
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult an exchange participant or other securities dealer licensed as a licensed person under the Securities and Futures Ordinance, bank manager, solicitor, certified public accountant or other professional adviser.

If you have sold or transferred all your shares in Hong Kong Exchanges and Clearing Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, exchange participant or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Pursuant to Chapter 38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Securities and Futures Commission regulates Hong Kong Exchanges and Clearing Limited in relation to the listing of its shares on The Stock Exchange of Hong Kong Limited. The Securities and Futures Commission takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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

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

NOTICE OF ANNUAL GENERAL MEETING
AND
PROPOSALS FOR
ELECTION OF DIRECTORS AND
GENERAL MANDATE TO REPURCHASE SHARES

The Notice convening the annual general meeting of Hong Kong Exchanges and Clearing Limited to be held at the Exchange Auditorium in the Exchange Exhibition Hall of The Stock Exchange of Hong Kong Limited on 1st Floor, One and Two Exchange Square, Central, Hong Kong on Thursday, 23 April 2009 at 4:30pm, at which a number of matters, including the above proposals will be considered, is set out in this circular on page 4.

Please note that only light beverages will be served at the meeting.

Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's registrar, Hong Kong Registrars Limited, at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting. Completion and return of the proxy form shall not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish.

20 March 2009

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Definitions

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“AGM”	annual general meeting of HKEx to be held on Thursday, 23 April 2009 at 4:30pm, notice of which is set out on page 4 of this circular or, where the context so admits, any adjournment thereof;
“Articles of Association”	articles of association of HKEx, as originally adopted, or as from time to time altered in accordance with the Companies Ordinance;
“Board”	board of directors of HKEx;
“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong;
“Company” or “HKEx”	Hong Kong Exchanges and Clearing Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange;
“Director(s)”	director(s) of HKEx;
“Financial Secretary”	Financial Secretary of the Government of the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	12 March 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“SFC”	Securities and Futures Commission;
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Shareholder(s)”	holder(s) of Shares;
“Share(s)”	share(s) of HK\$1.00 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers.

Letter from the Board of Directors



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)

Independent Non-executive Directors

ARCULLI, Ronald Joseph (Chairman)
CHA May-Lung, Laura
CHENG Mo Chi, Moses
CHEUNG Kin Tung, Marvin
FAN Hung Ling, Henry
FONG Hup
KWOK Chi Piu, Bill
LEE Kwan Ho, Vincent Marshall
LOH Kung Wai, Christine
STRICKLAND, John Estmond
WILLIAMSON, John Mackay McCulloch
WONG Sai Hung, Oscar

Registered Office

12th Floor
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Executive Director

CHOW Man Yiu, Paul (Chief Executive)

20 March 2009

Dear Shareholders,

1. INTRODUCTION

I am pleased to invite you to the annual general meeting of the Company, which will be held at the Exchange Auditorium in the Exchange Exhibition Hall of the Stock Exchange on 1st Floor, One and Two Exchange Square, Central, Hong Kong on Thursday, 23 April 2009 at 4:30pm. The registration of the AGM will start at 3:45pm. In order to ensure the AGM can start on time, Shareholders or their proxies or authorised representatives are encouraged to arrive for registration 20 minutes before the AGM starts.

2. BUSINESS TO BE CONSIDERED

The notice of the AGM is set out on page 4. Details of the business to be considered at the AGM including, inter alia, (i) the election of Directors; and (ii) the renewal of the general mandate to repurchase Shares, are set forth in this circular under the "Business of Annual General Meeting".

Details relating to election of Directors, and the explanatory statement in respect of the general mandate to repurchase Shares as required by the Listing Rules, are set out in Appendix I and Appendix II of this circular respectively.

Please note that, the Board, after due and careful consideration, has decided not to propose at the AGM to grant a general mandate to the Directors to issue Shares since there is no immediate need to raise equity capital in the foreseeable future. If capital raising through an issue of Shares is required in the future, the Company will seek the necessary Shareholders' approval at the relevant time.

