
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,
ADJUSTING THE REMUNERATION OF NON-EXECUTIVE DIRECTORS
AND MEMBERS OF CERTAIN BOARD COMMITTEES,
AND
ADOPTION OF NEW ARTICLES OF ASSOCIATION**

The notice convening the AGM is set out in this circular on pages 4 to 9.

Only light beverages will be served after the meeting.

Whether you are able to attend the AGM or not, 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.

17 March 2014

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Definitions

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

“2013 Annual Report”	annual report for the year ended 31 December 2013 of the Company;
“AGM”	the annual general meeting of HKEx to be held 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 on Wednesday, 16 April 2014 at 4:30 pm, or, where the context so admits, any adjournment of such annual general meeting;
“Board”	the board of directors of HKEx;
“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;
“Existing Articles”	the existing articles of association of HKEx, and a reference to an “Existing Article” is a reference to a provision in the Existing Articles;
“Financial Secretary”	Financial Secretary of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	7 March 2014, 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;
“Memorandum”	the memorandum of association of HKEx;
“New Articles”	the articles of association of HKEx proposed to be adopted under Resolution 8, and a reference to a “New Article” is a reference to a provision in the New Articles;
“New CO”	Companies Ordinance, Chapter 622 of the Laws of Hong Kong;
“Previous CO”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong, which has been replaced almost in its entirety by the New CO;
“SFC”	Securities and Futures Commission;

Definitions

“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Shareholder(s)”	holder(s) of Shares;
“Share(s)”	share(s) 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; and
“%”	per cent.

References to time and dates in this circular are to Hong Kong time 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

CHOW Chung Kong (Chairman)
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
LEUNG KO May Yee, Margaret
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)

17 March 2014

Dear Shareholders,

On behalf of the Board, it is my pleasure to invite you to HKEx's annual general meeting to be held 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 on Wednesday, 16 April 2014 at 4:30 pm. Registration will start at 3:30 pm.

The notice of the AGM is set out on pages 4 to 9. Information regarding the business to be considered at the AGM is set out on pages 10 to 15. If you do not plan to attend the AGM, I encourage you to appoint a proxy to attend and vote on your behalf at the AGM.

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

Matters regarding shareholders' rights to attend and vote at the AGM are set out in Appendix IV 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
CHOW Chung Kong
Chairman

Notice of Annual General Meeting



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

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

NOTICE IS HEREBY GIVEN THAT the annual general meeting of shareholders of Hong Kong Exchanges and Clearing Limited (“HKEx”) will be held at the Exchange Auditorium in the Exchange Exhibition Hall of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on the 1st Floor, One and Two Exchange Square, Central, Hong Kong on Wednesday, 16 April 2014 at 4:30 pm for the following purposes:

1. to receive the audited Financial Statements for the year ended 31 December 2013 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 and, if thought fit, pass with or without modification the following Resolutions 5, 6, 7(a) and 7(b) as ordinary resolutions and Resolution 8 as a special resolution:

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 number of shares to be purchased pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent of the number of shares of HKEx in issue at the date of the passing of this Resolution (subject to adjustment in the case of any conversion of any or all of the shares of HKEx into a larger or smaller number of shares in accordance with section 170(2)(e) of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) after the passing of this Resolution), and the said approval shall be limited accordingly; and

Notice of Annual General Meeting

- (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;
- (ii) the expiry 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 deal with additional shares of HKEx, to grant rights to subscribe for, or convert any security into, shares in HKEx (including the issue of any securities convertible into shares, or options, warrants or similar rights to subscribe for any shares) and to make or grant offers, agreements and options 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 number of shares 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) the grant of options or rights to acquire shares in HKEx or an issue of shares in HKEx upon the exercise of options or rights granted under any option scheme or similar arrangement for the time being adopted and approved by the shareholders of HKEx; or
 - (iv) the exercise of rights of subscription or conversion under the terms of any options, warrants or similar rights granted by HKEx or any securities which are convertible into shares of HKEx;

shall not exceed 10 per cent of the number of shares of HKEx in issue at the date of the passing of this Resolution (subject to adjustment in the case of any conversion of any or all of the shares of HKEx into a larger or smaller number of shares in accordance with section 170(2)(e) of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) after the passing of this Resolution);

Notice of Annual General Meeting

(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
- (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 expiry 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\$1,500,000 and HK\$700,000 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.”

Notice of Annual General Meeting

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\$180,000 and HK\$100,000 respectively be payable to the chairman and each of the other members of the Audit Committee of HKEx, and HK\$150,000 and HK\$100,000 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 executive Director, if any) of the 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.”

