

# Corporate Governance Report

The Board is committed to high standards of corporate governance and recognises that good governance is vital for the long-term success and sustainability of HKEX businesses.

HKEX's key corporate governance practices and activities during the year ended 31 December 2023 are highlighted in this report and the Committee Reports, as well as in the 2023 CSR Report which is available on the HKEX Group website together with this Annual Report. All the Committee Reports form part of this report.

More details about HKEX's corporate governance structure, principles and practices are available on the HKEX Group website [CG](#).

## Committee Reports

Nomination and Governance Committee Report: pages 96 to 99

Audit Committee Report: pages 100 to 102

Risk Committee Report: pages 103 to 108

Remuneration Committee Report: pages 109 to 117

CSR Committee Report: pages 118 and 119

[HKEX Group website](#) ([www.hkexgroup.com](http://www.hkexgroup.com))

About HKEX (Our Structure) section [OS](#)

Investor Relations section [IR](#)

Corporate Governance section [CG](#)

Corporate Social Responsibility section [CSR](#)

## Governance Highlights

### Board structure

- 12 of the 13 Directors are independent
- Members of all governance related committees\* are INEDs
- 4 of the 13 Directors are female
- Set a goal to achieve gender parity on the Board
- Diverse range of expertise and experience
- Periodic Board refreshment

### Board and governance process

- International Advisory Council provides the Board with expert insight and perspective from around the world
- Mainland China Advisory Group advises the Board on the development of China's financial markets and economy
- 50 Board and committee meetings in total in 2023
- Completion of an internally led Board evaluation
- Annual review of succession plans
- Annual review of compensation policies
- Robust risk management and internal controls framework
- Embedded compliance culture
- Proactive and ongoing stakeholder engagement

\* Refer to the Audit Committee, the Nomination and Governance Committee, the Remuneration Committee, and the Risk Committee

## Compliance with Corporate Governance Code

Throughout 2023, HKEX complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code, with the following exceptions:

### Code Provision B.2.2 (Retirement by rotation of directors)

- The Government Appointed Directors, all being Non-executive Directors, are not subject to election or re-election by Shareholders as their appointments are governed by the SFO.
- The Chief Executive Officer in his capacity as a Director is not subject to retirement by rotation, as his term on the Board is coterminous with his employment as the Chief Executive Officer with HKEX under HKEX's Articles.

HKEX has applied the principles of the Corporate Governance Code to its corporate governance structure and practices as described in this report and on the HKEX Group website [CG](#) / [IR](#) / [OS](#). A checklist detailing HKEX's compliance with the Corporate Governance Code is available on the HKEX Group website [CG](#). The Board has delegated its corporate governance functions to the Nomination and Governance Committee. A summary of the work of the Committee in 2023/2024 is set out in the Nomination and Governance Committee Report.

## HKEX's Culture

As one of the world's largest listed exchange operators and a market regulator, HKEX plays a unique role in the sustainable development of financial markets and society as a whole. HKEX is committed to developing a positive and progressive culture that is built on its Purpose, Vision, and Values, which collectively represent the essence of HKEX's business and drive the Group to excel in everything it does. Building an open, safe and dynamic work environment allows employees across the Group to thrive and meet their full potential, and enables the Company to deliver long-term sustainable growth and success.

Throughout 2023, HKEX continued to strengthen its cultural framework by focusing on stakeholder centricity, operational excellence, talent and culture, and risk and control, through various initiatives set out in the Business Review and the Governance sections of this Annual Report and the 2023 CSR Report.

- **HKEX's Purpose**

To Connect, Promote and Progress our Markets and the Communities they support for the prosperity of all.

- **HKEX's Vision**

Building the Marketplace of the Future

- **HKEX's Values**

Integrity – We always do the right thing.

Diversity – We recognise that great ideas come from anywhere.

Excellence – We promote best-in-class in all that we do.

Collaboration – We are always better together.

Engagement – We are engaged in the markets and communities in which we operate.

More information about HKEX's Purpose, Vision, and Values is available on the HKEX Group website (About HKEX section).

## Strategic Planning

HKEX has a rigorous and ongoing strategic planning process to identify and assess the opportunities and challenges that the Group might face and to develop a planned course of action for the Group to generate sustainable long-term value for Shareholders. Details of HKEX's strategic initiatives and priorities for fulfilling its Purpose and Vision are available in the Chief Executive Officer's Review section of this Annual Report and on the HKEX Group website (About HKEX section).

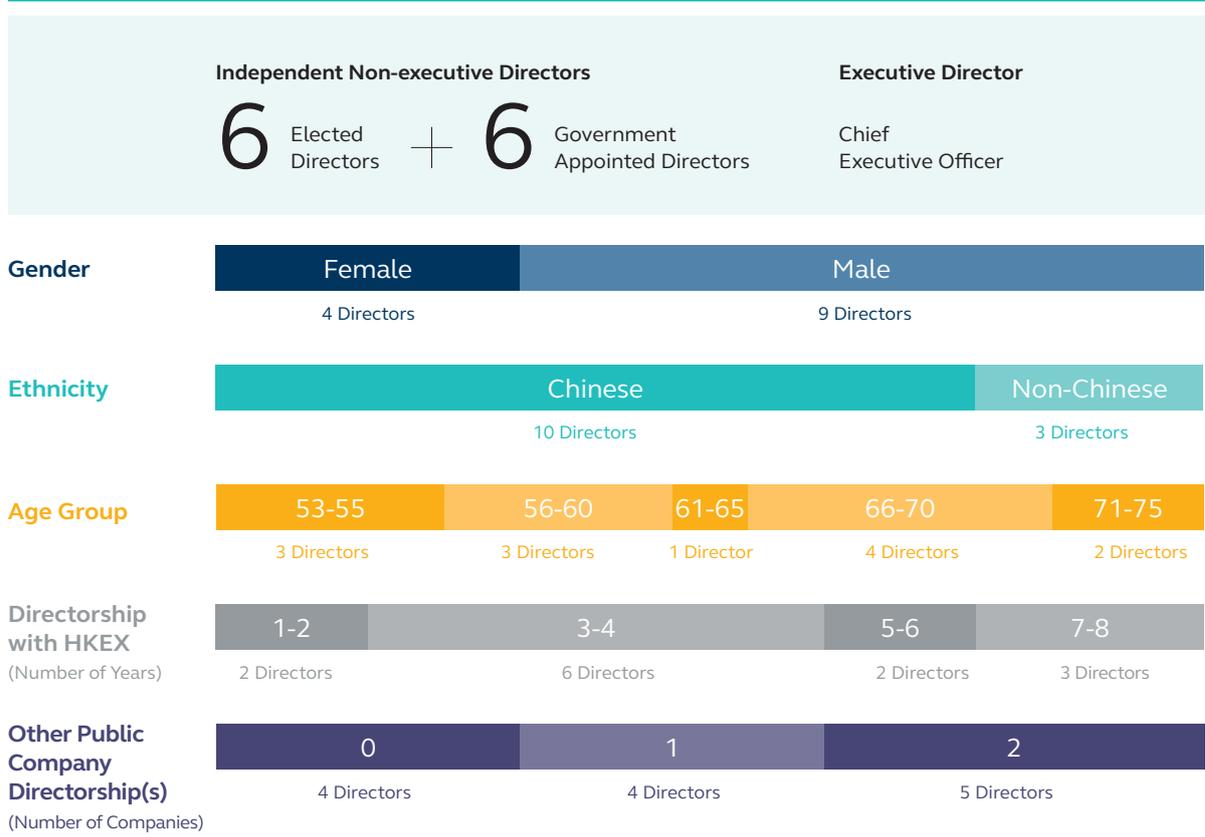
In addition to the mid-year strategy review in March 2023, the Board held a strategy meeting in September 2023 at which the Board and senior executives held in-depth discussions of the Group's strategic direction in support of its Purpose and Vision.

