
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult an exchange participant or other securities dealer licensed as a licensed person under the Securities and Futures Ordinance, bank manager, solicitor, certified public accountant or other professional adviser.

If you have sold or transferred all your shares in Hong Kong Exchanges and Clearing Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, exchange participant or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Pursuant to Chapter 38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Securities and Futures Commission regulates Hong Kong Exchanges and Clearing Limited in relation to the listing of its shares on The Stock Exchange of Hong Kong Limited. The Securities and Futures Commission takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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

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

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

The Notice convening the annual general meeting of Hong Kong Exchanges and Clearing Limited to be held at 4:30 pm on Wednesday, 20 April 2011 at the Exchange Auditorium in the Exchange Exhibition Hall of The Stock Exchange of Hong Kong Limited on the 1st Floor, One and Two Exchange Square, Central, Hong Kong, at which a number of matters, including the above proposals will be considered, as set out in this circular on page 3.

Only light beverages will be served at the meeting.

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

17 March 2011

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Definitions

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

“AGM”	the annual general meeting of HKEx to be held at 4:30 pm on Wednesday, 20 April 2011, notice of which is set out on page 3 of this circular, or, where the context so admits, any adjournment of such annual general meeting
“Articles of Association”	the articles of association of HKEx as from time to time altered in accordance with the Companies Ordinance
“Board”	the board of directors of HKEx
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company” or “HKEx”	Hong Kong Exchanges and Clearing Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of HKEx
“Financial Secretary”	Financial Secretary of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	10 March 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	share(s) of \$1.00 each in the capital of the Company
“Statutes”	the Companies Ordinance and every other ordinance for the time being in force concerning companies and affecting the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“\$”	Hong Kong dollar
“%”	per cent

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

Letter from the Board of Directors



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

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

Independent Non-executive Directors

Ronald Joseph ARCULLI (Chairman)
CHA May-Lung, Laura
CHAN Tze Ching, Ignatius
CHENG Mo Chi, Moses
CHEUNG Kin Tung, Marvin
HUI Chiu Chung, Stephen
KWOK Chi Piu, Bill
LEE Kwan Ho, Vincent Marshall
LEE Tze Hau, Michael
John Estmond STRICKLAND
John Mackay McCulloch WILLIAMSON
WONG Sai Hung, Oscar

Registered Office

12th Floor
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Executive Director

LI Xiaojia, Charles (Chief Executive)

17 March 2011

Dear Shareholders,

On behalf of the Board, it is my pleasure to invite you to HKEx's annual general meeting to be held on Wednesday, 20 April 2011 at the Exchange Auditorium in the Exchange Exhibition Hall of the Stock Exchange on the 1st Floor, One and Two Exchange Square, Central, Hong Kong.

The notice of the AGM is set out on page 3. Information regarding the business to be considered at the AGM is set out on pages 14 to 19. If you do not plan to attend the AGM, I strongly recommend you appoint a proxy to attend and vote on your behalf at the AGM. Matters regarding shareholders' rights to attend and vote at the AGM are set out in Appendix IV of this circular.

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

If you have any questions concerning the AGM, please contact the Company's registrar at +852 2862 8555.

I look forward to seeing you at the AGM.

Yours faithfully,
By Order of the Board
HONG KONG EXCHANGES AND CLEARING LIMITED
Ronald Joseph ARCULLI
Chairman

Notice of Annual General Meeting



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

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

NOTICE IS HEREBY GIVEN THAT the annual general meeting of shareholders of Hong Kong Exchanges and Clearing Limited (“HKEx”) will be held at 4:30 pm on Wednesday, 20 April 2011 at the Exchange Auditorium in the Exchange Exhibition Hall of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) on the 1st Floor, One and Two Exchange Square, Central, Hong Kong for the following purposes:

1. to receive the Audited Accounts for the year ended 31 December 2010 together with the Reports of the Directors and Auditor thereon;
2. to declare a final dividend;
3. to elect Directors;
4. to re-appoint PricewaterhouseCoopers as Auditor and to authorise the Directors to fix their remuneration;

and to consider as special business and, if thought fit, pass with or without modification the following resolutions of which Resolutions 5, 6, 7(a) and 7(b) will be proposed as ordinary resolutions and Resolutions 8, 9 and 10 will be proposed as special resolutions:

Ordinary Resolutions

5. **“THAT:**

- (a) a general mandate be and is unconditionally given to the Directors of HKEx to exercise during the Relevant Period (as defined below) all the powers of HKEx to repurchase shares of HKEx on the Stock Exchange or on any other stock exchange on which the shares of HKEx may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or of any other stock exchange (as applicable) as amended from time to time, provided that the aggregate nominal amount of shares so purchased shall not exceed 10 per cent of the aggregate nominal amount of the share capital of HKEx in issue at the date of the passing of this Resolution, and that this mandate shall be limited accordingly; and
- (b) for the purposes of this Resolution:

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

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

Notice of Annual General Meeting

- (ii) the expiration of the period within which the next annual general meeting of HKEx is required by law to be held; and
- (iii) the passing of an ordinary resolution by shareholders of HKEx in general meeting revoking or varying the authority given to the Directors of HKEx by this Resolution.”

6. **“THAT:**

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

shall not exceed: (A) where the shares of HKEx are allotted for cash, 5 per cent and (B) in any event 10 per cent, of the aggregate nominal amount of the issued share capital of HKEx at the date of the passing of this Resolution;

- (c) any shares of HKEx to be allotted and issued (whether wholly or partly for cash or otherwise) pursuant to the approval in paragraph (a) shall not be at a discount of more than 5 per cent of the Benchmarked Price (as defined below) of such shares of HKEx; and
- (d) for the purposes of this Resolution:

“Benchmarked Price” means the higher of:

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

Notice of Annual General Meeting

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

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

- (i) the conclusion of the next annual general meeting of HKEx;
- (ii) the expiration of the period within which the next annual general meeting of HKEx is required by law to be held; and
- (iii) the passing of an ordinary resolution by shareholders of HKEx in general meeting revoking or varying the authority given to the Directors of HKEx by this Resolution.

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

7(a). “**THAT** until shareholders of HKEx in general meeting otherwise determine, the remuneration of HK\$550,000 and HK\$385,000 respectively be payable to the Chairman and each of the other non-executive Directors of HKEx for the period from the conclusion of each annual general meeting of HKEx to the conclusion of the annual general meeting of HKEx to be held in the immediately following year, provided that such remuneration be payable in proportion to the period of service in the case of a Director who has not served the entire period.”

7(b). “**THAT** until shareholders of HKEx in general meeting otherwise determine, in addition to the attendance fee of HK\$2,500 per meeting, the remuneration of HK\$100,000 and HK\$70,000 respectively be payable to the chairman and each of the other members (excluding executive Director) of the Audit Committee, Executive Committee, Investment Advisory Committee and Remuneration Committee of HKEx for the period from the conclusion of each annual general meeting of HKEx to the conclusion of the annual general meeting of HKEx to be held in the immediately following year, provided that such remuneration be payable in proportion to the period of service in the case of a committee member who has not served the entire period.”