Special Resolution

8. “**THAT** subject to the written approval of the Securities and Futures Commission pursuant to section 67 of the Securities and Futures Ordinance, the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification, which, among other things, do not include any “objects” clauses, be adopted as the Articles of Association of HKEx in substitution for, and to the exclusion of, the Memorandum and Articles of Association of HKEx as amended by the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) when it came into force.”

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

Hong Kong, 17 March 2014

Notes:

- (1) An eligible shareholder is entitled to appoint one or more proxies to attend, speak and vote in his/her stead at the above meeting (or at any adjournment of it) provided that each proxy is appointed to represent the respective number of shares held by the shareholder as specified in the relevant proxy form. 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).

Notice of Annual General Meeting

- (4) For the purposes of determining shareholders' eligibility to attend, speak and vote at the above meeting, and entitlement to the final dividend, the register of members of HKEx will be closed, as follows –

- (i) For determining eligibility to attend, speak and vote at the above meeting:

Latest time to lodge transfer documents for registration	4:30 pm on Friday, 11 April 2014
Closure of register of members	Monday, 14 April 2014 to Wednesday, 16 April 2014 (both dates inclusive)
Record date	Wednesday, 16 April 2014

- (ii) For determining entitlement to the final dividend:

Latest time to lodge transfer documents for registration	4:30 pm on Wednesday, 23 April 2014
Closure of register of members	Thursday, 24 April 2014 to Friday, 25 April 2014 (both dates inclusive)
Record date	Friday, 25 April 2014

During the above closure periods, no transfer of shares will be registered. To be eligible to attend, speak 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 vacancies on the Board to be filled at the above meeting following the retirement of Dr Bill Kwok and Mr Vincent Lee. 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 Monday, 24 March 2014** on the Company Secretary at 12th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong. Further details are set out in Appendix I to the circular dated 17 March 2014.
- (6) As a good corporate governance practice, all non-executive Directors 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) In light of the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("New CO") which came into operation effective 3 March 2014, the Board proposes to adopt a new set of Articles of Association of HKEx ("New Articles") to update various provisions contained in the existing Articles of Association of HKEx in order to bring them into line with the positions of the New CO, not include any "objects" clauses, and make some minor consequential and housekeeping changes. Further details are set out in Appendix III to the circular dated 17 March 2014.

The full text of the New Articles is available in English and Chinese under the About HKEx (Investor Relations – Shareholder Meetings) section of the HKEx website (www.hkex.com.hk). The Chinese translation of the New Articles is for shareholders' reference only. In case there is any inconsistency between the English version and the Chinese version, the English version shall prevail. A copy of the New Articles will also be available for inspection at HKEx's registered office at 12th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong during normal business hours on any business day (excluding Saturday) from the date hereof up to and including 16 April 2014.

- (8) 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.
- (9) The registration for attending the above meeting will start at 3:30 pm on 16 April 2014.
- (10) The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English version shall prevail.

Notice of Annual General Meeting

- (11) If Typhoon Signal No.8 or above is expected to be hoisted or a Black Rainstorm Warning Signal is expected to be in force any time after 12:00 noon on the date of the meeting, then 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.

The meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under bad weather condition bearing in mind their own situations.

Business of Annual General Meeting

RESOLUTION 1 – RECEIVING THE AUDITED FINANCIAL STATEMENTS

The audited financial statements of HKEx for the year ended 31 December 2013 together with the Report of Directors, are set out in the 2013 Annual Report which are available in English and Chinese under the About HKEx (Financial Statements) section of the HKEx website (www.hkex.com.hk) and the HKExnews website (www.hkexnews.hk).

The financial statements were audited by PricewaterhouseCoopers (“PwC”) and reviewed by the Audit Committee. The reports of the Auditor and of the Audit Committee are set out respectively on page 123 and pages 104 and 105 of the 2013 Annual Report.

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

The Board recommends the payment of a final dividend of \$1.72 per Share to Shareholders whose names appear on the register of members of HKEx on 25 April 2014. Along with the interim dividend, the total dividend for the year ended 31 December 2013 amounted to \$3.54 (2012: \$3.31) per Share, which is at a payout ratio of about 90% (2012: 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) are expected to be despatched to Shareholders on or about Friday, 2 May 2014. 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 are expected to be despatched to the respective Shareholders concerned on or about Tuesday, 27 May 2014.

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 C K Chow, Mr Tim Freshwater, Mr John Harrison, Mr Stephen Hui, Mr Michael Lee and Mrs Margaret Leung;
- (ii) 6 Directors elected by Shareholders (“Elected Directors”), namely Mr T C 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 C K Chow and Mr Tim Freshwater will expire at the conclusion of the AGM. Pursuant to Existing Article 93(5), both 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 Dr Bill Kwok and Mr Vincent Lee will expire at the conclusion of the AGM. Pursuant to Existing Article 93(5), both of them are eligible for re-appointment.