Letter from the Board of Directors

3. EXERCISE YOUR VOTE

Registered Shareholders

The register of members of HKEx will be closed from Monday, 20 April 2009 to Thursday, 23 April 2009, both dates inclusive, during which period, no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with HKEx's registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30pm on Friday, 17 April 2009.

Whether or not you are attending the meeting, it is important that you are properly represented and your right to vote is exercised at the meeting. I therefore encourage you to appoint a proxy to vote on your behalf if you are unable to attend in person, by completing and returning the enclosed proxy form in accordance with the instructions printed thereon to HKEx's registrar (with address shown on the cover page of this circular) as soon as possible, and in any event not less than 48 hours before the time appointed for holding the meeting. Completion and return of the proxy form shall not preclude you from attending and voting in person at the AGM or at any adjourned meeting thereof should you so wish, and the appointment of the proxy will be revoked if you vote in person at the meeting.

Non-registered Shareholders

If your Shares are held in an intermediary (for example, a bank, a custodian or a securities broker) or registered in the name of your nominee, you will not receive a proxy form. You have to give instruction to your intermediary/nominee to vote on your behalf, or if you wish to attend and vote at the AGM, you should arrange with your intermediary/nominee directly to obtain an authorisation.

4. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in the notice of the AGM will be decided by poll. Detailed procedures for conducting a poll are set out in Appendix III of this circular.

After closure of the AGM, the poll results will be published on the HKEx website at www.hkex.com.hk under "Investor Relations Corner" and HKExnews website at www.hkexnews.hk.

5. BOARD RECOMMENDATIONS

The Board considers that the resolutions, as set out in the notice of the AGM are in the best interests of HKEx and its Shareholders as a whole, and recommends you to vote in favour of all of them at the AGM.

I look forward to seeing you at the AGM.

Yours sincerely,
By Order of the Board
HONG KONG EXCHANGES AND CLEARING LIMITED
Ronald Joseph ARCULLI
Chairman

Notice of Annual General Meeting



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)

NOTICE IS HEREBY GIVEN THAT the annual general meeting of shareholders of Hong Kong Exchanges and Clearing Limited (“HKEx”) will be held at the Exchange Auditorium in the Exchange Exhibition Hall of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 1st Floor, One and Two Exchange Square, Central, Hong Kong on Thursday, 23 April 2009 at 4:30pm for the following purposes:

1. To receive and consider the Audited Accounts for the year ended 31 December 2008 together with the Reports of the Directors and Auditor thereon.
2. To declare a Final Dividend.
3. To elect Directors.
4. To re-appoint Auditor and to authorise the Directors to fix their remuneration.

To consider as special business and, if thought fit, pass with or without modification the following resolution as an Ordinary Resolution:

Ordinary Resolution

5. **“THAT:**
 - (a) subject to paragraph (b) below, a general mandate be and is hereby unconditionally given to the Directors of HKEx to exercise during the Relevant Period (as hereinafter defined) 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 of Hong Kong Limited or of any other stock exchange as amended from time to time;
 - (b) the aggregate nominal amount of shares which HKEx is authorised to repurchase pursuant to the mandate 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 the passing of this Resolution, and the said mandate shall be limited accordingly; and
 - (c) 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;

Notice of Annual General Meeting

- (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.”

