
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.

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
香港交易及結算所有限公司

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

**NOTICE OF ANNUAL GENERAL MEETING
AND
PROPOSALS FOR
ELECTION OF DIRECTORS,
GENERAL MANDATES TO REPURCHASE SHARES AND
TO ISSUE SHARES, AND
REMUNERATION OF NON-EXECUTIVE DIRECTORS AND
MEMBERS OF CERTAIN BOARD COMMITTEES**

The Notice convening the annual general meeting of Hong Kong Exchanges and Clearing Limited to be held at 4:30 pm on Monday, 23 April 2012 at the Exchange Auditorium in the Exchange Exhibition Hall of The Stock Exchange of Hong Kong Limited on the 1st Floor, One and Two Exchange Square, Central, Hong Kong, at which a number of matters, including the above proposals will be considered, as set out in this circular on pages 3 to 6.

Only light beverages will be served at the meeting.

Whether or not you are able to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed on it and return the completed proxy form to the Company's registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, and in any event so that it is received not less than 48 hours before the time appointed for the meeting or adjourned meeting (as the case may be). Submission of a proxy form shall not preclude you from attending the meeting or any adjournment of such meeting and voting in person should you so wish.

15 March 2012

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Definitions

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

“2011 Annual Report”	annual report for the year ended 31 December 2011 of the Company
“AGM”	the annual general meeting of HKEx to be held at 4:30 pm on Monday, 23 April 2012, notice of which is set out on pages 3 to 6 of this circular, or, where the context so admits, any adjournment of such annual general meeting
“Articles of Association”	the articles of association of HKEx
“Board”	the board of directors of HKEx
“Companies Ordinance”	the 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 Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	8 March 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the 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 \$1.00 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“\$”	Hong Kong dollar
“%”	per cent

References to times and dates in this circular are to Hong Kong times and dates.

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

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)

15 March 2012

Dear Shareholders,

On behalf of the Board, it is my pleasure to invite you to HKEx's annual general meeting to be held at 4:30 pm on Monday, 23 April 2012 at the Exchange Auditorium in the Exchange Exhibition Hall of the Stock Exchange on the 1st Floor, One and Two Exchange Square, Central, Hong Kong. Registration will start at 3:45 pm.

The notice of the AGM is set out on pages 3 to 6. Information regarding the business to be considered at the AGM is set out on pages 7 to 12. If you do not plan to attend the AGM, I strongly recommend you appoint a proxy to attend and vote on your behalf at the AGM.

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

Matters regarding Shareholders' rights to attend and vote at the AGM are set out in Appendix III of this circular. If you have any questions concerning the AGM, please contact the Company's registrar at +852 2862 8555.

Your participation at the AGM is welcome and my fellow directors and I look forward to meeting you at the AGM.

Yours faithfully,

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 4:30 pm on Monday, 23 April 2012 at the Exchange Auditorium in the Exchange Exhibition Hall of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on the 1st Floor, One and Two Exchange Square, Central, Hong Kong for the following purposes:

1. to receive the audited Financial Statements for the year ended 31 December 2011 together with the Reports of the Directors and Auditor thereon;
2. to declare a final dividend;
3. to elect Directors;
4. to re-appoint PricewaterhouseCoopers as the Auditor and to authorise the Directors to fix its remuneration;

and to consider as special business and, if thought fit, pass with or without modification the following resolutions as ordinary resolutions:

Ordinary Resolutions

5. **“THAT:**
 - (a) subject to paragraph (b) of this Resolution, the exercise by the Directors of HKEx during the Relevant Period (as defined below) of all the 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 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 applicable) as amended from time to time, be and is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of shares to be purchased pursuant to the approval in paragraph (a) of this Resolution 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 approval shall be limited accordingly; and
 - (c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until 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; and
- (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.”

6. **“THAT:**

- (a) subject to paragraphs (b) and (c) of this Resolution, the exercise by the Directors of HKEx during the Relevant Period (as defined below) of all the powers of HKEx to allot, issue and otherwise deal with additional shares in the capital of HKEx and to make or grant offers, agreements and options (including securities convertible into shares of HKEx) which would or might require the exercise of such power(s) during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of HKEx pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) any scrip dividend or similar arrangement pursuant to the Articles of Association of HKEx from time to time;
 - (iii) any option scheme or similar arrangement for the time being adopted and approved by the shareholders of HKEx for the grant or issue to employees of HKEx and/or any of its subsidiaries of shares or rights to acquire shares of HKEx; or
 - (iv) the exercise of rights of subscription or conversion under the terms of any warrants issued by HKEx or any securities which are convertible into shares of HKEx;

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;

- (c) any shares of HKEx to be allotted and issued (whether wholly or partly for cash or otherwise) pursuant to the approval in paragraph (a) of this Resolution shall not be at a discount of more than 10 per cent of the Benchmarked Price (as defined below) of such shares of HKEx; and
- (d) for the purposes of this Resolution:

“Benchmarked Price” means the higher of:

- (i) the closing price of the shares of HKEx as quoted on the Stock Exchange on the date of the agreement involving the relevant proposed issue of shares of HKEx; and

Notice of Annual General Meeting

- (ii) the average closing price as quoted on the Stock Exchange of the shares of HKEx for the 5 trading days immediately preceding the earlier of the date: (A) of announcement of the transaction or arrangement involving the relevant proposed issue of shares of HKEx, (B) of the agreement involving the relevant proposed issue of shares of HKEx and (C) on which the price of shares of HKEx that are proposed to be issued is fixed.