Notice of Annual General Meeting

Special Resolutions

8. “**THAT** subject to the written approval of the Securities and Futures Commission pursuant to section 67 of the Securities and Futures Ordinance, the Articles of Association of HKEx be and are amended as follows:

(a) Article 2(1) of the Articles of Association of HKEx be amended by deleting the definition of “electronic communication” and replacing by the following:

“electronic format notices, documents or other information are in an electronic format if stored on a CD, diskette, USB storage device or other similar media;”

(b) Article 2(8) of the Articles of Association of HKEx be deleted in its entirety.

(c) Article 55(11) of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“(11)The provisions of these Articles regarding the giving of notice to members shall apply to the giving to a member of any notice required by this Article. Any notice required by this Article to be given to a person who is not a member, or who is a member whose registered address is not within Hong Kong and who has not given to the Company an address within Hong Kong at which notices may be given to him, shall be deemed validly given if it is sent by mail (or airmail if the address is outside Hong Kong) in a prepaid envelope addressed to that person at the address (or if more than one, at one of the addresses), if any, at which the Directors believe him to be resident or carrying on business or to his last known address as shown on the Register. The notice shall in such a case be deemed to have been given on the day following that on which the envelope containing the same is posted. Proof that the envelope was properly addressed and put into the post as prepaid mail or prepaid airmail (as the case may be) shall be conclusive evidence that the notice was given.”

(d) Article 139(3) of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“(3) Where a member or debenture holder of the Company has, in accordance with the Statutes and any rules prescribed by any Relevant Exchange from time to time, consented or is deemed to have so consented to treat the publication of the relevant financial documents and/or the summary financial report on the Company’s website as discharging the Company’s obligation under the Ordinance to send a copy of the relevant financial documents and/or the summary financial report, then subject to compliance with the publication and notification requirements of the Statutes and any rules prescribed by any Relevant Exchange from time to time, publication by the Company on the Company’s website of the relevant financial documents and/or the summary financial report at least 21 days before the date of the meeting shall, in relation to each such member or debenture holder of the Company, be deemed to discharge the Company’s obligations under paragraph (2) above.”

Notice of Annual General Meeting

- (e) Articles 141 to 150 (both inclusive) of the Articles of Association of HKEx be deleted in their entirety and replaced by the following:

“NOTICES, DOCUMENTS AND OTHER INFORMATION

141. Form and manner of service and delivery

- (1) Subject to the Statutes and any rules prescribed by any Relevant Exchange from time to time and except where otherwise expressly stated, any notice, document or other information to be given to or by any person pursuant to these Articles shall be in writing. A notice calling a meeting of the Directors need not be in writing.
- (2) Any notice, document or other information in writing may, in accordance with these Articles and subject to the Statutes and any rules prescribed by any Relevant Exchange from time to time, be:
- (a) given in hard copy form;
 - (b) given in an electronic format;
 - (c) given by electronic means; or
 - (d) made available on the Company’s website.

142. Notices, documents and other information to members

- (1) Subject to the Statutes and any rules prescribed by any Relevant Exchange from time to time, a notice, document or any other information may be served on, delivered to or made available by the Company to any member:
- (a) personally or by sending it by mail, postage prepaid (and, in any case where the registered address of a member is outside Hong Kong, by prepaid airmail), addressed to such member at his registered address or by leaving it at that address addressed to the member or by publishing it by way of advertisement in at least one English language newspaper and one Chinese language newspaper circulating in Hong Kong; or
 - (b) in respect of notices, documents or other information that, under the Statutes and any rules prescribed by any Relevant Exchange from time to time, may be sent in an electronic format or by electronic means or by making it available on the Company’s website, in the manner set out in paragraph (2) below.
- (2) For the purposes of paragraph (1)(b) above, the Company may deliver or make available a notice, document or any other information to any member:
- (a) in an electronic format personally or by mail in the manner set out in paragraph (1)(a) above or by electronic means to the address specified by such member to the Company for such purpose or by making it available on the Company’s website provided that, in each case, such

Notice of Annual General Meeting

member has consented, in the manner permitted in the Statutes and any rules prescribed by any Relevant Exchange from time to time, to the Company communicating with such member in such form or manner; or

(b) by any other means authorised in writing by the member concerned.

For the purposes of making available notices, documents or any other information to a member on the Company's website, the Company shall notify that member that such notice, document or other information has been made available on the Company's website in the manner prescribed by the Statutes and any rules prescribed by any Relevant Exchange from time to time.

- (3) A member may revoke his agreement that notices, documents or other information may be sent or supplied to such member in an electronic format or by electronic means or made available to such member through the Company's website in accordance with paragraph (2)(a) above by sending a notice of revocation to the Company within such period and in such manner as may be specified under the Statutes and any rules prescribed by any Relevant Exchange from time to time.
- (4) Upon a member receiving from the Company a notice, document or other information in an electronic format or by electronic means or by the Company making such notice, document or information available on its website, such member may request that the Company send or supply to such member such notice, document or information in hard copy form. The Company shall, upon receiving such request from a member, in accordance with the Statutes and any rules prescribed by any Relevant Exchange from time to time, send or supply to such member such notice, document or information requested in hard copy form free of charge.
- (5) Any notice, document or other information may be served or delivered by the Company by reference to the Register as it stands at any time not more than fifteen days before the date of service or delivery. No change in the Register after that time shall invalidate that service or delivery. Where any notice, document or other information is served on or delivered to any person in respect of a share in accordance with these Articles, no person deriving any title or interest in that share shall be entitled to any further service or delivery of such notice, document or information.

143. **Registered address of member**

Each member shall, from time to time, notify in writing to the Company some place which shall be deemed his registered address for the purposes of the last preceding Article.

144. **Notices, documents and other information to joint holders**

Subject to the Statutes and any rules prescribed by any Relevant Exchange from time to time, all notices, documents or other information directed to be given to the members shall, with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the

Notice of Annual General Meeting

Register in respect of such share, and such notices, documents or information so given shall be deemed to have been given to all the holders of such share.

145. Service on Company

- (1) Any summons, notice, order or other document required to be sent to or served upon the Company, or upon any officer of the Company, may be sent or served by leaving the same or sending it by mail, postage prepaid (and, if posted outside Hong Kong, by prepaid airmail), addressed to the Company or to such officer at the Office.
- (2) The Directors may from time to time specify the form and manner in which a notice may be given to the Company by electronic means, including one or more addresses for the receipt of communications by electronic means, and may prescribe such procedures as they think fit for verifying the authenticity or integrity of any such communication. A notice may be given to the Company by electronic means only if it is given in accordance with the requirements specified by the Directors.

