

## HONG KONG EXCHANGES AND CLEARING LIMITED

MINUTES OF THE ANNUAL GENERAL MEETING OF HONG KONG EXCHANGES AND CLEARING LIMITED HELD AT THE EXCHANGE AUDITORIUM IN THE EXCHANGE EXHIBITION HALL OF THE STOCK EXCHANGE OF HONG KONG LIMITED ON 1<sup>ST</sup> FLOOR, ONE AND TWO EXCHANGE SQUARE, CENTRAL, HONG KONG ON MONDAY, 23 APRIL 2012 AT 4:30 P.M.

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Directors	:	Mr Ronald J Arculli (Chairman) Mr Ignatius T C Chan Dr Moses M C Cheng Mr John B Harrison Mr Stephen C C Hui Dr Bill C P Kwok Mr Vincent K H Lee Mr Michael T H Lee Mr Charles X Li Mr John E Strickland Mr John M M Williamson Mr Oscar S H Wong
Apologies	:	Mrs Laura M Cha
Shareholders	:	As per the attached attendance list
In Attendance	:	Mr Vincent Kwong (Deputy Chief Financial Officer) Mr Joseph Mau (Company Secretary) Ms Marie-anne Kong (PricewaterhouseCoopers) Mr Keith Chau (PricewaterhouseCoopers) Mr Craig Dally (Linklaters) Mr Geoffrey Tang (Linklaters)
Scrutineer	:	BDO Limited

### 1. Quorum and Notice

The Chairman welcomed the shareholders present at the meeting (“Shareholders”), and after noting that a quorum for the meeting was present, called the meeting to order. As the Notice of Annual General Meeting (“Notice”) had been served, and with the Shareholders’ consent, the Notice was taken as read.

### 2. Poll Voting

Pursuant to Article 70(1)(a) of the Articles of Association (“Articles”) of Hong Kong Exchanges and Clearing Limited (“Company” or “HKEx”), the Chairman demanded poll voting on all resolutions set out in the Notice after they had been proposed. Poll voting procedures were set out in the circular dated 15 March 2012 (“Circular”), which had been sent

to HKEx's shareholders and tabled at the meeting. Representatives of Hong Kong Registrars Limited, HKEx's registrar, and BDO Limited, the scrutineer, would count the votes cast and counter-check the poll results respectively. The Chairman invited the Shareholders to raise questions relating to the proposed resolutions, if any, before casting their votes.

### 3. Audited Financial Statements, Directors' Report, and Auditor's Report

The Chairman referred the Shareholders to the first item in the Notice. Noting that the Audited Accounts, the Directors' Report, and the Auditor's Report constituted part of the Annual Report for the year ended 31 December 2011, which had been sent to HKEx's shareholders and tabled at the meeting, and with the Shareholders' consent, the Audited Financial Statements, the Directors' Report and the Auditor's Report were taken as read.

A shareholder asked if HKEx would be exempt from the proposed Competition Law, and if not, its implications on HKEx.

The Chairman replied that HKEx had submitted its views on the proposed Competition Law to the Government, and had not yet received any feedback thereon. In the worst case, HKEx would have to face competitions from other trading platforms.

Mr Charles X Li added that, currently, HKEx was not totally shielded from any competition except the cash equity market. Clearing and derivatives trading businesses were subject to competition.

The Chairman concluded that HKEx would issue a public statement upon receiving the Government's feedback.

The following resolution was proposed by the Chairman-

"THAT the Audited Financial Statements for the year ended 31 December 2011 together with the Directors' Report and the Auditor's Report be received, as presented."

The Chairman noted that there were no further questions from the floor.

### 4. Final Dividend

The Chairman referred the Shareholders to the second item in the Notice, which was the determination of a final dividend for the year ended 31 December 2011. The Board had recommended a final dividend of HK\$2.09 per share. Taking into account the interim dividend of HK\$2.16 per share paid on 6 October 2011, total dividend for 2011 would be HK\$4.25 per share. The Chairman also noted that the Board had proposed a scrip dividend alternative under which HKEx's shareholders might elect to receive the final dividend wholly or partly in fully paid HKEx's shares instead of in cash. The scrip dividend alternative was conditional on (a) the passing of the resolutions on the proposed final dividend and the proposed mandate to issue new shares; and (b) the approval of the Securities and Futures Commission ("SFC") of the listing of, and dealing in, the new shares to be issued under the scrip dividend alternative.