Recommendations of the Nomination Committee

On 21 February 2014, the Nomination Committee comprising solely independent non-executive Directors, considered the current Board composition and nominated Dr Bill Kwok and Mr Vincent Lee to the Board for it to recommend them to stand for election by Shareholders at the AGM. The nominations were made in accordance with the Nomination Policy and the objective criteria (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service), with due regard for the benefits of diversity, as set out in the Board Diversity Policy. The Nomination Committee had also taken into account their respective contributions to the Board and their firm commitment to their roles.

Both Dr Bill Kwok and Mr Vincent Lee have served on the Board for more than 9 years. As independent non-executive Directors with extensive experience and knowledge in securities and derivatives markets and in-depth understanding of HKEx's operations and business, Dr Kwok and Mr Lee have expressed views and given independent guidance to HKEx over the years, and they continue demonstrating a firm commitment to their roles. The Nomination Committee considers that the long service of Dr Kwok and Mr Lee would not affect their exercise of independent judgement and is satisfied that both Dr Kwok and Mr Lee have the required character, integrity and experience to continue fulfilling the role of an independent non-executive Director. On 26 February 2014, the Board considered that the re-election of Dr Kwok and Mr Lee as Directors is in the best interest of HKEx and Shareholders as a whole, and recommended Dr Kwok and Mr Lee to stand for election as Directors at the AGM.

Information of Dr Bill Kwok and Mr Vincent Lee including, their biographical details, interests in Shares, and attendance record at meetings of the Board and other committees and panels, 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 Dr Bill Kwok and Mr Vincent Lee.

Business of Annual General Meeting

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.

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

For the year ended 31 December 2013, the external auditor’s fees were approximately \$15 million (2012: \$12 million), of which about \$9 million (2012: \$6 million) 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.

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 number of Shares not exceeding 10% of the number of Shares in issue at the date of the passing of the relevant resolution (subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares in accordance with section 170(2)(e) of the New CO after 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 239 of the New CO, 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 New CO 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 sections 140 and 141 of the New CO, directors of a company shall not, without shareholders’ prior approval, exercise any power to allot shares in the company or to grant rights to subscribe for, or to convert any security into, shares in the company, unless the offer is made to all shareholders in proportion to their shareholdings or a general issue

Business of Annual General Meeting

mandate has been approved by shareholders. Given the general mandate to issue Shares granted by Shareholders at the last annual general meeting will lapse at the conclusion of the AGM, it is proposed to renew the mandate at the AGM.

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.

The proposed mandate size is limited to, and does not exceed, 10% of the number of Shares in issue at the date of passing the relevant resolution (subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares in accordance with section 170(2)(e) of the New CO after the passing of 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 “benchmark price” (as described in Rule 13.36(5) of the Listing Rules).

The purpose of the proposed Issue 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) – ADJUSTING THE REMUNERATION OF NON-EXECUTIVE DIRECTORS AND MEMBERS OF CERTAIN BOARD COMMITTEES

At the annual general meeting held in April 2012, Shareholders approved the remuneration of \$900,000 and \$600,000 per annum be payable to HKEx’s Chairman and each of the other non-executive Directors respectively, and in addition to an attendance fee of \$3,000 per meeting, the remuneration of \$120,000 and \$90,000 per annum respectively be payable to the chairman and each of the other members (excluding any 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.

Existing Article 88(1) provides that ordinary remuneration of Directors shall from time to time be determined by the Company in general meeting.

Business of Annual General Meeting

In early 2014, a review of the non-executive directors' remuneration for the boards of HKEx and its subsidiaries, including The London Metal Exchange ("LME"), LME Clear Limited ("LME Clear") and OTC Clearing Hong Kong Limited ("OTC Clear"), was carried out by the Remuneration Committee of HKEx ("RC"). McLagan, an independent professional firm specialising in performance and rewards for the financial services industry, was engaged to conduct a detailed analysis of market practices and advise on any adjustments required to ensure our non-executive directors' remuneration is competitive and appropriate. The analysis included a benchmarking exercise covering listed exchanges, banks, the FTSE100 constituent companies and Hang Seng Index constituent companies.

