
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.



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)

**NOTICE OF ANNUAL GENERAL MEETING
AND
PROPOSALS FOR
ELECTION OF DIRECTORS,
AND
GENERAL MANDATES TO BUY BACK SHARES AND TO ISSUE SHARES**

The notice convening the AGM is set out in this circular on pages 4 to 8.

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 thereon and return it to the Company's registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong at least 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding 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.

18 March 2020

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Definitions

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

“2019 Annual Report”	annual report for the year ended 31 December 2019 of the Company;
“AGM”	the annual general meeting of HKEX to be held at the HKEX Connect Hall on the 1st Floor, One and Two Exchange Square, Central, Hong Kong on Thursday, 7 May 2020 at 4:30 pm, or, where the context so admits, any adjournment of such annual general meeting;
“Articles of Association”	the articles of association of HKEX;
“Board”	the board of directors of HKEX;
“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;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Director(s)”	director(s) of HKEX;
“Elected Director(s)”	Director(s) elected by Shareholders at general meetings;
“Financial Secretary”	Financial Secretary of Hong Kong;
“Government”	The Government of the Hong Kong Special Administrative Region of the People’s Republic of China
“Government Appointed Director(s)”	Director(s) appointed by the Financial Secretary pursuant to section 77 of the SFO;
“Group”	HKEX and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	9 March 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“SFC”	Securities and Futures Commission;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“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;

Definitions

“Takeovers Code”	the Code on Takeovers and Mergers as approved by the SFC;
“\$”	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

HKEX

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)

Independent Non-executive Directors

Laura May-Lung CHA (Chairman)
Apurv BAGRI
CHAN Tze Ching, Ignatius
CHEAH Cheng Hye
FUNG Yuen Mei, Anita
Rafael GIL-TIENDA
HU Zulu, Fred
HUNG Pi Cheng, Benjamin
LEUNG Pak Hon, Hugo
John Mackay McCulloch WILLIAMSON
YIU Kin Wah, Stephen

Registered Office

8/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Executive Director

LI Xiaojia, Charles (Chief Executive)

18 March 2020

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 HKEX Connect Hall on the 1st Floor, One and Two Exchange Square, Central, Hong Kong on Thursday, 7 May 2020 at 4:30 pm. Registration will start at 3:30 pm.

The notice of the AGM is set out on pages 4 to 8. Information regarding the business to be considered at the AGM is set out on pages 9 to 12. 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 vote in favour of all the resolutions at the AGM.

General information regarding Shareholders' rights to attend and vote at the AGM is set out in Appendix III to this circular. If you have any questions concerning the AGM, please contact the Company's registrar (telephone: +852 2862 8555).

Yours faithfully,
On behalf of the Board
Laura M CHA
Chairman

Notice of Annual General Meeting

HKEX

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)

NOTICE IS HEREBY GIVEN THAT the annual general meeting of shareholders of Hong Kong Exchanges and Clearing Limited (“HKEX”) will be held at the HKEX Connect Hall on the 1st Floor, One and Two Exchange Square, Central, Hong Kong on Thursday, 7 May 2020 at 4:30 pm for the following purposes:

1. to receive the audited financial statements for the year ended 31 December 2019 together with the Reports of the Directors and Auditor thereon;
2. to elect Directors;
3. 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 as ordinary resolutions:

4. **“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 buy back shares of HKEX on The Stock Exchange of Hong Kong Limited 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 of Hong Kong Limited 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 bought back pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent of the number of issued shares of HKEX 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
- (c) for the purposes of this Resolution:

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

- (i) the conclusion of the next annual general meeting of HKEX;

Notice of Annual General Meeting

- (ii) the 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.”

5. **“THAT:**

- (a) subject to: (i) compliance with the prevailing requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and (ii) 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) other than in respect of an Excluded Issue (as defined below), 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 shall not exceed 10 per cent of the number of issued shares of HKEX 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);
- (c) other than in respect of an Excluded Issue (as defined below), 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 of Hong Kong Limited 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 Hong Kong Limited 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.

Notice of Annual General Meeting

“Excluded Issue” means:

- (i) a Rights Issue (as defined in this paragraph (d) below);
- (ii) any scrip dividend or similar arrangement pursuant to the Articles of Association of HKEX from time to time; or
- (iii) 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.

“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).”