A shareholder suggested that, since scrip dividend would take a longer time to process, cash dividend should be paid earlier to those shareholders who elected cash instead of scrip.

The Chairman replied that the Board would explore if the said suggestion was feasible.

The following resolution was proposed by the Chairman-

“THAT a final dividend of HK\$2.09 per share for the year ended 31 December 2011 be paid to shareholders whose names appeared in the Company’s register of members on 30 April 2012.”

The Chairman noted that there were no further questions from the floor.

#### 5. Appointment of Directors

The Chairman referred the Shareholders to the third item in the Notice, and noted that 2 candidates were standing for election namely, Messrs Ignatius CHAN Tze Ching and John Mackay McCulloch WILLIAMSON, the incumbent Directors who would, in accordance with the Article 90(1A) of the Articles, retire after the conclusion of this annual general meeting (“AGM”), and be eligible for re-appointment in accordance with Article 93(5) of the Articles. The 2 retiring Directors were nominated by the Nomination Committee and recommended by the Board in accordance with Article 90(2)(a) of the Articles. Relevant information of the 2 candidates was included in the Circular which had been sent to HKEx’s shareholders and tabled at the meeting. The Chairman noted that whoever could have net positive votes cast on the resolution proposing his appointment would be elected as a Director. If less than 2 candidates could have net positive votes, the Board would, pursuant to Article 92 of the Articles, consider appointing appropriate person(s) to fill the casual vacancy(ies).

The following resolutions were proposed by the Chairman-

“THAT Mr Ignatius CHAN Tze Ching be and is hereby appointed as a Director of the Company with effect from the conclusion of this AGM for a term of approximately 3 years expiring at the conclusion of the Company’s AGM to be held in 2015.”

“THAT Mr John Mackay McCulloch WILLIAMSON be and is hereby appointed as a Director of the Company with effect from the conclusion of this AGM for a term of approximately 3 years expiring at the conclusion of the Company’s AGM to be held in 2015.”

The Chairman noted that there were no questions from the floor.

#### 6. Re-appointment of Auditor

The Chairman referred the Shareholders to the fourth item in the Notice, and noted that the Company’s accounts for the year ended 31 December 2011 were audited by PricewaterhouseCoopers (“Auditor” or “PwC”) who would retire after the conclusion of this AGM. PwC had expressed their willingness to continue in office.

The following resolution was proposed by the Chairman-

“THAT PricewaterhouseCoopers be re-appointed as the Company’s Auditor until the conclusion of the next AGM, and that the Board be authorised to fix the Auditor’s remuneration.”

The Chairman noted that there were no questions from the floor.

## 7. General Mandate to Repurchase Shares

The Chairman referred the Shareholders to the fifth item in the Notice, which was a request for a general mandate to be given by HKEx's shareholders to the Board for the repurchase of not exceeding 10 per cent of the aggregate nominal amount of the Company's issued share capital as at the date of this resolution. Relevant information of the proposed repurchase mandate was included in the Circular which had been sent to HKEx's shareholders and tabled at the meeting.

The following resolution was proposed by the Chairman-

“THAT the ordinary resolution numbered 5 in the Notice be approved.”

The Chairman noted that there were no questions from the floor.

## 8. General Mandate to Issue Shares

The Chairman referred the Shareholders to the sixth item in the Notice, which was a request for a general mandate to be given by HKEx's shareholders to the Board for the issuance of not exceeding 10 per cent of the aggregate nominal amount of the Company's issued share capital as at the date of this resolution, and the discount for any shares to be issued should not exceed 10 per cent. The purpose of the proposed issue mandate was to enable the scrip dividend scheme, and to allow the Directors flexibility to issue shares for raising capital from time to time when there was a need and where the Directors believed that it was in the best interests of shareholders to do so. Relevant information of the proposed issue mandate was included in the Circular which had been sent to HKEx's shareholders and tabled at the meeting.

