
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 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, an Election Form or a Revocation Notice 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.



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 INTERIM DIVIDEND
FOR THE YEAR ENDING 31 DECEMBER 2012**

If you wish to receive your Interim Dividend wholly or partly in the form of New Shares instead of in cash, or to revoke your Permanent Election to receive your Interim Dividend wholly or partly in cash, you should complete the Election Form or Revocation Notice (as the case may be) in accordance with the instructions printed on it and return the completed Election Form or Revocation Notice as soon as possible to the Share Registrar. The completed Election Form or Revocation Notice should arrive no later than the Closing Time, as defined in this circular.

30 August 2012

Definitions

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
“Closing Time”	the closing time for the return of the completed Election Form or Revocation Notice (as the case may be) to the Share Registrar is 4:30 pm on Friday, 14 September 2012
“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 for use by Shareholders who wish to receive the Interim Dividend wholly or partly in New Shares instead of in cash and/or make a Permanent Election
“Excluded Shareholders”	has the meaning given to it in paragraph 7 of the Appendix to this circular
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Interim Dividend”	the interim dividend of \$1.85 per Share for the year ending 31 December 2012 payable to Shareholders whose names appeared on the Company’s register of members on the Record Date
“Market Value”	has the meaning given to it in paragraph 1.2 of the Appendix to this circular
“New Share(s)”	new fully paid Share(s) to be issued under the Scrip Dividend Scheme
“Permanent Election”	election made by a Shareholder to receive new Shares instead of cash in respect of all future dividends to be paid by the Company for which a scrip alternative is available for such Shareholder’s entire registered holding of Shares held on the relevant record dates
“Record Date”	Friday, 24 August 2012, being the date for determining Shareholders’ entitlement to the Interim Dividend
“Revocation Notice”	the form of revocation for use by Shareholders who have previously made the Permanent Election but wish to receive the Interim Dividend wholly or partly in cash

Definitions

“Scrip Dividend Scheme”	the scheme under which eligible Shareholders may elect to receive the Interim Dividend wholly or partly by the allotment of New Shares instead of in cash
“SFC”	Securities and Futures Commission
“Share(s)”	share(s) of \$1.00 each in the capital of the Company
“Share Registrar”	Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Shareholder(s)”	holder(s) of Shares
“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

Timetable of Events

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

Event	Date
Last date cum-Interim Dividend	Monday, 20 August 2012
Ex-Interim Dividend date	Tuesday, 21 August 2012
Closure of the Company’s register of members for the purpose of determining Shareholders’ entitlement to the Interim Dividend	Thursday, 23 August 2012 to Friday, 24 August 2012 (both dates inclusive)
Record Date	Friday, 24 August 2012
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 (www.hkexnews.hk) and the Company’s website (www.hkex.com.hk))	Monday, 27 August 2012
Closing Time ^(Note 1)	4:30 pm on Friday, 14 September 2012
Despatch of dividend warrants and/or definitive certificates for New Shares	on or about Friday, 21 September 2012
Expected first day of dealings in New Shares	on or about Friday, 21 September 2012 (subject to the proper receipt of definitive certificates for New Shares by the relevant Shareholders)

Notes:

- (1) If there is a Typhoon Signal No. 8 or above, or a “black” rainstorm warning in force at or at any time prior to 4:30 pm on Friday, 14 September 2012, the closing time for returning the Election Form and Revocation Notice will be extended. Further information is set out in paragraph 4 of the Appendix to this circular.
- (2) References to times and dates in this circular are to Hong Kong times and dates.

Letter from the Board



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

CHOW Chung Kong (Chairman)
Ronald Joseph ARCULLI
CHAN Tze Ching, Ignatius
Timothy George FRESHWATER
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)

30 August 2012

Dear Shareholders,

SCRIP DIVIDEND SCHEME IN RELATION TO THE INTERIM DIVIDEND FOR THE YEAR ENDING 31 DECEMBER 2012

On 8 August 2012, the Board declared payment of the Interim Dividend to Shareholders whose names appeared on the Company's register of members 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 Interim 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 paid by the Company if a scrip alternative is available to them, until they revoke such election by notice in writing to the Share Registrar.

The scrip alternative will enable Shareholders to increase their investment in the Company 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 as working capital, which would otherwise be payable by way of dividends.

