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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, 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.

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.

No Shareholder receiving a copy of this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for new Shares unless in that relevant territory such invitation could lawfully be made to that Shareholder without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder outside Hong Kong who wishes to receive New Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including any applicable procedures or any other similar formalities.

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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)

**SCRIP DIVIDEND SCHEME IN RELATION TO  
THE FINAL DIVIDEND  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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If you wish to receive your Final Dividend wholly or partly in the form of New Shares instead of in cash, you should complete the Election Form in accordance with the instructions printed on it and return the completed Election Form as soon as possible to the Company's registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. The completed Election Form should arrive no later than 4:30 pm on Tuesday, 17 May 2011.

28 April 2011

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## Definitions

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

“Board”	board of directors of the Company
“CCASS”	The Central Clearing and Settlement System
“Company”	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
“Election Form”	the form of election in relation to the Scrip Dividend Scheme
“Excluded Shareholders”	has the meaning given to it in paragraph 6 of the Appendix to this circular
“Final Dividend”	the final dividend of \$2.31 per Share for the year ended 31 December 2010 payable to Shareholders whose names appeared on the Company’s register of members at the close of business on the Record Date
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Market Value”	has the meaning given to it in paragraph 1 of the Appendix to this circular
“New Share(s)”	new fully paid Share(s) to be issued under the Scrip Dividend Scheme
“Record Date”	Wednesday, 20 April 2011, being the date for determining Shareholders’ entitlements to the Final Dividend
“Scrip Dividend Scheme”	the scrip alternative offered to Shareholders where Shareholders may elect to receive the Final Dividend wholly or partly by the allotment of New Shares instead of in cash
“SFC”	Securities and Futures Commission
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	share(s) of \$1.00 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	United States of America or any of its territories or possessions
“\$”	Hong Kong Dollar
“%”	per cent

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## Timetable of Events

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A timetable summarising the events in relation to the Final Dividend is set out below:–

<b>Event</b>	<b>Date</b>
Last date cum-Final Dividend	Tuesday, 12 April 2011
Ex-Final Dividend date	Wednesday, 13 April 2011
Closure of the Company's register of members	Friday, 15 April 2011 – Wednesday, 20 April 2011 (both dates inclusive)
Record Date	Wednesday, 20 April 2011
Announcement of the Market Value for the purpose of calculating the number of New Shares to be allotted (which is available on the HKExnews website at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> and the Company's website at <a href="http://www.hkex.com.hk">www.hkex.com.hk</a> )	Wednesday, 20 April 2011
Closing time for the return of the completed Election Form to the Company's registrar <sup>(note 1)</sup>	4:30 pm on Tuesday, 17 May 2011
Despatch of dividend warrants and/or definitive certificates for New Shares	on or about Friday, 27 May 2011
Expected first day of dealings in New Shares	on or about Friday, 27 May 2011 (subject to the proper receipt of definitive certificates for New Shares by the relevant Shareholders)

Notes:

- (1) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force at or at any time prior to 4:30 pm on Tuesday, 17 May 2011, the closing time for returning the Election Form will be extended. Further information is set out in paragraph 3 of the Appendix to this circular.
- (2) References to times and dates in this circular are to Hong Kong times and dates.

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## Letter from the Board

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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)

#### Independent Non-executive Directors

Ronald Joseph ARCULLI (Chairman)  
CHA May-Lung, Laura  
CHAN Tze Ching, Ignatius  
CHENG Mo Chi, Moses  
John Barrie HARRISON  
HUI Chiu Chung, Stephen  
KWOK Chi Piu, Bill  
LEE Kwan Ho, Vincent Marshall  
LEE Tze Hau, Michael  
John Estmond STRICKLAND  
John Mackay McCulloch WILLIAMSON  
WONG Sai Hung, Oscar

#### Registered Office

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

#### Executive Director

LI Xiaojia, Charles (Chief Executive)

28 April 2011

Dear Shareholders,

### SCRIP DIVIDEND SCHEME

At the annual general meeting held on 20 April 2011, Shareholders approved the payment of the Final Dividend, as recommended by the Board, to Shareholders whose names appeared on the Company's register of members at the close of business on the Record Date. Pursuant to the Scrip Dividend Scheme and subject to the terms set out in this circular, such Shareholders have the right to elect to receive the Final Dividend in New Shares instead of in cash, or partly in New Shares and partly in cash. Details of the Scrip Dividend Scheme are set out in the Appendix to this circular.

