

All data utilised is
publicly available

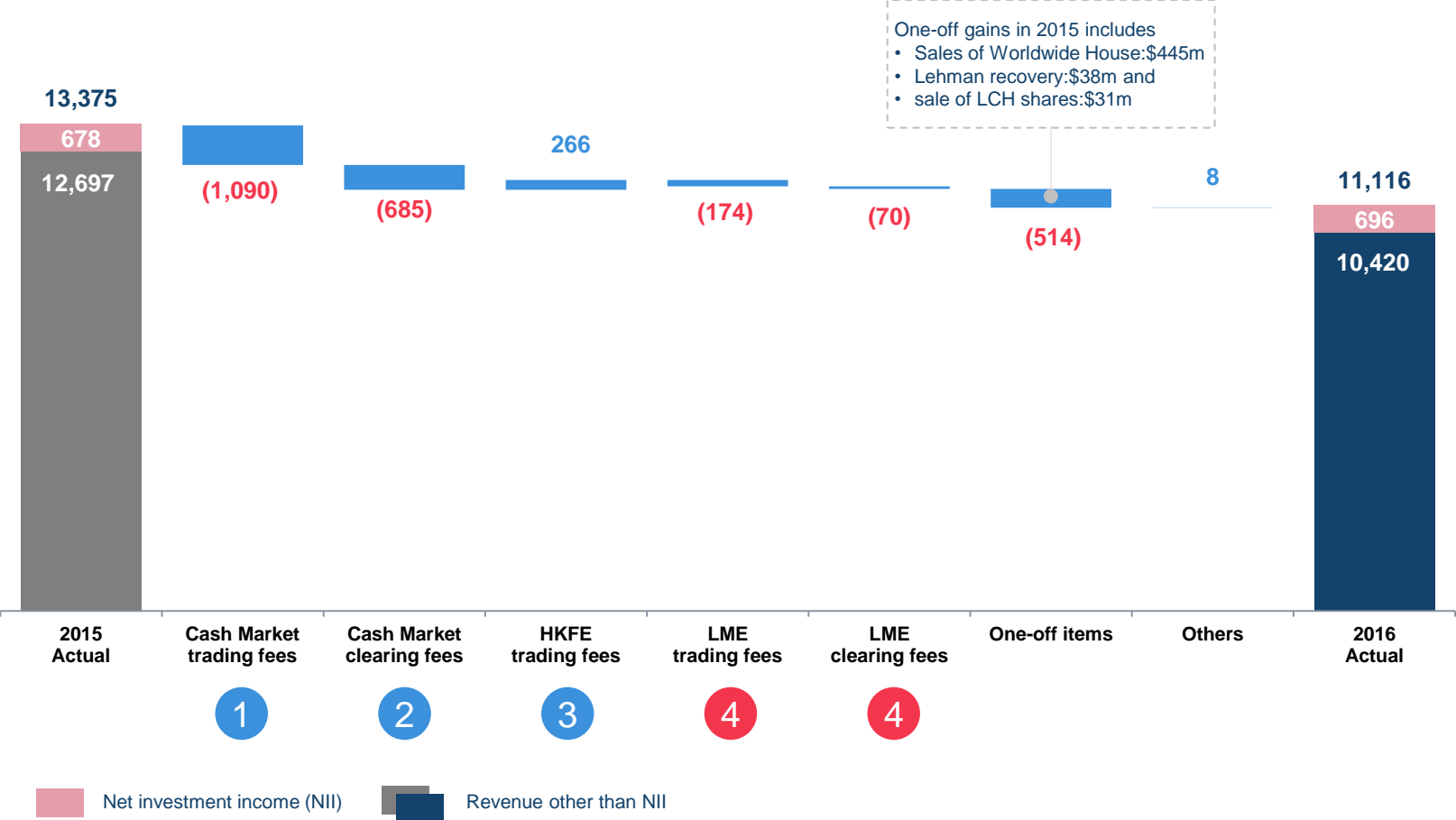
2016 KEY REVENUE ANALYSIS

HKEX
香港交易所