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

Hong Kong, 20 March 2009

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/her stead. The proxy needs 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 shares as if he/she were solely entitled thereto; but if more than one of such joint holders are 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 shares shall alone be entitled to vote in respect thereof.
- (3) In order to be valid, the proxy form, 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 with HKEx's registrar, Hong Kong Registrars Limited, at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the above meeting or adjourned meeting (as the case may be).
- (4) The register of members of HKEx will be closed from Monday, 20 April 2009 to Thursday, 23 April 2009, both dates inclusive, during which period, no transfer of shares will be registered. In order to qualify for the proposed final dividend and be entitled to attend and vote at the above meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with HKEx's registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30pm on Friday, 17 April 2009.
- (5) Concerning Resolution 5 of this Notice, the Board wishes to state that there are no immediate plans to repurchase any shares of HKEx pursuant to the relevant general mandate. The general mandate is being sought from shareholders in compliance with the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).
- (6) There will be two elected Director vacancies to be filled at the above meeting. If a shareholder wishes to nominate a person to stand for election as a Director, (i) his/her notice of intention to propose a resolution; and (ii) a notice executed by the nominated candidate of his/her willingness to be appointed together with (A) the candidate's information as required to be disclosed under Rule 13.51(2) of the Listing Rules, and (B) the candidate's written consent to the publication of his/her personal data, have to be validly served on the Secretary of HKEx, as early as practicable, preferably before 5:00pm on Thursday, 2 April 2009. Details of the foregoing are set out under Appendix I of the circular dated 20 March 2009.
- (7) Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in this Notice will be decided by poll at the above meeting.
- (8) The registration of the above meeting will start at 3:45pm on 23 April 2009. In order to ensure the meeting can start on time, shareholders or their proxies or authorised representatives are encouraged to arrive for registration 20 minutes before the meeting starts.

Please note that only light beverages will be served at the above meeting.

Business of Annual General Meeting

ORDINARY BUSINESS

RESOLUTION 1 – RECEIVING THE ANNUAL ACCOUNTS

The audited financial statements of HKEx for the year ended 31 December 2008 together with the Report of Directors, are set out in the 2008 Annual Report which is available in English and Chinese and may be viewed or downloaded from the HKEx website at www.hkex.com.hk under the “Investor Relations Corner” and HKExnews website at www.hkexnews.hk.

The financial statements have been audited by PricewaterhouseCoopers and reviewed by the Audit Committee. The reports of the Auditor and the Audit Committee are set out respectively on page 114 and pages 96 to 97 of the 2008 Annual Report.

RESOLUTION 2 – DECLARATION OF FINAL DIVIDEND

The Directors recommend a final dividend of HK\$1.80 per Share. Subject to the Shareholders’ approval at the AGM, the dividend warrants will be despatched on or about 5 May 2009 to those Shareholders whose names appear on the register of members on 23 April 2009.

RESOLUTION 3 – ELECTION OF DIRECTORS

Board of Directors

The Board currently consists of 13 Directors including:

- (i) six Directors appointed by the Financial Secretary, namely Mr Ronald J Arculli, Mrs Laura M Cha, Dr Moses M C Cheng, Dr Marvin K T Cheung, Mr Henry H L Fan and Mr Fong Hup;
- (ii) five Directors elected by Shareholders (“Elected Directors”), namely Dr Bill C P Kwok, Mr Vincent K H Lee, Dr Christine K W Loh, Mr John E Strickland and Mr Oscar S H Wong;
- (iii) Mr John M M Williamson, who was appointed by the Board on 18 June 2008 to fill a vacancy; and
- (iv) the Chief Executive of the Company, Mr Paul M Y Chow, as an ex-officio Director.

Retiring Directors

The respective terms of office of Dr Christine K W Loh, an Elected Director, and Mr John M M Williamson, a Director appointed by the Board to fill a casual vacancy, will expire at the conclusion of the AGM. Pursuant to Article 93(5) and Article 92 of the Articles of Association, both of them are eligible for re-appointment. Dr Loh has, however, indicated that she will not stand for re-election, and will retire from the Board with effect from the conclusion of the AGM.

Business of Annual General Meeting

Recommendations of the Nomination Committee

On 4 March 2009, the Nomination Committee comprising solely independent non-executive Directors, nominated, and the Board recommended Mr Ignatius T C Chan and Mr John M M Williamson to stand for election as Directors at the AGM. As a good corporate governance practice, Mr Williamson had abstained from voting at the Board meeting when his nomination was considered and approved by the Board for recommending to Shareholders.

The Nomination Committee is also responsible for, inter alia, assessing the independence of non-executive Directors. On 4 March 2009, the Nomination Committee assessed and reviewed the individual Director's annual confirmation of independence based on the independence criteria as set out in Rule 3.13 of the Listing Rules, and affirmed that all non-executive Directors including, Mr John M M Williamson, remain independent.