The strategic achievements during the year are reported in the Chief Executive Officer's Review and Business Review sections of this Annual Report.

## The Board

### Board Composition

The Board's structure is governed by HKEX's Articles and the SFO. The Board has an appropriate mix of skills, experience and diversity that are relevant to HKEX's strategy, governance and business, and strong independent leadership, which underpin its effectiveness and efficiency. Its approach to achieving diversity is set out in the Board Diversity Policy, which is available on the HKEX Group website [CG](#).



The skills matrix below sets out the skills and expertise of the Board that are most relevant to HKEX's strategy, governance and business and to enabling the Board to effectively discharge its duties and responsibilities in attaining HKEX's strategic objectives and achieving sustainable and balanced development for the Group, particularly in terms of:

- Overseeing implementation of HKEX's strategic imperatives to connect China and the world, connect capital with opportunity and connect today with tomorrow;
- Promoting sustainability and best-in-class governance and CSR practices across its business, markets and communities, to fulfil the Purpose of HKEX;
- Overseeing implementation of robust risk management framework and internal controls in view of HKEX's combined role as a market regulator with a public duty and a listed company; and
- Promoting a positive and progressive culture across the organisation, enabling HKEX to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen.

## Directors' Skills and Experience

	Executive leadership & strategy/directorship or senior executive experience with other listed company(ies)	Capital market expertise	International business	Mainland China exposure	Accounting professionals/ financial management expertise	Legal professionals/ regulatory & compliance/ risk management	Digital
<b>INEDs</b>							
Laura M Cha (Chairman)	•	•	•	•		•	
Nicholas Allen	•		•	•	•	•	
Apurv Bagri	•	•	•		•	•	
C H Cheah	•	•	•	•			
Anna Cheung	•	•	•	•	•	•	•
Susan Chow	•		•	•		•	
Benjamin Hung	•	•	•	•	•	•	•
Nisa Leung	•	•	•	•			•
Hugo Leung	•	•	•	•		•	
Carlson Tong	•	•	•	•	•	•	•
Joseph Yam	•	•	•	•	•	•	
Zhang Yichen	•	•	•	•	•	•	•
<b>Executive Director</b>							
Nicolas Aguzin	•	•	•	•	•	•	•
<b>Coverage (% of entire Board)</b>	<b>100%</b>	<b>85%</b>	<b>100%</b>	<b>92%</b>	<b>62%</b>	<b>85%</b>	<b>46%</b>

The names of the Directors in office during 2023 and up to the date of this report are set out in the Directors' Report contained in this Annual Report. The brief biographies of the current Directors, including their membership at various Board Committees of HKEX, are set out in the Board and Committees section and the Board of Directors and Senior Management section of this Annual Report.

Under HKEX's Articles, the term of office of Non-executive Directors is not more than three years (subject to re-appointment or re-election), although each Government Appointed Director is normally appointed for a term of approximately two years (subject to re-appointment). Staggered terms of service enable the Board to have a good balance of experienced and new Directors. The average tenure of the current Directors as at the date of this report is 4.1 years. The service term of Laura M Cha, Susan Chow and Benjamin Hung

(Government Appointed Directors), and Nicholas Allen, Anna Cheung and Zhang Yichen (Elected Directors) will expire at the conclusion of the 2024 AGM. On 16 February 2024, the Government appointed Chan Kin Por and Peter Yan, and re-appointed Susan Chow, as members of the Board, each for a term of approximately two years from the conclusion of the 2024 AGM until the conclusion of the AGM to be held in 2026. On 29 February 2024, the Board accepted the nomination by the Nomination and Governance Committee and recommended Nicholas Allen, Anna Cheung and Zhang Yichen to stand for re-election at the 2024 AGM.

Information about the Board Diversity Policy and the Nomination Policy along with the results of the review of the Board composition and independence, and the nomination of Board candidate during 2023/2024 are set out in the Nomination and Governance Committee Report.

## Roles and Responsibilities

Good governance emanates from an effective and accountable board. At HKEX, the Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation by management. The Board monitors the Group's operating and financial performance, reviews the Group's compensation policies and succession planning, and ensures that a positive and progressive culture, effective governance and CSR policies, and sound internal control and risk management systems are in place. The Board operates under defined terms of reference which set out matters specifically reserved for its decision. The terms of reference are available on the HKEX Group website [OS](#).

For effective oversight and leadership, the Board regularly reviews reports from the Chief Executive Officer and senior executives on the progress of the approved strategies, plans and budgets, and receives updates and advice from the Board committees, external market and industry experts and management on the Group's business performance and development, regulatory landscape, ESG, risk management, and human capital management. In light of the increasingly competitive and complex global environment, the International Advisory Council has been established to provide the Board with expert insight and perspective from around the world. A Mainland China Advisory Group has also been established to advise the Board on the development of China's financial markets and economy. Further details relating to the Board committees, the International Advisory Council, the Mainland China Advisory Group, and HKEX's management functions are set out in the Board Delegation section below.