“Relevant Period” means the period from the passing of this Resolution until the earlier of:

- (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; and
- (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.

“Rights Issue” means an offer of shares of HKEx or an issue of options, warrants or other securities giving the right to subscribe for shares of HKEx, open for a period fixed by the Directors of HKEx to holders of shares of HKEx on the register of members on a fixed record date in proportion to their then holdings of such shares of HKEx (subject to such exclusions or other arrangements as the Directors of HKEx may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

7(a). “**THAT** until shareholders of HKEx in general meeting otherwise determine, the remuneration of HK\$900,000 and HK\$600,000 respectively be payable to the Chairman and each of the other non-executive Directors of HKEx for the period from the conclusion of each annual general meeting of HKEx to the conclusion of the annual general meeting of HKEx to be held in the immediately following year, 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.”

7(b). “**THAT** until shareholders of HKEx in general meeting otherwise determine, in addition to the attendance fee of HK\$3,000 per meeting, the remuneration of HK\$120,000 and HK\$90,000 respectively be payable to the chairman and each of the other members in respect of each committee that such person is the chairman or member (excluding any executive Director) of the Audit Committee, Executive Committee, Investment Advisory Committee and Remuneration Committee of HKEx for the period from the conclusion of each annual general meeting of HKEx to the conclusion of the annual general meeting of HKEx to be held in the immediately following year, provided that such remuneration be payable in proportion to the period of service in the case of a committee member who has not served the entire period.”

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

Hong Kong, 15 March 2012

Notice of Annual General Meeting

Notes:

- (1) A shareholder entitled to attend and vote at the above meeting (or at any adjournment of it) is entitled to appoint one or more proxies to attend and vote in his/her stead. The proxy does not need to 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 of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of HKEx in respect of the relevant joint holding.
 - (3) In order to be valid, the completed 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 practice in Hong Kong), must be received by HKEx's registrar, Hong Kong Registrars Limited, at 17M 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) For the purposes of determining shareholders' eligibility to attend and vote at the above meeting, and entitlement to the final dividend, the register of members of HKEx will be closed. Details of such closures are set out below:
 - (i) For determining eligibility to attend and vote at the above meeting:

Latest time to lodge transfer documents for registration	4:30 pm on Wednesday, 18 April 2012
Closure of register of members	Thursday, 19 April 2012 to Monday, 23 April 2012 (both dates inclusive)
Record date	Monday, 23 April 2012
 - (ii) For determining entitlement to the final dividend:

Latest time to lodge transfer documents for registration	4:30 pm on Thursday, 26 April 2012
Closure of register of members	Friday, 27 April 2012 to Monday, 30 April 2012 (both dates inclusive)
Record date	Monday, 30 April 2012
- During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the above meeting, and to qualify for the final dividend, 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 no later than the aforementioned latest time.
- (5) There will be 2 Director vacancies to be filled at the above meeting following the retirement of Messrs Ignatius Chan and John Williamson. 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 at the above meeting; and (ii) a notice executed by the nominated candidate of his/her willingness to be appointed together with (A) that candidate's information as required to be disclosed under Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), and (B) the candidate's written consent to the publication of his/her personal data, have to be validly served **no later than Thursday, 22 March 2012** on the Company Secretary. Further details are set out in Appendix I to the circular dated 15 March 2012.
 - (6) As a good corporate governance practice, all non-executive Directors of HKEx who are shareholders of HKEx will abstain from voting at the above meeting on Resolutions 7(a) and 7(b) concerning remuneration of non-executive Directors and members of certain Board committees of HKEx.
 - (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 for attending the above meeting will start at 3:45 pm on 23 April 2012.
 - (9) The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English version shall prevail.
 - (10) If Typhoon Signal No.8 or above, or a "black" rainstorm warning is in effect any time after 12:00 noon on the date of the above meeting, the meeting will be postponed. HKEx will post an announcement on the HKEx website (www.hkex.com.hk) and HKExnews website (www.hkexnews.hk) to notify shareholders of the date, time and place of the rescheduled meeting.