In addition, Shareholders have the right to choose to receive new Shares instead of cash for all future dividends to be declared or proposed by the Company after the Final Dividend (including any final and/or interim dividends) if a scrip alternative is made available to them, until Shareholders who choose to make such a permanent election provide the Company's registrar with notice in writing that they no longer wish to receive new Shares instead of cash dividends. The permanent election will be valid provided that all the conditions required by any scrip dividend scheme offered by the Company are fulfilled.

Shareholders who elect to receive some or all of their Final Dividend in New Shares will be able to increase their investment in the Company at market value without incurring brokerage fees, stamp duty and related dealing costs. To the extent that Shareholders elect to receive New Shares, the Company will benefit by retaining the cash which would otherwise be payable by way of dividend as working capital.

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## Letter from the Board

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The Election Form is enclosed with this circular for use by Shareholders (except for those Shareholders with registered addresses in the United States) who wish to receive the Final Dividend wholly or partly in New Shares instead of in cash and/or make a permanent election. The procedures and conditions which apply in relation to the Scrip Dividend Scheme and the actions which should be taken by Shareholders who wish to participate in the Scrip Dividend Scheme are set out in the Appendix to this circular.

**NO ACTION IS REQUIRED BY SHAREHOLDERS WHO WISH TO RECEIVE THE FINAL DIVIDEND AND FUTURE DIVIDENDS IN CASH ONLY.**

If you are a non-registered Shareholder (for example, your Shares are held through an intermediary such as a bank, custodian or securities broker or are registered in the name of your nominee), you will not receive the Election Form. If you wish to receive New Shares, in whole or in part, instead of cash in respect of the Final Dividend and/or new Shares instead of cash in respect of all future dividends to be declared or proposed by the Company, please contact your intermediary or nominee directly.

Whether or not it is to your advantage to elect to receive New Shares instead of cash, in whole or in part, in respect of the Final Dividend and/or new Shares instead of cash for all future dividends to be declared or proposed by the Company will depend upon your own individual circumstances. The decision in this regard, and all effects resulting from your decision are solely your responsibility and the Company does not accept any responsibility for your decision. **If you are in any doubt as to what to do, you should consult an exchange participant or other licensed securities dealer, bank manager, solicitor, certified public accountant or other professional adviser.** Shareholders who are trustees are recommended to take professional advice as to whether an election to receive New Shares is within their powers and the effect of such election having regard to the terms of the relevant trust instrument.

If you have any queries in relation to the Scrip Dividend Scheme, please contact the Company's registrar at +852 2862 8555.

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

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## Appendix

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### 1. DETAILS OF THE SCRIP DIVIDEND SCHEME

#### 1.1 Options

Under the Scrip Dividend Scheme, Shareholders have the following alternative choices in respect of the Final Dividend. To receive the Final Dividend:

- (a) in cash; or
- (b) by way of an allotment of New Shares at the Market Value (except for adjustments for fractions) equal to the total amount of the Final Dividend that such Shareholder would otherwise be entitled to receive in cash; or
- (c) partly in cash and partly in New Shares.

For the purpose of determining Shareholders' entitlements to the Final Dividend, the Company's register of members was closed from Friday, 15 April 2011 to Wednesday, 20 April 2011 (both dates inclusive). The latest time by which transfers were accepted for registration for entitlement to the Final Dividend and/or participation in the Scrip Dividend Scheme was 4:30 pm on Thursday, 14 April 2011.