## Board Effectiveness

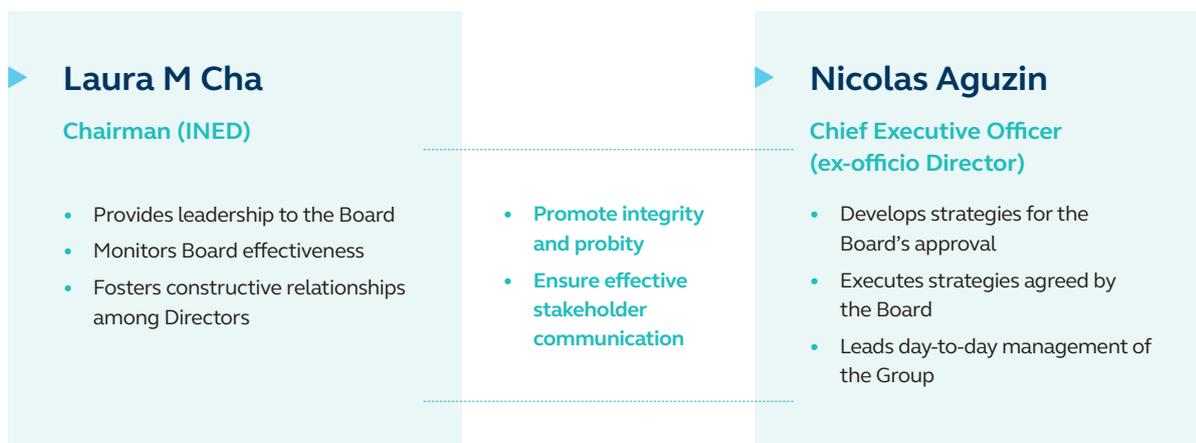
The Board recognises that conducting regular evaluation of its performance is essential to good corporate governance and Board effectiveness. Following the evaluation of the Board's performance by an independent external consultant in 2022, HKEX conducted an internal evaluation of the performance of the Board and its governance committees in 2023, which was led by the HKEX Chairman with the support of the Group Company Secretary. As part of the evaluation process, each Director completed a questionnaire to assess the performance of the Board, the Audit Committee, the Nomination and Governance Committee, the Remuneration Committee, and the Risk Committee, as well as the 2023 Strategy Meeting. In addition, the HKEX Chairman interviewed other Directors individually to solicit their views. The views of the HKEX Chairman were collected by the chairman of the Remuneration Committee. At the subsidiary level, each of OTC Clear, the LME, and LME Clear also conducted an internal evaluation of the performance of its respective board and board governance committees in 2023.

The evaluation results indicated that the directors of HKEX, OTC Clear, the LME, and LME Clear agreed that the respective boards operate effectively and perform well in the governance of the respective companies, and they were satisfied with the composition and operational effectiveness of the relevant board committees. The evaluation results were presented to the HKEX Nomination and Governance Committee and the HKEX Board in October and December 2023 respectively. Recommendations for improvement are being followed up.

## Chairman and Chief Executive Officer

At HKEX, the roles of the Chairman and the Chief Executive ("Chief Executive Officer") are complementary, but importantly, they are distinct and separate with a clear and well established division of responsibilities. Details of their respective roles and responsibilities are available on the HKEX Group website [CG](#).

## Key Responsibilities of Chairman and Chief Executive Officer



The Chairman, the Chief Executive Officer and other Directors do not have any financial, business, family, material or other relevant relationships with each other.

Nicolas Aguzin stepped down as Chief Executive of HKEX at the end of February 2024. Bonnie Y Chan has been appointed as Chief Executive of HKEX, effective 1 March 2024, for a term of three years until 28 February 2027 and the SFC has approved her appointment pursuant to Section 70 of the SFO.

## Induction and Development

Upon appointment to the Board, Directors are provided with comprehensive induction training conducted by senior executives and external legal advisers to ensure that they have a thorough understanding of the statutory duties of HKEX as an exchange controller, the Group's operations and governance policies, as well as their role and responsibilities as Board members. Carlson Tong and Joseph Yam, who were appointed as Directors effective 26 April 2023, attended a training session on 27 March 2023, at which an external legal adviser provided legal advice on Hong Kong law as regards the requirements under the Listing Rules that are applicable to them as directors of a listed company, their obligations as Directors, and the possible consequences of making false declarations or giving false information to the SFC. Each of them has confirmed his understanding of the information provided by the legal adviser.

Every new Board member receives a Director's Handbook containing the Board's terms of reference, an overview of HKEX's corporate governance framework and Directors' responsibilities, and the Guidelines on Conduct, which set out policies governing conflicts of interest and the anti-bribery and anti-corruption guidelines for Directors. The Director's Handbook and more information about induction training for new Directors are available on the HKEX Group website [CG](#).

Ongoing training helps Directors keep abreast of current trends and issues facing the Group, while enabling them to update and refresh the skills and knowledge necessary for the performance of their duties. Directors are invited to attend the Board knowledge sessions, the Board strategy meetings, and the International Advisory Council meetings held during the year, at which external industry experts, Council members, or senior executives of HKEX are engaged on various topics of interest and relevance, in particular on global strategies, market best practices, and the latest market trends and developments.

All Directors are required to provide HKEX with their training records, and to confirm their respective records on a quarterly basis. The records are maintained by the Group Company Secretary for annual review by the Nomination and Governance Committee. During 2023, the Directors received an aggregate of about 1,220 hours of training by attending or participating in Board knowledge sessions, management briefings, and events such as conferences, seminars, and workshops on Directors' duties and other topics relevant to HKEX's strategy, business and governance.

## 2023 Directors' Training by Topic

	Average hours of training: 89 <sup>1</sup>					
	HKEX's strategy/business	Economy/financial markets & products	Director's duties/ESG practices	Financial reporting/risk management	Legislative/regulatory compliance	Digital
<b>INEDs</b>						
Laura M Cha (Chairman)	•	•	•	•	•	•
Nicholas Allen	•	•	•	•	•	•
Apurv Bagri	•	•	•	•	•	•
C H Cheah	•	•	•	•	•	•
Anna Cheung	•	•	•	•	•	•
Susan Chow	•	•	•	•	•	•
Rafael Gil-Tienda <sup>1</sup>	•	•	•	•	•	•
Benjamin Hung	•	•	•	•	•	•
Nisa Leung	•	•	•	•	•	•
Hugo Leung	•	•	•	•	•	•
Carlson Tong <sup>2</sup>	•	•	•	•	•	•
Joseph Yam <sup>2</sup>	•	•	•	•	•	•
Stephen Yiu <sup>1</sup>	•	•	•	•	•	•
Zhang Yichen	•	•	•	•	•	•
<b>Executive Director</b>						
Nicolas Aguzin	•	•	•	•	•	•

<sup>1</sup> Excludes the training hours received by Mr Gil-Tienda and Mr Yiu, who retired from the Board after the conclusion of the 2023 AGM.