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 2011 together with the Report of Directors, are set out in the 2011 Annual Report which are available in English and Chinese and may be viewed or downloaded from the “Investor Relations – Financial Statements” section under “About HKEx” of the HKEx website (www.hkex.com.hk) and the HKExnews website (www.hkexnews.hk).

The financial statements have been audited by PricewaterhouseCoopers (“PwC”) and reviewed by the Audit Committee. The reports of the Auditor and the Audit Committee are set out respectively on page 120 and pages 103 to 104 of the 2011 Annual Report.

RESOLUTION 2 – DECLARATION OF FINAL DIVIDEND (WITH A SCRIP ALTERNATIVE)

The Board recommends the payment of a final dividend of \$2.09 per Share to Shareholders whose names appear on the register of members of HKEx on 30 April 2012. Along with the interim dividend, the total dividend for the year ended 31 December 2011 amounted to \$4.25 (2010: \$4.20) per Share, which is at a payout ratio of about 90% (2010: 90%).

The proposed final dividend will be offered with a scrip alternative for Shareholders to elect to receive such final dividend wholly or partly in the form of new fully paid Shares instead of in cash (“Scrip Dividend Scheme”), subject to the passing of Resolutions 2 and 6. In the event that Resolution 6 is declined by Shareholders, the approved final dividend will be paid in cash only. A circular containing details of the Scrip Dividend Scheme, where available, and an election form (where applicable) will be despatched to Shareholders on or about Monday, 7 May 2012. The Scrip Dividend Scheme is also conditional upon the SFC’s granting the listing of, and permission to deal in, new Shares to be issued pursuant to the Scrip Dividend Scheme.

Subject to Shareholders’ approval, and the SFC’s granting the listing of, and permission to deal in, such new Shares, the dividend warrants and definitive certificates for new Shares will be despatched to the respective Shareholders concerned on or about Tuesday, 29 May 2012.

RESOLUTION 3 – ELECTION OF DIRECTORS

Board of Directors

The Board currently consists of 13 Directors including:

- (i) 6 Directors appointed by the Financial Secretary (“Government Appointed Directors”), namely Mr Ronald Arculli, Mrs Laura Cha, Dr Moses Cheng, Mr John Harrison, Mr Stephen Hui and Mr Michael Lee;
- (ii) 6 Directors elected by Shareholders (“Elected Directors”), namely Mr Ignatius Chan, Dr Bill Kwok, Mr Vincent Lee, Mr John Strickland, Mr John Williamson and Mr Oscar Wong; and
- (iii) the Chief Executive, Mr Charles Li, as an ex-officio Director.

Business of Annual General Meeting

Retiring Government Appointed Directors

The respective terms of office of Mr Ronald Arculli, Mrs Laura Cha and Dr Moses Cheng will expire at the conclusion of the AGM. Pursuant to Article 93(5) of the Articles of Association, all of them are eligible for re-appointment.

Pursuant to section 77 of the SFO, the Government Appointed Directors are appointed by the Financial Secretary. Accordingly, the retiring Government Appointed Directors are not subject to election or re-election by Shareholders. HKEx will make an announcement on the appointments of Government Appointed Directors as soon as the results are known.

Retiring Elected Directors

The respective terms of office of Messrs Ignatius Chan and John Williamson will expire at the conclusion of the AGM. Pursuant to Article 93(5) of the Articles of Association, both of them are eligible for re-appointment.

Recommendations of the Nomination Committee

On 29 February 2012, the Nomination Committee, comprised solely of independent non-executive Directors, confirmed that Messrs Ignatius Chan and John Williamson continue to contribute effectively and are committed to their roles. Accordingly, the Nomination Committee nominated, and the Board recommended Messrs Chan and Williamson to stand for election as Directors at the AGM. As a good corporate governance practice, Messrs Chan and Williamson each abstained from voting on the respective propositions of their recommendations for election by Shareholders.

The Nomination Committee is also responsible for, inter alia, assessing the independence of independent non-executive Directors. On 29 February 2012, 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, Messrs Ignatius Chan and John Williamson, remained independent.

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

Shareholders may, if thought fit, nominate other candidates to stand for election as Director(s) at the AGM to fill the 2 vacancies available consequent on the retirement of Messrs Ignatius Chan and John Williamson.

The resolutions relating to the election of Directors will be proposed under item 3 of the notice of the AGM. Shareholders will be invited to vote on each resolution proposed for a candidate. Matters in relation to nominations by Shareholders and a sample of resolution for determining which 2 candidates to be elected where there are more than 2 candidates standing for election at the AGM are set out in Appendix I to this circular.

Business of Annual General Meeting

RESOLUTION 4 – RE-APPOINTMENT OF AUDITOR AND SETTING OF AUDITOR’S REMUNERATION

For the year ended 31 December 2011, the external auditor’s fees were \$5,302,833 (2010: \$3,763,638), of which \$4,413,533 (2010: \$3,379,000) was for audit services.