After having considered the findings in the consultant's review, the RC (none of the RC members participated in the decision on his or her remuneration changes) concluded that the remuneration for non-executive directors of LME, LME Clear and OTC Clear remains unchanged (details of the fees payable to the chairman and members of the boards of LME, LME Clear and OTC Clear are set out in the Remuneration Committee Report of the 2013 Annual Report) and recommended increasing the remuneration of HKEx's Chairman and non-executive Directors. The Board (none of the Board members participated in the decision on his or her remuneration changes) endorsed and proposed the following recommendation for Shareholders' approval at the AGM:

	Current Fee	Proposed Fee
	(\$)	(\$)
Board #		
– Chairman	900,000	1,500,000
– Other member	600,000	700,000
Audit Committee		
– Chairman	120,000	180,000
– Other member	90,000	100,000
– Attendance fee per meeting	3,000	3,000
Executive Committee #, Investment Advisory Committee and RC		
– Chairman	120,000	150,000
– Other member	90,000	100,000
– Attendance fee per meeting	3,000	3,000

excluding executive Director

Details of the proposed resolutions on the adjustment to the remuneration of non-executive Directors and members of the Committees are set out in Resolutions 7(a) and 7(b) respectively. RC considers that the proposed remuneration is reasonable, and if approved by Shareholders, will remain in effect until otherwise determined in general meeting.

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.

Business of Annual General Meeting

RESOLUTION 8 – ADOPTION OF THE NEW ARTICLES

Effective 3 March 2014, the Previous CO was replaced by the New CO. The requirement for a company to have a memorandum of association is abolished under the New CO and a company is only required to have articles of association. All conditions which were in force immediately prior to the commencement of the New CO are regarded as provisions of the company's articles under section 98(1) of the New CO. Further, under the New CO, a company's "objects" are unrestricted unless its articles of association provide otherwise.

In light of the changes introduced by the New CO, the Directors propose to adopt the New Articles to update various provisions contained in the Existing Articles in order to bring them into line with the positions of the New CO, not include any "objects" clauses, and make some minor consequential and housekeeping changes.

A special resolution for Resolution 8 as set out in the notice of the AGM, which requires not less than 75% of the total voting rights of all Shareholders who vote on the resolution, will be put forward to be considered and, if thought fit, approved by Shareholders at the AGM.

An explanatory statement on the adoption of the New Articles as proposed by the Resolution 8 is set out in Appendix III to this circular.

HKEx's independent legal adviser confirmed that the New Articles comply with the requirements of the Listing Rules and the laws of Hong Kong.

Pursuant to section 67 of the SFO, the adoption of the New Articles in substitution for the Memorandum and Existing Articles is subject to the SFC's approval in writing. HKEx will issue an announcement thereof upon receipt of the SFC's approval.

Full text of the New Articles are available in English and Chinese under the About HKEx (Investor Relations – Shareholder Meetings) section of the HKEx website (www.hkex.com.hk). The Chinese translation of the New Articles is for Shareholders' reference only. In case there is any inconsistency between the English version and the Chinese version, the English version shall prevail. A copy of the New Articles will also be available for inspection at HKEx's registered office at 12th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong during normal business hours on any business day (excluding Saturday) from the date of this circular up to and including 16 April 2014.

LIST OF CANDIDATES

Information of the 2 candidates standing for election as Directors at the AGM, Dr Bill Kwok and Mr Vincent Lee, is set out below in alphabetical order:

1. Dr KWOK Chi Piu, Bill JP

Independent Non-executive Director (aged 61)

Director since	Board/committee/panel memberships held within HKEx group	Meetings attended/held in 2013		Remuneration for 2013 (\$)
3 April 2000	HKEx			
	• Board	9/9	100%	600,000
	• Audit Committee	5/5	100%	105,000
	• Executive Committee	5/5	100%	105,000
	• Panel Member Nomination Committee	1/1	100%	–
	• Remuneration Committee ¹	6/6	100%	82,306
	• Derivatives Market Consultative Panel (chairman)	2/2	100%	–
	Hong Kong Futures Exchange Limited			
	• Disciplinary Appeals Committee (chairman)	–/–	N/A	–
				892,306
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"> • HSBC Private Bank (Suisse) SA – non-executive director (2006~) • Wing On Company International Limited * – non-executive director (1992~) • Wing On International Holdings Limited – executive director (1991~) • Wocom Holdings Limited – managing director (1992~) 			
Past offices	<ul style="list-style-type: none"> • Bloomberg LP – member of Asia Pacific Advisory Board (2006-2010) • Hong Kong Futures Exchange Limited – director (1991-2000) and vice-chairman (1997-2000) 			
Public service	<ul style="list-style-type: none"> • Financial Services Development Council – non-official member of New Business Committee (2013~) • SFC – member of Committee on Real Estate Investment Trusts (2011~) 			
Qualifications	<ul style="list-style-type: none"> • Bachelor of Science (Chemistry) and Bachelor of Arts (Economics) (Stanford University, US) • Doctor of Philosophy (Biochemistry) (University of Chicago, US) • Fellow (Hong Kong Securities and Investment Institute) 			
	¹ Appointment as a member of Remuneration Committee effective 8 May 2013			
	* Currently listed on the Stock Exchange			