Revenue movement 2016 vs 2015

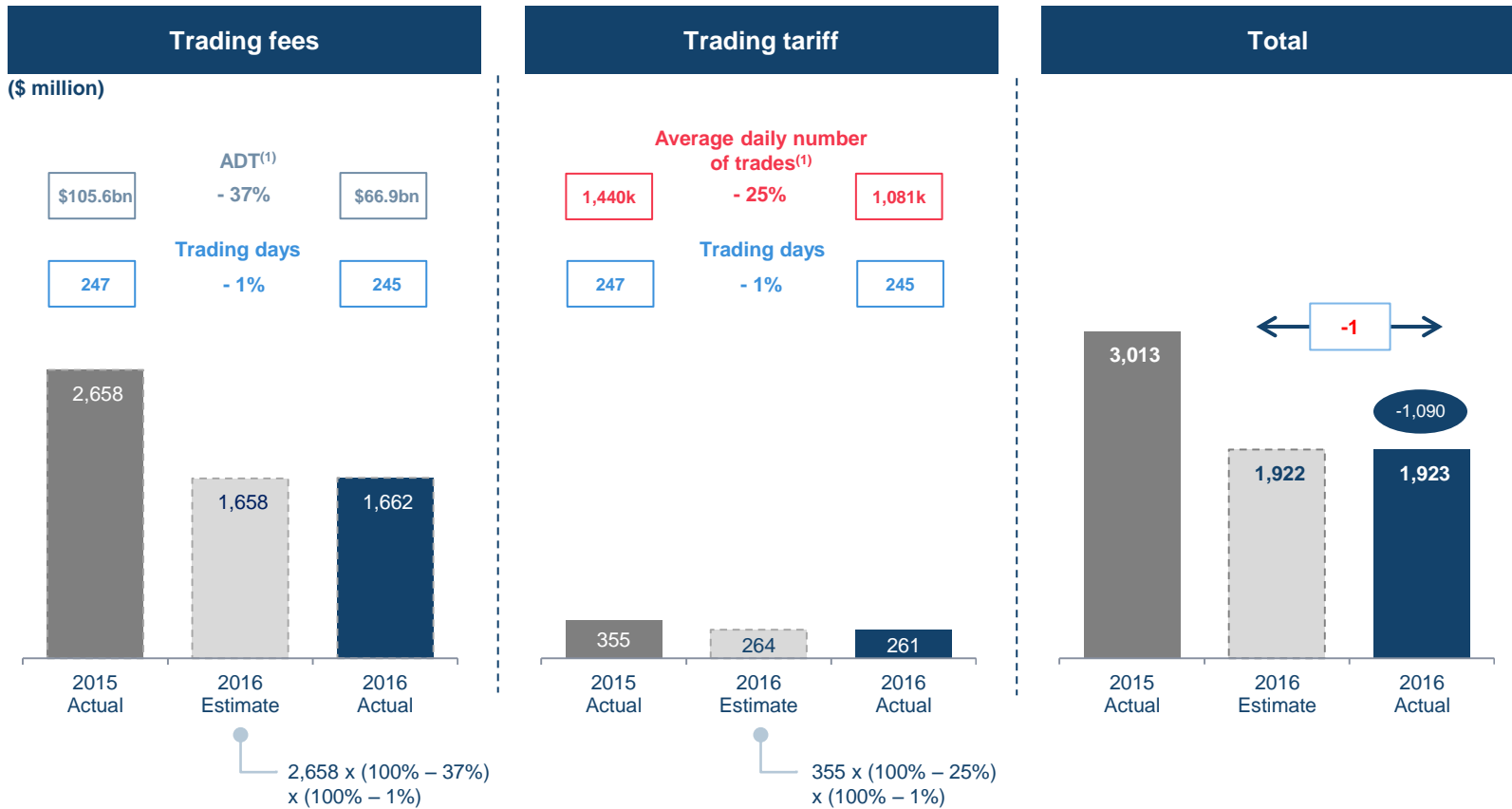
Total revenue and other income

(\$ million)