Besides determining its fees, the Audit Committee also reviewed the work of PwC, the external auditor and was satisfied with its independence and objectivity. The Audit Committee recommended the re-appointment of PwC, which has expressed its willingness to continue in office for the ensuing year.

The resolution under item 4 of the notice of the AGM is the proposed re-appointment of PwC as the auditor and authorising the Directors to fix the auditor’s remuneration.

SPECIAL BUSINESS

RESOLUTION 5 – GENERAL MANDATE TO REPURCHASE SHARES

Given the general mandate to repurchase Shares granted by Shareholders at the last annual general meeting 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% of the aggregate nominal amount of the share capital of HKEx in issue at the date of the passing of the relevant resolution (“Repurchase Mandate”).

An explanatory statement, as required by the Listing Rules in connection with the Repurchase Mandate and also constituting the memorandum required under section 49BA of the Companies Ordinance, is set out in Appendix II to this circular, which contains the information reasonably necessary to enable Shareholders to make an informed decision on whether or not to support the proposed resolution.

The Repurchase Mandate to be sought from Shareholders is in compliance with the Companies Ordinance and the Listing Rules.

Details of the proposed resolution on the Repurchase Mandate are set out in Resolution 5 of the notice of the AGM.

RESOLUTION 6 – GENERAL MANDATE TO ISSUE SHARES

Under section 57B of the Companies Ordinance, directors of a company shall not, without shareholders’ prior approval in general meeting, allot new shares unless the offer is made to all shareholders on a pro-rata basis or a general issue mandate has been approved by shareholders.

As explained in Resolution 2 above, the Directors propose to offer Shareholders the right to receive their dividends in the form of Shares instead of cash. The proposed general mandate given to Directors to issue and allot Shares as set out in Resolution 6 above would, among other things, give Directors greater flexibility to exclude any Shareholders from the Scrip Dividend Scheme where it would be necessary or expedient to do so on account of either: (i) the legal restrictions under the laws of the relevant place; or (ii) the requirements of the relevant regulatory body or stock exchange in that place.

Business of Annual General Meeting

The proposed mandate size is limited to, and does not exceed, 10% of the aggregate nominal amount of the issued share capital of HKEx at the date of passing the relevant resolution (“Issue Mandate”). Any Shares to be allotted and issued (whether for cash or otherwise) under the authority granted by the proposed Issue Mandate shall not be at a discount of more than 10% to the “benchmarked price” (as described in Rule 13.36(5) of the Listing Rules).

The purpose of the proposed general mandate is to give the Directors flexibility to issue and allot Shares pursuant to (i) the Scrip Dividend Scheme and (ii) any capital raising need that may arise from time to time where the Directors believe it is in the best interests of Shareholders to do so.

HKEx has always believed in maintaining a strong balance sheet and maximum strategic flexibility bearing in mind the volatile market place and rapidly changing landscape in which it operates. It is the intention of the Board to keep the proposed Issue Mandate on a long-term basis to give HKEx the financial flexibility which it needs to grow its business and maximise shareholder value.

Details of the proposed resolution on the Issue Mandate are set out in Resolution 6 of the notice of the AGM.

RESOLUTIONS 7(a) AND 7(b) – REMUNERATION OF NON-EXECUTIVE DIRECTORS AND MEMBERS OF CERTAIN BOARD COMMITTEES

At the annual general meeting held in April 2011, Shareholders approved the remuneration of \$550,000 and \$385,000 per annum be payable to the Chairman and each of the other non-executive directors (“NEDs”) of HKEx respectively, and in addition to an attendance fee of \$2,500 per meeting, the remuneration of \$100,000 and \$70,000 per annum respectively be payable to the chairman and each of the other members (excluding executive Director) of the Audit Committee, Executive Committee, Investment Advisory Committee and Remuneration Committee of HKEx (collectively referred as “Committees”). Such remuneration will remain in effect until otherwise determined in general meeting.

Article 88(1) of the Articles of Association provides that ordinary remuneration of Directors shall from time to time be determined by the Company in general meeting. In early 2012, a review of the HKEx NEDs’ remuneration was carried out by the Remuneration Committee. Egon Zehnder International Limited (“Egon Zehnder”), the independent consultant engaged for performing evaluation of the Board/Committee performance in the last 2 years, which is specialising in the assessment and recruitment of top level executives and NEDs, has also been consulted to advise on the market trends and any other relevant factors which should be taken into consideration in ensuring the HKEx NEDs’ remuneration is fair and appropriate.

The following factors, as advised by Egon Zehnder, were taken into consideration by the Remuneration Committee when identifying appropriate comparator organisations for HKEx:

- Corporate globalisation, an increased time commitment for major boards, and the increased perception of risk and complexity are affecting the global talent market for NEDs.