2. Mr LEE Kwan Ho, Vincent Marshall Officer of the Order of the Crown (Belgium)
Independent Non-executive Director (aged 58)

Director since	Board/committee/panel memberships held within HKEx group	Meetings attended/held in 2013		Remuneration for 2013 (\$)
3 April 2000	HKEx			
	• Board	9/9	100%	600,000
	• Audit Committee (deputy chairman)	4/5	80%	102,000
	• Executive Committee	5/5	100%	105,000
	• Panel Member Nomination Committee	1/1	100%	–
	• Remuneration Committee ¹	6/6	100%	82,306
	• Cash Market Consultative Panel (chairman)	1/1	100%	–
	Stock Exchange			
	• Disciplinary Appeals Committee (chairman)	–/–	N/A	–
				889,306
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"> • Guangdong Land Holdings Limited * – independent non-executive director (2009~) • LT Holdings Limited * – non-executive director (2013~) • Tung Tai Group of Companies – chairman (2010~) 			
Past offices	<ul style="list-style-type: none"> • Coopers and Lybrand, Los Angeles & Boston – certified public accountant (1978-1981) • HSBC group, Hong Kong & Vancouver – senior banker (1981-1990) • Tung Tai Group of Companies – managing director (1990-2010) 			
Public service	<ul style="list-style-type: none"> • Clearing and Settlement Systems Appeals Tribunal – member (2013~) • Correctional Services Children's Education Trust Committee – member (2011~) • Financial Services Development Council – non-official member and member of New Business Committee (2013~) • Sir Murray MacLehose Trust Fund Investment Advisory Committee – chairman (2012~) 			
Qualifications	<ul style="list-style-type: none"> • Bachelor of Science (Accounting and International Finance) (Magna Cum Laude) (University of Southern California, US) • Master of Economics (London School of Economics and Political Science, UK) • Certified Public Accountant (State of California, US) • Fellow (Hong Kong Institute of Certified Public Accountants) 			
	¹ Appointment as a member of Remuneration Committee effective 8 May 2013			
	* Currently listed on the Stock Exchange			

Neither Dr Bill Kwok nor Mr Vincent Lee is related to any other Directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of HKEx.

Neither Dr Bill Kwok nor Mr Vincent Lee 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 2017.

The current remuneration of a non-executive Director is \$600,000 (as a Board member) or \$900,000 (if elected as the HKEx's 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 will be entitled to an additional fee of \$120,000 and \$90,000 per annum for being the chairman or a member of each of the committees respectively plus an attendance fee of \$3,000 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, Dr Bill Kwok and Mr Vincent Lee 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 Dr Bill Kwok and Mr Vincent Lee. 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 2017.

Existing Article 90(2) provides that no person (other than a Director retiring in accordance with the Existing Articles) 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 Company 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 Monday, 24 March 2014** 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 2014.

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, the securities of which 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, 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 460 of the New CO and Existing Article 91, 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 vacancies on the Board to be filled at the AGM following the retirement of Dr Bill Kwok and Mr Vincent Lee. 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 16 April 2014 or on the date of its adjournment (where applicable) (the “2014 AGM”), [name of candidate] be and is hereby appointed as a director of the Company with effect from the conclusion of the 2014 AGM for a term of approximately 3 years expiring at the conclusion of the Company’s annual general meeting to be held in 2017 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 Existing Article 92, 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 to be sent to Shareholders under the Listing Rules in connection with the proposed Repurchase Mandate and also constitutes the memorandum required under section 239 of the New CO.

1. THE LISTING RULES

The Listing Rules permit a company with a primary listing on the Stock Exchange to repurchase its shares 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 shares 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 expiry 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 shares 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 number of shares of a company in issue 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 shares pursuant to an exercise of share options or similar instruments requiring the company to issue shares 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 shares on the Stock Exchange if the repurchase would result in the number of that company's listed shares which are in the hands of the public falling below the relevant prescribed minimum percentage under the Listing Rules.

(d) Status of repurchased shares

The Listing Rules provide that the listing of all repurchased shares is automatically cancelled and that the certificates for those shares must be cancelled and destroyed.

(e) Suspension of repurchases

The Listing Rules prohibit any repurchase of shares at any time after inside information has come to a company's knowledge until the information is made publicly available. In particular, a company may not repurchase shares 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 shares 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 shares 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 shares made during the year including the number of shares repurchased each month, the repurchase price for each such shares 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 shares 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 shares 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 shares 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 total number of Shares in issue was 1,161,685,653 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 116,168,565 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 expiry 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 Shares, HKEx may only apply funds legally available for such repurchase in accordance with its 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.

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 2013 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.

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.