A shareholder asked the reason for increasing the mandate to issue shares for cash from 5 per cent to 10 per cent, and whether the dividend payout ratio of 90 per cent could be lowered for retaining cash instead of issuing new shares for cash.

The Chairman replied that the proposed mandate size of 10 per cent for cash was within the regulatory requirement. The requested mandate served to give flexibility to Directors to issue and allot shares from time to time when there was a need. The dividend payout ratio of 90 per cent was resolved by the Board many years ago. The Board concurred with the rationale behind the resolution that the Company's profits should be paid to shareholders, as the dividends might be regarded by some shareholders as part of the regular income to support their living.

A shareholder asked if new shares would be issued under share options to be granted to the management, and further asked about the price of the shares to be issued under the general issue mandate.

The Chairman replied that the employees' share option schemes had expired. As for the shares to be issued under the general issue mandate, the discount would not exceed 10 per cent of the benchmarked price. After the general issue mandate was approved, any issue of new shares under the mandate would have to follow the mandate conditions strictly.

A shareholder said that, as reported by the media, HKEx was currently bidding for an overseas exchange which had a high P/E ratio, and asked if the acquisition would create potential value to shareholders. He further asked if shareholders would be offered the option of participating

in a rights issue for raising capital to fund the acquisition. Very often, placement of shares would be offered to a company's major shareholders at a big discount, which was unfair.

The Chairman replied that he would not comment on media's speculation. As for placement of shares, he noted that HKEx did not have any major shareholders except the Government which was holding only about 5.8 per cent of the Company's issued share capital. In any event the maximum discount would be 10 per cent if shareholders passed the resolution.

The following resolution was proposed by the Chairman-

"THAT the ordinary resolution numbered 6 in the Notice be approved."

The Chairman noted that there were no further questions from the floor.

9. Remuneration of Non-executive Directors ("NEDs")

The Chairman referred the Shareholders to the seventh item in the Notice, which was a proposal to raise the Chairman's and each of the NEDs' remuneration from HK\$550,000 and HK\$385,000 to HK\$900,000 and HK\$600,000 respectively for their services rendered during the period from the conclusion of each AGM to the conclusion of the AGM to be held in the immediately following year until HKEx's shareholders otherwise determined, and provided that such remuneration should be payable in proportion to the period of service in the case if a Director who had not served the entire period. The current remuneration level was approved by HKEx's shareholders at the 2011 AGM. Given the corporate globalisation, there was an increasing demand in the global talent market for NEDs. Moreover, the time commitment required of HKEx's Directors was much higher than most Hang Seng Index ("HSI") constituent companies and comparable with that of major global financial services companies. The proposed increases were based on comparisons with the Directors' remuneration of the 16 overseas listed exchanges, the 10 major global and 10 major regional financial services companies, and the HSI constituent companies. Details of and reasons for the proposed increases were set out in the Circular which had been sent to HKEx's shareholders and tabled at the meeting. The Chairman further noted that all Directors who were shareholders would abstain from voting on this ordinary resolution.

The following resolution was proposed by Mr Choy Sze Chung, Jojo, proxy of a shareholder, The Institute of Securities Dealers Limited-

"THAT the ordinary resolution numbered 7(a) in the Notice be approved."

The Chairman thanked Mr Choy for making the proposal, and noted that there were no questions from the floor.

10. Remuneration of Committee Members

The Chairman referred the Shareholders to also the last item in the Notice, which was a proposal to pay, in addition to the attendance fee of HK\$3,000 per meeting, an annual remuneration of HK\$120,000, to the chairman and HK\$90,000 to every other member but excluding the member who was the Executive Director ("ED"), of the Audit Committee, Executive Committee, Investment Advisory Committee and Remuneration Committee of the Company. The current fee of paying HK\$100,000 to the chairman and HK\$70,000 to every

other member of the said committees except the ED was approved at the AGM in 2011. Details of and reasons for the proposed increases were set out in the Circular which had been sent to HKEx's shareholders and tabled at the meeting. The Chairman further noted that all Directors who were shareholders would abstain from voting on this ordinary resolution.

The following resolution was proposed by Mr Lim Wah Sai, proxy of a shareholder, Phillip Commodities (HK) Limited-

“THAT the ordinary resolution numbered 7(b) in the Notice be approved.”