Business of Annual General Meeting

- HKEx is operating in an increasingly competitive market for globally qualified NEDs. Asia is the focus of much of this competition. Individuals with the skills and experience to be potential NEDs with HKEx are in greater demand than at any time previously – not only from major Hong Kong companies but also from major global companies (particularly financial services companies) in Asia and the rest of the world.
- As Hong Kong consolidates its position as a globally pre-eminent financial centre, candidates considering joining the Board are increasingly likely to see other exchanges as a relevant comparator, rather than making reference to local Hang Seng Index (“HSI”) constituent companies.
- The time commitment required of HKEx NEDs is higher than most HSI constituent companies, and comparable with that of major global financial services companies. For example, HKEx NEDs attended an average of 24 meetings in 2011, considerably more than most of the HSI constituent company directors.
- HKEx’s combined role as a market regulator with a public duty and a commercial entity increases the level of complexity of the Board’s work which is unique in Hong Kong.

Accordingly, when the Remuneration Committee was measuring HKEx NEDs remuneration against market levels, apart from making a comparison with the NEDs’ remuneration of the 46 HSI constituent companies, the remuneration of the HKEx NEDs was compared with that of the following comparator groups:

- 16 overseas exchanges with publicly traded shares; and
- 10 major global and 10 major regional financial services companies.

The remuneration data collected from these comparator groups indicated that the HKEx NED current remuneration is:

- above the median of all 46 HSI constituent companies, but significantly below the average remuneration of the top 10 HSI constituent companies, with which HKEx can realistically be compared (the average remuneration of independent NEDs of the top 10 HSI constituent companies in 2010/11 was \$891,701);
- significantly below that of the 16 overseas exchanges with publicly traded shares (for which the average NED remuneration was \$1,162,182); and
- significantly below that of the 10 major global financial services companies (average NED remuneration was \$986,469 excluding share awards) and that of the 10 major regional financial services companies (average NED remuneration was \$1,806,402).

In addition, the analysis revealed that the additional fees paid to the HKEx NEDs for their committee work, and that of the HKEx Chairman, are significantly lagging behind the comparable fees for committee memberships and the chairmanship for all the above three groups of comparable companies.

Accordingly, the Remuneration Committee recommended and the Board endorsed the proposals to raise the (i) remuneration of the Chairman of HKEx and each of the other non-executive Directors to \$900,000 and \$600,000 per annum respectively, (ii) remuneration

Business of Annual General Meeting

of the chairman and each of the other members (excluding executive Director) of the Committees to \$120,000 and \$90,000 per annum respectively, and (iii) attendance fee payable to the Committee members (excluding executive Director) for each meeting of the Committees to \$3,000.

Subject to Shareholders' approval, the HKEx NED remuneration per annum would be as follows:

	Current	Proposed Fee
	(\$)	(\$)
Board¹		
– Chairman	550,000	900,000
– Other member	385,000	600,000
Committees¹		
– Chairman	100,000	120,000
– Other member	70,000	90,000
– Attendance fee per meeting	2,500	3,000

¹ excluding executive Director

The proposed increases serve to make the HKEx NED remuneration more competitive for retention and recruitment purposes and also to reflect differentiation in time commitment and workload of the Committee members.

Accordingly, Resolutions 7(a) and 7(b) will be proposed at the AGM for Shareholders to consider, and if thought fit, approve the proposed changes. The Remuneration Committee considers that the proposed remuneration is reasonable, and if approved by Shareholders, will remain in effect until otherwise determined in general meeting.

Voting on the remuneration resolutions

The proposed Resolutions 7(a) and 7(b) as set out in the notice of the AGM will be voted separately by Shareholders at the AGM. As a good corporate governance practice, all non-executive Directors who are Shareholders will abstain from voting on the proposed resolutions relating to their remuneration at the AGM.

LIST OF CANDIDATES

Information of the 2 candidates standing for election as Directors at the AGM, Messrs Ignatius Chan and John Williamson, is set out below in alphabetical order:

1. Mr CHAN Tze Ching, Ignatius BBS, JP
Independent Non-executive Director (aged 55)

Director since	Board/committee/panel memberships held within HKEx group	Meetings attended/held in 2011	Emoluments for 2011 (\$)																
23 April 2009	HKEx <ul style="list-style-type: none"> • Board • Audit Committee • Nomination Committee • Clearing Consultative Panel (deputy chairman) Hong Kong Securities Clearing Company Limited <ul style="list-style-type: none"> • Disciplinary Appeals Committee 	<table style="border: none;"> <tr> <td style="padding-right: 10px;">11/11</td> <td>100%</td> </tr> <tr> <td style="padding-right: 10px;">6/6</td> <td>100%</td> </tr> <tr> <td style="padding-right: 10px;">1/1</td> <td>100%</td> </tr> <tr> <td style="padding-right: 10px;">2/2</td> <td>100%</td> </tr> <tr> <td style="padding-right: 10px;">-/-</td> <td>N/A</td> </tr> </table>	11/11	100%	6/6	100%	1/1	100%	2/2	100%	-/-	N/A	<table style="border: none;"> <tr> <td style="padding-right: 10px;">376,250</td> </tr> <tr> <td style="padding-right: 10px;">80,000</td> </tr> <tr> <td style="padding-right: 10px;">-</td> </tr> <tr> <td style="padding-right: 10px;">-</td> </tr> <tr> <td style="padding-right: 10px;">-</td> </tr> <tr> <td style="border-top: 1px solid black; padding-top: 2px;">456,250</td> </tr> </table>	376,250	80,000	-	-	-	456,250
11/11	100%																		
6/6	100%																		
1/1	100%																		
2/2	100%																		
-/-	N/A																		
376,250																			
80,000																			
-																			
-																			
-																			
456,250																			
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"> • CVC Capital Partners Limited – senior adviser (2010~) • Mongolian Mining Corporation* – non-executive director (2010~) • Rizal Commercial Banking Corporation (listed on The Philippine Stock Exchange, Inc.) – non-executive director (2011~) • The Bank of East Asia, Limited* – senior adviser (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), and Citigroup country officer for Taiwan (2003-2005)) 																		
Public service	<ul style="list-style-type: none"> • Advisory Committee on Bond Market Development – member (2010~) • 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, US) • Certified Public Accountant (American Institute of Certified Public Accountants) 																		
* Currently listed on the Stock Exchange																			

2. Mr John Mackay McCulloch WILLIAMSON

Independent Non-executive Director (aged 53)

Director since	Board/committee memberships held within HKEx group	Meetings attended/held in 2011		Emoluments for 2011 (\$)
18 June 2008	HKEx <ul style="list-style-type: none"> • Board • Audit Committee • Executive Committee • Remuneration Committee 	10/11	91%	376,250
		6/6	100%	80,000
		10/12	83%	90,000
		3/4	75%	72,500
				618,750
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"> • SAIL Advisors Limited – chief executive officer (2011~) • Search Investment Group Limited – senior managing director (2012~) 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) • Search Investment Group Limited – managing director (2007-2012) 			
Qualifications	<ul style="list-style-type: none"> • Bachelor of Arts (Accountancy & Computer Science) (Heriot-Watt University, UK) • Chartered Accountant (The Institute of Chartered Accountants of Scotland) • Fellow (Hong Kong Securities Institute, and Chartered Institute for Securities and Investment, UK) 			

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

Neither Messrs Ignatius Chan nor John Williamson has any service contract with any member of the HKEx group of companies.

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 3 years expiring at the conclusion of the Company's annual general meeting to be held in 2015.

The current remuneration of a non-executive Director is \$385,000 (as a Board member) or \$550,000 (if elected as the Chairman) per annum. If a non-executive Director is appointed by the Board to serve on any of the Audit Committee, Executive Committee, Investment Advisory Committee and Remuneration Committee, he or she is entitled to an additional fee of \$100,000 and \$70,000 per annum for being the chairman or a member of each of the committees respectively, and an attendance fee of \$2,500 per meeting. The remuneration is payable to Directors for services rendered by each of them for the period between the conclusion of each annual general meeting and the conclusion of the annual general meeting to be held in the immediately following year until Shareholders otherwise determine, 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.

Subject to Shareholders' approval at the AGM, the remuneration of non-executive Director would be revised in accordance with the proposed Resolutions 7(a) and 7(b) as set out in the notice of AGM.

Save for the information disclosed above, Messrs Ignatius Chan and John Williamson each confirmed that there is no other information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and the Company is not aware of any other matters in relation to their standing for election as Directors that need to be brought to Shareholders' attention.

NOMINATIONS BY SHAREHOLDERS

Shareholders are invited to elect up to 2 Directors at the AGM to fill the vacancies available following the retirement of Messrs Ignatius Chan and John Williamson. Newly elected Directors at the AGM will each have a term of not more than approximately 3 years expiring at the conclusion of the Company's annual general meeting to be held in 2015.

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 an Elected Director at any general meeting unless:

- (a) he/she is recommended by the Directors; or
- (b) he/she is nominated by notice in writing by a member (other than the person to be proposed) entitled to attend and vote at the meeting, and such notice of nomination shall be given to the Secretary within the seven-day period commencing the day after the despatch of the notice of the meeting (or such other period, being a period of not less than 7 days, commencing no earlier than the day after the despatch of the notice of such meeting and ending no later than 7 days prior to the date appointed for such meeting, as may be determined by the Directors from time to time). The notice of nomination shall be accompanied by a notice signed by the proposed candidate indicating his/her willingness to be appointed or re-appointed.