<sup>2</sup> Mr Tong and Mr Yam were appointed as Directors effective 26 April 2023.



## Board Process

In addition to the mid-year strategy review in March 2023 and the strategy meeting in September 2023, the Board held eight meetings in 2023 to discuss key matters relating to the Group's strategies, business operations, performance, governance, risk management, CSR, investor relations, and human capital, and bi-annual meetings with the Chairman and Deputy Chairmen of the Listing Committee to discuss listing related matters.

Meetings of Non-executive Directors are held from time to time, as appropriate. The HKEX Chairman also has regular gatherings with other Directors, occasionally without the presence of the Chief Executive Officer, to consider issues in an informal setting.

### Attendance Record of Directors and Committee Members in 2023 <sup>1</sup>

	2023 AGM	Board	Audit Committee	Board Executive Committee	CSR Committee	Investment Committee	Listing Operation Governance Committee	Nomination and Governance Committee	Remuneration Committee	Risk Committee	Risk Management Committee (statutory)
<b>Number of Meetings</b>	<b>1</b>	<b>10</b> <sup>2</sup>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>4</b>
<b>INEDs</b>											
Laura M Cha (Chairman)	1/1	10/10		4/4	4/4			6/6	4/6	2/4	4/4
Nicholas Allen	1/1	8/10	4/4							4/4	
Apurv Bagri	1/1	9/10						4/6	6/6		
C H Cheah <sup>3</sup>	1/1	10/10		4/4		4/4	2/2	6/6	2/2		
Anna Cheung	1/1	10/10	4/4	4/4	4/4				6/6		
Susan Chow	1/1	10/10			4/4		4/4		6/6	4/4	4/4
Rafael Gil-Tienda <sup>4</sup>	1/1	3/3						2/2	2/2		
Benjamin Hung	1/1	10/10				4/4		4/6			
Nisa Leung	1/1	9/10	2/4							4/4	
Hugo Leung	1/1	9/10	4/4	4/4		4/4	4/4			4/4	4/4
Carlson Tong <sup>5</sup>		5/6	2/2		1/2			3/4			
Joseph Yam <sup>6</sup>		7/7				3/3			4/4	2/2	
Stephen Yiu <sup>4</sup>	1/1	3/3	2/2				2/2			2/2	
Zhang Yichen	1/1	9/10			2/4	3/4		5/6			
<b>Executive Director</b>											
Nicolas Aguzin <sup>7</sup>	1/1	9/9		4/4	3/4						
<b>Market Professionals</b>											
Renu Bhatia <sup>8</sup>							4/4				
Clara Chan <sup>9</sup>											3/3
David Grimme											4/4
Daryl Ho <sup>9</sup>											1/1
Terence Keyes <sup>8</sup>							2/2				
Miranda Kwok											3/4
Rico Leung											4/4
Keith Pogson <sup>8</sup>							2/2				
Sun Yu											2/4
<b>Attendance Rate</b>	<b>100%</b>	<b>95%</b>	<b>90%</b>	<b>100%</b>	<b>82%</b>	<b>95%</b>	<b>100%</b>	<b>83%</b>	<b>94%</b>	<b>92%</b>	<b>91%</b> <sup>10</sup>

1 During 2023, certain members of the Board also performed a regulatory role by serving as members of the Listing Nominating Committee and/or the Listing Policy Panel.

2 Includes the mid-year strategy review in March 2023 and the strategy meeting in September 2023

3 Mr Cheah was appointed as a member of the Listing Operation Governance Committee on 26 April 2023, and ceased to be a member of the Remuneration Committee on the same date.

4 Mr Gil-Tienda and Mr Yiu retired from the Board and the committees on 26 April 2023. Following his retirement as Director, Mr Gil-Tienda was appointed as Senior Advisor to the Board from 27 April 2023 to 26 April 2024.

5 Mr Tong was appointed as Director and a member of the Audit Committee, the CSR Committee, and the Nomination and Governance Committee on 26 April 2023. Mr Tong has recused himself from participation in one of the Board meetings held in 2023.

6 Mr Yam was appointed as Director and a member of the Investment Committee, the Remuneration Committee, and the Risk Committee on 26 April 2023.

7 Mr Aguzin has recused himself from participation in one of the Board meetings held in 2023.

8 Mr Keyes was appointed as a member of the Listing Operation Governance Committee by virtue of his position as the Deputy Chairman of the Listing Committee, to replace Mr Pogson who ceased to be the Chairman of the Listing Committee on 7 July 2023. Ms Bhatia remained as a member of the Listing Operation Governance Committee following her appointment as the Chairman of the Listing Committee with effect from 7 July 2023.

9 Mr Ho was appointed to the Risk Management Committee (statutory) on 6 November 2023 to replace Ms Chan. No meeting was held by the Committee from 6 November to 31 December 2023.

10 The attendance rate calculation took into account the attendance by alternates to members of the committee, who are market professionals.

To facilitate effective oversight and decision making by the Board, HKEX has established a Group Escalation and Incident Reporting Policy to set out guidelines on handling critical concerns relating to the Group’s operations and performance. A Continuous Disclosure and Communication Policy is in place to ensure timely reporting of inside information to the Board and communication with the Group’s stakeholders, which together with other key features of the Board process are available on the HKEX Group website [CG](#).

### Group Company Secretary

All Directors have access to the advice and services of the Group Company Secretary. The Group Company Secretary reports to the HKEX Chairman on Board governance matters, and is responsible for ensuring that Board procedures are followed and for facilitating information flows and communications among Directors, as well as with Shareholders and management.

Timothy Tsang has been appointed to succeed David Fu as the Group Company Secretary with effect from 1 January 2024. Mr Tsang’s biography is set out in the Board of Directors and Senior Management section of this Annual Report. During 2023, Mr Fu attended over 15 hours of professional training.

## Board Delegation

### Committees



1 A statutory committee established under Section 65 of the SFO

The Board has delegated authority to various committees to deal with specific matters under defined terms of reference.

The composition and terms of reference of the Board committees are reviewed annually to ensure that they remain relevant and in line with the Group’s business and changes in governance practices. The list of members of the Board committees as at the date of this report is set out in the Board and Committees section of this Annual Report. The attendance record of members of the Board committees in 2023 is set out in “Board Process” above. Details about the Board committees, including their terms of reference, are available on the HKEX Group website [CG](#) / [OS](#). Further information on the work of the Nomination and Governance Committee, Audit Committee, Risk Committee, Remuneration Committee and Corporate Social Responsibility Committee in 2023/2024 are set out in their respective reports contained in this Annual Report.