Information of Mr Ignatius T C Chan and Mr John M M Williamson including, their biographical details, interests in Shares, attendance record at meetings of the Board and other committees and panels (if any), is set out in Appendix I of this circular.

Shareholders may, if thought fit, nominate other candidates to stand for election as Director(s) at the AGM to fill these two Elected Director vacancies.

Regarding the resolutions under item 3 of the notice of the AGM relating to the election of Directors, Shareholders will be invited to vote on each candidate separately. An explanatory statement of the relevant resolutions, the method of determining support for a candidate, and matters in relation to nominations by Shareholders is also set out in Appendix I of this circular.

RESOLUTION 4 – RE-APPOINTMENT OF AUDITOR AND SETTING OF AUDITOR'S FEE

For the year ended 31 December 2008, the external auditor's fees were HK\$3,335,523 (2007: HK\$2,995,100), of which HK\$2,876,500 (2007: HK\$2,585,000) was for audit services and HK\$459,023 (2007: HK\$410,100) related to non-audit services.

The Audit Committee had reviewed the work of the auditor and the amount of its fees for the 2008 audit and was satisfied with the independence and objectivity of PricewaterhouseCoopers. The Audit Committee has recommended the re-appointment of PricewaterhouseCoopers, which have expressed their willingness to continue in office, for the 2009 audit.

The resolution under item 4 of the notice of the AGM is the proposed re-appointment of PricewaterhouseCoopers as auditor and the grant of the authority to the Directors to fix auditor's remuneration.

Business of Annual General Meeting

SPECIAL BUSINESS

RESOLUTION 5 – GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of HKEx held on 24 April 2008, an ordinary resolution was passed to grant a general mandate to the Directors to repurchase Shares. This general mandate will lapse at the conclusion of the AGM. An ordinary resolution will be proposed at the AGM to grant to the Directors a general mandate to repurchase Shares up to an aggregate nominal amount not exceeding 10 per cent of the aggregate nominal amount of the share capital of HKEx in issue at the date of the passing of the relevant resolution (the “Repurchase Mandate”).

An explanatory statement, as required by the Listing Rules to be sent to Shareholders in connection with the Repurchase Mandate, is set out in Appendix II of this circular, which contains the information reasonably necessary to enable Shareholders to make an informed decision on whether or not to vote for or against the ordinary resolution to grant the Repurchase Mandate at the AGM.

The Board wishes to state that it has no immediate plans to repurchase any Shares pursuant to the Repurchase Mandate.

Shareholders should refer to the notice of the AGM, as set out on pages 4 to 5, for details of the resolution on the Repurchase Mandate.

LIST OF CANDIDATES

Information of the two candidates standing for election at the AGM, Mr Ignatius T C Chan and Mr John M M Williamson is set out below in alphabetical order:

1. Mr CHAN Tze Ching, Ignatius BBS, JP
(aged 52)

Director since	Board/committee/panel memberships held within HKEx group	Meetings attended/ held in 2008	Emoluments received for 2008/2009 (HK\$)
–	–	–	–
Interests in Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date (no. of shares)			–
Major office	<ul style="list-style-type: none"> The Bank of East Asia, Limited – consultant (2009~) 		
Past offices	<ul style="list-style-type: none"> Bank of China (Hong Kong) Limited – deputy chief executive (2008) Citigroup (1980-2007: Citigroup Country Officer for Hong Kong and Head of Corporate and Investment Banking business for Greater China (2005-2007), Chief Operating Officer for Greater China (2004-2005), Citigroup Country Officer for Taiwan (2003-2005)) 		
Public service	<ul style="list-style-type: none"> Advisory Committee on Human Resources Development in the Financial Services Sector – chairman (2005~) Greater Pearl River Delta Business Council – member (2008~) Travel Industry Compensation Fund Management Board – chairman (2007~) 		
Qualifications	<ul style="list-style-type: none"> Bachelor of Business Administration and Master of Business Administration (University of Hawaii, USA) Certified Public Accountant (American Institute of Certified Public Accountants) 		

