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If you have sold or transferred all your shares in Hong Kong Exchanges and Clearing Limited, you should at once hand this supplemental 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 supplemental 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 supplemental circular.



香港交易所

香港交易及結算所有限公司

HONG KONG EXCHANGES AND CLEARING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 388)

**SUPPLEMENTAL CIRCULAR
TO
THE CIRCULAR TO SHAREHOLDERS DATED 23 MARCH 2016
IN RELATION TO
THE ELECTION OF A DIRECTOR
AT THE 2016 ANNUAL GENERAL MEETING**

This supplemental circular should be read together with the Circular to Shareholders dated 23 March 2016. The notice convening the AGM was set out on pages 4 to 7 of the Circular.

Whether you are able to attend the AGM or not, you are requested to complete the enclosed new proxy form (Second Proxy Form) in accordance with the instructions printed on it and return the completed Second 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 at least 48 hours (excluding any part of a day that is a public holiday) before the time appointed for the meeting or adjourned meeting (as the case may be). Submission of the Second Proxy Form shall not preclude you from attending the meeting (or any adjournment of such meeting) and voting in person should you so wish.

8 April 2016

Definitions

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

“AGM”	the annual general meeting of HKEX to be held at the Exchange Auditorium in the Exchange Exhibition Hall on the 1st Floor, One and Two Exchange Square, Central, Hong Kong on Thursday, 28 April 2016 at 4:30 pm, or, where the context so admits, any adjournment of such annual general meeting, notice of which was set out on pages 4 to 7 of the Circular;
“Articles of Association”	the articles of association of HKEX;
“Board”	the board of directors of HKEX;
“Circular”	the circular to Shareholders dated 23 March 2016 in respect of matters to be considered at the AGM;
“Closing Time”	48 hours (excluding any part of a day that is a public holiday) before the time appointed for the AGM or adjourned meeting (as the case may be);
“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;
“Elected Director(s)”	any Director elected by Shareholders at general meetings;
“First Proxy Form”	the proxy form which was sent to Shareholders on 23 March 2016 together with the Circular;
“Government Appointed Director(s)”	any Director appointed by the Financial Secretary of Hong Kong pursuant to section 77 of the SFO;
“Group”	HKEX and its subsidiaries;
“Latest Practicable Date”	1 April 2016, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information referred to in this supplemental circular;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

Definitions

“LME”	The London Metal Exchange, an indirect wholly-owned subsidiary of HKEX, being a Recognised Investment Exchange regulated by the Financial Conduct Authority of the UK;
“LME Clear”	LME Clear Limited, an indirect wholly-owned subsidiary of HKEX, being a European Market Infrastructure Regulation compliant clearing house which acts as the central counterparty for all contracts traded on the LME;
“Second Proxy Form”	the new proxy form sent together with this supplemental circular;
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	share(s) of HKEX;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of HKEX, being a recognized exchange company under the SFO;
“UK”	United Kingdom;
“\$”	Hong Kong dollar; and
“%”	per cent.

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

Letter from the Board

HKEX

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香港交易及結算所有限公司

HONG KONG EXCHANGES AND CLEARING LIMITED

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Independent Non-executive Directors

CHOW Chung Kong (Chairman)
CHAN Tze Ching, Ignatius
Timothy George FRESHWATER
FUNG Yuen Mei, Anita
Rafael GIL-TIENDA
John Barrie HARRISON
HU Zulu, Fred
KWOK Chi Piu, Bill
LEE Kwan Ho, Vincent Marshall
LEUNG KO May Yee, Margaret
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)

8 April 2016

Dear Shareholders,

1. INTRODUCTION

This supplemental circular should be read together with the Circular which contains, inter alia, the notice of the AGM of which one of the agenda items is the election of a Director. The purpose of this supplemental circular is to give you further information relating to the election of a Director at the AGM.

2. ELECTION OF A DIRECTOR

As explained in the Circular, the Board has recommended Mr Apurv Bagri to stand for election at the AGM to fill the vacancy which will arise from the retirement of Mr Oscar Wong after the conclusion of the AGM. Mr Bagri's personal particulars are set out in Appendix I of this supplemental circular.