If a Shareholder wishes to nominate a person to stand for election as a Director, the following documents must be validly served **no later than Thursday, 22 March 2012** on the Company Secretary, namely (i) his/her notice of intention to propose a resolution at the AGM; and (ii) a notice executed by the nominated candidate of his/her willingness to be appointed together with (A) that candidate's information as required to be disclosed under Rule 13.51(2) of the Listing Rules and such other information, as set out in the below heading "Required information of the candidate(s) nominated by Shareholders", and (B) the candidate's written consent to the publication of his/her personal data.

Upon receiving a valid nomination, a supplemental circular containing information of the candidate(s) proposed by Shareholders will be despatched to Shareholders as soon as practicable on or about 28 March 2012.

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 above described 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 of companies (if any);

- (c) experience including (i) other directorships held in the past 3 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) of 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, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) 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 that nominated candidate's standing for election as a Director that should be brought to Shareholders' attention; 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 as a Director, unless a resolution that a single resolution for the appointment of 2 or more candidates as Directors has been proposed and has been first agreed to by the general meeting of the Company without any vote being cast against it.

There will be 2 Director vacancies to be filled at the AGM following the retirement of Messrs Ignatius Chan and John Williamson. If there are more than 2 candidates standing for election at the AGM, each resolution proposing that a candidate be appointed as a Director will provide for a method to determine which 2 candidates shall be elected as Directors 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 2 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 2012 or on the date of its adjournment (where applicable) (the "2012 AGM"), [name of candidate] be and is hereby appointed as a director of the Company with effect from the conclusion of the 2012 AGM for a term of approximately 3 years expiring at the conclusion of the Company's annual general meeting to be held in 2015, provided that if any 2 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 the 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 2 resolutions passed by the majority of the votes cast, the Board may, pursuant to Article 92 of the Articles of Association, appoint any person to fill the relevant vacancy or vacancies (as the case may be).

Assuming a resolution is passed by the majority of the votes cast on it, the candidate who is the subject of that resolution will be elected to one of the 2 positions on the Board if the net votes cast in favour of his/her resolution is among within the top 2 resolutions passed in terms of net votes cast. Net votes cast 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 2 or more resolutions, the ranking of the Tied Resolutions from highest to lowest number of net votes cast shall be determined 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 cast in respect of the resolution for such candidate that you do not wish to support.

Appendix II Explanatory Statement on the Share Repurchase Mandate

This Appendix serves as an explanatory statement required by 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 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; and (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% of the issued share capital of a company as at 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 Stock Exchange's prior approval (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% or more than the average closing market price for the 5 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 under 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, information on repurchases of securities on the Stock Exchange or otherwise must be submitted for publication to the Stock Exchange by not later than 8:30 am 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.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of HKEx comprised 1,079,906,640 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 107,990,664 Shares being repurchased by HKEx during the period from the passing of the Repurchase Mandate at 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 HKEx's net asset value and/or its earnings per Share and will only be made when the Board believes that such repurchases will benefit HKEx and its Shareholders as a whole.

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 internal funds legally permitted to be utilised in this connection, including the funds 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 internal funds 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 financial statements contained in the 2011 Annual Report, 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 granted by Shareholders, to sell any Shares to HKEx.

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, 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 an exercise of 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 prior to the printing of this circular, the highest and lowest prices at which the Shares were traded on the Stock Exchange were as follows:

	Share prices (per share)	
	Highest	Lowest
	(\$)	(\$)
2011		
March	173.80	159.60
April	186.50	169.00
May	178.60	167.00
June	175.00	156.80
July	170.00	157.50
August	165.00	133.00
September	149.50	113.30
October	139.00	99.15
November	138.00	118.00
December	135.00	122.00
2012		
January	135.00	118.70
February	148.90	133.40
March (up to and including the Latest Practicable Date)	144.60	134.10

1. WHO IS ELIGIBLE TO ATTEND AND VOTE

You are eligible to attend and vote at the AGM if you are a registered Shareholder on 23 April 2012 (the date of the AGM).

The register of members of HKEx will be closed and no transfer of Shares will be registered from Thursday, 19 April 2012 to Monday, 23 April 2012, both dates inclusive. In order to be eligible to attend and vote 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 no later than 4:30 pm on Wednesday, 18 April 2012.

2. HOW TO VOTE

Registered Shareholders

(a) Attending in person

You are entitled to attend and vote at the AGM in person or, in the case of a corporation, by its duly authorised representative. A corporation must have submitted a properly executed proxy form or corporate representative authorisation.

(b) By proxy

If you do not plan to attend the AGM, you may cast your votes by proxy either by:

- (i) authorising the chairman of the AGM to exercise your votes on your behalf; or
- (ii) appointing another person, who needs not be a Shareholder, to attend the AGM and vote on your behalf.