Appendix II Explanatory Statement on the Share Repurchase Mandate

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 (\$)
2013		
March	141.3	131.6
April	133.1	125.2
May	137.1	129.1
June	131.5	112.2
July	123.5	114.5
August	127.7	118.0
September	132.0	120.5
October	129.2	123.1
November	139.3	123.0
December	139.5	128.3
2014		
January	130.6	121.0
February	124.8	119.2
March (up to and including the Latest Practicable Date)	120.6	118.6

Appendix III Explanatory Statement on the Adoption of the New Articles

1. INTRODUCTION

In March 2014, the Previous CO was substantially replaced by the New CO. The New CO provides a modernised legal framework for the incorporation and operation of companies in Hong Kong. In response to the introduction of the New CO, it is proposed that a number of amendments be made to the Memorandum and Existing Articles. At the same time, it is also proposed that minor “housekeeping” amendments be made to the Existing Articles.

Set out in the remainder of this explanatory statement are an outline of and the reasons for the amendments proposed to be made to the Memorandum and Existing Articles.

2. REMOVAL OF THE MEMORANDUM

The “objects” clause of a company incorporated under the Previous CO is contained in its memorandum of association and sets out the scope of activities the company has the power to undertake. Since the introduction of section 5(1A)(b) of the Previous CO in 1997, the “objects” clause in the memorandum of association of companies has been optional for many companies incorporated in Hong Kong, including HKEx. The “objects” clause of a company incorporated in Hong Kong has also become less significant given the effective abolition of the doctrine of *ultra vires* in relation to corporate capacity in the same year and that all such companies now have the capacity and rights of a natural person. Further, under the New CO, a company’s “objects” are unrestricted unless its articles of association provide otherwise.

Separately, the requirement for a company to have a memorandum of association is abolished under the New CO and only articles of association are required. All conditions contained in the memorandum of association which were in force immediately prior to the commencement of the New CO are regarded as provisions of the company’s articles under section 98(1) of the New CO, except that the condition relating to the amount of registered share capital of the company and its division into shares of a fixed amount is deemed deleted under section 98(4) of the New CO.

Given the above, and for clarity, the Directors propose to pass a special resolution to adopt the New Articles which, among other things, do not include any “objects” clauses and bring various provisions contained in the Existing Articles into line with the requirements under the New CO, in substitution for the Memorandum and Existing Articles in their entirety in Resolution 8. Relevant conditions or information in the Memorandum to be retained as part of the New Articles will be included expressly in the New Articles rather than solely relying on the deeming provisions under the New CO.

3. ADOPTION OF THE NEW ARTICLES

The Existing Articles will be replaced in their entirety by the New Articles. Set out below are the principal differences between the New Articles and the Existing Articles.

Amendments made in response to the changes introduced by the New CO**(a) Introductory paragraph and the table setting out information of the initial subscribers**

New Article 1 dis-applies the Model Articles for Public Companies Limited by Shares and includes certain conditions currently contained in the Memorandum, which are mandatory provisions under sections 81, 83 and 84 of the New CO.

The table setting out the information of the initial subscribers of HKEx at the end of the New Articles removes the references in relation to the signing, dating and witnessing of the document contained in the equivalent table in the Existing Articles (which are unnecessary for the purpose of the New Articles), and includes information regarding the initial shareholding and initial issued share capital of HKEx as required under section 85 of the New CO.

(b) Abolition of concepts of “nominal value” and “authorised share capital”**(i) Nominal value and authorised capital**

New Articles 2(1), 11, 18, 125(7), 133(1) and 151 reflect the abolition under section 135 of the New CO of the concepts of nominal value and authorised capital. Particularly, references to these concepts and related concepts, including “unissued shares”, “par”, “original capital”, “nominal amount”, “premium”, “share premium account” and “capital redemption reserve”, are re-drafted or deleted as appropriate.

New Article 2(1) includes the additional defined terms “fully paid up”, “issue price”, “paid up” and “partly paid up” which align with the position under the New CO due to the abolition of the concepts of nominal value and authorised capital.

Existing Article 6 is being deleted as it related to HKEx increasing its authorised capital.

(ii) Variation of class rights

New Article 13(1) reflects: (a) the changes introduced by section 180(3)(a) of the New CO which requires the written consent of holders representing at least 75% of the total voting rights of holders of shares in a class to be provided in order for the rights of that class to be varied; and (b) the changes introduced by section 623(4) of the New CO in relation to the quorum requirements for a variation of class rights meeting.

Appendix III Explanatory Statement on the Adoption of the New Articles

(c) Directors' powers to deal with securities of HKEx

New Article 5(1) reflects the changes introduced by section 235(1) of the New CO which authorises the directors to determine the terms, conditions and manner of redemption of shares if being authorised by the company's articles.