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

Hong Kong, 18 March 2020

Notice of Annual General Meeting

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 exercise the rights attached to a different share or shares held by the shareholder. The proxy does not need to be a shareholder of HKEX. In light of the epidemic situation of COVID-19, shareholders may consider appointing the chairman of the above meeting as his/her proxy to vote on the resolutions, instead of attending the above meeting in person.
- (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 signed and completed proxy form must be deposited at HKEX's registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong at least 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding the above meeting or adjourned meeting (as the case may be). If a proxy form is signed by an attorney of a shareholder who is not a corporation, the power of attorney or other authority 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 delivered to HKEX's registrar together with the proxy form. In the case of a corporation, the proxy form must either be executed under its common seal or be signed by an officer or agent duly authorised in writing.
- (4) For the purpose of determining shareholders' eligibility to attend, speak and vote at the above meeting (or at any adjournment of it), the register of members of HKEX will be closed as set out below:

Latest time to lodge transfer documents for registration with HKEX's registrar At 4:30 pm on Wednesday, 29 April 2020

Closure of register of members Monday, 4 May 2020 to Thursday, 7 May 2020 (both dates inclusive)

Record date Thursday, 7 May 2020

During the above closure period, no transfer of shares will be registered. To be eligible to attend, speak and vote at the above meeting (or at any adjournment of it), 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, Wan Chai, Hong Kong no later than the aforementioned latest time.

- (5) As the service term of C H Cheah and Hugo Leung will expire at the conclusion of the above meeting, there will be two vacancies on the Board to be filled at the above meeting. If a shareholder wishes to nominate a person to stand for election as a Director, (i) his/her notice of nomination; 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 given to the Group Company Secretary **no later than Wednesday, 25 March 2020** at 8/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong. Further details are set out in Appendix I to the circular dated 18 March 2020.
- (6) 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.
- (7) The registration for attending the above meeting will start at 3:30 pm on 7 May 2020.
- (8) 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

- (9) In case Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal or “extreme conditions after super typhoons” announced by the Government is/are in force in Hong Kong at or at any time after 12:00 noon on the date of the meeting, the meeting will be adjourned. HKEX will post an announcement on the HKEX Group website (www.hkexgroup.com) and the HKEXnews website (www.hkexnews.hk) to notify shareholders of the date, time and place of the adjourned 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 conditions bearing in mind their own situation.

- (10) If shareholders have any particular access request or special needs for participating in the above meeting, please contact HKEX’s registrar, Hong Kong Registrars Limited (telephone: +852 2862 8555) on or before 29 April 2020.

Business of Annual General Meeting

RESOLUTION 1 – RECEIVING THE AUDITED FINANCIAL STATEMENTS

The audited financial statements of HKEX for the year ended 31 December 2019 together with the Directors' Report are set out in the 2019 Annual Report, which are available in English and Chinese under the Investor Relations (Regulatory Disclosure – Regulatory Reports) section of the HKEX Group website (www.hkexgroup.com) 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 pages 121 to 126, and pages 97 to 100 of the 2019 Annual Report.

RESOLUTION 2 – ELECTION OF DIRECTORS

Board of Directors

The Board currently consists of 12 Directors including:

- (i) five Non-executive Directors who are Government Appointed Directors, namely Laura M Cha, Anita Fung, Rafael Gil-Tienda, Benjamin Hung and Stephen Yiu;
- (ii) six Non-executive Directors who are Elected Directors, namely Apurv Bagri, T C Chan, C H Cheah, Fred Hu, Hugo Leung and John Williamson; and
- (iii) the Chief Executive, Charles Li, as an ex-officio Director.

Retiring Government Appointed Directors

A casual vacancy for a Government Appointed Director arose on the Board due to the passing of Mary Ma in August 2019. The service term of Laura M Cha and Benjamin Hung will expire at the conclusion of the AGM. Pursuant to Article 88(4) of the Articles of Association, both are eligible for re-appointment.

On 21 February 2020, the Government appointed Susan Chow and re-appointed Laura M Cha and Benjamin Hung as members of the Board, each for a term of approximately two years from the conclusion of the AGM until the end of the Company's annual general meeting to be held in 2022. Information relating to Mrs Chow is set out in HKEX's announcement dated 21 February 2020.

Retiring Elected Directors

The service term of C H Cheah and Hugo Leung will expire at the conclusion of the AGM. Pursuant to Article 91(2) of the Articles of Association, both are eligible for re-appointment.

Nomination Policy for Non-executive Directors

To promote Board diversity while maintaining an appropriate balance between continuity of experience and Board refreshment, HKEX sets out in the Nomination Policy a non-exhaustive list of criteria for the Nomination and Governance Committee (“NGC”) to assess suitability of a proposed Non-executive Director candidate and a maximum tenure of nine consecutive years for Non-executive Directors to be eligible for nomination by the Board to be elected by Shareholders.