#### 1.2 Market Value

For the purpose of calculating the number of New Shares to be allotted, the Market Value for each New Share is the average closing price of one Share as quoted on the Stock Exchange for the five (5) consecutive trading days during the period between Wednesday, 13 April 2011 (being the first day that the Shares were traded ex-dividend) and Tuesday, 19 April 2011 (both dates inclusive), which is \$181.14.

#### 1.3 Basis of Allotment of New Shares

The number of New Shares which a Shareholder will receive in respect of the Final Dividend will be calculated as follows:

$$\begin{array}{l} \text{Number of} \\ \text{New Shares to} \\ \text{be received} \\ \text{(rounded down to the} \\ \text{nearest whole number)} \end{array} = \begin{array}{l} \text{Number of existing} \\ \text{Shares held on} \\ \text{Record Date for} \\ \text{which election for} \\ \text{New Shares is made} \end{array} \times \frac{\text{Final Dividend per Share}}{\text{Market Value per New Share}}$$

Fractional entitlements to the New Shares will not be issued and the residual dividend entitlement will be paid in cash to the relevant Shareholders.

Based on 1,078,313,346 Shares in issue on the Record Date, if all Shareholders choose to receive New Shares instead of cash in respect of the Final Dividend, the Company will issue approximately 13,751,263 New Shares, an increase of approximately 1.28% of the existing issued share capital of the Company.

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## Appendix

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### 2. ELECTION FORM

An Election Form is enclosed with this circular for use by Shareholders (except for those Shareholders with registered address in the United States) who wish to receive the Final Dividend wholly or partly in New Shares instead of in cash. The Election Form also allows Shareholders to permanently elect to receive all future dividends in the form of new Shares in the event that such Shareholders are given the choice of receiving new Shares or cash for future dividends. Please read carefully the instructions below and the instructions printed on the Election Form.

#### 2.1 Final Dividend Election

**(a) To receive cash only**

If you wish to receive the Final Dividend in cash only, you do not need to take any action and DO NOT need to return the Election Form.

**(b) To receive New Shares only**

If you wish to receive the Final Dividend in New Shares only, you should SIGN, DATE and RETURN the Election Form to the Company's registrar so as to be received no later than 4:30 pm on Tuesday, 17 May 2011.

**(c) To receive cash and New Shares**

If you wish to receive the Final Dividend partly in cash and partly in New Shares, you should ENTER in Box C of the Election Form the number of Shares registered in your name on the Record Date for which you require the Final Dividend to be paid in New Shares. Then SIGN, DATE and RETURN the Election Form to the Company's registrar by 4:30 pm on Tuesday, 17 May 2011.

If you do not specify the number of Shares in respect of which you wish to receive New Shares or if your specified number is greater than your registered holding on the Record Date, you will be deemed to have elected to receive New Shares only in respect of ALL the Shares registered in your name on the Record Date. You will receive the Final Dividend in New Shares only.

#### 2.2 Permanent Election in respect of all Future Dividends to be declared or proposed for which a Scrip Alternative is available

If you wish to make a permanent election to receive all future dividends in the form of new Shares in the event that you are given the choice of receiving new Shares or cash for future dividends, please insert a tick (✓) in Box D of the Election Form. Then SIGN, DATE and RETURN the Election Form to the Company's registrar by 4:30 pm on Tuesday, 17 May 2011.

Please note that you cannot choose to receive your future dividend entitlements partly in cash and partly in new Shares. Therefore, if you insert a tick (✓) in Box D of the Election Form, unless and until you revoke such election by notice in writing to the Company's registrar, you will receive new Shares only in respect of all future dividends to be declared or proposed for which a scrip alternative is available to you

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for all of your registered Shares on the relevant record date(s), without having to complete any further election form(s). No election form will be sent to you if you make a permanent election for receiving new Shares until such election is revoked.

### 3. HOW AND WHEN TO RETURN YOUR ELECTION FORM

If you need to return an Election Form, you must complete it in accordance with the instructions printed on it and return it as soon as possible to the Company's registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong so as to arrive no later than 4:30 pm on Tuesday, 17 May 2011.