New Articles 5(2) and 6(2) incorporate the wording used in sections 140(1) and 141(1) of the New CO which outline the power of directors to allot shares or grant other rights.

(d) Share warrants to bearer

New Article 5(2) reflects the changes introduced by section 139 of the New CO which repeals the power of companies to issue share warrants to bearer.

(e) Alteration of capital

Existing Article 9 provides for the consolidation, cancellation and sub-division of the shares of HKEx. Section 53 of the Previous CO required companies wishing to have these powers to specifically provide for them in their articles.

New Article 8(1) replaces Existing Article 9 and streamlines the provisions in the New Articles by aligning them to section 170 of the New CO, which modifies the position under the Previous CO and gives a company the statutory power to alter its share capital in a number of ways set out in section 170 of the New CO, subject to any exclusion or restriction in the company's articles.

(f) Directors' power to refuse to register transfers without giving reasons

New Articles 40 and 41 reflect the changes introduced by section 151 of the New CO which requires a company to provide a statement of reasons when the registration of a share transfer is refused, if requested by the transferee or the transferor.

(g) Rights of unregistered personal representative, trustee in bankruptcy, etc.

New Article 49(1) reflects the changes introduced by section 574(2) of the New CO which allows any person who is entitled to a share in consequence of the death or bankruptcy of a member to receive notice of a general meeting of the company, provided that such person has notified the company of his entitlement.

(h) Stock

Existing Article 56, which gives HKEx the power to convert its shares into stock, is being deleted to reflect the changes introduced by section 138 of the New CO which repeals the power of a company to convert its shares into stock.

Appendix III Explanatory Statement on the Adoption of the New Articles

(i) Meeting procedures

New Articles 55, 56 and 58 do not refer to “extraordinary general meetings” of HKEx as the concept of an “extraordinary general meeting” is not retained under the New CO. All general meetings of a company (other than its annual general meetings) are simply referred to as “general meetings” under the New CO.

New Article 58 reflects the changes introduced by section 571(1)(b)(i) of the New CO which provides that the notice period for all general meetings of a limited company (except annual general meetings) is 14 days.

New Articles 59(1), 59(5) and 61 reflect the changes introduced by: (i) section 584 of the New CO which allows for general meetings to be held in two or more places; and (ii) section 576 of the New CO which sets out the content requirements in a notice of general meeting.

(j) Special business

Existing Article 63, which differentiates between a specific list of business that is transacted at an annual general meeting and other “special business”, is being deleted as the concept of “special business” is not retained under the New CO.

(k) Poll

New Article 67(1)(c) reflects the changes introduced by section 591(2)(b) of the New CO which reduces the threshold requirement for members to demand a poll from 10% to 5% of the total voting rights of all the members having the right to vote at that meeting.

Existing Article 70(1)(d), which allows members holding not less than 10% of the total paid up share capital to demand a poll, is being deleted as no such right to demand a poll is included in the New CO (as compared to the Existing CO, which included such a right in section 114D).

(l) Proxy arrangements

The changes in proxy arrangements in the New Articles are as follows:

- (i) New Articles 71 and 72(1) reflect the changes introduced by (I) section 588(1)(b) of the New CO which allows proxies to vote on a show of hands; and (II) section 588(2) of the New CO which provides that, on a vote by show of hands, if a member appoints more than one proxy, none of the proxies so appointed are entitled to vote.
- (ii) New Articles 81 and 82 reflect the changes introduced by section 599 of the New CO which allows documents relating to proxies to be in electronic form.
- (iii) New Articles 82 and 83: (I) reflect the changes introduced by sections 598(3) and 604(8) of the New CO which require that the calculation of notice periods in respect of appointing and terminating a proxy excludes

Appendix III Explanatory Statement on the Adoption of the New Articles

public holidays in Hong Kong; and (II) contain clarifying wording that only documents (e.g. proxy, written notice etc.) actually received by HKEx shall be taken into account by HKEx.

- (iv) New Article 83 reflects the changes introduced by section 604 of the New CO which sets out notice periods for terminating a proxy.

(m) Declaration of material interest by Directors

New Article 99 reflects the changes introduced in Part 11, Division 5 of the New CO in relation to the disclosure by directors of their and their “connected entities” (as defined in section 486 the New CO) material interests in any transaction, arrangement or contract or any proposed transaction, arrangement or contract with the company of which they are a director. New Article 99 also reflects the changes introduced in Part 11, Division 5 of the New CO in relation to the specific timing and other procedural requirements for the declaration by a director of his material interests.

(n) Use of seal and execution of documents

New Article 118(3) and (4) (in relation to the issue of share certificates), and New Article 119 (in relation to the execution of documents) reflect, subject to applicable law and regulations, the changes introduced by sections 126 and 127(5) of the New CO which allow documents executed in a specified manner to have the same effect as if they had been executed under seal.