Both C H Cheah and Hugo Leung are eligible for nomination by the Board to stand for re-election at the AGM. Each of Messrs Cheah and Leung has indicated his willingness to offer himself for re-election at the AGM.

Business of Annual General Meeting

Recommendation of the Nomination and Governance Committee

During 2019, the NGC reviewed the structure, size and diversity of the Board to ensure that its composition complies with the Listing Rules and reflects an appropriate mix of skills, experience and diversity that are relevant to HKEX's strategy, governance and business and contribute to the Board's effectiveness and efficiency. The NGC endorsed, and the Board approved, the selection criteria for Non-executive Director candidates, after taking into account the Nomination Policy, the Board Diversity Policy and the independent external consultant's recommendations from the evaluation of the Board's performance in 2019. The Nomination Policy and the Board Diversity Policy are available under the Corporate Governance section of the HKEX Group website (www.hkexgroup.com). Further information about the Board's composition and diversity (including Directors' gender, age, length of services and skill matrix), Directors' attendance record at Board/committee meetings, and the number of other public company directorships held by Directors are disclosed in the Corporate Governance Report of the 2019 Annual Report.

On 25 February 2020, the NGC nominated C H Cheah and Hugo Leung to the Board for it to recommend to Shareholders for re-election at the AGM. Mr Cheah, who is a member of the NGC, abstained from voting at the Committee meeting when his own nomination was being considered.

The nominations were made in accordance with the Nomination Policy and took into account the approved selection criteria for Non-executive Director candidates. These include, among others, the candidates' market knowledge and experience, reputation for integrity, and the diversity aspects (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 NGC took into consideration Mr Cheah's in-depth knowledge of the fund management industry and Mr Leung's extensive experience in global markets business, as well as their respective contributions to the Board and firm commitments to their roles. The NGC was satisfied with the independence of Messrs Cheah and Leung with reference to the criteria set out in Rule 3.13 of the Listing Rules. Each of Messrs Cheah and Leung does not hold any cross-directorships or have any significant links with other Directors through involvement in other companies or bodies.

On 26 February 2020, the Board accepted the NGC's nomination and recommended Messrs Cheah and Leung to stand for re-election at the AGM. The Board considers that the re-election of Messrs Cheah and Leung is in the best interest of HKEX and Shareholders as a whole. Messrs Cheah and Leung abstained from the discussion and voting at the Board meeting regarding their respective nominations.

The resolution relating to the re-election of Messrs Cheah and Leung will be proposed under item 2 of the notice of the AGM. Shareholders will be invited to vote on each resolution proposed for a candidate.

Information relating to Messrs Cheah and Leung as required to be disclosed under Rule 13.51(2) of the Listing Rules is set out in Appendix I to this circular.

Shareholders may, if thought fit, nominate other candidates to stand for election as Directors at the AGM. Matters in relation to nomination by Shareholders, and a sample of resolution for determining which two candidates to be elected where there are more than two candidates standing for election at the AGM are set out in Appendix I to this circular.

Business of Annual General Meeting

RESOLUTION 3 – RE-APPOINTMENT OF AUDITOR AND FIXING OF AUDITOR’S REMUNERATION

For the year ended 31 December 2019, the external auditor’s fees were approximately \$27 million (2018: \$17 million), of which about \$15 million (2018: \$15 million) was for audit services. Details of the external auditor’s services and fees are set out in the Audit Committee Report contained in the 2019 Annual Report.

Besides approving its remuneration, the Audit Committee also reviewed the work of PwC, the external auditor, and was satisfied with its independence, objectivity, qualifications, expertise, resources and the effectiveness of the audit process. Details of the Audit Committee’s work, including without limitation, the assessment of the independence of PwC and audit effectiveness are set out in the Audit Committee Report of the 2019 Annual Report. The Audit Committee recommended to the Board, and the Board accepted the recommendation of, the re-appointment of PwC which has expressed its willingness to continue in office for the ensuing year.

The resolution under item 3 of the notice of the AGM is the proposed re-appointment of PwC as the auditor and authorisation for the Directors to fix the auditor’s remuneration.

RESOLUTION 4 – GENERAL MANDATE TO BUY BACK SHARES

Given the general mandate to buy back 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 buy back Shares up to an aggregate number of Shares not exceeding 10% of the number of issued Shares 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 Companies Ordinance after the passing of the relevant resolution) (“Buy-back Mandate”).

An explanatory statement, as required by the Listing Rules in connection with the Buy-back Mandate and also constituting the memorandum required under section 239(2) of the Companies Ordinance, is set out in Appendix II to this circular, which contains the information reasonably necessary to enable Shareholders to make an informed decision on whether or not to support the proposed resolution.