146. Time of service and delivery

Subject to the Statutes and any rules prescribed by any Relevant Exchange from time to time, a notice, document or any other information served, delivered or issued by or on behalf of the Company:

- (a) if sent by mail, postage prepaid, shall be deemed to have been served or delivered on the day following that on which such notice, document or other information was put in the post. In proving such service it shall be sufficient to prove that the relevant notice, document or other information was properly addressed and put into the post as prepaid mail or prepaid airmail (as the case may be);
- (b) if left by the Company at a registered address of a member, shall be deemed to have been served or delivered on the day it was left;
- (c) if published by way of advertisement, shall be deemed to have been served or delivered on the day it was published;
- (d) if sent by electronic means, other than by making it available on the Company's website, shall be deemed to have been served or delivered 48 hours following the time that such communication was sent;
- (e) if made available by the Company on its website, shall be deemed to have been served or delivered 48 hours from the later of (i) the time that such notice, document or other information was first made available on the Company's website; and (ii) the time that a member was notified of the presence of such notice, document or other information on the Company's website; and

Notice of Annual General Meeting

- (f) if sent by any other means authorised in writing by the member concerned, shall be deemed to have been served or delivered when the Company has carried out the action it has been authorised to take for that purpose.

147. Members present at meeting deemed to have received due notice

Any member present, either personally or by proxy, at any meeting of the Company or class of members of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.

148. Successors in title to be bound by notices, documents or other information served on or delivered to predecessors

Every person who, by operation of law, transfer or any other means whatsoever, shall become entitled to any shares shall be bound by every notice, document or other information in respect of such shares which, prior to his name and address being entered in the Register, was duly served on or delivered to the person from whom he derives his title to such shares.

149. Service and delivery of notice, document or other information to be sufficient notwithstanding death of member served and delivered

Any notice, document or other information served upon or delivered to or left at the registered address of any member in pursuance of these Articles, shall, notwithstanding that such member be then deceased or bankrupt and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served or delivered in respect of any share held by such member, whether held solely or jointly with other persons, until some other person be registered instead of him as the holder or joint holder of such share, and such service or delivery shall, for all purposes of these Articles, be deemed a sufficient service or delivery of such notice, document or other information on his executors, administrators or assigns, and all persons (if any) jointly interested with him in such share.

150. Signature on notices

The signature on any notice, document or other information to be given by the Company may be written or printed.””

9. **“THAT** subject to the written approval of the Securities and Futures Commission pursuant to section 67 of the Securities and Futures Ordinance, Article 90(2) of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“(2) No person (other than a Director retiring in accordance with these Articles) shall be appointed or re-appointed a Director at any general meeting under paragraph (1) above unless:

- (a) he is recommended by the Directors; or

Notice of Annual General Meeting

(b) he is nominated by notice in writing by a member (other than the person to be proposed) entitled to attend and vote at the meeting, and such notice of nomination shall be given to the Secretary within the seven-day period commencing the day after the despatch of the notice of the meeting (or such other period, being a period of not less than 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 willingness to be appointed or re-appointed.””

10. **“THAT** subject to the written approval of the Securities and Futures Commission pursuant to section 67 of the Securities and Futures Ordinance, the Articles of Association of HKEx be and are amended as follows:

(a) Article 86 of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“86. Number of Directors

Unless otherwise determined by an ordinary resolution of the members of the Company and approved by the Commission, the number of Directors shall be not less than two and not more than thirteen.”

(b) Articles 90(1) and 90(1A) of the Articles of Association of HKEx be deleted in their entirety and replaced by the following:

“(1) The Company may by ordinary resolution elect any person to be a Director, but the total number of Directors so elected shall not at any time exceed six.

(1A) Subject to any express terms to the contrary in the relevant resolution for appointing any Director under paragraph (1) above, any Director so elected by the Company shall be elected for a term of not more than approximately three years expiring at the conclusion of the annual general meeting of the Company held in the third year following the year of his appointment and for the avoidance of doubt, on expiration of his term he shall be deemed a retiring Director and eligible for re-appointment pursuant to Article 93.”

(c) Article 90(3) of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“(3) Subject to the provisions of section 77 of the SFO, the Financial Secretary may at any time:

(a) appoint any person as a Director representing the public interest; and

(b) remove from office any person so appointed (whether or not his term has been completed);

provided that the number of Directors from time to time appointed by the Financial Secretary shall not exceed six, and any Director so appointed shall be appointed for a term of not more than approximately three years expiring

Notice of Annual General Meeting

at the conclusion of the annual general meeting of the Company held in the third year following the year of his appointment and for the avoidance of doubt, on expiration of his term he shall retire but be eligible for re-appointment pursuant to paragraph (5) below.”

- (d) Article 102 of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“102. Board meetings, quorum and voting

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit and may determine the quorum necessary for the transaction of business. Unless and until otherwise determined by the Directors, four Directors shall be a quorum provided always that not less than half of such number of Directors as shall constitute a quorum from time to time shall be Government Appointed Directors. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote.”

- (e) Article 157 of the Articles of Association of HKEx be deleted in its entirety and replaced by the following:

“157. (repealed).””

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

Hong Kong, 17 March 2011

Notes:

- (1) A shareholder entitled to attend and vote at the above meeting (or at any adjournment of it) is entitled to appoint one or more proxies to attend and vote in his/her stead. The proxy does not need to be a shareholder of HKEx.
- (2) Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment of it), either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of HKEx in respect of the relevant joint holding.
- (3) In order to be valid, the completed proxy form, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practise in Hong Kong), must be received by HKEx’s registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the above meeting or adjourned meeting (as the case may be).
- (4) The register of members of HKEx will be closed and no transfer of shares will be registered from Friday, 15 April 2011 to Wednesday, 20 April 2011, both dates inclusive. To qualify for the proposed final dividend and be entitled to attend and vote at the above meeting, all properly completed transfer forms accompanied

Notice of Annual General Meeting

by the relevant share certificates must be lodged for registration with HKEx's registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 pm on Thursday, 14 April 2011.

- (5) There will be 2 Director vacancies to be filled at the above meeting following the retirement of Dr Bill Kwok and Mr Vincent Lee. If a shareholder wishes to nominate a person to stand for election as a Director, (i) his/her notice of intention to propose a resolution at the above meeting; and (ii) a notice executed by the nominated candidate of his/her willingness to be appointed together with (A) that candidate's information as required to be disclosed under Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), and (B) the candidate's written consent to the publication of his/her personal data, have to be validly served on the Secretary of HKEx, as early as practicable, **preferably before 5:00 pm on Wednesday, 30 March 2011**. Further details are set out in Appendix I to the circular dated 17 March 2011.
- (6) Concerning Resolutions 5 and 6 of this Notice, the Board wishes to state that there are no immediate plans to repurchase any shares of HKEx or to issue any new shares of HKEx (save in respect of any scrip dividend), whether for cash or otherwise, pursuant to the relevant general mandates. The general mandates to be sought from shareholders are in compliance with the Companies Ordinance and the Listing Rules.
- (7) As a good corporate governance practice, all non-executive Directors who are shareholders of HKEx will abstain from voting at the above meeting on Resolutions 7(a) and 7(b) concerning remuneration of non-executive Directors and members of certain Board committees of HKEx.
- (8) Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in this Notice will be decided by poll at the above meeting.
- (9) The registration for the above meeting will start at 3:45 pm on 20 April 2011.
- (10) The Chinese translation of this Notice is for reference only, and in case of any inconsistency, the English version shall prevail.