2. Mr WILLIAMSON, John Mackay McCulloch
Independent Non-executive Director (aged 50)

Director since	Board/committee/panel memberships held within HKEx group	Meetings attended/ held in 2008 ^(note)	Emoluments received for 2008/2009 ^(note) (HK\$)
18 June 2008	HKEx – <ul style="list-style-type: none"> Board Audit Committee Investment Advisory Committee 	5/5 100% 2/3 67% 1/2 50%	235,832 39,306 39,306 <hr/> 314,444
Interests in Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date (no. of shares)			–
Other major offices	<ul style="list-style-type: none"> Search Investment Group Limited – managing director and chief financial officer (2007~) 		
Past offices	<ul style="list-style-type: none"> HKEx – member of Clearing Consultative Panel (2000-2007) Morgan Stanley Dean Witter Asia Limited – managing director, and head of infrastructure and operational risk (1998-2007) NatWest Investment Services, London – managing director (1992-1994) NatWest Securities Asia Holdings Limited – chief operating officer (1994-1998) 		
Qualifications	<ul style="list-style-type: none"> Chartered Accountant (The Institute of Chartered Accountants of Scotland) Bachelor of Arts (Accountancy & Computer Science) (Heriot-Watt University, UK) Fellow (Hong Kong Securities Institute, and Securities & Investment Institute, UK) 		

Note: Mr Williamson was appointed as a Director and a member of Audit Committee and Investment Advisory Committee effective 18 June 2008.

Neither Mr Ignatius T C Chan nor Mr John M M Williamson is related to any other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of HKEx.

Neither Mr Ignatius T C Chan nor Mr John M M Williamson has any service contract with any member of the HKEx group.

The candidate(s), if elected, will be appointed as a Director with effect from the conclusion of the AGM for a term of not more than approximately three years expiring at the conclusion of the Company's annual general meeting to be held in 2012.

The remuneration of a non-executive Director is HK\$300,000 per annum. An additional remuneration of HK\$50,000 per annum will also be payable to a non-executive Director for each committee membership held on the Executive Committee, Audit Committee, Remuneration Committee and Investment Advisory Committee. The remuneration is payable to Directors for services rendered by each of them for the period between annual general meetings of HKEx, provided that such remuneration be payable in proportion to the period of service in the case of a Director who has not served the entire period.

Save for the information disclosed above, both candidates have indicated that there is no other information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules nor any other matters that need to be brought to the attention of Shareholders.

NOMINATIONS BY SHAREHOLDERS

Shareholders are invited to elect up to two Directors at the AGM to fill the vacancies available due to the retirement of the two said Directors. According to Article 90(1A) of the Articles of Association, the two Directors, if appointed, will each have a term of not more than approximately three years expiring at the conclusion of the Company's annual general meeting to be held in 2012.

Article 90(2) of the Articles of Association provides that no person (other than a Director retiring in accordance with the Articles of Association) shall be appointed or re-appointed as a Director at any general meeting unless:

- (a) he/she is recommended by the Directors; or
- (b) not earlier than the day after the despatch of the notice of the meeting and not later than 7 days prior to the date appointed for the meeting there has been given to the Secretary of the Company, by a Shareholder (other than the person to be proposed) entitled to vote at the meeting, notice of his/her intention to propose a resolution for the appointment or re-appointment of that person and a notice executed by that person of his/her willingness to be appointed or re-appointed.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director, the following documents must be validly served on the Secretary of the Company, namely (i) his/her notice of intention to propose a resolution; and (ii) a notice executed by the nominated candidate of his/her willingness to be appointed together with (A) the candidate's information as required to be disclosed under Rule 13.51(2) of the Listing Rules and other information, as referred to under the heading "Required information of the candidate(s) nominated by Shareholders" below, and (B) the candidate's written consent to the publication of his/her personal data.

In order to ensure Shareholders have sufficient time to receive and consider the information of the nominated candidate(s), Shareholders are therefore urged to submit their proposals as early as practicable, preferably before 5:00pm on Thursday, 2 April 2009 so that an announcement can be issued on or about 3 April 2009 and a supplemental circular containing information of the candidate(s) proposed by Shareholders can be despatched to Shareholders on or about 6 April 2009.