Subsequent to the despatch of the Circular, the Company Secretary of HKEX has received a Shareholder's written notice of his intention to propose a resolution for the appointment of Mr Chin Chi Kin, Edward as a Director at the AGM. Mr Chin's personal particulars are set out in Appendix I of this supplemental circular.

Letter from the Board

There are now two candidates standing for election as a Director at the AGM. Shareholders may, if they think fit, elect one of them as a Director. The resolutions relating to the election of a Director will be proposed under item 3 of the notice of AGM.

The Board considers that the proposal to elect Mr Bagri who possesses a wealth of experience in the non-ferrous metals futures trading business is in the best interests of HKEX and our Shareholders as a whole, and recommends Shareholders vote in favour of the appointment of Mr Bagri as a Director and vote against the appointment of Mr Chin as a Director at the AGM. Further details of the Board's recommendation are set out in Appendix II of this supplemental circular.

Shareholders shall cast their votes "for" in case they are in favour of a resolution or cast "against" in case they do not support a resolution. If you do not plan to attend the AGM, you may appoint the chairman of the meeting or a proxy of your choice to attend, speak and vote on your behalf.

3. SECOND PROXY FORM

Since the First Proxy Form does not contain the proposed resolution for the appointment of the additional candidate as set out in this supplemental circular, the Second Proxy Form has been prepared and is enclosed with this supplemental circular.

You are requested to complete the Second Proxy Form in accordance with the instructions printed on it and return the completed Second Proxy Form to HKEX'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 before the Closing Time. The arrangement in relation to the completion and submission of the Second Proxy Form is set out in Appendix III of this supplemental circular. Shareholders who have appointed or intend to appoint proxies to attend the AGM are requested to pay particular attention to the arrangement set out therein.

If you are a non-registered Shareholder, i.e. your Shares are held through an intermediary (for example, a bank, custodian or securities broker) or registered in the name of your nominee, you will not receive the Second Proxy Form directly from HKEX, and you will need to give instructions to your intermediary/nominee to vote on your behalf. If you wish to attend, speak and vote at the AGM, you should seek authorisation to do so from your intermediary/nominee directly.

Shareholders are advised to read this supplemental circular together with the Circular for information relating to the voting arrangement.

Yours faithfully,
On behalf of the Board
CHOW Chung Kong
Chairman

A. CANDIDATE RECOMMENDED BY THE BOARD

Information on the candidate recommended by the Board in accordance with Article 88(3)(a) of the Articles of Association, is set out below:

Mr Apurv BAGRI
(aged 56)

Positions held with the Group	<ul style="list-style-type: none"> • Nil
Other major offices	<ul style="list-style-type: none"> • International Wrought Copper Council – director (2013~) • Metdist Group of Companies, London – president and chief executive officer (1980~)
Public service	<ul style="list-style-type: none"> • Crown Estate Paving Commission, England – commissioner (1996~) • Dubai Financial Services Authority – director (2004~) • Higher Education Funding Council for England – board member (2014~) • London Business School – chairman of governing body (2014~) • Royal Parks Board, England – chairman (2008~)
Qualifications	<ul style="list-style-type: none"> • Bachelor of Science in Business Administration (Cass Business School, City University London, UK) • Doctor of Science (Honoris Cause) (City University London, UK)

B. CANDIDATE NOMINATED BY A SHAREHOLDER

Information on the candidate nominated by a Shareholder in accordance with Article 88(3)(b) of the Articles of Association subsequent to the despatch of the Circular, is set out below:

Mr CHIN Chi Kin, Edward
(aged 47)

Positions held with the Group	<ul style="list-style-type: none"> • Nil
Other major offices	<ul style="list-style-type: none"> • Quantbot Technologies (HK), Limited – executive director (2015~) • MDE Hedge Center – founder and senior advisor (2002~)
Past offices	<ul style="list-style-type: none"> • Capital Global Management Limited – executive director and chief portfolio manager (2011-2015) • China Capital Management Limited – managing director and chief investment officer (2009-2010) • Revelation Fund Management Limited – managing director and chief investment officer (2007-2008)
Qualifications	<ul style="list-style-type: none"> • Bachelor of Applied Economics (University of Manitoba, Canada) • Master of Business Administration (University of Toronto, Canada) • Fellow (Canadian Securities Institute, Canada)

As at the Latest Practicable Date, Mr Bagri and Mr Chin both have declared that they do not have any interests in the shares of HKEX within the meaning of Part XV of the SFO. Each of them has further declared that he does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of HKEX.