Only light beverages will be served at the above meeting.

Business of Annual General Meeting

ORDINARY BUSINESS

RESOLUTION 1 – RECEIVING THE ANNUAL ACCOUNTS

The audited financial statements of HKEx for the year ended 31 December 2010 together with the Report of Directors, are set out in the 2010 Annual Report which are available in English and Chinese versions and may be viewed or downloaded from the “Investor Relations – Financial Statements” section under “About HKEx” of the HKEx website at www.hkex.com.hk and the HKExnews website at www.hkexnews.hk.

The financial statements have been audited by PricewaterhouseCoopers (“PwC”) and reviewed by the Audit Committee. The reports of the Auditor and the Audit Committee are set out respectively on page 123 and pages 101 to 102 of the 2010 Annual Report.

RESOLUTION 2 – DECLARATION OF FINAL DIVIDEND (INCLUDING SCRIP ALTERNATIVE)

The Board recommends the payment of a final dividend of \$2.31 per Share to Shareholders whose names appear on the register of members of HKEx at the close of business on 20 April 2011. Along with the interim dividend, the total dividend for the year ended 31 December 2010 amounted to \$4.20 (2009: \$3.93) per Share, which is at a payout ratio of about 90% (2009: 90%).

The proposed final dividend will be offered with a scrip alternative for Shareholders to elect to receive such final dividend wholly or partly in the form of new fully paid Shares instead of in cash (“Scrip Dividend Scheme”). Subject to the passing of Resolutions 2 and 6, a circular containing details of the Scrip Dividend Scheme and an election form (where applicable) will be despatched to Shareholders on or about Thursday, 28 April 2011. The Scrip Dividend Scheme is also conditional upon the SFC’s granting the listing of, and permission to deal in, new Shares to be issued pursuant to the Scrip Dividend Scheme.

Subject to Shareholders’ approval, and the SFC’s granting the listing of, and permission to deal in, such new Shares, the dividend warrants and definitive certificates for new Shares will be mailed to the respective Shareholders concerned on or about Friday, 27 May 2011.

RESOLUTION 3 – ELECTION OF DIRECTORS

Board of Directors

The Board currently consists of 13 Directors including:

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

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Retiring Elected Directors

The respective terms of office of Dr Bill Kwok and Mr Vincent Lee will expire at the conclusion of the AGM. Pursuant to Article 93(5) of the Articles of Association, both of them are eligible for re-appointment.

Recommendations of the Nomination Committee

On 2 March 2011, the Nomination Committee, comprised solely of independent non-executive Directors, nominated, and the Board recommended Dr Bill Kwok and Mr Vincent Lee to stand for election as Directors at the AGM. As a good corporate governance practice, both Dr Kwok and Mr Lee abstained from voting on their nominations at the meeting of the Board.

The Nomination Committee is also responsible for, inter alia, assessing the independence of independent non-executive Directors. On 2 March 2011, the Nomination Committee assessed and reviewed the individual Director's annual confirmation of independence based on the independence criteria as set out in Rule 3.13 of the Listing Rules, and affirmed that all non-executive Directors including, Dr Bill Kwok and Mr Vincent Lee, remained independent.

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

Information of Dr Bill Kwok and Mr Vincent Lee including, their biographical details, interests in Shares, and attendance record at meetings of the Board and other committees and panels (if any), is set out in Appendix I to this circular.

Shareholders may, if thought fit, nominate other candidates to stand for election as Director(s) at the AGM to fill the 2 vacancies available consequent on the retirement of Dr Bill Kwok and Mr Vincent Lee.

The resolutions relating to the election of Directors will be proposed under item 3 of the notice of the AGM. Shareholders will be invited to vote on each resolution proposed for a candidate. A sample of the proposed resolution, the method of determining support for a candidate, and matters in relation to nominations by Shareholders are set out in Appendix I to this circular.

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

For the year ended 31 December 2010, the external auditor's fees were \$3,763,638 (2009: \$3,738,619), of which \$3,379,000 (2009: \$3,369,500) was for audit services.

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

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

SPECIAL BUSINESS

RESOLUTION 5 – GENERAL MANDATE TO REPURCHASE SHARES

Given the general mandate to repurchase Shares granted by Shareholders at the last annual general meeting will lapse at the conclusion of the AGM, an ordinary resolution will be proposed at the AGM to grant to the Directors a general mandate to repurchase Shares up to an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of HKEx in issue at the date of the passing of the relevant resolution (“Repurchase Mandate”).

An explanatory statement, as required by the Listing Rules to be sent to Shareholders in connection with the Repurchase Mandate, is set out in Appendix II to this circular, which contains the information reasonably necessary to enable Shareholders to make an informed decision on whether or not to support the proposed resolution.

The Repurchase Mandate to be sought from Shareholders is in compliance with the Companies Ordinance and the Listing Rules. The Board wishes to state that it has no immediate plans to exercise the Repurchase Mandate.

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

RESOLUTION 6 – GENERAL MANDATE TO ISSUE SHARES

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

As explained in Resolution 2 above, the Directors propose to offer Shareholders the right to choose to receive new Shares instead of cash for the recommended final dividend. In order to give Directors greater flexibility to exclude any Shareholders who are residents in a place outside Hong Kong, from the Scrip Dividend Scheme where it would be necessary or expedient to do so on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, an ordinary resolution will be proposed at the AGM to grant the Directors a general and unconditional mandate to issue Shares. The authority will also give the Directors flexibility to issue Shares where they believe it is in the interests of Shareholders to do so.

The proposed mandate size would be limited to and not exceed 10% (5% where the Shares are to be allotted for cash) of the aggregate nominal amount of the share capital of HKEx in issue at the date of passing the relevant resolution (“Issue Mandate”), and any Shares to be

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allotted and issued (whether for cash or otherwise) under such authority shall not be at a discount of more than 5% to the “benchmark price” (as described in Rule 13.36(5) of the Listing Rules).

The Board wishes to state that, other than the intention to use the authority to allot Shares as scrip dividend instead of cash dividend, there is no immediate plan to issue any new Shares, whether for cash or otherwise, pursuant to the Issue Mandate.

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

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

At the annual general meeting held in April 2010, Shareholders approved the remuneration of \$500,000 and \$350,000 per annum be payable to the Chairman of HKEx and each of the other non-executive Directors respectively. The additional remuneration of \$50,000 per annum for the chairman and every member (excluding the executive Director) of the Audit Committee, Executive Committee, Investment Advisory Committee and Remuneration Committee of HKEx (collectively referred as the “Committees”) was recommended to remain unchanged but an attendance fee of \$2,500 per meeting was approved to reflect the variable workload and time commitment of the members of each of the Committees. Such remuneration remains unchanged until Shareholders in general meeting otherwise determine.