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

Details of the proposed resolution on the Buy-back Mandate are set out in Resolution 4 of the notice of the AGM.

Business of Annual General Meeting

RESOLUTION 5 – GENERAL MANDATE TO ISSUE SHARES

Under sections 140 and 141 of the Companies Ordinance, 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 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.

The proposed general mandate given to Directors to allot and issue Shares as set out in Resolution 5 would, among other things, give Directors greater flexibility to exclude any Shareholders from any scrip dividend arrangement 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 proposed to be given pursuant to Resolution 5 is limited to, and does not exceed, 10% of the number of issued Shares (other than in respect of an Excluded Issue as defined in Resolution 5) 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 Companies Ordinance after the passing of the relevant resolution) ("Issue Mandate"). Any Shares to be allotted and issued (other than in respect of an Excluded Issue as defined in Resolution 5), 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 allot and issue Shares pursuant to (i) any scrip dividend arrangement 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 5 of the notice of the AGM.

PARTICULARS OF THE CANDIDATES

Information of the two incumbent Directors standing for re-election at the AGM, C H Cheah and Hugo Leung, is set out below in alphabetical order:

1. CHEAH Cheng Hye Darjah Gemilang Pangkuan Negeri
Independent Non-executive Director (aged 65)

Director since	Board/committee/panel memberships held with HKEX group	Meetings attended/held in 2019	Remuneration for 2019 (\$)
26 April 2017	HKEX <ul style="list-style-type: none"> • Board • Board Executive Committee • Investment Committee (chairman) • Nomination and Governance Committee • Panel Member Selection Committee • Remuneration Committee • Cash Market Consultative Panel (chairman) Stock Exchange <ul style="list-style-type: none"> • Disciplinary Appeals Committee (chairman) • Exchange Participant Admission Appeals Committee (chairman) • Other² 	9/10 8/9 4/4 5/5 1/1 4/4 1/1 -/- ¹ -/- ¹ N/A	820,000 156,000 235,500 120,000 – 153,000 – – – <u>40,000</u> <u>1,524,500</u>
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"> • Value Partners Group³ – co-chairman and co-chief investment officer (2019–), and executive director (1993–) 		
Past offices	<ul style="list-style-type: none"> • Value Partners Group³ – co-chief investment officer (2010-2019), chairman (2000-2019) and chief investment officer (1993-2010) • Morgan Grenfell Group, Hong Kong – executive director, head of research and proprietary trader (1989-1993) • The Asian Wall Street Journal, Far Eastern Economic Review, Asiaweek, Hong Kong Standard and The Star (Malaysia) – editor and financial journalist (1971-1989) 		
Public service	<ul style="list-style-type: none"> • HKTDC Belt and Road & Greater Bay Area Committee – member (2019–) • Listing Policy Panel – member (2018–) 		
Qualification	<ul style="list-style-type: none"> • Honorary Fellow (The Hong Kong University of Science and Technology) 		
<p>1 No meeting was held in 2019.</p> <p>2 During 2019, Mr Cheah attended five hearings held by the Listing Appeals Committee of the Stock Exchange as the deputy chairman or a member of the Committee.</p> <p>3 The holding company of the group, namely Value Partners Group Limited, has been listed on the Stock Exchange since 2007.</p>			

The following particulars relating to Mr Cheah are disclosed pursuant to Rule 13.51(2)(h) and (n)(iii) & (iv) of the Listing Rules:

- (i) In October 2000, Value Partners Limited (“VPL”) and Mr Cheah (one of VPL’s dealing directors and investment adviser directors) were publicly reprimanded by the SFC for placing a number of buy orders in December 1998 which resulted in the market price of certain stocks closing higher than they might otherwise have done. The SFC found that, although unintentional, Mr Cheah should have known that trading in this manner had the potential to affect the closing prices of the stocks and could therefore have been prejudicial to the integrity of the market. A number of inadequacies in VPL’s internal procedures and breaches of various regulatory requirements were also found as a result of a lack of staff training and inadequate knowledge of regulatory requirements. Since then, Mr Cheah has not been personally subject to any other disciplinary action nor are there any outstanding cases against him to be determined.

For details, please refer to the SFC’s enforcement news issued on 5 October 2000 (<https://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/enforcement-news/doc?refNo=00PR127>).

- (ii) In April 2004, VPL was fined a total of \$16,000 and ordered to pay investigation costs following an SFC investigation into funds managed by VPL for failing to make disclosure of interest filings as required under the then Securities (Disclosure of Interests) Ordinance in April 2002.