Letter from the Board

An Election Form is enclosed with this circular for use by Shareholders who wish to receive the Interim Dividend wholly or partly in New Shares instead of in cash and/or make a Permanent Election. No Election Form is sent to those Shareholders (i) who have previously made the Permanent Election (instead a Revocation Notice is enclosed with this circular for their use, if applicable) or (ii) whose registered addresses are in the United States.

The procedures and conditions which apply to the Scrip Dividend Scheme and the actions which should be taken by Shareholders who wish to participate in or withdraw from participating in the Scrip Dividend Scheme are set out in the Appendix to this circular. Please read carefully for the action you need to take.

No action is required by the following Shareholders:

- (A) Shareholders with no Permanent Election and wish to receive the Interim Dividend in cash only; and**
- (B) Shareholders made the Permanent Election and do not intend to revoke it for receiving the Interim Dividend in cash.**

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 registered in the name of your nominee), you will not receive the Election Form or Revocation Notice. If you wish to receive New Shares instead of cash, in whole or in part, in respect of the Interim Dividend and/or new Shares instead of cash in respect of all future dividends to be paid by the Company or to revoke your Permanent Election, 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 Interim Dividend and/or new Shares instead of cash for all future dividends to be paid 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 Share Registrar at +852 2862 8555.

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

Appendix

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 Interim Dividend. To receive the Interim 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 Interim 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' entitlement to the Interim Dividend, the Company's register of members was closed from Thursday, 23 August 2012 to Friday, 24 August 2012 (both dates inclusive). The latest time by which transfers were accepted for registration for entitlement to the Interim Dividend was 4:30 pm on Wednesday, 22 August 2012.

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 Tuesday, 21 August 2012 (being the first day that the Shares were traded ex-dividend) and Monday, 27 August 2012 (both dates inclusive), which is \$106.98.

1.3 Basis of Allotment of New Shares

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

$$\begin{array}{rcl} \text{Number of} & & \text{Number of registered} \\ \text{New Shares to} & & \text{Shares held on} \\ \text{be received} & = & \text{Record Date for} \\ \text{(rounded down to the} & & \text{which election for} \\ \text{nearest whole number)} & & \text{New Shares is made} \end{array} \quad \times \quad \frac{\text{Interim Dividend per Share} \\ (\$1.85)}{\text{Market Value per New Share} \\ (\$106.98)}$$

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

Based on 1,080,824,075 Shares in issue on the Record Date, if all Shareholders choose to receive New Shares instead of cash in respect of the Interim Dividend, the Company will issue approximately 18,690,638 New Shares, an increase of approximately 1.73% of the existing issued share capital of the Company.

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2. ELECTION FORM

An Election Form is enclosed with this circular for use by Shareholders who wish to receive the Interim 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 a scrip alternative is offered by the Company. No Election Form is sent to those Shareholders (i) who have previously made the Permanent Election or (ii) whose registered addresses are in the United States.

Please read carefully the instructions below and the instructions printed on the Election Form.

2.1 Interim Dividend Election

The instructions as set out in this paragraph and paragraph 2.2 below are only applicable to those Shareholders who have not previously made the Permanent Election. If you have already made the Permanent Election, please read carefully the instructions stated in paragraph 3 below.

(a) To receive cash only

If you wish to receive the Interim Dividend in cash only, no action is required. Please DO NOT return the Election Form.

(b) To receive New Shares only

If you wish to receive the Interim Dividend in New Shares only, please SIGN, DATE and RETURN the Election Form as soon as possible so as to enable it to be received by the Share Registrar before the Closing Time. Late submission will not be accepted.

(c) To receive partly in cash and partly in New Shares

If you wish to receive the Interim Dividend partly in cash and partly in New Shares, please ENTER in Box D of the Election Form the number of Shares registered in your name on the Record Date for which the Interim Dividend shall be paid to you in New Shares. Please SIGN, DATE and RETURN the Election Form as soon as possible so as to enable it to be received by the Share Registrar before the Closing Time. Late submission will not be accepted.

If you do not specify the number of Shares for which you wish to receive the Interim Dividend in New Shares or if your specified number is greater than your registered holding on the Record Date in your signed and returned Election Form, 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, and you will receive the Interim Dividend in New Shares only.

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2.2 Permanent Election

If you also wish to make a Permanent Election (ie, choose to receive new Shares instead of cash permanently for all future dividends to be paid by the Company after the Interim Dividend), please insert a tick (✓) in Box E of the Election Form, and then SIGN, DATE and RETURN the Election Form as soon as possible so as to enable it to be received by the Share Registrar before the Closing Time. Late submission will not be accepted.