Cash Market trading fees 1

Estimate based on volume change and trading days



Change vs 2015 Actual
 Margin of errors

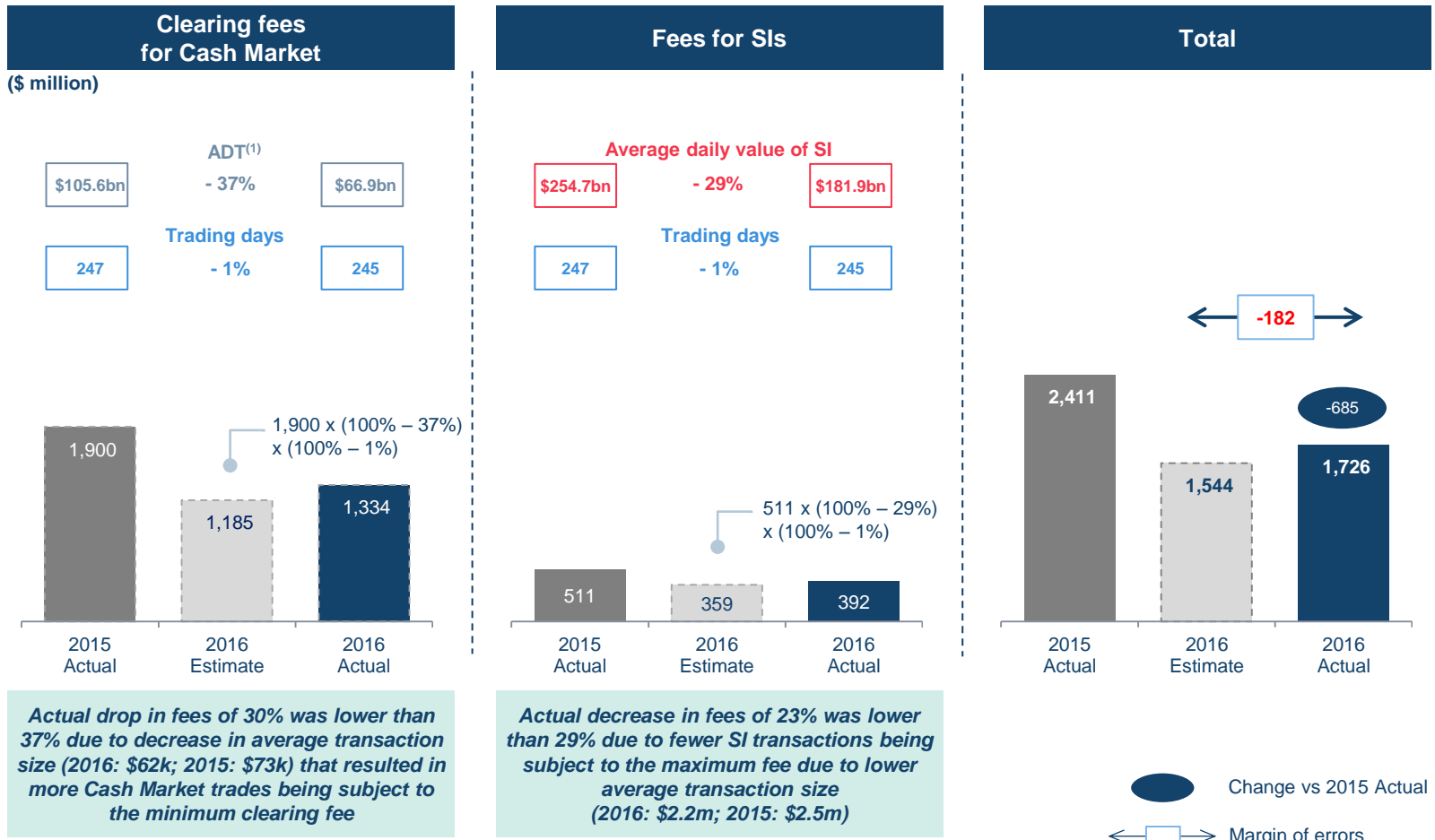
Cash Market trading fees and trading tariff move closely with changes in total value of trades and number of trades