For details, please refer to the SFC’s enforcement news issued on 7 April 2004 (<https://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/enforcement-news/doc?refNo=04PR69>).

- (iii) In January 2017, VPL and Value Partners Hong Kong Limited (“VPHKL”) were publicly reprimanded and each fined \$2 million by the SFC in connection with the issuance of shares by two funds managed by each of VPL and VPHKL in excess of their respective authorised share capital. The SFC noted that there were no apparent investor losses as a result of this incident.

For details, please refer to the SFC’s enforcement news issued on 25 January 2017 (<https://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/enforcement-news/doc?refNo=17PR13>).

Although Mr Cheah was a director of VPL and VPHKL at the relevant time, he was not personally subject to any disciplinary action or public reprimand from the SFC or any other competent authority in respect of the matters set out in paragraphs (ii) and (iii) above. Since the occurrence of the above matters, Value Partners Group has taken a number of remedial steps in relation to its internal controls.

2. LEUNG Pak Hon, Hugo

Independent Non-executive Director (aged 51)

Director since	Board/committee/panel memberships held with HKEX group	Meetings attended/held in 2019	Remuneration for 2019 (\$)
26 April 2017	HKEX		
	• Board	9/10	820,000
	• Audit Committee	4/4	153,000
	• Board Executive Committee	8/9	159,000
	• Corporate Social Responsibility Committee	3/3	120,000
	• Investment Committee	3/4 ¹	96,774
	• Panel Member Selection Committee	1/1	-
	• Risk Committee	3/4 ²	120,000
	• Derivatives Market Consultative Panel	3/3	-
	Hong Kong Futures Exchange Limited		
	• Disciplinary Appeals Committee	-/ ³	-
	HKEX Foundation Limited		
	• Board	1/1	-
	Stock Exchange		
	• Other ⁴	N/A	40,000
			<u>1,508,774</u>
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"> • BNP Paribas – chief executive officer, Hong Kong (2019–) • BNP Paribas Securities (Asia) Limited – chief executive officer (2015–) 		
Past offices	<ul style="list-style-type: none"> • BNP Paribas – head of global markets, Hong Kong (2015-2019), head of global equities and commodity derivatives, Greater China (2013-2015) • BNP Paribas Securities (Asia) Limited – deputy chief executive officer (2012-2015), head of equity syndicate and corporate equity (2010-2012), head of equity brokerage (2007-2010), head of Asia (ex-Greater China) product (2004-2007), product sales head for Taiwan (2003-2004) and deputy managing director (2000-2003) 		
Qualification	<ul style="list-style-type: none"> • Bachelor of Arts (Economics) (Simon Fraser University, Canada) 		
<p>1 Mr Leung attended all three meetings held by the Investment Committee since his appointment as a member of the committee on 24 May 2019.</p> <p>2 Mr Leung attended all three meetings held by the Risk Committee since his appointment as a member of the committee on 24 April 2019.</p> <p>3 No meeting was held in 2019.</p> <p>4 During 2019, Mr Leung attended five hearings held by the Listing Appeals Committee of the Stock Exchange as a member of the Committee.</p>			

Mr Leung was a director of a company now known as BNP Paribas Securities (Asia) Limited (“BPSAL”) during the period from January 2001 to June 2012. In November 2012, Mr Leung was re-appointed as a director of BPSAL, and has held this position since then.

The following particulars relating to Mr Leung are disclosed pursuant to Rule 13.51(2)(n)(iv) of the Listing Rules:

- (i) In November 2004, BNP Paribas Peregrine Securities Limited (renamed as BPSAL in 2006) was reprimanded and fined \$375,000 by the SFC for breaching the Securities and Futures (Financial Resources) Rules for failure relating to the liquid capital requirements.

For details, please refer to the SFC's enforcement news issued on 10 November 2004 (<https://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/enforcement-news/doc?refNo=04PR210>).

- (ii) In June 2015, BPSAL was reprimanded and fined \$11 million by the SFC for failure relating to the reporting of its direct business transactions (cross trades) to the Stock Exchange from December 2002 to January 2013.

For details, please refer to the SFC's enforcement news issued on 1 June 2015 (<https://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/enforcement-news/doc?refNo=15PR57>).

- (iii) In August 2015, BPSAL was fined \$15 million by the SFC for failure in relation to its dark liquidity pool trading services during the period from 2009 to 2011, and the reporting was only made to the SFC in January 2013 in breach of the relevant obligations.

For details, please refer to the SFC's enforcement news issued on 3 August 2015 (<https://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/enforcement-news/doc?refNo=15PR82>).

Mr Leung was not personally subject to any investigation process or disciplinary action from the SFC or any other competent authority in respect of these matters.