## International Advisory Council

HKEX has established an International Advisory Council to provide the Board with insight and expertise from around the world, on business, economics, technology, and finance, drawing on the extensive skills and experience of its members.

Baroness Rona Fairhead and Ms Megan Greene were appointed to the Council in March 2023. Ms Greene ceased her membership with the Council in June 2023, in view of her appointment by the Bank of England, the regulator of LME Clear, as an external member of its Monetary Policy Committee effective 5 July 2023.

The Council currently comprises six members, and is chaired by the HKEX Chairman. Two Council meetings were held in 2023.

The terms of reference of the Council are available on the HKEX Group website [OS](#).

### Members of International Advisory Council

- Laura M CHA (Chairman)
- Rona FAIRHEAD
- Stuart GULLIVER
- Weijian SHAN
- Neil SHEN
- Joseph TSAI

## Mainland China Advisory Group

HKEX has established the Mainland China Advisory Group (“Advisory Group”) to advise the Board on the development of China’s financial markets and economy. The Advisory Group is chaired by the HKEX Chairman, and also includes HKEX Chief Executive Officer, as well as a Director and three other senior industry experts with deep China market knowledge and experience. Two Advisory Group meetings were held in 2023.

The terms of reference of the Advisory Group are available on the HKEX Group website [OS](#).

### Members of Mainland China Advisory Group

- Laura M CHA (Chairman)
- Nicolas AGUZIN
- Fred HU
- MA Weihua
- ZHANG Lei
- ZHANG Yichen

## Management

Senior executives, under the leadership of the Chief Executive Officer, are responsible for the day-to-day management of the Group’s businesses and implementation of the strategies approved by the Board. The Management Committee, a management decision-making body chaired by the Chief Executive Officer with defined authority delegated by the Board, aims to meet at least twice a month.

Its membership as at the date of this report is set out in the Management Committee section of this Annual Report, and its duties are available on the HKEX Group website [OS](#). Members of the Senior Management as at the date of this report and their biographies are set out in the Board of Directors and Senior Management section of this Annual Report.

During 2023, several senior executive changes were made to support the Group’s latest strategic focus and replace retired or outgoing executives. Details are set out in the Media Centre (News Release) section of the HKEX Group website. HKEX’s updated organisation structure is available on the HKEX Group website [OS](#).

The Board recognises the importance of continuity in senior executives and identifying leaders with appropriate skills and experience to support delivery of the Group’s strategic initiatives. Succession planning for senior executives is considered by the Nomination and Governance Committee and the Board annually.

Given the competitive business environment in which the Group operates, HKEX arranges professional development programmes for its senior executives to support its long-term growth and success. During 2023, the Senior Management (excluding HKEX Chief Executive Officer) received an aggregate of about 380 hours of training by attending or participating in conferences, seminars, and workshops on various topics, including HKEX’s strategy and business, development of the financial markets, regulatory compliance, ESG practices, risk management, digital technology, and leadership and management skills. Other employees of the Group also attended continuous professional development or other training courses throughout the year. Details are set out in the 2023 CSR Report.

## Subsidiary Governance

HKEX is committed to fostering good governance and a strong compliance culture at all levels of the organisation. To ensure an integrated, Group-wide approach towards upholding high governance standards, HKEX regularly reviews and enhances the governance structures and processes of its subsidiaries.

For effective oversight of its subsidiaries, HKEX has established an Entity Management Framework to enhance risk governance. HKEX promotes governance linkages within the Group through common memberships between the Board and the boards and committees of subsidiaries and appointment of HKEX's senior executives to the boards of the subsidiaries. A list of the directors of HKEX subsidiaries is set out in the Directors' Report contained in this Annual Report. Details about the governance structures of the Group's major subsidiaries (including composition and terms of reference of their boards and committees) are available on the HKEX Group website [OS](#). Induction training and materials have been provided to subsidiaries' non-executive directors to facilitate their understanding of the Group's business and their duties and obligations as a director.

HKEX has implemented a number of Group-wide governance policies and systems, which are subject to regular review, to support its commitment to high standards of business, professional, and ethical conduct, and to ensure best practices across the organisation. HKEX has also established whistleblowing channels for internal and external parties to raise concerns in relation to possible misconduct of the Group, its employees or directors in a confidential or anonymous manner, or both. Details of these whistleblowing channels are available on the HKEX Market website. The Board has delegated authority to the Audit Committee to review the Group Anti-Bribery and Anti-Corruption Policy and the Group Whistleblowing Policy periodically and receive updates on matters concerning breaches of the Group Anti-Bribery and Anti-Corruption Policy and whistleblowing disclosures.

### Key governance policies for employees

- HKEX Code of Conduct
- Continuous Disclosure and Communication Policy
- Group Anti-Bribery and Anti-Corruption Policy
- Group Anti-Fraud Policy
- Group Personal Account Dealing Policy
- Group Prevention of Financial Crime Policy
- Group Whistleblowing Policy

In 2023, the Group organised training on compliance obligations, information security and data privacy and on various key governance policies for new and existing employees to reinforce a strong culture of compliance and risk management.

More information about the Group's governance policies and practices is available on the HKEX Group website [CG](#) / [CSR](#) and in the 2023 CSR Report.

## Conflict Management

As a recognised exchange controller, HKEX shall act in the interest of the public with particular regard to the interest of the investing public, and ensure that the interest of the public prevails where it conflicts with HKEX's interest. Given its role as the exchange controller as well as a listed company, HKEX has implemented a number of measures to ensure a level playing field with other listed issuers.

These include the entering into of an MOU between the SFC and the Stock Exchange, the separation of the regulatory function, and the establishment of a Conflict Committee. Various Group policies, including HKEX Conflict of Interest Policy, HKEX Information Barrier Procedure, and the Protocol on Listing Division and its Operations, are in place to address potential conflicts of interest and protect the integrity and independence of the Listing Division. More information about HKEX's public and corporate responsibilities and its conflict management measures is available on the HKEX Group website [CG](#).

The HKEX's Guidelines on Conduct as set out in the Director's Handbook serve to provide guidance to directors and committee members of the Group on avoiding conflicts of interest and on the circumstances under which appropriate action(s) shall be taken by the director in conflict. The Guidelines set out the policy governing the acceptance by the Group's directors of external appointments in listed and unlisted companies, which contain specific safeguards that shall be undertaken by HKEX and each director to avoid potential conflicts of interest. The Director's Handbook is available on the HKEX Group website [CG](#).