Article 88(1) of the Articles of Association provides that ordinary remuneration of Directors shall from time to time be determined by the Company in general meeting. In early 2011, a review of the non-executive Directors’ remuneration was conducted with reference to the remuneration level of non-executive directors of Hang Seng Index (“HSI”) constituent companies as well as overseas exchanges with publicly traded shares, with an aim to determine a fair remuneration for the non-executive Directors taken into account their public accountability and time and effort spent on the Board and various committees. Based on information collected from the latest published annual reports of 45 HSI constituent companies and 15 overseas listed exchanges, the annual non-executive directors’ remuneration for year 2009/2010 ranged from \$73,333 to \$2,262,314 for the HSI constituent companies and from \$351,481 to \$2,296,371 (Hong Kong dollar equivalent) for overseas exchanges, with the mean of \$387,910 and \$1,165,658 respectively.

In addition, an analysis on the additional fees paid for committee work reveals that HKEx’s committee fees are lagging behind those of HSI constituent companies and overseas exchanges and most of these companies are also paying a higher fee for committee chairmen in recognition of their additional responsibilities and workload. The average additional fees of the chairman of audit committee of HSI constituent companies and overseas exchanges for year 2009/2010 were \$166,642 and \$181,202 respectively, and that for members of audit committee of HSI constituent companies and overseas exchanges were \$122,744 and \$82,231 respectively; the average additional fees for the chairman of remuneration committee of HSI constituent companies and overseas exchanges for year 2009/2010 were \$117,634 and \$133,845 respectively, and that for members of remuneration committee of HSI constituent companies and overseas exchanges were \$84,567 and \$80,965 respectively.

It is important that the level of Board remuneration should be sufficient to attract and retain high calibre directors to oversee the development of HKEx. In view of the unique business nature of HKEx as an exchange controller, regulator and listed company in the financial

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services sector, it is considered that non-executive Director's fees should be benchmarked against both HSI constituent companies and overseas exchanges. Based on the review in February 2011, the Remuneration Committee recommended and the Board endorsed raising the remuneration of the Chairman of HKEx and each of the other non-executive Directors to \$550,000 and \$385,000 per annum respectively, and the additional remuneration of the chairman and each of the other members (excluding executive Director) of the Committees to \$100,000 and \$70,000 per annum respectively. The attendance fee of \$2,500 in respect of each of the Committees' meeting was recommended to remain unchanged. The recommendation has also taken into consideration the views sought from Egon Zehnder International Limited, an independent consultant specialising in the assessment and recruitment of top level executives and non-executive directors, which was also engaged by HKEx to conduct an evaluation of the performance of the Board and its committees. The proposed increase serves to bring the remuneration of non-executive Directors closer to that of overseas exchanges and also to recognise the heavier responsibilities of the chairmen and members of the Committees.

Accordingly, ordinary resolutions will be proposed at the AGM for Shareholders to consider and, if thought fit, approve the proposed changes. The Remuneration Committee considers that the proposed remuneration is reasonable, and if approved by Shareholders, will remain in effect until otherwise determine in general meeting.

Voting on the remuneration resolutions

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

RESOLUTIONS 8, 9 AND 10 – AMENDMENTS TO ARTICLES OF ASSOCIATION

Resolution 8 – HKEx's Corporate Communications

The proposed amendments to the Articles of Association address some recent amendments made to the Listing Rules and the Companies Ordinance in connection with the Company's despatching its corporate communications to Shareholders by electronic means or by posting these corporate communications on its website upon obtaining express or deemed consent from that Shareholder to do so.

Resolution 9 – Notice Period for Shareholders' Nomination of Directors

The proposed amendments to the Articles of Association address some practical issues in relation to the period that a Shareholder may give notice to HKEx for the nomination of Directors at a general meeting.

Resolution 10 – Minor Housekeeping Amendments

The proposed amendments to the Articles of Association are housekeeping amendments to remove some obsolete provisions from the Articles of Association.

An explanatory statement in connection with the changes proposed by Resolutions 8, 9 and 10 are set out in Appendix III to this circular.

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A special resolution for each of the Resolutions 8, 9 and 10 to amend the Articles of Association, which requires not less than 75% of the votes cast by the Shareholders attending and entitled to vote, either in person or by proxy, will be put forward to be considered and, if thought fit, approved by Shareholders at the AGM. The full text of these resolutions is set out in the Resolutions 8, 9 and 10 of the notice of the AGM.

HKEx's independent legal advisers confirmed that the proposed amendments in Resolutions 8, 9 and 10 of the notice of the AGM comply with the requirements of the Listing Rules and the laws of Hong Kong.

Pursuant to section 67 of the SFO, amendments to the Articles of Association are subject to the SFC's approval in writing. HKEx will issue an announcement thereof upon receipt of the SFC's approval.

LIST OF CANDIDATES

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

1. Dr KWOK Chi Piu, Bill JP

Independent Non-executive Director (aged 58)

Director since	Board/committee/panel memberships held within HKEx group	Meetings attended/held in 2010		Emoluments for 2010 (\$)
3 April 2000	HKEx – <ul style="list-style-type: none"> • Board • Audit Committee ¹ • Executive Committee • Panel Member Nomination Committee • Risk Management Committee • Derivatives Market Consultative Panel (chairman) Hong Kong Futures Exchange Limited – <ul style="list-style-type: none"> • Disciplinary Appeals Committee (chairman) 	11/11 4/4 14/14 1/1 11/12 3/3 –/–	100% 100% 100% 100% 92% 100% N/A	337,500 47,500 75,000 – – – – <u>460,000</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"> • HSBC Private Bank (Suisse) SA – non-executive director (2006~) • Wing On Company International Limited* – non-executive director (1992~) • Wing On International Holdings Limited – executive director (1991~) • Wocom Holdings Limited – managing director (1992~) 			
Past offices	<ul style="list-style-type: none"> • Bloomberg L.P. – member of Asia Pacific Advisory Board (2006-2010) • Hong Kong Futures Exchange Limited – director (1991-2000) and vice-chairman (1997-2000) 			
Qualifications	<ul style="list-style-type: none"> • Bachelor of Science (Chemistry) and Bachelor of Arts (Economics) (Stanford University, US) • Doctor of Philosophy (Biochemistry) (University of Chicago, US) • Fellow (Hong Kong Securities Institute) 			
1 Appointment as a member of the Audit Committee effective 23 April 2010. * Currently listed on the Stock Exchange.				