(1) for Stock Exchange trades, excluding stock options

Cash Market clearing fees 2

Estimate based on volume change and trading days



Actual drop in fees of 30% was lower than 37% due to decrease in average transaction size (2016: \$62k; 2015: \$73k) that resulted in more Cash Market trades being subject to the minimum clearing fee

Actual decrease in fees of 23% was lower than 29% due to fewer SI transactions being subject to the maximum fee due to lower average transaction size (2016: \$2.2m; 2015: \$2.5m)

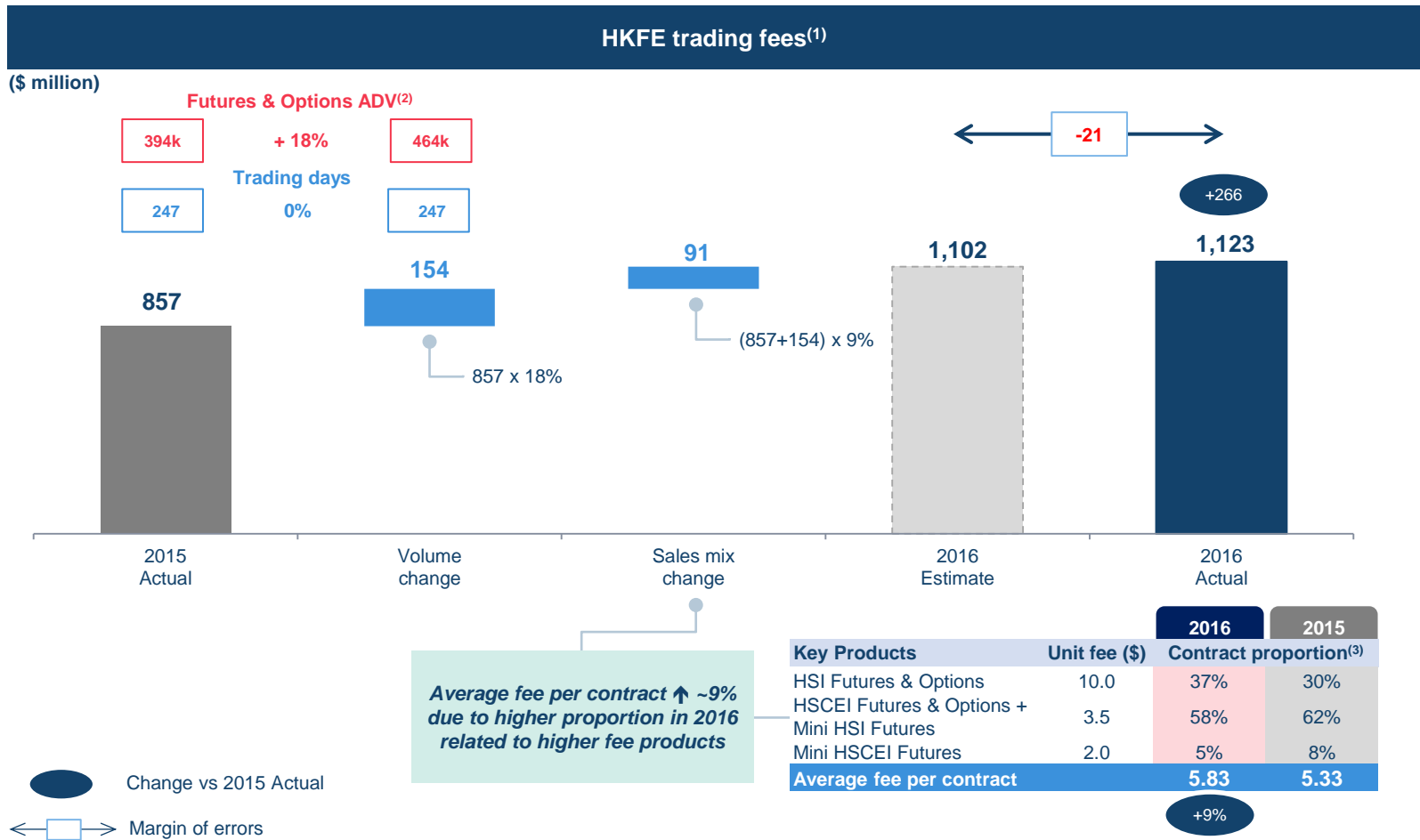
Clearing fees and SI fees move with total value of trades and total value of SIs but they are also impacted by average transaction sizes of the trades/SIs. In general, if the average transaction size decreases, it will have a positive impact on the clearing fees