## Remuneration of Directors and Senior Management

HKEX has formal and transparent procedures for fixing the remuneration packages of individual Directors and senior executives. Information about HKEX's remuneration policies and the Remuneration Committee, including its work in 2023/2024, is set out in the Remuneration Committee Report.

## Directors' Securities Transactions and Interests in HKEX

### Compliance with Model Code

HKEX has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. In response to a specific enquiry by the Company, all Directors confirmed that they complied with the Model Code at all applicable times during 2023.

### Directors' Interests and Short Positions in Shares and Underlying Shares of HKEX

The interests and short positions of Directors, including the Chief Executive Officer, in the shares and underlying shares of HKEX (within the meaning of Part XV of the SFO) as at 31 December 2023 as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to HKEX and the SFC under the Model Code, are set out below.

### Long Positions in Shares and Underlying Shares of HKEX

Name of Director	Number of shares/underlying shares held				Total	% of HKEX <sup>1</sup> shares in issue
	Personal interests	Family interests	Corporate interests	Other interests		
Nicolas Aguzin	497,670 <sup>2</sup>	–	–	–	497,670	0.04
Anna Cheung	300	–	–	–	300	0.00

<sup>1</sup> Based on 1,267,836,895 HKEX shares in issue as at 31 December 2023

<sup>2</sup> Includes Mr Aguzin's interest in Awarded Shares and shares acquired out of the dividends from the Awarded Shares, in an aggregate of 134,790 shares which remained unvested under the Share Award Scheme as at 31 December 2023. Details of Mr Aguzin's interest in Awarded Shares are set out in the Remuneration Committee Report.

Save as disclosed above, none of the Directors had any interests or short positions in the shares, underlying shares or debentures of HKEX or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2023 as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to HKEX and the SFC under the Model Code.

Apart from the Awarded Shares as disclosed in the Remuneration Committee Report and notes 15 and 43 to the Consolidated Financial Statements, during 2023, none of the Directors (including their spouses and children under the age of 18) had any interests in or was granted any right to subscribe for the securities of HKEX or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

## Other Persons' Interests and Short Positions in Shares and Underlying Shares of HKEX

### Minority Controllers

As at the date of this report, other than the Government which has been a Minority Controller since 7 September 2007, 13 entities have been approved by the SFC as Minority Controllers. According to the Participant Shareholding Report as at 31 December 2023, these 13 Minority Controllers and their relevant associated person(s) in aggregate held approximately 73 per cent of HKEX shares in issue. More information about Minority Controllers is set out on the HKEX Group website [CG](#).

Other persons' interests and short positions in the shares and underlying shares of HKEX (within the meaning of Part XV of the SFO) as at 31 December 2023 as recorded in the register required to be kept under Section 336 of the SFO are set out below.

### Long Positions in Shares and Underlying Shares of HKEX

Name	Capacity	Number of shares/ underlying shares held	Total	% of HKEX <sup>1</sup> shares in issue
HK SAR Government (for the account of the Exchange Fund)	Beneficial owner	74,840,961 <sup>2</sup>	74,840,961	5.90

<sup>1</sup> Based on 1,267,836,895 HKEX shares in issue as at 31 December 2023

<sup>2</sup> Based on Hong Kong Monetary Authority's notification to HKEX on 4 June 2018

Save as disclosed above, no other persons had any interests or short positions in the shares or underlying shares of HKEX as at 31 December 2023 as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to HKEX and the Stock Exchange.

### Senior Management

All employees of the Group are obliged to follow the Company's restrictions on dealing in securities, futures contracts, and other derivatives, which are on terms no less stringent than the Model Code, as set out in the Group Personal Account Dealing Policy. Senior Management's interests in the shares and underlying shares of HKEX as at 31 December 2023 are set out below.

Senior Management <sup>1</sup>	Number of shares held	Number of shares that <sup>2</sup> remained unvested under the Share Award Scheme	Derivatives (number of underlying shares)
Bonnie Y Chan	23,493	25,718	–
Vanessa Lau	53,352	17,254	–
Katherine Ng	41,025	14,273	–
Richard Wise	–	24,214	–
Wilfred Yiu	45,705	23,892	–

<sup>1</sup> HKEX Chief Executive Officer's interest in the shares and underlying shares of HKEX as at 31 December 2023 is set out in the "Directors' Securities Transactions and Interests in HKEX" above.

<sup>2</sup> Details of the Senior Management's interests in the Awarded Shares are set out in the Remuneration Committee Report.

## Continuing Connected Transactions

In June 2000, the SFC granted a waiver to HKEX from strict compliance with the Main Board Listing Rules with respect to certain continuing connected transactions as referred to in (A), (B) and (C) below. The waiver has remained valid since then. The following table sets out the types of the continuing connected transactions subject to the waiver, and details of any of these continuing connected transactions entered into by the Group during 2023.

- A. Transactions between HKEX or its subsidiaries and HKEX's connected person(s) arising from or in connection with the use of the facilities provided by the Group for the trading, clearing and and/or settlement of securities and futures products, and transactions, and all services offered by the Group which are ancillary, incidental or otherwise related to the foregoing:
- The Group did not enter into any of the above transactions with HKEX's connected persons during 2023.
- B. Transactions between HKEX or its subsidiaries and HKEX's connected person(s) arising from or in connection with the listing of securities on the Stock Exchange, and all services offered by the Group which are ancillary, incidental or otherwise related to the foregoing:
- Laura M Cha, the HKEX Chairman, was interested in the transactions entered into by HKR International Limited and Hanison Construction Holdings Limited, which are listed on the Stock Exchange and are Mrs Cha's associates by virtue of the Main Board Listing Rules.
- C. Transactions between HKEX or its subsidiaries and HKEX's connected person(s) arising from or in connection with the HKSCC arrangement on behalf of CCASS Participants for: (i) carrying out "buy-in" when a CCASS Participant has failed to deliver securities on time for settlement under the CNS System or the Isolated Trades System operated by CCASS; (ii) the purchase or sale of securities in connection with the liquidation of the positions of a CCASS Participant that has been declared by HKSCC to be in default; and (iii) the sale of entitlements of securities held through CCASS (collectively referred to as Buy-in Transactions):
- The Group did not enter into any Buy-in Transactions with HKEX's connected persons during 2023.

The Board has delegated authority to the Audit Committee to review the above continuing connected transactions pursuant to Rule 14A.55 of the Main Board Listing Rules. The results of the Audit Committee's review are set out in the Audit Committee Report.