Required information of the candidate(s) nominated by Shareholders

In order to enable Shareholders to make an informed decision on their election of Directors, the said notice of intention to propose a resolution by a Shareholder should be accompanied by the following information of the nominated candidate(s):

- (a) full name and age;
- (b) positions held with HKEx and/or other members of the HKEx group (if any);
- (c) experience including (i) other directorships held in the past three years in public companies of which the securities are listed on any securities market in Hong Kong and overseas, and (ii) other major appointments and professional qualifications;
- (d) current employment and such other information (which may include business experience and academic qualifications) on which Shareholders should be aware of, pertaining to the ability or integrity of the candidate;
- (e) length or proposed length of service with HKEx;
- (f) relationships with any Directors or senior management of HKEx, or an appropriate negative statement;
- (g) interests in Shares within the meaning of Part XV of the SFO, or an appropriate negative statement;
- (h) a declaration made by the nominated candidate in respect of the information required to be disclosed pursuant to Rule 13.51(2)(h) to (w) of the Listing Rules, or an appropriate negative statement to that effect where there is no information to be disclosed pursuant to any of such requirements nor any other matters relating to standing for election as a Director that need to be brought to the attention of Shareholders; and
- (i) contact details.

The Shareholder proposing the candidate will be required to read out aloud the proposed resolution, as set out under “Resolutions and Voting” below, at the AGM.

RESOLUTIONS AND VOTING

In order to comply with section 157A of the Companies Ordinance and Article 91 of the Articles of Association, there must be a separate resolution for the appointment of each candidate, unless a resolution that a single resolution for the appointment of two or more candidates shall be proposed has been first agreed to by the meeting without any vote being cast against it. There will be two Elected Directors vacancies to be filled at the AGM. In the case if there are more than two candidates standing for election, then in order to select which two candidates as the Elected Directors, the resolutions themselves will contain a method of determining support for a candidate. Each resolution to be proposed at the AGM will provide as follows:

“THAT subject to the number of net votes cast in relation to this resolution (net votes being votes cast in favour minus votes cast against this resolution) being among the two highest number of net votes cast on each of the resolutions for the appointment of a person as a director of the Company at the annual general meeting to be held on 23 April 2009 or on the date of its adjournment (where applicable) (the “2009 AGM”), [name of candidate] be and is hereby appointed as a director of the Company with effect from the conclusion of the 2009 AGM for a term of approximately three years expiring at the conclusion of the Company’s annual general meeting to be held in 2012, provided that if any two or more of such resolutions record the same number of net votes (the “Tied Resolutions”), the ranking of the Tied Resolutions from highest to lowest number of net votes shall be determined by the drawing of lots by the chairman of the meeting.”

If a resolution is passed (ie, it has been carried by a majority of the votes cast on it), the candidate who is the subject of that resolution will be eligible to be elected a Director. On the other hand, if a resolution is not passed, the candidate who is the subject of that resolution will not be eligible to be elected a Director. If there are less than two resolutions passed by a majority of the votes cast, the Board may, pursuant to Article 92 of the Articles of Association, appoint any person to fill the vacancy.

Assuming a resolution is passed by a majority of the votes cast on it, the candidate who is the subject of that resolution will be elected to one of the two positions on the Board if the net votes cast in favour of his/her resolution rank within the top two resolutions passed in terms of net votes. Net votes are calculated by taking the votes cast in favour of a resolution and subtracting the votes cast against that resolution. In the event there is a tie in the net votes for two or more resolutions, the tie will be resolved by the drawing of lots by the chairman of the meeting.

Therefore, if you wish to support a particular candidate, you should vote in favour of his/her resolution. If you do not wish to support a candidate, you may vote against his/her resolution or abstain from voting. If you abstain from voting, you should note that your votes will not be counted when calculating the net votes in relation to that candidate.

Appendix II Explanatory Statement on the Share Repurchase Mandate

This Appendix serves as an explanatory statement required to be sent to Shareholders under the Listing Rules in connection with the proposed Repurchase Mandate and also constitutes the memorandum required under section 49BA of the Companies Ordinance.