2. Mr LEE Kwan Ho, Vincent Marshall Officer of the Order of the Crown (Belgium)
Independent Non-executive Director (aged 55)

Director since	Board/committee/panel memberships held within HKEx group	Meetings attended/held in 2010		Emoluments for 2010 (\$)
3 April 2000	HKEx – <ul style="list-style-type: none"> • Board • Audit Committee (deputy chairman) • Executive Committee • Panel Member Nomination Committee • Remuneration Committee • Cash Market Consultative Panel (chairman) Stock Exchange – <ul style="list-style-type: none"> • Disciplinary Appeals Committee (chairman) 	11/11	100%	337,500
		6/6	100%	60,000
		14/14	100%	75,000
		1/1	100%	–
		5/5	100%	55,000
		1/1	100%	–
		–/–	N/A	–
				527,500
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"> • Kingway Brewery Holdings Limited* – non-executive director (2009~) • Tung Tai Group of Companies – chairman (2010~) 			
Past offices	<ul style="list-style-type: none"> • Coopers and Lybrand, Los Angeles & Boston – certified public accountant (1978-1981) • HSBC group, Hong Kong & Vancouver – senior banker (1981-1990) • Tung Tai Group of Companies – managing director (1990-2010) 			
Public service	<ul style="list-style-type: none"> • Brewin Trust Fund Committee – member (2006~) • Correctional Services Children’s Education Trust Committee – member (2011~) 			
Qualifications	<ul style="list-style-type: none"> • Graduated Magna Cum Laude in Accounting and International Finance (University of Southern California, US) • Master of Economics (London School of Economics and Political Science, UK) • Certified Public Accountant (State of California, US) • Fellow (Hong Kong Institute of Certified Public Accountants, and The Hong Kong Institute of Directors) 			
* Currently listed on the Stock Exchange.				

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

Neither Dr Bill Kwok nor Mr Vincent Lee has any service contract with any member of the HKEx group of companies.

The candidate(s), if elected, will be appointed as a Director with effect from the conclusion of the AGM for a term of not more than approximately 3 years expiring at the conclusion of the Company’s annual general meeting to be held in 2014.

The current remuneration of a non-executive Director is \$350,000 per annum. An additional remuneration of \$50,000 per annum and an attendance fee of \$2,500 per meeting will also be payable to a non-executive Director for each committee membership held at the Audit Committee, Executive Committee, Investment Advisory Committee and Remuneration Committee. The remuneration is payable to Directors for services rendered by each of them for the period between the conclusion of each annual general meeting and the conclusion of the annual general meeting to be held in the immediately following year until Shareholders otherwise determine, provided that such remuneration be payable in proportion to the period of service in the case of a Director who has not served the entire period.

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

Save for the information disclosed above, both Dr Bill Kwok and Mr Vincent Lee confirmed that there is no other information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules nor there are any other matters in relation to standing for election as a Director that need to be brought to Shareholders' attention.

NOMINATIONS BY SHAREHOLDERS

Shareholders are invited to elect up to 2 Directors at the AGM to fill the vacancies available following the retirement of Dr Bill Kwok and Mr Vincent Lee. According to Article 90(1A) of the Articles of Association, both newly elected Directors will each have a term of not more than approximately 3 years expiring at the conclusion of the Company's annual general meeting to be held in 2014.

Article 90(2) of the Articles of Association provides that no person (other than a Director retiring in accordance with the Articles of Association) shall be appointed or re-appointed as an Elected Director at any general meeting unless:

- (a) he/she is recommended by the Directors; or
- (b) not earlier than the day after the despatch of the notice of the meeting and not later than 7 days prior to the date appointed for the meeting there has been given to the Secretary of the Company, by a Shareholder (other than the person to be proposed) entitled to vote at the meeting, notice of his/her intention to propose a resolution for the appointment or re-appointment of that person and a notice executed by that person of his/her willingness to be appointed or re-appointed.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director, the following documents must be validly served on the Secretary of the Company, namely (i) his/her notice of intention to propose a resolution at the AGM; and (ii) a notice executed by the nominated candidate of the candidate's 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.

In order to ensure Shareholders have sufficient time to receive and consider the information of the nominated candidate(s), Shareholders are urged to submit their proposals as early as practicable, **preferably before 5:00 pm on Wednesday, 30 March 2011** so that an announcement can be issued on or about 30 March 2011 and a supplemental circular containing information of the candidate(s) proposed by Shareholders can be despatched to Shareholders as soon as practicable on or about 1 April 2011.

Required information of the candidate(s) nominated by Shareholders

In order to enable Shareholders to make an informed decision on their election of Directors, the above described notice of intention to propose a resolution by a Shareholder should be accompanied by the following information of the nominated candidate(s):

- (a) full name and age;
- (b) positions held with HKEx and/or other members of the HKEx group of companies (if any);
- (c) experience including (i) other directorships held in the past 3 years in public companies of which the securities are listed on any securities market in Hong Kong and overseas, and (ii) other major appointments and professional qualifications;
- (d) current employment and such other information (which may include business experience and academic qualifications) of which Shareholders should be aware of, pertaining to the ability or integrity of the candidate;
- (e) length or proposed length of service with HKEx;
- (f) relationships with any Directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of HKEx, or an appropriate negative statement;
- (g) interests in Shares within the meaning of Part XV of the SFO, or an appropriate negative statement;
- (h) a declaration made by the nominated candidate in respect of the information required to be disclosed pursuant to Rule 13.51(2)(h) to (w) of the Listing Rules, or an appropriate negative statement to that effect where there is no information to be disclosed pursuant to any of such requirements nor there are any other matters relating to that nominated candidate's standing for election as a Director that should be brought to Shareholders' attention; and
- (i) contact details.

The Shareholder proposing the candidate will be required to read out aloud the proposed resolution, as set out under "Resolutions and Voting" below, at the AGM.

RESOLUTIONS AND VOTING

In order to comply with section 157A of the Companies Ordinance and Article 91 of the Articles of Association, there must be a separate resolution for the appointment of each candidate as a Director, unless a resolution that a single resolution for the appointment of 2 or more candidates as Directors has been proposed and has been first agreed to by the general meeting of the Company without any vote being cast against it.

There will be 2 Director vacancies to be filled at the AGM following the retirement of Dr Bill Kwok and Mr Vincent Lee. If there are more than 2 candidates standing for election at the AGM, each resolution proposing that a candidate be appointed as a Director will provide for a method to determine which 2 candidates shall be elected as Directors as follows:

“THAT subject to the number of net votes cast in relation to this resolution (net votes being votes cast in favour minus votes cast against this resolution) being among the 2 highest number of net votes cast on each of the resolutions for the appointment of a person as a director of the Company at the annual general meeting to be held on 20 April 2011 or on the date of its adjournment (where applicable) (the “2011 AGM”), [name of candidate] be and is hereby appointed as a director of the Company with effect from the conclusion of the 2011 AGM for a term of approximately 3 years expiring at the conclusion of the Company’s annual general meeting to be held in 2014, provided that if any 2 or more of such resolutions record the same number of net votes (the “Tied Resolutions”), the ranking of the Tied Resolutions from highest to lowest number of net votes shall be determined by the drawing of lots by the chairman of the meeting.”

If a resolution is passed (ie, it has been carried by the majority of the votes cast on it), the candidate who is the subject of that resolution will be eligible to be elected a Director. On the other hand, if a resolution is not passed, the candidate who is the subject of that resolution will not be eligible to be elected a Director. If there are less than 2 resolutions passed by the majority of the votes cast, the Board may, pursuant to Article 92 of the Articles of Association, appoint any person to fill the relevant vacancy or vacancies (as the case may be).