The Company's external auditor was engaged to report on the above continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA. The external auditor has issued an unqualified report containing its findings and conclusions in respect of the transactions disclosed above in accordance with Rule 14A.56 of the Main Board Listing Rules.

## Related Party Transactions

During 2023, the Group entered into certain transactions with “related parties” as defined under the applicable accounting standards. Related party transactions are disclosed in note 50 to the Consolidated Financial Statements. They include the following connected transactions under the Main Board Listing Rules.

### Related party transactions which constitute connected transactions

Payment of membership fee by an associate of a Director to the LME as covered in note 50(a) to the Consolidated Financial Statements

Compensation to the Chief Executive Officer and the directors of HKEX’s subsidiaries and remuneration to HKEX’s Non-executive Directors, which formed part of the “Key management personnel compensation” described in note 50(b) to the Consolidated Financial Statements

### Compliance with Main Board Listing Rules

This was a connected transaction exempt from the connected transaction requirements under Rule 14A.76(1) of the Main Board Listing Rules.

These were continuing connected transactions exempt from the connected transaction requirements under Rule 14A.76(1) or 14A.95 of the Main Board Listing Rules.

## Accountability and Audit

### Financial Reporting

The Board, which is responsible for overseeing the preparation of annual financial statements, receives monthly updates on the Group’s performance, financial position, and prospects. HKEX publishes its annual, interim, and quarterly results within three months, two months, and 45 days respectively after the relevant period ends. In preparing the financial statements for the year ended 31 December 2023, the Board adopted appropriate accounting policies consistently, made prudent and reasonable judgements and estimates, and ensured that the financial statements were prepared on a going concern basis and show a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of the Group’s consolidated financial performance and cash flows for the year then ended.

### Risk Management and Internal Control

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks (including, among others, material risks relating to ESG) it is willing to take in achieving the Group’s strategic objectives, maintaining sound and effective risk management and internal control systems (including, among others, material risks relating to ESG) and reviewing their effectiveness to safeguard Shareholders’ investment and the Group’s assets. To this end, management continues to allocate resources for the Group to appropriately manage the evolving risk environment. The internal control and risk management systems based on the

Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework 2013 and International Organisation for Standardisation (ISO) 31000 Risk Management – Principles and Guidelines provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives. Details of the Group’s risk governance structure and the Group Risk Management Framework are set out in the Risk Committee Report. Details of the Group’s key control procedures and internal audit functions are available on the HKEX Group website [CG](#).

The Board reviews the adequacy and effectiveness of the Group’s risk management and internal control systems at least quarterly, through the Risk Committee and the Audit Committee. Information about the Risk Committee and the Audit Committee, including their work in 2023/2024, is set out in their respective reports contained in this Annual Report.

### Independence of External Auditor

HKEX has engaged PricewaterhouseCoopers as its external auditor. An analysis of remuneration for audit and non-audit services provided by PricewaterhouseCoopers and details of the Audit Committee’s work in assessing the independence of PricewaterhouseCoopers and ensuring audit effectiveness are set out in the Audit Committee Report.

Information about HKEX’s policies and procedures in safeguarding and supporting the independence and objectivity of the external auditor is available on the HKEX Group website [CG](#).

## Diversity and Inclusion

HKEX is committed to developing a positive and progressive culture that is anchored by its Purpose, Vision and Values. In particular, HKEX cultivates a culture that is healthy, diverse and inclusive, where everyone can be their true self and fulfil their own potential, bringing his or her whole self to work every day.

Diversity is one of our five core Values, which is brought to life each day in many ways. HKEX's employee-led diversity networks are sponsored by members of the Management Committee and run by passionate volunteer employees. These networks focusing on Women; Families; Abilities and the LGBT+ community help to create a framework for celebrating diversity, fostering connectivity and collaboration, and shaping fresh thinking at HKEX and within our communities.

As of 31 December 2023, the Senior Management had 50 per cent female representation, with three female members out of six. Bonnie Y Chan, who has been appointed to succeed Nicolas Aguzin as Chief Executive of HKEX with effect from 1 March 2024, will become the first female Chief Executive of HKEX. More details on the Group's diversity and inclusion initiatives, including employees' gender ratios, are set out in the 2023 CSR Report.

## Shareholder Relations

The Board gives high priority to maintaining balanced, clear, and transparent communications with Shareholders and other investors to facilitate their understanding of the Group's performance and prospects, as well as the market environment in which it operates. HKEX has an ongoing dialogue with Shareholders and other investors through various communication channels set out in the Shareholders Communication Policy and takes any areas of concern into consideration when formulating its business strategies. The effectiveness of HKEX's engagements with Shareholders is assessed during the annual evaluation of the Board's performance as set out in the "Board Effectiveness" above.

## Investor Engagement and Communications

HKEX's investor relations team focuses on effective communication with and provision of relevant public information to investors and analysts to support the appropriate valuation of HKEX equity. Through an extensive engagement programme, institutional investors and analysts can interact with the HKEX

Chairman, the Chief Executive Officer and other senior executives for updates on the development of the Group's strategic initiatives and operations, as well as HKEX's corporate governance policies. During 2023, around 200 physical or virtual meetings were held with institutional investors and analysts in Hong Kong, Mainland China, and overseas. To facilitate effective investor relations, regular shareholding analyses were conducted under Section 329 of the SFO to gain a better view of changes in HKEX's shareholding structure.

### Investor Relations Activities in 2023

- Small group/one-to-one meetings
- Non-deal roadshows
- Analyst briefings
- Investor conferences

### Investor Relations Contact Details

Email: [investorrelations@hkex.com.hk](mailto:investorrelations@hkex.com.hk)

Tel: (852) 2840 3330

Investment community views are communicated regularly to the Board, including sell-side consensus rating and target price for HKEX shares and summaries of questions and feedback from investors and analysts. During 2023, major areas of interest for investors included:

- (i) Updates on the financial performance of the Group;
- (ii) Positive results from the Group's efforts in revenue diversification amidst challenges faced by the cash equities business in 2023;
- (iii) Latest developments regarding the Group's initiatives, including the Connect franchise expansion, product development, IPO market, listing regime reform, and market microstructure enhancements;
- (iv) Expansion of the Group's international presence in US, Europe and the Middle East;
- (v) Continuing initiatives to grow businesses beyond equities, e.g., derivatives, fixed income, and data and connectivity; and
- (vi) ESG related topics, including board governance and carbon.