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 E of the Election Form, unless and until you revoke by notice in writing to the Share Registrar, you will receive new Shares only in respect of all future dividends to be paid by the Company for which a scrip alternative is offered by the Company. The Company will not accept any special instructions from Shareholders given in the Election Form. No election form will be sent to you if you have made the Permanent Election until such election is revoked by you.

Please note that if the Election Form is not completed correctly and/or received by the Share Registrar before the Closing Time, all the Interim Dividend in respect of your shareholding will be paid in cash only, and the Permanent Election (if any) that you may have made in that Election Form will have no effect.

3. REVOCATION NOTICE

A Revocation Notice instead of the Election Form is enclosed with this circular for use by those Shareholders who have previously made the Permanent Election but wish to receive the Interim Dividend wholly or partly in cash. Please read carefully the instructions below and the instructions printed on the Revocation Notice.

(a) To receive New Shares only

If you wish to receive the Interim Dividend in New Shares only, no action is required. Please DO NOT return the Revocation Notice.

(b) To receive cash only

If you wish to receive the Interim Dividend in cash only, you have to revoke your Permanent Election. Please SIGN, DATE and RETURN the Revocation Notice as soon as possible so as to enable it to be received by the Share Registrar before the Closing Time. Late submission will not be accepted.

(c) To receive partly in cash and partly in New Shares

If you wish to receive the Interim Dividend partly in cash and partly in New Shares, please ENTER in Box 4 of the Revocation Notice the number of Shares registered in your name on the Record Date for which the Interim Dividend shall be paid to you in New Shares. Please SIGN, DATE and RETURN the Revocation Notice as soon as possible to enable it to be received by the Share Registrar before the Closing Time. Late submission will not be accepted.

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If your specified number is greater than your registered holding on the Record Date in your signed and returned Revocation Notice, 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, and you will receive the Interim Dividend in New Shares only.

Please note that once you sign and return the Revocation Notice, your previous Permanent Election so made will be voided and have no effect. However, if your Revocation Notice is not completed correctly and/or not received by the Share Registrar before the Closing Time, all of the Interim Dividend in respect of your registered holding will be paid in New Shares in accordance with the Permanent Election that you have made.

4. HOW AND WHEN TO RETURN YOUR ELECTION FORM OR REVOCATION NOTICE

If you need to return an Election Form or a Revocation Notice (as the case may be), you must complete it in accordance with the instructions printed on it and return it by post, using the enclosed prepaid envelope, or hand delivery, as soon as possible to the Share Registrar so as to enable it to be received before the Closing Time.

The Closing Time will be extended, as the case may be, in accordance with (a) or (b) below if there is a Typhoon Signal No. 8 or above, or a “black” rainstorm warning:

- (a) in force in Hong Kong at any time before 12:00 noon on Friday, 14 September 2012. The closing time for the return of the Election Form and Revocation Notice 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 Friday, 14 September 2012. The closing time for the return of the Election Form and Revocation Notice 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 or Revocation Notice will be issued. No election or revocation in respect of the Interim Dividend may, after the relevant Election Forms or Revocation Notices are signed and returned in accordance with the instructions printed on them to the Share Registrar, be in any way withdrawn, revoked, superseded or altered.

5. 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 Interim Dividend will then be paid wholly in cash.

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6. 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.**

7. SHAREHOLDERS RESIDING OUTSIDE HONG KONG

No Shareholder receiving a copy of this circular, an Election Form or a Revocation Notice 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 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") are not permitted to participate in the Scrip Dividend Scheme and will receive the Interim Dividend wholly in cash. The Board has obtained and taken into consideration legal opinions in respect of the above jurisdiction and has 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 or Revocation Notice is 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 residing 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, an Election Form or a Revocation Notice for information only.

8. 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 despatched by ordinary mail to the respective Shareholders concerned at their own risk on or about Friday, 21 September 2012. The New Shares will, on issue, rank equally in all other respects with the existing Shares save that they will not rank for the Interim Dividend.

Subject to the proper receipt of definitive certificates for New Shares by the relevant Shareholders, dealings in the New Shares on the Stock Exchange are expected to commence on or about Friday, 21 September 2012.

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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 Shares are listed or dealt in or on which listing or permission to deal is being or proposed to be sought.

9. GENERAL

New Shares issued to Shareholders pursuant to an election to receive some or all of their Interim 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 shall be aware that odd lots usually trade at a discount to the price of board lots.