Assuming a resolution is passed by the majority of the votes cast on it, the candidate who is the subject of that resolution will be elected to one of the 2 positions on the Board if the net votes cast in favour of his/her resolution is among within the top 2 resolutions passed in terms of net votes cast. Net votes cast are calculated by taking the votes cast in favour of a resolution and subtracting the votes cast against that resolution. In the event there is a tie in the net votes for 2 or more resolutions, the ranking of the Tied Resolutions from highest to lowest number of net votes cast shall be determined by the drawing of lots by the chairman of the meeting.

Therefore, if you wish to support a particular candidate, you should vote in favour of his/her resolution. If you do not wish to support a candidate, you may vote against his/her resolution or abstain from voting. If you abstain from voting, you should note that your votes will not be counted when calculating the net votes cast in respect of the resolution for such candidate that you do not wish to support.

Appendix II Explanatory Statement on the Share Repurchase Mandate

This Appendix serves as an explanatory statement required to be sent to Shareholders under the Listing Rules in connection with the proposed Repurchase Mandate and also constitutes the memorandum required under section 49BA of the Companies Ordinance.

1. THE LISTING RULES

The Listing Rules permit a company with a primary listing on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders' approval

The Listing Rules provide that all proposed repurchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by specific approval of a particular transaction.

Such authority may only continue in force during the period from the passing of the resolution until the earlier of: (i) the conclusion of the next annual general meeting of the company; (ii) the expiration of the period within which the next annual general meeting of the company is required by law to be held; and (iii) the passing of an ordinary resolution by shareholders in general meeting of the company revoking or varying such mandate.

(b) Source of funds

Repurchases must be funded out of funds legally available for such purpose. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

(c) Trading restrictions

The shares proposed to be repurchased by a company must be fully paid up. A maximum of 10% of the issued share capital of a company as at the date of resolution passed on the grant of a repurchase mandate may be repurchased on the Stock Exchange. A company may not issue or announce an issue of new shares for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the Stock Exchange's prior approval (or in the case of HKEx, the SFC). In addition, a company shall not repurchase shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a company from repurchasing its own securities on the Stock Exchange if the repurchase would result in the number of that company's listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage under the Listing Rules.

(d) Status of repurchased securities

The Listing Rules provide that the listing of all repurchased securities is automatically cancelled and that the certificates for those securities must be cancelled and destroyed. The aggregate of the authorised share capital shall remain unchanged.

(e) Suspension of repurchases

The Listing Rules prohibit any repurchase of securities at any time after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information is made publicly available. In particular, a company may not repurchase securities on the Stock Exchange, unless the circumstances are exceptional, during the period of one month immediately preceding the earlier of (i) the date of the board meeting for the approval of the company's results for any year, half-year, quarterly or any other interim period; and (ii) the deadline for the company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period, and ending on the date of the results announcement. In addition, the Stock Exchange (or in the case of HKEx, the SFC) reserves the right to prohibit repurchases of securities on the Stock Exchange if a company has committed a breach of the Listing Rules.

(f) Reporting requirements

Under the Listing Rules, repurchases of securities on the Stock Exchange or otherwise must be submitted for publication to the Stock Exchange by not later than 8:30 am on the following business day. In addition, a company's annual report is required to disclose details regarding repurchases of securities made during the year including the number of securities repurchased each month, the repurchase price for each such securities or the highest and lowest price paid for each repurchase where relevant, and the aggregate price paid for such repurchases and the reasons of the directors of the company for making such repurchases.

A company shall procure that any broker appointed by the company to effect the repurchase of securities shall disclose to the Stock Exchange (or in the case of HKEx, the SFC) such information with respect to repurchases made on behalf of that company as the Stock Exchange (or in the case of HKEx, the SFC) may request.

(g) Connected parties

The Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their respective associates (as defined in the Listing Rules) and a connected person is prohibited from knowingly selling his securities in the company back to the company. No connected person (as defined in the Listing Rules) has notified HKEx that he has a present intention to sell Shares to HKEx, or has undertaken not to do so, if the Repurchase Mandate is exercised.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of HKEx comprised 1,078,164,346 Shares. Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased following the Latest Practicable Date and up to the date of the AGM, exercise in full of the Repurchase Mandate could accordingly result in up to 107,816,434 Shares being repurchased by HKEx during the period from the passing of the Repurchase Mandate at the AGM up to (i) the conclusion of the next annual general meeting of HKEx; (ii) the expiration of the period within which the next annual general meeting of HKEx is required by law to be held; or (iii) the passing of an ordinary resolution by Shareholders in general meeting of HKEx revoking or varying the Repurchase Mandate, whichever occurs first.

3. REASONS FOR REPURCHASES

The Board believes that it is in the best interests of HKEx and its Shareholders to have a general authority from Shareholders to enable HKEx to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of HKEx's net asset value and/or its earnings per Share and will only be made when the Board believes that such repurchases will benefit HKEx and its Shareholders as a whole.

4. FUNDING OF REPURCHASES

In repurchasing securities, HKEx may only apply funds legally available for such repurchase in accordance with its Memorandum and Articles of Association, the laws of Hong Kong and the Listing Rules. Repurchases pursuant to the Repurchase Mandate will be made out of internal funds legally permitted to be utilised in this connection, including the funds otherwise available for dividend or distribution or the proceeds of a fresh issue of shares made for such purpose. Any premium payable on a repurchase over the par value of the Shares to be repurchased must be provided for out of internal funds otherwise available for dividend or distribution or out of sums standing to the credit of HKEx's share premium account.

There might be a material adverse effect on the working capital or gearing position of the HKEx group of companies, as compared with the position disclosed in the audited accounts contained in the annual report of HKEx for the year ended 31 December 2010, in the event that the Repurchase Mandate is exercised in full at any time. However, the Board does not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the HKEx group of companies or its gearing levels which, in the opinion of the Board, are from time to time appropriate for HKEx.

5. GENERAL

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, their respective associates (as defined in the Listing Rules), have any present intention, if the Repurchase Mandate is granted by Shareholders, to sell any Shares to HKEx.

Appendix II Explanatory Statement on the Share Repurchase Mandate

The Board has undertaken to the SFC that, so far as the same may be applicable, it will exercise the Repurchase Mandate only in accordance with the Listing Rules and the applicable laws of Hong Kong.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of HKEx increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of HKEx and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Board is not aware of any consequences which would arise under the Takeovers Code as a result of an exercise of the Repurchase Mandate.

6. SHARE REPURCHASES MADE BY HKEx

HKEx has not repurchased any Shares during the 6 months prior to the Latest Practicable Date (whether on the Stock Exchange or otherwise).