None of the above candidates has any service contract with any member of the Group. The elected candidate 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 2019.

The current remuneration of Non-executive Directors for their service on the Board and, where applicable, on certain of its committees is set out below:

	(\$)
The Board	
– Chairman	2,100,000
– Other member	700,000
Audit Committee	
– Chairman	200,000
– Other member	120,000
– Attendance fee per meeting	3,000
Executive Committee, Investment Advisory Committee, Remuneration Committee and Risk Committee	
– Chairman	180,000
– Other member	120,000
– Attendance fee per meeting	3,000

The above remuneration is payable to Non-executive 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 Non-executive Director who has not served the entire period.

Save for the information disclosed above and in this supplemental circular, each of the above candidates has 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 matter in relation to their standing for election as a Director that needs to be brought to Shareholders' attention.

Further, Mr Bagri and Mr Chin both have confirmed that they meet the independence criteria as set out in Rule 3.13 of Listing Rules.

RETIRING ELECTED DIRECTOR

The term of office of Mr Oscar Wong, an Elected Director, will expire at the conclusion of the AGM. Pursuant to the Nomination Policy as amended by the Board on 16 September 2015, Mr Wong, who would have been serving on the Board for 13 consecutive years by the end of the AGM, is not eligible for nomination by the Board to stand for re-election.

RECOMMENDATION OF THE NOMINATION COMMITTEE

Following HKEX's acquisition of the LME in December 2012, it has become a global leader in non-ferrous metals commodity futures. A number of transformational changes have taken place subsequently within the LME including the launch of the proprietary clearing house, LME Clear, the commercialisation of the LME's fees, and warehousing reforms. In the Board performance evaluation conducted in 2014, the consultant, apart from recommending the introduction of a term limit for Non-executive Directors to help achieve a diverse Board with an appropriate mix of background, skills and experience, also advised that the Board should actively consider recruiting a Board member with commodities experience from overseas if suitable professional background and skills could not be found locally. In 2015, contributions from commodities including the LME and LME Clear accounted for approximately 20% of the Group's revenue and other income. There is a growing demand for commodities expertise and experience on the Board. Hence, in considering a candidate to succeed Mr Oscar Wong on the Board, the Nomination Committee had, among various factors, considered a candidate's accomplishment and experience particularly in the commodities market. A consultant was engaged to search for appropriate candidates with commodities background. As Hong Kong does not have a mature commodities market, and the industry itself is highly specialised, the search for candidates was extended to cover overseas markets. On 22 February 2016, the Nomination Committee nominated Mr Apurv Bagri to stand for election by Shareholders at the AGM.

Mr Bagri has been the president and chief executive officer of Metdist Group of companies owned by the Bagri's family since 1980. Metdist Trading Limited ("MTL"), one of the oldest members of the LME (the only privately owned Category 1 Ring Dealing Member), is authorised and regulated by the UK's Financial Conduct Authority ("FCA", formerly Financial Services Authority), and it has been trading on the LME since 1970. Mr Bagri has thus built up a wealth of experience in the non-ferrous metals futures trading business. According to the LME, neither MTL nor Mr Bagri had been fined or reprimanded by either the LME or FCA for breach of the LME rules and regulations. In light of the above, Mr Bagri is considered to possess the required character, integrity and solid experience in the commodities industry, and satisfies the selection criteria under the Nomination Policy. Mr Bagri who is resident in London has indicated his willingness to attend HKEX Board meetings held in Hong Kong in person, and if not, by telephone conference.

The Nomination Committee has also assessed Mr Bagri's independence by reference to the criteria laid down in the Listing Rules. MTL, as a Category 1 Ring Dealing Member of the LME has been trading and clearing on the LME and LME Clear. The assessment concluded that (a) the transactions between MTL and the LME and LME Clear were conducted in the ordinary course of business and at arm's length, and the fees paid by MTL to the LME and LME Clear were at rates identical to those applicable

to other LME/LME Clear members; and (b) the relevant transactions entered into in 2015 were, by value, immaterial. The Nomination Committee is of the view that such interests would not affect a director's exercise of independent judgement. Hence, Mr Bagri would be an Independent Non-executive Director should he be appointed to the Board.