(1) for Stock Exchange trades, excluding stock options

HKFE trading fees 3

Estimate based on volume and sales mix change



HKFE trading fees generally move with the total number of contracts traded and average fee per contract.

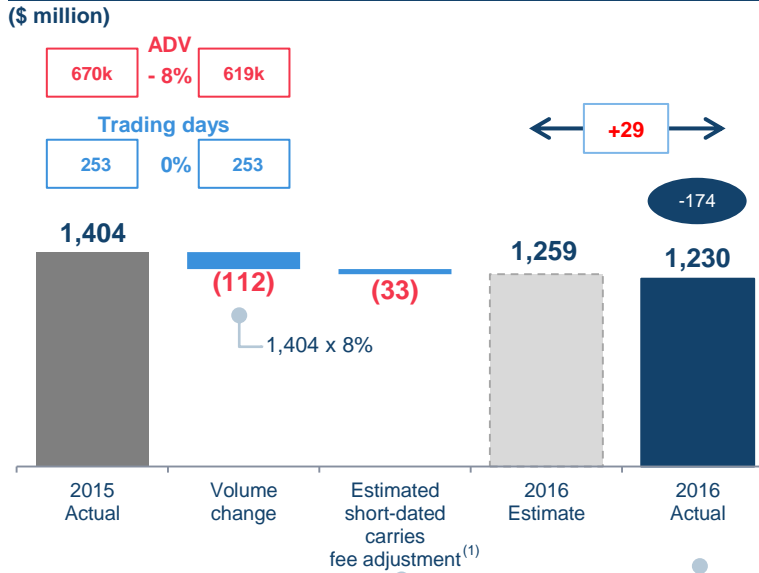
(1) Includes trading fees allocated to the Clearing segment
 (2) for Futures Exchange trades only (ie, excluding stock options traded on the Stock Exchange)
 (3) Calculated based on % of total contracts of key products (ie, HSI Futures & Options, HSCEI Futures & Options and Mini HSI & HSCEI Futures)