Each of Messrs Cheah and Leung is not related to any other Directors, senior management, substantial Shareholders or controlling Shareholders (as defined in the Listing Rules) of HKEX. None of them has any service contract with any member of the Group. Messrs Cheah and Leung, if re-elected, will be appointed as Directors with effect from the conclusion of the AGM for a term of not more than approximately three years expiring at the conclusion of the Company's annual general meeting to be held in 2023.

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	3,300,000
– Other Non-executive Director	850,000
Audit Committee, Board Executive Committee, Investment Committee, Remuneration Committee and Risk Committee	
– Chairman	250,000
– Other member	160,000
Corporate Social Responsibility Committee, and Nomination and Governance Committee	
– Chairman	200,000
– Other member	160,000

The remuneration is payable to Non-executive Directors for service 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 is 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, Messrs Cheah and Leung each confirmed that there is no other information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and HKEX is not aware of any other matters in relation to their standing for re-election as Directors that need to be brought to Shareholders' attention.

NOMINATION BY SHAREHOLDERS

Nomination Period

Shareholders are invited to elect up to two Directors at the AGM to fill the vacancies available following the retirement of C H Cheah and Hugo Leung. The newly elected Director(s) at the AGM will have a term of not more than approximately three years expiring at the conclusion of the Company's annual general meeting to be held in 2023.

Article 88(3) of the Articles of Association provides that no person (other than a Director retiring in accordance with the Articles of Association) shall be appointed or re-appointed as a 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 seven days, commencing no earlier than the day after the despatch of the notice of such meeting and ending no later than seven 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 Shareholder wishes to nominate a person to stand for election as a Director, the following documents must be validly given to the Group Company Secretary **no later than Wednesday, 25 March 2020** at 8/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong, namely (i) his/her notice of nomination; 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. The relevant Shareholder(s) and the nominated candidate(s) are recommended to read the Personal Information Collection Statement set out on page 20.

Upon receiving a valid nomination, a supplemental circular containing information of the candidate(s) proposed by Shareholder(s) will be despatched to Shareholders as soon as practicable on or about Thursday, 2 April 2020.

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 nomination by a Shareholder should be accompanied by the following information of the nominated candidate(s):

- (a) full name (including any former name(s) and alias(es)) and age;
- (b) positions held with HKEX and/or other members of the Group (if any);
- (c) experience including (i) other directorships held in the past three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas, and (ii) other major appointments and professional qualifications;
- (d) current employment and such other information (which may include business experience and academic qualifications) of which Shareholders should be aware of, pertaining to the ability or integrity of the candidate;
- (e) length or proposed length of service with HKEX;
- (f) relationships with any Directors, senior management, substantial Shareholders or controlling Shareholders (as defined in the Listing Rules) of HKEX, or an appropriate negative statement;
- (g) interests in Shares within the meaning of Part XV of the SFO, or an appropriate negative statement;
- (h) a declaration made by the nominated candidate in respect of the information required to be disclosed pursuant to Rule 13.51(2)(h) to (w) of the Listing Rules, or an appropriate negative statement to that effect where there is no information to be disclosed pursuant to any of such requirements nor any other matters relating to that nominated candidate's standing for election as a Director that should be brought to Shareholders' attention;

- (i) a statement made by the nominated candidate as to whether he/she meets the independence criteria as set out under Rule 3.13 of the Listing Rules. When determining the nominated candidate's independence under Rule 3.13 of the Listing Rules, the same factors should also apply to the candidate's immediate family members. "Immediate family member" is defined under Rule 14A.12(1)(a) of the Listing Rules; and
- (j) 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. Each nominated candidate may provide us with a statement of approximately 250 words to explain his/her reasons for seeking election as a Director for inclusion in the supplemental circular for the Shareholders' information.

RESOLUTIONS AND VOTING

As the number of Elected Directors on the Board is restricted to six persons under the Articles of Association, HKEX must adopt a method to determine which candidates would be appointed as Elected Directors where the number of Elected Director candidates exceeds the number of Elected Director vacancies. Since 2017, HKEX has adopted a "gross-vote" method to determine which candidates would be appointed as Elected Directors, where the number of Elected Director candidates exceeds the number of Elected Director vacancies.

Provided that a candidate receives over 50% of votes cast in favour of him/her, the "gross-vote" method would fill Elected Director vacancies from those candidates receiving the highest number of votes in favour, to those with successively lower number of votes in favour until all the Elected Director vacancies are filled. In the event of a tie of the number of votes received in favour between two or more candidates, the ranking of the relevant candidates will be determined by the drawing of lots by the chairman of the meeting.