Having considered Mr Bagri's biographical and background information, the Board accepted the nomination and recommended Mr Bagri to stand for election by Shareholders at the AGM.

COMMENTARY ABOUT ASSET MANAGEMENT EXPERIENCE ON THE BOARD

In light of Mr Oscar Wong's impending retirement, the Board has reviewed the expertise and experience mix on the Board. After due and careful consideration, the Board is of the view that bringing in commodities expertise and experience to the Board is our top priority and considers that there is no immediate gap in the Board's expertise in asset management as other incumbent Directors also possess relevant experience. Ms Anita Fung, before assuming the role as the chief executive officer Hong Kong of The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), was the treasurer and head of global markets, Asia Pacific and head of global banking and markets, Asia Pacific of HSBC; Dr Fred Hu, after stepping down from his position as the chairman of Greater China at Goldman Sachs Group Inc, is now the founder and chairman of Primavera Capital Limited which is a China-based global investment firm that manages funds in both Renminbi and United States dollar for leading institutions, corporations and families in China; and Mr John Williamson is the senior managing director of Search Investment Group Limited which is the private investment company of Robert Miller and his family. Prior to that, Mr Williamson was the managing director of NatWest Investment Services, London and the chief operating officer of NatWest Securities Asia Holdings Limited.

BOARD'S RECOMMENDATION

Unlike other listed companies where the number of board seats is determined by shareholders, at HKEX, the number of Directors on the Board is restricted to 13 as prescribed by the Articles of Association, being comprised of 6 Government Appointed Directors, 6 Elected Directors, and HKEX's Chief Executive who is an ex-officio member. Given that (a) the Board's composition is restricted and there is only one vacancy to be filled at the AGM as a result of Mr Oscar Wong's retirement; (b) there is an imminent need to bring in commodities expertise and experience to the Board to help HKEX meet the challenges and strategic goals in the commodities business; and (c) there is no immediate gap in the Board's expertise in asset management following Mr Wong's retirement as other incumbent Directors also possess relevant expertise and experience, **the Board considers that the proposal to elect Mr Apurv Bagri who possesses a wealth of experience in the non-ferrous metals futures trading business is in the best interests of HKEX and our Shareholders as a whole, and recommends Shareholders vote in favour of the appointment of Mr Bagri as a Director and vote against the appointment of Mr Chin Chi Kin, Edward as a Director at the AGM.**

A Shareholder who has not yet lodged the First Proxy Form with HKEX's registrar is requested to lodge the Second Proxy Form if he/she wishes to appoint proxies to attend, speak and vote at the AGM on his/her behalf. In this case, the First Proxy Form should **not** be lodged with HKEX's registrar.

A Shareholder who has already lodged the First Proxy Form with HKEX's registrar should note that:

- (i) If no Second Proxy Form is lodged with HKEX's registrar, the First Proxy Form, if correctly completed, will be treated as a valid proxy form lodged by him/her. The proxy so appointed by the Shareholder will be entitled to cast the vote at his/her discretion or to abstain from voting on any resolution properly put to the AGM (including, if properly put, a resolution for the appointment of an additional candidate as a Director as set out in this supplemental circular) except for those resolutions to which the Shareholder has indicated his/her voting direction in the First Proxy Form.
- (ii) If the Second Proxy Form is lodged with HKEX's registrar before the Closing Time, the Second Proxy Form, if correctly completed, will revoke and supersede the First Proxy Form previously lodged by him/her. The Second Proxy Form will be treated as a valid proxy form lodged by the Shareholder.
- (iii) If the Second Proxy Form is lodged with HKEX's registrar after the Closing Time, or if lodged before the Closing Time but is incorrectly completed, the proxy appointment under the Second Proxy Form will be invalid. The proxy so appointed by the Shareholder under the First Proxy Form, if correctly completed, will be entitled to vote in the manner as mentioned in (i) above as if no Second Proxy Form was lodged with HKEX's registrar. Accordingly, Shareholders are advised to complete the Second Proxy Form carefully and lodge the Second Proxy Form with HKEX's registrar before the Closing Time.

Shareholders are reminded that submission of the First Proxy Form and/or the Second Proxy Form shall not preclude Shareholders from attending the AGM or any adjourned meeting thereof and voting in person should they so wish.