1. THE LISTING RULES

The Listing Rules permit a company with a primary listing on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders' approval

The Listing Rules provide that all proposed repurchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by specific approval of a particular transaction.

Such authority may only continue in force during the period from the passing of the resolution until whichever is the earlier of: (i) the conclusion of the next annual general meeting of the company, (ii) the expiration of the period within which the next annual general meeting of the company is required by law to be held, or (iii) the passing of an ordinary resolution by shareholders in general meeting of the company revoking or varying such mandate.

(b) Source of funds

Repurchases must be funded out of funds legally available for such purpose. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(c) Trading restrictions

The shares proposed to be repurchased by a company must be fully paid up. A maximum of 10 per cent of the issued share capital of a company as of the date of resolution passed on the grant of a repurchase mandate may be repurchased on the Stock Exchange. A company may not issue or announce an issue of new shares for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange (or in the case of HKEx, the SFC). In addition, a company shall not repurchase shares on the Stock Exchange if the purchase price is higher by 5 per cent or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a company from repurchasing its own securities on the Stock Exchange if the repurchase would result in the number of that company's listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Listing Rules.

(d) Status of repurchased securities

The Listing Rules provide that the listing of all repurchased securities is automatically cancelled and that the certificates for those securities must be cancelled and destroyed. The aggregate of the authorised share capital shall remain unchanged.

(e) Suspension of repurchases

The Listing Rules prohibit any repurchase of securities at any time after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information is made publicly available. In particular, a company may not repurchase securities on the Stock Exchange, unless the circumstances are exceptional, during the period of one month immediately preceding the earlier of (i) the date of the board meeting for the approval of the company's results for any year, half-year, quarterly or any other interim period and (ii) the deadline for the company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period, and ending on the date of the results announcement. In addition, the Stock Exchange (or in the case of HKEx, the SFC) reserves the right to prohibit repurchases of securities on the Stock Exchange if a company has committed a breach of the Listing Rules.

(f) Reporting requirements

Under the Listing Rules, repurchases of securities on the Stock Exchange or otherwise must be submitted for publication to the Stock Exchange by not later than 9:00am (Hong Kong time) on the following business day. In addition, a company's annual report is required to disclose details regarding repurchases of securities made during the year including the number of securities repurchased each month, the repurchase price for each such securities or the highest and lowest price paid for each repurchase where relevant, and the aggregate price paid for such repurchases and the reasons of the directors of the company for making such repurchases.

A company shall procure that any broker appointed by the company to effect the repurchase of securities shall disclose to the Stock Exchange (or in the case of HKEx, the SFC) such information with respect to repurchases made on behalf of that company as the Stock Exchange (or in the case of HKEx, the SFC) may request.

(g) Connected parties

The Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their respective associates (as defined in the Listing Rules) and a connected person is prohibited from knowingly selling his securities in the company back to the company. No connected person (as defined in the Listing Rules) has notified HKEx that he has a present intention to sell Shares to HKEx, or has undertaken not to do so, if the Repurchase Mandate is exercised.

Appendix II Explanatory Statement on the Share Repurchase Mandate

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of HKEx comprised 1,074,992,846 Shares. Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased following the Latest Practicable Date and up to the date of the AGM, exercise in full of the Repurchase Mandate could accordingly result in up to 107,499,284 Shares being repurchased by HKEx during the period from the date of the AGM up to (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 in general meeting of HKEx revoking or varying the Repurchase Mandate, whichever occurs first.

3. REASONS FOR REPURCHASES

The Board believes that it is in the best interests of HKEx and its Shareholders to have a general authority from Shareholders to enable HKEx to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of HKEx and/or its earnings per Share and will only be made when the Board believes that such repurchases will benefit HKEx and its Shareholders.