The Chairman thanked Mr Lim for making the proposal, noted that there were no questions from the floor.

#### 11. Vote of Thanks

The Chairman thanked Shareholders for their support given to him in the past years, and was grateful for having been reappointed by the Government to serve on the Board for another year largely to enable him to complete his term as the chairman of the World Federation of Exchanges. Over the past 6 years, he had been guided by 3 objectives, first, upholding public interest; second, working for shareholders' interest; and third, reinforcing Hong Kong's position as an international financial centre. Despite the unprecedented global economic and financial turmoil, like the fall of Lehman Brothers, the Eurozone sovereign debt crisis, he was very pleased to have witnessed the significant progress that HKEx had made over the last 6 years, in terms of number of listings and fund raised, in particular, the listing of international companies, the growth in profitability, and HKEx's continued operation of an orderly, informed and fair market. He also expressed his gratitude to all market participants, management and all staff, and Board members, in particular Mrs Laura Cha and Dr Moses Cheng who would retire at the conclusion of this meeting, for their unstinting support.

Mr Charles X Li paid special tribute to the Chairman for his insightful leadership and acknowledged his remarkable contributions and invaluable advice which had been instrumental in steering HKEx to be one of the most successful international exchanges. He also expressed his heartfelt thanks to Mrs Laura Cha and Dr Moses Cheng for their counsel and support given to him and to the Board.

A shareholder expressed his gratitude to the Chairman for his invaluable contributions over the past 6 years.

The Chairman thanked the shareholder and remarked that HKEx's success relied very much on the support of shareholders, management, and market participants.

The shareholder further noted that the SFC had recently fined and disqualified a listing sponsor. There were also problems with newly listed companies, such as significant share price drop shortly after listing. He asked if HKEx's focus was on quantity or quality of listed companies.

Mr Charles X Li replied that it was the Company's strategy to attract more companies, in particular quality companies, to list in Hong Kong. Examination of listing applications was handled independently by the Listing Committees, and listing approval was granted as long as the applicants could comply with the relevant laws and regulations.

A shareholder commented that there were recently a lot of problems with the newly listed companies, and the market trading volume shrunk even after extension of trading hours. All these negative factors were reflected in HKEx's declining profitability and share price. He asked if the Company would implement any remedial measures such as withdrawing some of its new products, for example, the gold futures which had a low trading record.

Mr Charles X Li replied that the share price of a company was affected not only by its own performance but also the market sentiment. He thanked the shareholder for his suggestion and welcomed the shareholder to have another conversation with him after the meeting if there were further questions.

## 12. Casting of Votes

Noting that all resolutions had been proposed, and there were no questions from the floor about the voting procedures, the Chairman declared the poll open at about 5:15 p.m., and invited the Shareholders to cast their votes on the proposed resolutions by completing and depositing their voting slips into the ballot boxes placed in the front and at the back of the Exchange Auditorium respectively.

Noting that no Shareholders would further cast vote on the proposed resolutions, and with the Shareholders' consent, the Chairman declared the poll close. He then declared a short break of the meeting for counting Shareholders' votes on the proposed resolutions, and that the meeting would be re-convened at 6:15 p.m. for announcing the poll results. The Chairman further noted that the poll results would be posted on the HKEx website for public information.

## 13. Poll Results

After noting that a quorum was present, the meeting resumed at 6:15 p.m.

The Chairman announced the following poll results-

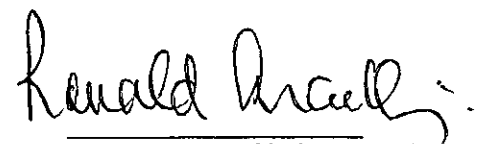
- (i) there were 365,303,310 votes in favour of, and 10,900 votes against, the ordinary resolution of receiving the Audited Financial Statements, the Directors' Report, and the Auditor's Report for the year ended 31 December 2011. The Chairman declared that the said ordinary resolution was carried by the majority;
- (ii) there were 367,166,926 votes in favour of, and 9,900 votes against, the ordinary resolution of approving the final dividend of HK\$2.09 per share for 2011. The Chairman declared that the said ordinary resolution was carried by the majority;
- (iii) (a) there were 360,320,974 votes in favour of, and 563,543 votes against the appointment of Mr Ignatius CHAN Tze Ching as a Director; and  
(b) there were 366,796,609 votes in favour of, and 352,695 votes against the appointment of Mr John Mackay McCulloch WILLIAMSON as a Director.