LME trading and clearing fees 4

Estimate based on volume change and short-dated carry fee reduction

LME trading fees

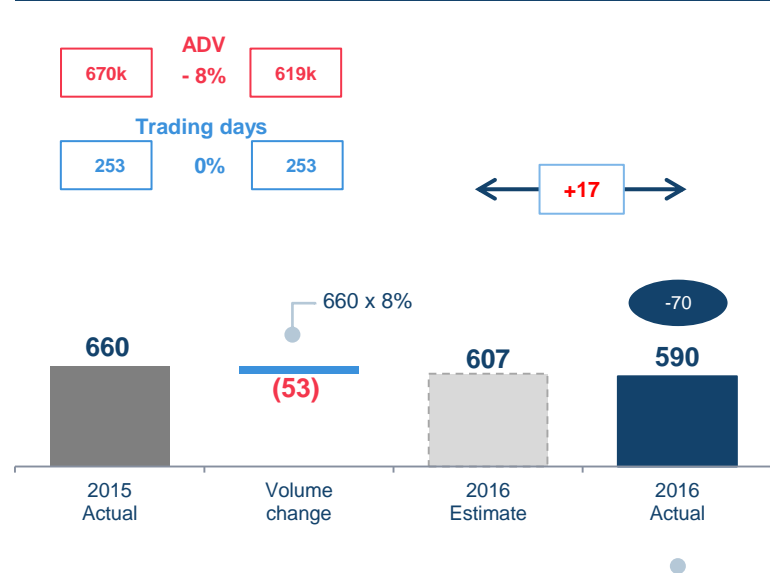


Estimated based on comparing Q4 2016 fee (\$298m) with Q2 2016 fee (\$321m), adjusting for total volume of contracts (Q2: 39.9m; Q4: 40.1m), and extrapolating the effect to 4 months⁽¹⁾

Actual fee was lower than estimate due to full year impact of incentive rebates introduced in Q3 2015

● Change vs 2015 Actual
 ⇐ □ ⇒ Margin of errors
 $[298 - (321 \times 40.1/39.9)] \times 4/3$

LME clearing fees



Actual fee was lower than estimate due to full year impact of incentive rebates introduced in Q3 2015

LME and LMEC fees move with total number of contracts traded. In 2016, LME fees were affected by fee adjustments. The remaining variance (less than 3%) was caused by incentives introduced by LME and LMEC in Q3 2015.

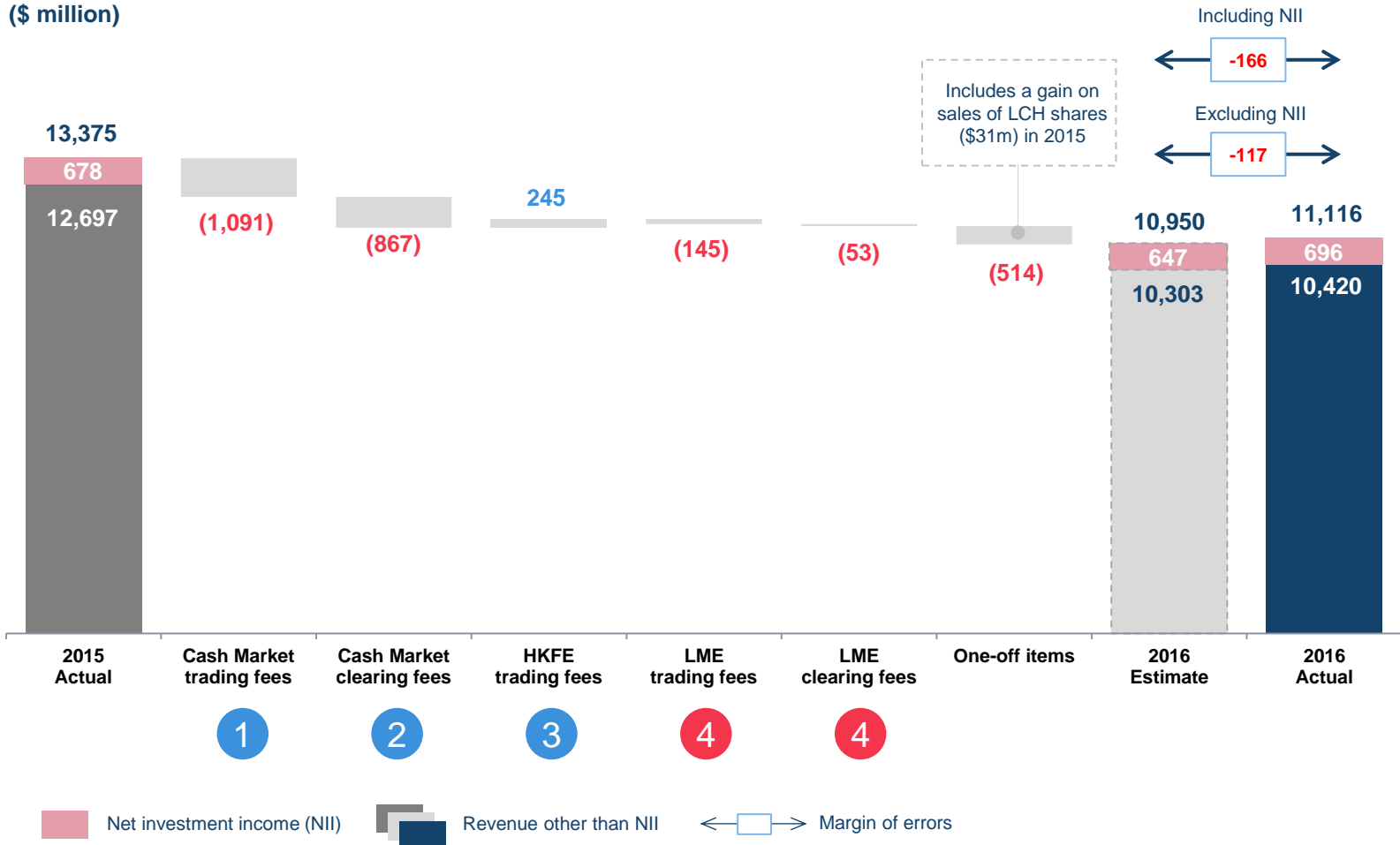
(1) Fee changed effective from 1 September 2016.