4. FUNDING OF REPURCHASES

In repurchasing securities, HKEx may only apply funds legally available for such repurchase in accordance with its Memorandum and Articles of Association, the laws of Hong Kong and the Listing Rules. Repurchases pursuant to the Repurchase Mandate will be made out of funds of HKEx legally permitted to be utilised in this connection, including the funds of HKEx otherwise available for dividend or distribution or the proceeds of a fresh issue of shares made for such purpose. Any premium payable on a repurchase over the par value of the Shares to be repurchased must be provided for out of funds of HKEx otherwise available for dividend or distribution or out of sums standing to the credit of HKEx's share premium account.

There might be a material adverse effect on the working capital or gearing position of the HKEx group of companies, as compared with the position disclosed in the audited accounts contained in the annual report of HKEx for the year ended 31 December 2008, in the event that the Repurchase Mandate is exercised in full at any time. However, the Board does not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the HKEx group of companies or its gearing levels which, in the opinion of the Board, are from time to time appropriate for HKEx.

5. GENERAL

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, their respective associates (as defined in the Listing Rules), have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to HKEx or its subsidiaries.

Appendix II Explanatory Statement on the Share Repurchase Mandate

The Board has undertaken to the SFC that, so far as the same may be applicable, it will exercise the Repurchase Mandate only in accordance with the Listing Rules and the applicable laws of Hong Kong.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of HKEx increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of HKEx and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Board is not aware of any consequences which would arise under the Takeovers Code as a result of any repurchases of Shares pursuant to the Repurchase Mandate.

6. SHARE REPURCHASES MADE BY HKEX

HKEx has not repurchased any Shares during the 6 months prior to the Latest Practicable Date (whether on the Stock Exchange or otherwise).

7. SHARE PRICES

During each of the previous 12 months preceding the Latest Practicable Date, the highest and lowest prices at which the Shares were traded on the Stock Exchange were as follows:

	Share Prices (per share)	
	Highest (HK\$)	Lowest (HK\$)
2008		
March	148.90	116.40
April	164.80	131.80
May	167.50	130.40
June	138.90	112.10
July	126.00	100.00
August	115.90	92.75
September	104.00	80.50
October	97.20	55.00
November	83.15	49.70
December	80.00	59.00
2009		
January	88.60	63.25
February	70.85	60.50

The chairman of the meeting will at the AGM demand, pursuant to Article 70(1)(a) of the Articles of Association, poll voting on all resolutions set out in the notice of the AGM.

On a poll, pursuant to Article 74 of the Articles of Association, subject to any special rights or restrictions as to voting for the time being attached to any Shares and to the provisions of the Articles of Association, every Shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or proxy, shall have one vote for every Share of which he/she is the holder.

A Shareholder present in person or by proxy or by authorised representative who is entitled to more than one vote does not have to use all his/her votes (ie, he/she can cast less votes than the number of Shares he/she holds or represents) or to cast all his/her votes the same way (ie, he/she can cast some of his/her votes in favour of the resolution and some of his/her votes against the resolution). It is believed that in most situations, Shareholders (other than nominee companies) usually cast all their votes either in favour of a resolution or against a resolution.

The poll voting slip will be distributed to Shareholders or their proxies or authorised representatives upon registration of attendance at the AGM. Shareholders who want to cast all their votes entitled may mark a “✓” in either “FOR” or “AGAINST” box corresponding to the resolution to indicate whether he/she supports that resolution. For Shareholders who do not want to use all their votes or want to split votes in casting a particular resolution shall indicate the number of votes cast on a particular resolution in the “FOR” or “AGAINST” box, where appropriate, but the total votes cast must not exceed his/her entitled votes, or otherwise, the voting slip will be spoiled and the Shareholder’s vote will not be counted.

HKEx’s registrar, Hong Kong Registrars Limited, will send a specimen of the draft voting slip proposed for use at the AGM together with examples of how a Shareholder can vote, to Shareholders for information. The same will be posted on the HKEx website at www.hkex.com.hk under Shareholders Circulars of the “Investors Relations Corner”. Shareholders are advised to read the guidance notes before attending the AGM.

After closing the poll, HKEx’s registrar will count the votes and the poll results will be subject to scrutiny by an independent scrutineer appointed for such purpose.