HKEX considers that the "gross-vote" method for determining which Elected Director candidates would be appointed to the Board will be more easily understood by its Shareholders, while still ensuring that the overall will of the Shareholders at the AGM in relation to the election of Directors is determined on a fair and objective basis.

As the service term of C H Cheah and Hugo Leung will expire at the conclusion of the AGM, there will be two vacancies on the Board to be filled at the AGM. If there are more than two 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 two candidates shall be elected as Directors as follows:

"THAT subject to the number of votes cast in favour of this resolution being among the two highest number of votes cast in favour 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 7 May 2020 or on the date of its adjournment (where applicable), [name of candidate] be and is hereby appointed as a director of the Company with effect from the conclusion of the 2020 annual general meeting for a term of approximately three years expiring at the conclusion of the Company's annual general meeting to be held in 2023, provided that if any two or more of such resolutions record the same number of votes cast in favour of them (the "Tied Resolutions"), the ranking of the Tied Resolutions from highest to lowest number of votes cast in favour 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 in favour of it), the candidate who is the subject of that resolution will be eligible to be elected as 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 as a Director. If there are less than two resolutions passed, the Board may, pursuant to Article 90 of the Articles of Association, appoint any person to fill the relevant vacancy or vacancies (as the case may be).

Assuming a resolution is passed by the majority of the votes cast in favour of it, the candidate who is the subject of that resolution will be elected to one of the two positions on the Board if the number of votes cast in favour of his/her resolution is among the top two resolutions passed in terms of the highest number of votes cast in favour. In the event there is a tie in terms of votes cast in favour for two or more resolutions, the ranking of the Tied Resolutions from highest to lowest number of votes cast in favour 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.

PERSONAL INFORMATION COLLECTION STATEMENT

“Personal Data” in these statements has the same meaning as “personal data” in the Personal Data (Privacy) Ordinance, Chapter 486 of the Laws of Hong Kong (“PDPO”).

The supply of the nominated candidate’s Personal Data to HKEX is on a voluntary basis. Failure to provide sufficient information may result in HKEX being unable to process the Shareholder’s nomination of a person to stand for election as a Director at the AGM.

The nominated candidate’s Personal Data will be disclosed in a supplemental circular to be despatched to Shareholders and may be disclosed or transferred by HKEX to its subsidiaries, its share registrar, and/or other companies or bodies for any of the stated purposes, and retained for such period as may be necessary for HKEX’s verification and record purposes.

The nominated candidate has the right to request access to and/or correction of his/her Personal Data in accordance with the provisions of the PDPO. Any such request for access to and/or correction of the nominated candidate’s Personal Data should be in writing to HKEX’s Group Company Secretary at 8/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

Please refer to HKEX’s Privacy Policy Statement which is available on the HKEX Group website (www.hkexgroup.com) for further details.

This Appendix serves as an explanatory statement required to be sent to Shareholders under the Listing Rules in connection with the proposed Buy-back Mandate and also constitutes the memorandum required under section 239(2) of the Companies Ordinance.

1. THE LISTING RULES

The Listing Rules permit a company with a primary listing on the Stock Exchange to buy back 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 share buy-backs 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

Share buy-backs must be funded out of funds legally available for such purpose. A listed company may not buy back 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 bought back by a company must be fully paid up. A maximum of 10% of the number of issued shares of a company as at the date of resolution passed on the grant of a buy-back mandate may be bought back 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 buy-back (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 share buy-back) without the Stock Exchange's prior approval (or in the case of HKEX, the SFC). In addition, a company shall not buy back its own 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 buying back its own shares on the Stock Exchange if the buy-back 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 Shares Bought Back

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

(e) Suspension of Buy-backs

The Listing Rules prohibit any share buy-backs 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 buy back its own 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 a company from buying back its own shares on the Stock Exchange if the Stock Exchange considers that the company has committed a breach of the Listing Rules.

(f) Reporting Requirements

Under the Listing Rules, information on share buy-backs 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 buy-backs made during the year including the number of shares bought back each month, the buy-back price for each such shares or the highest and lowest price paid for each buy-back where relevant, and the aggregate price paid for such buy-backs and the reasons of the directors of the company for making such buy-backs.

A company shall procure that any broker appointed by the company to effect the share buy-backs shall disclose to the Stock Exchange (or in the case of HKEX, the SFC) such information with respect to buy-backs 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 buying back shares on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their respective close associates (as defined in the Listing Rules) and a core connected person is prohibited from knowingly selling his shares in the company back to the company. No core connected person (as defined in the Listing Rules) of HKEX has notified HKEX that he has a present intention to sell Shares to HKEX, or has undertaken not to do so, if the Buy-back Mandate is exercised.