In order to be valid, you should complete the proxy form in accordance with the instructions printed on it and return the completed proxy form to HKEx's registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible so that it is received not less than 48 hours before the time appointed for the meeting or adjourned meeting (as the case may be) ("Closing Time"). Submission of a proxy form shall not preclude you from attending the AGM or any adjourned meeting and voting in person should you so wish, but the appointment of the proxy will be revoked if you vote in person at any such meeting.

Non-registered Shareholders

You are a non-registered Shareholder if your Shares are held through an intermediary (for example, a bank, a custodian or a securities broker) or registered in the name of your nominee. In that case, you will not receive a proxy form directly from HKEx and have to give instructions to your intermediary/nominee to vote on your behalf. If you wish to attend and vote at the AGM, you should seek an authorisation from your intermediary/nominee directly.

3. PROXY APPOINTMENT

Appointing a proxy

A registered Shareholder may appoint one or more proxies to attend and vote in his/her stead. If you appoint more than one proxy, you must specify the number of Shares each proxy is appointed to represent.

Voting by proxies

If you have properly completed and returned a proxy form, the person named in the proxy form will be authorised to attend the AGM and vote on your behalf. If you have clearly specified in the proxy form how you wish your votes to be cast, your proxy must cast your votes in accordance with your specified instructions. Otherwise, your proxy will be entitled to cast your votes at his/her discretion or to abstain from voting.

Voting by chairman of the AGM

If you have returned a proxy form without inserting the name of a proxy, you are authorising the chairman of the AGM to exercise your votes on your behalf. If you have not specified in the proxy form how you wish your votes to be cast, the chairman of the AGM will cast your votes at his discretion on all the proposed resolutions, except for Resolutions 7(a) and 7(b) concerning non-executive Directors' remuneration. In that case, your shares will not be voted on Resolutions 7(a) and 7(b) unless you direct the chairman of the AGM how to vote by marking the appropriate box on the proxy form.

4. HOW TO REVOKE A PROXY GIVEN

Registered Shareholders

If you have returned a proxy form, you may revoke it by completing and signing a proxy form bearing a later date, and lodging it with HKEx's registrar. In order to be valid for voting purpose, this latter proxy form should be received by HKEx's registrar before the Closing Time. If this latter proxy form is lodged with HKEx's registrar after the Closing Time, it will be invalid for voting purpose. However, it will revoke any previous proxy form and any vote that may be cast by the purported proxy will not be counted in any poll taken on a proposed resolution.

You should also note that the appointment of your proxy will be revoked automatically if you vote in person at the AGM.

Non-registered Shareholders

If you are a non-registered Shareholder and wish to revoke an authorisation appointing a person to vote on your behalf, you should contact your intermediary or nominee directly to revoke your authorisation.

5. 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. The chairman of the AGM will demand, pursuant to Article 70(1)(a) of the Articles of Association, that all resolutions set out in the notice of the AGM be decided by poll.

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, in case of an individual, is present in person or by proxy or, in the case of a corporation, is present by its duly authorised representative or proxy, shall have one vote for every Share of which he/she/it is the holder.

Shareholders present in person or by proxy or by authorised representative who are entitled to more than one vote do not have to vote all of their Shares (ie, they can cast a number of votes totaling less than the number of Shares they hold or represent in a resolution) nor do they have to cast all their votes in the same way (ie, they can cast some of their votes in favour of a resolution and some of their votes against the resolution). It is believed that in most cases, 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 in respect of a resolution may mark a “✓” in either the “FOR” or “AGAINST” box corresponding to that resolution to indicate whether he/she/it supports or is against that resolution. Shareholders who do not want to vote all of their Shares or want to split their votes cast on a resolution shall indicate the number of votes cast on that particular resolution in the “FOR” and/or “AGAINST” box, where appropriate, but the total votes cast on a particular resolution must not exceed their entitled votes. If the votes cast exceed the votes a Shareholder is entitled to cast, the voting slip will be cancelled and the Shareholder’s votes on that resolution will not be counted.

HKEx’s registrar will send a specimen of the voting slip proposed for use at the AGM together with examples of how a Shareholder can vote, to Shareholders for information. The same will also be posted in the “Investor Relations – Circulars” section under “About HKEx” of the HKEx website (www.hkex.com.hk). Shareholders are advised to read the guidance notes before attending the AGM.

6. POLL RESULTS

After closing the poll, HKEx's registrar will count the votes and the poll results will be subject to scrutiny by an independent scrutineer.

The poll results will be published after closure of the AGM on the HKEx website (www.hkex.com.hk) and HKExnews website (www.hkexnews.hk).

7. TYPHOON OR BLACK RAINSTORM WARNING ARRANGEMENTS

If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 12:00 noon on the date of the AGM, the meeting will be postponed. HKEx will post an announcement on the HKEx website (www.hkex.com.hk) and HKExnews website (www.hkexnews.hk) to notify Shareholders of the date, time and place of the rescheduled meeting.