Estimate of 2016 revenue

Total revenue and other income

(\$ million)



Margin of errors for revenue estimates
 excluding NII: ~\$117m or 1%
 including NII: ~\$166m or 1%

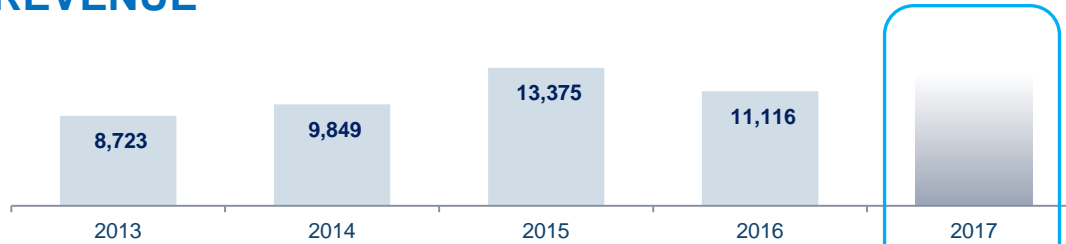


EBITDA margin

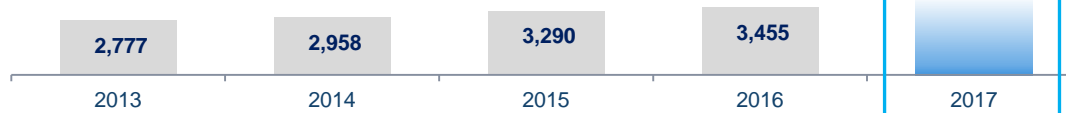
EBITDA margin generally moves in the same direction with revenue

(\$ million)

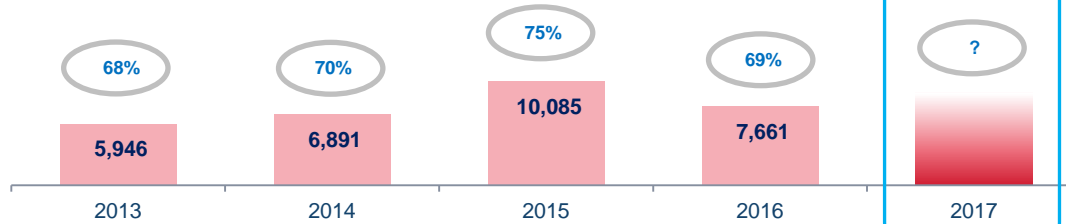
REVENUE



OPEX



EBITDA



Opex changes are mainly driven by strategic initiatives and less sensitive to changes in trading volumes

Stringent cost control measures will be implemented if revenue ↓ to try to maintain an overall EBITDA margin in the region of 70%

○ EBITDA margin