The Chairman declared that the ordinary resolutions of appointing Mr Ignatius CHAN Tze Ching and Mr John Mackay McCulloch WILLIAMSON each as a Director of the Company were carried by the majority, and they were elected as Directors of the Company each for a term of 3 years until the close of the AGM in 2015;

- (iv) there were 365,464,876 votes in favour of, and 1,711,950 votes against, the ordinary resolution of re-appointing PwC as the Auditor and authorising the Directors to fix the Auditor's remuneration. The Chairman declared that the said ordinary resolution was carried by the majority;
- (v) there were 357,882,454 votes in favour of, and 2,803,342 votes against, the ordinary resolution of granting a general mandate for the repurchase of 10 per cent of the aggregate nominal amount of the issued share capital of the Company at the date of this resolution. The Chairman declared that the said ordinary resolution was carried by the majority;
- (vi) there were 352,224,593 votes in favour of, and 16,836,811 votes against, the ordinary resolution of granting a general mandate for the issue of 10 per cent of the aggregate nominal amount of the Company's issued share capital as at the date of this resolution, and the discount for any shares to be issued should not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company at the date of this resolution. The Chairman declared that the said ordinary resolution was carried by the majority;
- (vii) (a) there were 361,091,785 votes in favour of, and 1,613,219 votes against, the ordinary resolution of paying an annual remuneration of HK\$900,000 to the Chairman and HK\$600,000 to each of the NEDs for their services rendered during the period from the conclusion of each AGM to the conclusion of the AGM to be held in the immediately following year until HKEx's shareholders otherwise determined. The Chairman declared that the said ordinary resolution was carried by the majority; and
- (b) there were 361,325,514 votes in favour of, and 2,378,090 votes against, the ordinary resolution of paying, in addition to the attendance fee of HK\$3,000 per meeting, an annual remuneration of HK\$120,000 to the chairman and HK\$90,000 to each member of certain Board committees of the Company including the chairman but excluding the ED for their services rendered during the period from the conclusion of each AGM to the conclusion of the AGM to be held in the immediately following year until HKEx's shareholders otherwise determined. The Chairman declared that the said ordinary resolution was carried by the majority.

14. Close of meeting

There being no other business, the Chairman declared the meeting close at about 6:40 p.m.

  
Chairman



**Annual General Meeting of Hong Kong Exchanges and Clearing Limited held at the Exchange Auditorium in the Exchange Exhibition Hall of The Stock Exchange of Hong Kong Limited on the 1<sup>st</sup> Floor, One and Two Exchange Square, Central, Hong Kong on Monday, 23 April 2012 at 4:30 p.m.**

**Attendance List (Individual shareholders, proxies and corporate representatives)**

**A. Names of Shareholders Present**

(i) In Person

Bao Hong	Goh Peng	Leung Tim Shin
Mark William Bewley	Ho Kam Tim	Leung Wai Hung
Chan Chu	Ho King Yin	Man Sau Lin
Chan Kai Wah Kenneth	Ho Kwai Fong Priscilla	Mau Kam Shing Joseph
Chan Kwok Lau	Ho Lai Sheung Tracy	Ng Siu Ngor
Chan Lai Ming Judy	Ho Shue Kai	Ng Wai Ying Jinny
Chan Sui Ki	Ho Yu Hing	Nip Chiu Kai
Chan Wing Hing Barry	Ho Yuk Yee Calvin	Po Kam Chung Ernest
Chan Wing Kun	Hon Kan Keung Anthony	Quah Kung Beng David
Chau Jik Tak	Huen Shiu Wah	Siu Miu Ling
Cheung Chun Loy	Hui Wing Yip	So Man Wai
Cheung Kai Man	Hung Fung Ying	Sze Chuen Chuen
Chi Hung Tim	Koo Ling Chiu	Tam Kam Tong
Chin Mi Ying	Kung Yiu Ying	Tong Yau Jink
Chin Wai Ying	Kwan Yiu Chung	Tsang Chun Chiu William
Chiu Kam Leung	Kwong Kai Ho Jeff	Tuen Yau Kuen
Choi Hack Ling	Lai Wai Kwok	Wong Kai York
Choi Yeung Shun Johnson	Lam Ching Man	Wong Kwan Ying
Choi Yuk Sui	Lam Ching Man & Yeung Sze	Wong Kwok Cheung
Chong Wing Kwan Joseph	Man Monita	Wong Yuet Ngor
Chu Shun King	Lam Shiu Cheuk	Woo Chih Wai
Chung Kwok Shing	Lam Siu Bak	Wu Suk Ching Ivy
Mark Francis Dickens	Lau Man Ho	Yau Raymond
Fok Kwong Man	Lau Shing Hung	Yau Sai Tung
Fok Pui Mi	Lau Tung Choi	Yeung Tsz Fung
Fung Wah Yim	Law Kwai Chun	Yeung Yung Ying
Go Sioe Hwa	Lee Shing Tai	Yuan Chen Wah
	Lee Shu Kuen	Yuan Chen Wah and Yuen Lee
	Leung Ping Lam	Kar Ling

