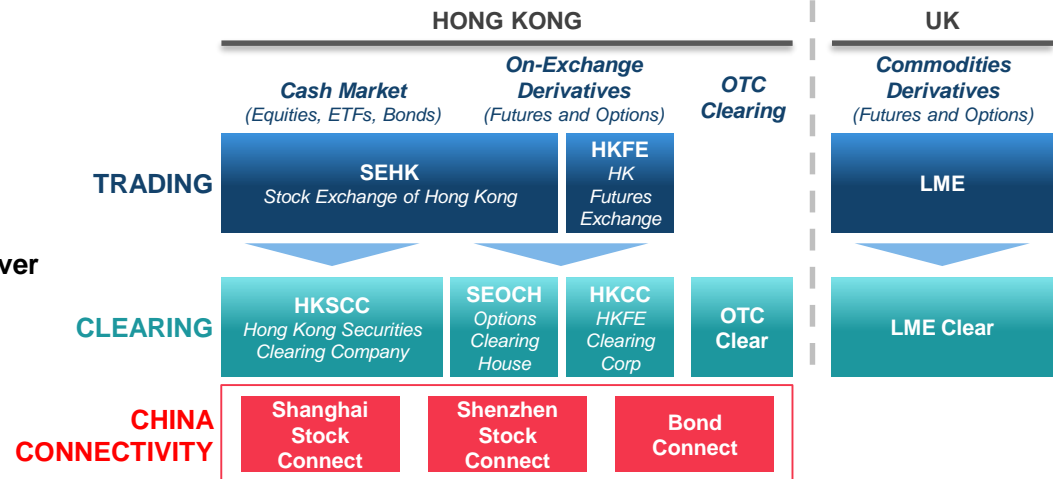
EBITDA
HK\$11.8bn

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 at 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



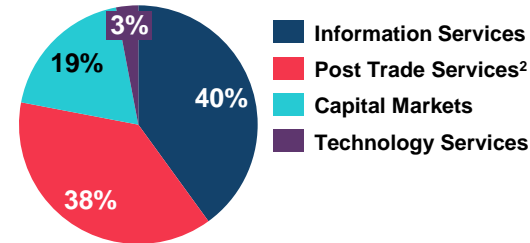
LSEG Company Overview

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 at 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>
		 <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>	 <p>MillenniumIT LSEG Technology</p>  <p>Gatelab LSEG Technology</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 ▪ 47.4% premium to LSEG closing share price on 26 Jul 2019³
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

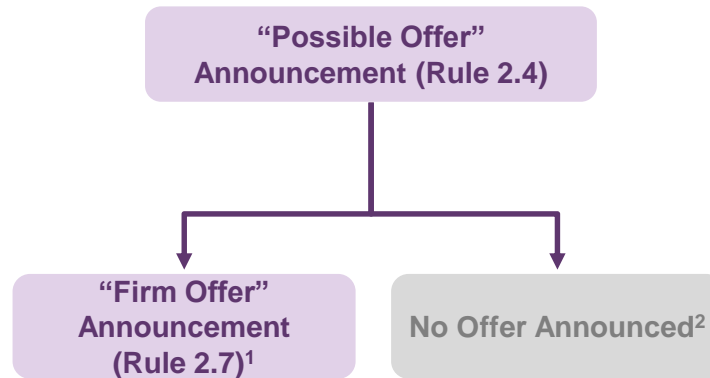
(3) Last trading date before the first announcement of the Refinitiv transaction

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

