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Hong Kong Exchanges and Clearing Limited
香港交易及結算所有限公司

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

ANNOUNCEMENT

The Board announces that in light of the recent market conditions and feedback from investors, it intends to tap the market for the purpose of financing the recommended acquisition for cash of the entire issued ordinary share capital of LMEH as announced on 15 June 2012, by launching an issue of convertible bonds in the principal amount of US\$400 million with a fixed rate coupon.

As completion of the acquisition and the proposed issue of convertible bonds are still subject to conditions, potential investors and HKEx's shareholders should exercise caution when investing or dealing in HKEx's shares.

Reference is made to the announcement dated 15 June 2012 by the Board of Directors (the "Board") of Hong Kong Exchanges and Clearing Limited ("HKEx") in connection with a recommended acquisition for cash of the entire issued ordinary share capital of LME Holdings Limited ("LMEH") by HKEx's indirect wholly-owned subsidiary, HKEx Investment (UK) Limited ("HKEx Investment"), by way of a scheme of arrangement and a capital reduction to be effected under the UK Companies Act (the "15 June Announcement").

Unless the context otherwise requires, terms used in this announcement shall have the same meanings as those defined in the 15 June Announcement.

As announced on 25 July 2012, the Scheme was approved by the LMEH Ordinary Shareholders and as at today's date, the hearing of the petition to the Court to sanction the Scheme is expected to take place as soon as reasonably practicable after the FSA has approved (or is deemed to have approved) HKEx Investment, HKEx International Limited and HKEx acquiring control over the LME.

As stated in the 15 June Announcement and the Scheme Circular, the offer price for the Acquisition would be financed from existing cash resources of HKEx and new bank facilities. Short and long-term loan facilities totalling at least £1,100 million (approximately HK\$13,214 million) have been secured from a group of banks including China Development Bank Corporation, Deutsche Bank AG, The Hongkong and Shanghai Banking Corporation Limited and UBS AG. The Board also announced that its expectation was to refinance part or all of the credit facilities at a later date through a combination of equity and bond issuance.

Since the Scheme was approved by LME Ordinary Shareholders, the Board has considered a number of funding options. The Board announces that in light of the recent market conditions and feedback from investors, it intends to tap the market for the purpose of financing the Acquisition by launching an issue of convertible bonds in the principal amount of US\$400 million with a fixed rate coupon (“Convertible Bonds”). An application will be made by HKEx to the Securities and Futures Commission for the listing of, and permission to deal in, the Convertible Bonds and the Shares to be issued by HKEx upon conversion of the Convertible Bonds.

If the proposed offering of Convertible Bonds completes, HKEx will reduce the amount of committed borrowings under the bank facilities entered into on 15 June 2012 in relation to the Acquisition. The Board considers the issue of the Convertible Bonds to be in the best interests of HKEx’s shareholders. The Board currently intends to maintain a prudent debt to equity ratio not exceeding 40-50%.

It is noted that as at today’s date, the Acquisition remains subject to the satisfaction of the Regulatory Condition and the Scheme Condition. The consideration of the proposed change of control application of the LME by the FSA is continuing. The Board is not aware of any reason which may render the application not approved by the FSA. HKEx is entitled to redeem the Convertible Bonds if the FSA’s approval of the Acquisition is not obtained within six months of the date of the issue of the Convertible Bonds.

As completion of the Acquisition and the proposed issue of Convertible Bonds are still subject to conditions, there can be no certainty that the transactions will proceed. Potential investors and HKEx’s shareholders should exercise caution when investing or dealing in HKEx’s shares.

By Order of the Board
Hong Kong Exchanges and Clearing Limited
Joseph Mau
Company Secretary

Hong Kong, 24 September 2012

As at the date of this announcement, the Board comprises 12 Independent Non-executive Directors, namely, Mr CHOW Chung Kong (Chairman), Mr Ronald Joseph ARCULLI, Mr CHAN Tze Ching, Ignatius, Mr Timothy George FRESHWATER, Mr John Barrie HARRISON, Mr HUI Chiu Chung, Stephen, Dr KWOK Chi Piu, Bill, Mr LEE Kwan Ho, Vincent Marshall, Mr LEE Tze Hau, Michael, Mr John Estmond STRICKLAND, Mr John Mackay McCulloch WILLIAMSON and Mr WONG Sai Hung, Oscar, and one Executive Director, Mr LI Xiaojia, Charles, who is also HKEx's Chief Executive.