To foster investors' understanding of the Group's governance performance, HKEX continues to provide related information to international and local ESG rating agencies regularly and upon request.

## Shareholder Engagement and Communications

<b>Corporate communications</b>	<ul style="list-style-type: none"> <li>• HKEX ensures prompt dissemination of corporate communications to enable Shareholders and other stakeholders to keep abreast of the Group's business and developments so that they can make informed decisions.</li> <li>• The HKEX Group website has been adopted as the designated company website for publication of HKEX's announcements, notices and other corporate communications. As at 31 December 2023, about 79 per cent of Shareholders had opted to receive corporate communications via electronic means.</li> </ul>
<b>Financial key dates</b>	<ul style="list-style-type: none"> <li>• The financial calendar highlighting important dates for Shareholders in 2024 is set out in the Shareholder Information section of this Annual Report and is also available on the HKEX Group website <a href="#">IR</a>.</li> </ul>
<b>Dividend information</b>	<ul style="list-style-type: none"> <li>• HKEX's dividend policy is set out in the Shareholder Information section of this Annual Report. Information about HKEX's dividend record is available on the HKEX Group website <a href="#">IR</a>.</li> </ul>
<b>General meetings</b>	<ul style="list-style-type: none"> <li>• One or more Shareholders representing at least 5 per cent of the total voting rights of all Shareholders having a right to vote at general meetings may request the Board to call a general meeting. The request must state the general nature of the business to be dealt with, and it may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. Such requests must be sent to the Group Company Secretary at HKEX's registered office, or by email to <a href="mailto:ssd@hkex.com.hk">ssd@hkex.com.hk</a>.</li> <li>• Under HKEX's Articles, if a Shareholder wishes to propose a person for election as a Director at a general meeting, he or she should give written notice of the nomination to the Group Company Secretary at HKEX's registered office. Details of the procedures for nominating candidates to stand for election as a Director at the 2024 AGM are set out in the circular to Shareholders to be sent together with this Annual Report.</li> <li>• Shareholders may put forward proposals at general meetings by sending written notice of their proposals to the Group Company Secretary at HKEX's registered office, or by email to <a href="mailto:ssd@hkex.com.hk">ssd@hkex.com.hk</a>. Details of the procedures for putting forward proposals by Shareholders are set out on the HKEX Group website <a href="#">CG</a>.</li> </ul>
<b>Policies and guidelines</b>	<ul style="list-style-type: none"> <li>• The Shareholders Communication Policy ensures that Shareholders and the investment community are provided with ready, equal, and timely access to information about HKEX (including its financial performance, strategic goals and plans, material developments, governance and risk profile), and also allows them to engage actively with HKEX. The policy sets out various communication channels including, among others, the HKEX Group website, investor briefings and Shareholders' meetings, through which Shareholders, both individual and institutional, may communicate with and provide feedback to HKEX from time to time. The policy is regularly reviewed to ensure its effectiveness and is posted on the HKEX Group website <a href="#">CG</a>.</li> <li>• The Shareholders' Guide with answers to the frequently asked questions of Shareholders with regard to their interests in HKEX shares is also available on the HKEX Group website <a href="#">CG</a>.</li> </ul>
<b>Shareholding analysis</b>	<ul style="list-style-type: none"> <li>• Based on publicly available information and within the Directors' knowledge as at the date of this report, approximately 100 per cent of the HKEX shares were held by the public. HKEX's market capitalisation and shareholding distribution as at 31 December 2023 are set out in the Shareholder Information section of this Annual Report.</li> </ul>

Further details about the Group's engagement activities with Shareholders and other stakeholders in 2023 are set out in the CSR Committee Report and the 2023 CSR Report.

The Board is grateful to Shareholders and other stakeholders for their continued support and welcomes their views as well as any questions they may have about the management and governance of the Group. Shareholders and other stakeholders may at any time send their enquiries and concerns to the Board by addressing them to the Group Company Secretary and sending them by post to the Secretarial Services Department, HKEX, 8/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong, or by email to [ssd@hkex.com.hk](mailto:ssd@hkex.com.hk).

## 2023 Annual General Meeting

HKEX uses the AGM as a forum to establish constructive dialogue with Shareholders. Separate resolutions are proposed on each substantially separate issue, with all resolutions considered in a poll conducted by HKEX's registrar and verified by an independent scrutineer. Electronic voting is used at the AGMs to enhance efficiency and transparency of the vote counting process.

### Shares voted at the 2023 AGM

**47.2%**  
of total issued shares

All the Directors in office on the meeting date, including the HKEX Chairman and the Chairmen of the Audit Committee and other Board committees, attended the 2023 AGM along with key senior executives and the external auditor, and answered questions raised by Shareholders at the meeting. A live webcast of the 2023 AGM was arranged and made available on the HKEX Group website for Shareholders who were not able to attend the meeting.

The voting results and the minutes of the 2023 AGM are available on the HKEX Group website [IR](#).

### Key Matters Resolved at the 2023 AGM <sup>1</sup>

- Receipt of the 2022 audited financial statements
- Re-election of C H Cheah and Hugo Leung as Directors
- Re-appointment of PricewaterhouseCoopers as the Company's auditor
- Granting a general mandate to buy back HKEX shares (not exceeding 10 per cent of the number of shares in issue)
- Granting a general mandate to issue HKEX shares (not exceeding 10 per cent of the number of shares in issue and at a price not exceeding a discount of 10 per cent)

<sup>1</sup> The full text of the resolutions is set out in the Notice of the 2023 AGM.

## 2024 Annual General Meeting

The 2024 AGM will be held on Wednesday, 24 April 2024 at 4:30 pm at HKEX Connect Hall on the 1st Floor, One and Two Exchange Square, Central, Hong Kong. The Notice of the 2024 AGM, which constitutes part of a circular to Shareholders, will be sent together with this Annual Report. The Notice, the circular which sets out details of the business to be conducted at the 2024 AGM, and the proxy form will be available on the HKEX Group website [IR](#). The results of the voting on the proposed resolutions will be published on the HKEX Group website [IR](#) shortly after the 2024 AGM is held.

Shareholders may appoint the Chairman of the 2024 AGM as their proxy to vote on the resolutions, instead of attending the meeting in person. A live webcast of the 2024 AGM will be arranged and made available on the HKEX Group website for Shareholders unable to attend the meeting.

## Changes after Closure of Financial Year

This report takes into account the changes that occurred between the end of 2023 and the date of the approval of this report.

On behalf of the Board

**Timothy TSANG**

Group Company Secretary

Hong Kong, 29 February 2024