(ii) By Proxy

Chan Chi Keung	Kong Po Har	Siu Fun To
Chan Chiu Ming	Kwok Hung Suk Fan	Tang King Yin
Chan Kin Wai	Lam Chi Bun Eddy	The Institute of Securities Dealers Limited
Chan Ping Keung	Lam Miu Wah	To Chun Fung
Chan Pui Lun Paul	Lam Pui Wan	Tong Suk Chun
Chan Shum Yue Bonnie	Lee Lau Shek	Wocom Limited
Chan Wai Sum	Lee Wing Cheong	Wocom Securities Limited
Chan Wong Yoke Fong Linda	Lee Wing Yan	Yam Yuen Foon
Chi Wai Chun	Leung Chui Wa	Yam Yuen Tin
Chow Tang Bill	Leung Kit Wan	Yau Chow Man Winifred
Chung Ngai Kwan	Lo Wai Kuen	Yau Lap Kin
DL Brokerage Limited	Ng Clemand	Yeung Tsz Fung
Fok Kwong Man	Pang Yin	
Hui Pui Fong Regina	Phillip Commodities (H.K.) Limited	
Hui Yin Chi	Sin Cheung Shing	
Kao May Loy Mary		

(iii) By Corporate Representative

HKSCC Nominees Limited

B. Names of Proxies and Corporate Representatives

Ronald Joseph Arculli	Kwok Chi Piu Bill	So Man Wai
Bao Hong	Kwong Yau Shing Vincent	John Estmond Strickland
Chan Hok Lun Ivan	Lai Shiu Fan	Su Yueh Guey
Chan Kwok Wing Raphael Ambrose	Lai Shuk Han	Tang Chih Shan
Chan Ping Cheung	Lau Foon	Ting Yuk Wah
Chan Wing	Lee Fung Yung	Tong Shuk Fun
Chan Yuk Kay	Lee Nam	Tong Shuk Yin
Chau Hok Ping	Lee Shing Tai	Tsai Hsin Hsin
Cheong Mow Lam	Lee Shu Fan Frank	Tsang Chi Suen Trini
Cheung Chun Loy	Lee Shu Kuen	Tsang Kwong Fat
Cheung Hak Yam	Leung Kwai Yin	Tsui Yin Chun
Choi Pik Chau	Leung Yiu Ming	Wan Kit Yi
Chow Miu Ling	Lim Wah Sai	Wong Mei Mei
Choy Sze Chung Jojo	Lo Chung Fan Derek	Wong Wai Lin
Chu Oi Che	Lo Lai Chu	Wong Wing Wah
Chung Lai Fong	Lu Xiaoxun	Yan Wai Kit
Chung Wing Kee	Lui Tak Chiu	Yau Chung Hing
Ho Man Ching	Man Fung Yee Christina	Yau Nin Yiu
Ho Sin Man	Ng Shui Bor	Yeo ML Marianne
Ho Tak Wing	Ng Wai Yin	Yeung Tsz Fung
Hon Kan Keung	Nip Chiu Kai	Yuen Kam Kin