7. SHARE PRICES

During each of the previous 12 months prior to the printing of this circular, the highest and lowest prices at which the Shares were traded on the Stock Exchange were as follows:

	Share prices (per share)	
	Highest (\$)	Lowest (\$)
2010		
March	135.00	128.00
April	142.00	128.70
May	129.00	115.00
June	129.00	115.40
July	128.50	119.20
August	134.60	120.00
September	153.00	120.90
October	185.90	152.70
November	198.60	173.00
December	186.70	172.30
2011		
January	190.60	176.60
February	181.80	163.00
March (up to and including the Latest Practicable Date)	173.80	166.00

This Appendix serves as an explanatory statement to Shareholders in connection with the proposed amendments to the Articles of Association.

1. HKEx'S CORPORATE COMMUNICATIONS

Recent changes have been made to the Listing Rules and the Companies Ordinance permitting a Hong Kong incorporated listed company, subject to compliance with any relevant procedures set out in the Listing Rules and the Companies Ordinance, to send corporate communications to its shareholders in an electronic format, by electronic means or by posting them on the listed company's website if shareholders agree, or are deemed to agree, to this manner or form of communication. HKEx proposes to amend the Articles of Association to align it with the relevant amendments made to the Listing Rules and the Companies Ordinance.

HKEx proposes to amend Articles 2(1), 2(8), 55(11), 139(3), 141, 142, 144, 145(2), 146, 148, 149 and 150 to permit HKEx to deliver to Shareholders, notices, documents (including any corporate communication) or any other information in an electronic format, by electronic means or by publishing it on the HKEx website if the Shareholders agree, or are deemed to have so agreed under the Listing Rules and the Companies Ordinance, and if permitted under the Statutes.

The proposed changes would not restrict a Shareholder's right to receive, free of charge, hard copies of such notices, documents or any other information, if and when they so wish. However, the changes would enable HKEx to reduce its use of paper and contribute towards costs savings, efficiency and environmental protection.

2. NOTICE PERIOD FOR SHAREHOLDERS' NOMINATION OF DIRECTORS

Article 90(2)(b) currently sets out the period in that a Shareholder may give notice for the nomination of Directors at a general meeting. This period ends on the date falling 7 days prior to the date appointed for the meeting. In accordance with Rule 13.70 of the Listing Rules, upon receipt of such notice, HKEx shall publish an announcement or issue a supplementary circular to provide details in relation to such candidates at least 10 business days before the date of the relevant general meeting to consider the subject matter. Therefore, under the current arrangement, there is a possibility that such a meeting would have to be adjourned in order to ensure that Shareholders have at least 10 business days to consider the nomination.

HKEx considers it appropriate to revise Article 90(2)(b) to avoid the need for an adjournment of meetings whilst still complying with the requirements of the Listing Rules. HKEx proposes that by default, the period during which Shareholder notices for the nomination of Directors may be given is a 7-day period commencing on the day after the despatch of the notice of the meeting. The Board has the discretion to determine a different period, but any such period will be determined in accordance with Paragraphs 4(4) and 4(5) of Appendix 3 to the Listing Rules, being a period of not less than 7 days, commencing no earlier than the day after the despatch of the notice of the meeting and ending no later than 7 days prior to the date appointed for the meeting.

3. MINOR HOUSEKEEPING AMENDMENTS

In addition to the above amendments, certain minor housekeeping amendments to Articles 86, 90(1), 90(1A), 90(3), 102 and 157 will also be proposed at the AGM to delete certain obsolete provisions therein.

The amendment made to Article 90(3) in respect of the maximum number of Directors that may be appointed by the Financial Secretary (and the consequential amendment made to Article 86 to the maximum number of Directors) are housekeeping amendments that have been proposed in relation to section 77(2) of the SFO. Section 77(2) of the SFO provides that, immediately following the annual general meeting of HKEx held in 2003, the number of Directors that can be appointed by the Financial Secretary may not be more than the number of Directors that have been appointed otherwise than by virtue of such appointment by the Financial Secretary. Currently, Article 90(1) provides that the number of Directors elected by HKEx by ordinary resolution shall not exceed six Directors. The maximum number of Directors, including the Chief Executive of the Company being an ex-officio Board member, shall accordingly be not more than 13.

1. SHAREHOLDERS' ENTITLEMENTS TO ATTEND AND VOTE**Registered Shareholders**

You are entitled to attend and vote at the AGM if you are a registered Shareholder on 20 April 2011.

The register of members of HKEx will be closed and no transfer of Shares will be registered from Friday, 15 April 2011 to Wednesday, 20 April 2011, both dates inclusive. In order to be entitled to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with HKEx's registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 pm on Thursday, 14 April 2011.

Whether or not you are able to attend the AGM, it is important that you are properly represented and your right to vote is exercised at the meeting. If you are unable to attend in person, you may either authorise the chairman of the AGM to exercise your votes on your behalf or you may appoint another person to attend the AGM and vote on your behalf. In order to be valid, please complete the enclosed proxy form in accordance with the instructions printed on it and return the completed proxy form to HKEx's registrar (with address shown on the cover page of this circular) as soon as possible, and in any event so that it is received by HKEx's registrar not less than 48 hours before the time appointed for holding the AGM.

Submission of the proxy form shall not preclude you from attending and voting in person at the AGM or at any adjourned meeting should you so wish, and the appointment of the proxy will be revoked if you vote in person at any such meeting.

Non-registered Shareholders

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

2. VOTING AT THE AGM**By Poll**

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in the notice of the AGM will be decided by poll. The chairman of the AGM will at the AGM demand, pursuant to Article 70(1)(a) of the Articles of Association, that on all resolutions set out in the notice of the AGM be decided by poll.

On a poll, pursuant to Article 74 of the Articles of Association, subject to any special rights or restrictions as to voting for the time being attached to any Shares and to the provisions of the Articles of Association, every Shareholder who, in case of an individual, is present in person or by proxy or, in the case of a corporation, is present by its duly authorised representative or proxy, shall have one vote for every Share of which he/she/it is the holder.

Shareholders present in person or by proxy or by authorised representative who are entitled to more than one vote do not have to vote all of their Shares (ie, they can cast a number of votes totalling less than the number of Shares they hold or represent in a resolution) nor do they have to cast all their votes in the same way (ie, they can cast some of their votes in favour of a resolution and some of their votes against the resolution). It is believed that in most cases, Shareholders (other than nominee companies) usually cast all their votes either in favour of a resolution or against a resolution.

The poll voting slip will be distributed to Shareholders or their proxies or authorised representatives upon registration of attendance at the AGM. Shareholders who want to cast all their votes in respect of a resolution may mark a “✓” in either the “FOR” or “AGAINST” box corresponding to that resolution to indicate whether he/she/it supports or is against that resolution. Shareholders who do not want to vote all of their Shares or want to split their votes cast in respect of a resolution shall indicate the number of votes cast on that particular resolution in the “FOR” and/or “AGAINST” box, where appropriate, but the total votes cast on a particular resolution must not exceed their entitled votes, or otherwise, the voting slip will be spoiled and the Shareholder’s vote in respect of that resolution will not be counted.

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

Poll Results

After closing the poll, HKEx’s registrar will count the votes and the poll results will be subject to scrutiny by an independent scrutineer appointed for such purpose.

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