The closing time for the return of the Election Form will be extended, as the case may be, in accordance with (a) or (b) below if there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning:

- (a) in force in Hong Kong at any time before 12:00 noon on Tuesday, 17 May 2011. The closing time for the return of the Election Form will be extended to 5:00 pm on the same business day; or
- (b) in force in Hong Kong at any time between 12:00 noon and 4:30 pm on Tuesday, 17 May 2011. The closing time for the return of the Election Form will be extended to 4:30 pm on the next business day where none of the above warnings is in force at any time between 9:00 am and 4:30 pm.

No acknowledgement of receipt of the Election Form will be issued. No elections in respect of the Final Dividend may, after the relevant Election Forms are signed and returned in accordance with the instructions printed on them to the Company's registrar, be in any way withdrawn, revoked, superseded or altered.

### 4. CONDITION OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme is conditional upon the SFC's granting the listing of, and permission to deal in, the New Shares to be issued pursuant to the Scrip Dividend Scheme. If the condition is not satisfied, the Final Dividend will then be paid wholly in cash.

### 5. EFFECT OF THE SCRIP DIVIDEND SCHEME

Shareholders should note that the New Shares to be issued under the Scrip Dividend Scheme may give rise to disclosure requirements under the provisions of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). **Shareholders who are in any doubt about how these provisions may affect them as a result of the issue of the New Shares under the Scrip Dividend Scheme are recommended to seek their own professional advice.**

### 6. SHAREHOLDERS RESIDENT OUTSIDE HONG KONG

No Shareholder receiving a copy of this circular and/or the Election Form in any territory outside Hong Kong may treat the same as an invitation to participate in the Scrip Dividend Scheme unless in that relevant territory such invitation could lawfully



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be made to that Shareholder without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities.

Shareholders with registered addresses in the United States appearing on the Company's register of members on the Record Date ("Excluded Shareholders") will not be permitted to participate in the Scrip Dividend Scheme and will receive the Final Dividend wholly in cash. The Board has obtained and taken into consideration legal opinions in respect of the above jurisdiction and have considered the exclusion of the Excluded Shareholders to be necessary and expedient pursuant to Rule 13.36(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. No Election Form is being sent to the Excluded Shareholders.

Notwithstanding the legal enquiries made by the Company, it is the responsibility of Shareholders with a registered address outside Hong Kong or otherwise resident outside Hong Kong to consult their professional advisers as to whether they are permitted to receive New Shares under the Scrip Dividend Scheme or if any governmental or other consent is required or other formalities need to be observed, the taxation consequences of their decision and whether there are any restrictions on their handling of any New Shares so acquired (such as the sale of them). Overseas Shareholders residing in a jurisdiction where their participation in the Scrip Dividend Scheme is not permitted under the law of that place will be deemed to have received this circular and/or the Election Form for information only.

### **7. LISTING AND DEALINGS**

The Company has applied to the SFC for the listing of, and permission to deal in, the New Shares. It is expected that the dividend warrants and/or subject to the SFC's approval of the above application, definitive certificates for New Shares will be mailed to the respective Shareholders concerned at their own risk on or about Friday, 27 May 2011. The New Shares will, on issue, rank equally in all other respects with the existing Shares save that they will not rank for the Final Dividend.

Subject to the proper receipt of definitive certificates for New Shares by the relevant Shareholders, dealings of the New Shares on the Stock Exchange are expected to commence on or about Friday, 27 May 2011.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by Hong Kong Securities Clearing Company Limited. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek the advice of their licensed securities dealers or other professional advisers for details of these settlement arrangements and how such arrangements will affect their rights and interests.

The Shares are listed, and dealt in, on the Stock Exchange. There is no other stock exchange on which the Company's securities are listed or dealt in or on which listing or permission to deal is being or proposed to be sought.

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## Appendix

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### 8. GENERAL

New Shares issued to Shareholders pursuant to an election to receive some or all of their Final Dividend in New Shares may be allocated in odd lots (of fewer than a board lot of 100 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of New Shares to be issued in odd lots. Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.