(o) Reporting documents

New Article 138 reflects the new terminology used in the New CO for various financial documents that the Directors are required to prepare and put forward in the annual general meeting of HKEx, for example, “reporting documents” instead of “relevant financial documents” and “statement of financial position” instead of “balance sheet”.

(p) Directors’ insurance

New Article 155 incorporates, by reference to the New CO, the rights of and limitations on a company in relation to the purchase and maintenance of insurance for a director or a director of an associated company against his liability. Such rights and limitations are set out in section 468 of the New CO.

Appendix III Explanatory Statement on the Adoption of the New Articles

Amendments made for minor housekeeping purposes

(q) Meanings of “in electronic form” and “mental incapacity”

The expression “electronic format” is a defined term in the Existing Articles. In the New Articles, all references to a document being “in electronic format” are replaced by the expression “in electronic form”, which is a defined term in section 20(1) of the New CO. This aligns the New Articles with the position under the New CO.

The reference to “insanity” in the Existing Articles is archaic. In order to modernise the language, references to “insanity” are replaced by “mental incapacity” in New Articles 2(1) and 83 in accordance with its meaning under section 2(1) of the Mental Health Ordinance.

(r) Means of communications

Generally, the New Articles allow communications by electronic means, and references to telex as a means of communication in New Article 2(1) are removed because of its archaic nature.

(s) Directors’ resolutions in writing

In order to facilitate the Directors’ decision-making process, New Article 106 provides that a written notification of confirmation given by a Director to the board of HKEx by any means (which includes electronic means) shall be deemed to be his signature to a written resolution by Directors.

(t) General

For the clarity and consistency of the New Articles, there are other minor differences between New Articles 2, 16(c), 36, 88(3)(b), 101, 113, 115, 116, 117 118(2), 118(4), 120 and 154 and their corresponding articles in the Existing Articles which are housekeeping in nature.

1. WHO IS ELIGIBLE TO ATTEND AND VOTE

Shareholders whose names appeared on the register of members on 16 April 2014 (the date of the AGM) are eligible to attend, speak and vote at the AGM.

The register of members of HKEx will be closed and no transfer of Shares will be registered from Monday, 14 April 2014 to Wednesday, 16 April 2014, both dates inclusive. In order to be eligible to attend, speak 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 Friday, 11 April 2014.

2. HOW TO VOTE

Registered Shareholders

(a) Attending in person

You are entitled to attend, speak 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 appoint the chairman of the AGM or a person of your choice, who needs not be a Shareholder, to attend, speak and vote on your behalf.

You may appoint more than one proxy to represent you provided that if more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed.

Non-registered Shareholders

If you are a non-registered Shareholder, i.e. 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, you will not receive a proxy form directly from HKEx, and you 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

Form of proxy

A form of proxy is enclosed with this circular or can be downloaded from the About HKEx (Investor Relations – Shareholder Meetings) section of the HKEx website (www.hkex.com.hk) and the HKExnews website (www.hkexnews.hk). 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. Your proxy will also be entitled to cast your votes at his/her discretion or to abstain from voting on any other resolution properly put to the AGM.

In order to be valid, you are requested to 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"). For the avoidance of doubt, proxy form sent by facsimile or electronic means is not accepted. 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.

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.

You should also note that the appointment of your proxy will be revoked automatically if you attend 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 ARRANGEMENTS

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 Existing Article 70(1)(a), that all resolutions set out in the notice of the AGM be decided by poll.

On a poll, pursuant to Existing Article 74, subject to any special rights or restrictions as to voting for the time being attached to any Shares and to the provisions of the Existing Articles, 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.

Electronic voting system will be used for at the AGM, with the aim of enhancing efficiency and transparency in the vote counting process. On arrival, Shareholders (or their proxies) will be given a hand-held voting device together with a personalised smart card to be used for the electronic poll voting.

With an electronic voting system, votes will be recorded instantly with the results be displayed live on-screen. Instructions on how to use the voting device will be given before the AGM commences.

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. In the event that Shareholders who do not want to vote all of their Shares or want to split their votes cast on a resolution shall (a) upon arrival, express their intention to the staff at the registration counter if they attend in person at the AGM; or (b) clearly specify in the proxy form the number of votes cast on that particular resolution in the “FOR” and/ or “AGAINST” box if a proxy is appointed to attend and vote in their stead. In any event, the total votes cast on a resolution must not exceed the entitled votes.

6. POLL RESULTS

After verified by the scrutineer, the poll results will be published 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 is expected to be hoisted or a Black Rainstorm Warning Signal is expected to be in force any time after 12:00 noon on the date of the meeting, then 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.

The meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under bad weather condition bearing in mind their own situations.