2. SHARE CAPITAL

As at the Latest Practicable Date, the total number of Shares in issue was 1,261,201,319 Shares. Subject to the passing of the ordinary resolution approving the Buy-back Mandate and on the basis that no further Shares are issued or bought back following the Latest Practicable Date and up to the date of the AGM, exercise in full of the Buy-back Mandate could accordingly result in up to 126,120,131 Shares being bought back by HKEX during the period from the passing of the Buy-back 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 Buy-back Mandate, whichever occurs first.

3. REASONS FOR BUY-BACKS

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 buy back Shares in the market. Such buy-backs 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 buy-backs will benefit HKEX and its Shareholders as a whole.

4. FUNDING OF BUY-BACKS

In buying back Shares, HKEX may only apply funds legally available for such buy-backs in accordance with its Articles of Association, the laws of Hong Kong and the Listing Rules. Share buy-backs pursuant to the Buy-back 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 Group, as compared with the position disclosed in the audited financial statements contained in the 2019 Annual Report, in the event that the Buy-back Mandate is exercised in full at any time. However, the Board does not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group 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 close associates (as defined in the Listing Rules), have any present intention, if the Buy-back 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 Buy-back Mandate only in accordance with the Listing Rules and the applicable laws of Hong Kong.

If as a result of a buy-back 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 Buy-back Mandate.

6. SHARE BUY-BACKS MADE BY HKEX

HKEX has not bought back any Shares during the six 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 (\$)
2019		
March	281.8	263.2
April	286.2	270.0
May	279.8	239.0
June	279.0	243.6
July	282.0	262.2
August	266.8	230.0
September	254.8	222.0
October	248.6	224.0
November	254.4	239.6
December	259.8	241.0
2020		
January	283.6	252.4
February	274.8	250.0
March (up to and including the Latest Practicable Date)	260.0	248.0

1. WHO IS ELIGIBLE TO ATTEND AND VOTE

Shareholders whose names appeared on the register of members on 7 May 2020 (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, 4 May 2020 to Thursday, 7 May 2020, 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, Wan Chai, Hong Kong no later than 4:30 pm on Wednesday, 29 April 2020.

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 submit 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 each proxy is appointed to exercise the rights attached to a different Share or Shares held by you. If more than one proxy is appointed, you shall specify the number of Shares in respect of which each such proxy is so appointed in the relevant proxy form. In any event, the total number of Shares represented by your proxy(ies) must not exceed your entitled votes.

In light of the epidemic situation of COVID-19, Shareholders may consider appointing the chairman of the AGM as his/her proxy to vote on the resolutions, instead of attending the AGM in person.

Non-registered Shareholders

If you are a non-registered Shareholder, ie, 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, speak and vote at the AGM, you shall 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 Investor Relations (Regulatory Disclosure – Circulars and Listing Documents) section of the HKEX Group website (www.hkexgroup.com) 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. In the absence of any instructions given in respect of a resolution, your proxy will be entitled to cast your votes at his/her discretion or to abstain from voting in respect of that resolution. 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, the proxy form must be completed in accordance with the instructions printed thereon and deposited at HKEX's registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong at least 48 hours (excluding any part of a day that is a public holiday) before the time appointed for holding 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 deposited at HKEX's registrar before the Closing Time.

You should also note that your proxy's authority to vote on a resolution is to be regarded as revoked if you attend in person at the AGM and vote on that particular resolution.

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 Article 67(1)(a) of the Articles of Association, that all resolutions set out in the notice of the AGM be decided by poll.

Article 71 of the Articles of Association provides that on a poll, subject to any special rights or restrictions as to voting for the time being attached to any Shares and to the provisions of the Articles of Association and the Companies Ordinance, 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 at the AGM for 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 being 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 Group website (www.hkexgroup.com) and the HKEXnews website (www.hkexnews.hk).

7. TYPHOON AND RAINSTORM ARRANGEMENTS

In case Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal or “extreme conditions after super typhoons” announced by the Government is/are in force in Hong Kong at or at any time after 12:00 noon on the date of the meeting, the meeting will be adjourned. HKEX will post an announcement on the HKEX Group website (www.hkexgroup.com) and the HKEXnews website (www.hkexnews.hk) to notify Shareholders of the date, time and place of the adjourned meeting.

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

8. SPECIAL NEEDS

If you have any particular access request or special needs for participating in the AGM, please contact HKEX’s registrar, Hong Kong Registrars Limited (telephone:+852 2862 8555) on or before 29 April 2020.

