

CHAIRMAN'S STATEMENT

“The integration of LME into HKEx supports our vision of building the Group into a leading global, vertically integrated multi-asset class exchange group. In 2013, we continued our effort to consolidate our strategic strengths, sharpen our competitive edge and ensure our businesses are sustainable.”

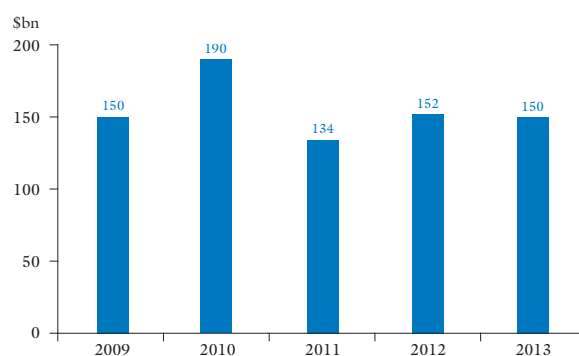


Group's Performance

There was a positive turning point in the global economic recovery in 2013. The US economy grew at a slow but steady pace, the Eurozone shuffled out of the sovereign debt miasma, and the Mainland economy performed within expectations. All these factors provided positive momentum to the trading and fundraising activities of our securities and derivatives markets in Hong Kong. In addition, LME, our commodities market in the UK, had another record trading year in 2013.

With the LME's contribution for the first full year, the Group's profit attributable to shareholders was \$4,552 million, an increase of 11 per cent year-on-year. Consistent with our 90 per cent dividend payout policy, the Board recommends a final dividend of \$1.72 per share for the year ended 31 December 2013. If the recommendation is approved by Shareholders, the full-year dividend for 2013 will be \$3.54, a rise of 7 per cent from the previous year.

HKEx Shares' Market Capitalisation (as at year-end)*



* According to Thomson Reuters, HKEx ranked first in 2010 to 2012 and ranked third in 2013 among the world's listed exchanges.

Note: Figures have been rounded.



Business Development

According to the Global Financial Centres Index released in September 2013, London and Hong Kong are among the top 3 global financial centres. Our market presence in Hong Kong and London provides us with strategic advantages to pursue our vision of building the Group into a leading global, vertically integrated multi-asset class exchange group. Locally, we will continue our focus on reinforcing Hong Kong's position as an offshore RMB centre and a capital formation centre.

In 2013, we organised extensive outreach activities to showcase our products and services to our market participants in Hong Kong, the Mainland and around the globe. Three of the largest projects, the first ever LME Week Asia in Hong Kong, a series of events in Hong Kong and the Mainland to mark the 20th anniversary of H-share listings and the annual LME Week in London, were all held with great success. The 2014 LME Week Asia, one of our major events this year, will be held in Hong Kong on 24 April. We look forward to meeting industry leaders and key market players and sharing insights and views on the future of the commodities industry in Asia, in particular, the growing influence of the Mainland China.

Details of the solid progress we made in 2013 are set out in the Chief Executive's Review and the Business Review sections of this Annual Report.

Quality Markets

As a recognised exchange controller in Hong Kong, HKEx closely observes its statutory obligations under the SFO. In December 2013, the SFC, upon completion of its review of the Exchange's performance in its regulation of listing matters during 2012, confirmed once again that the operational procedures and decision-making processes reviewed were appropriate to enable the Exchange to discharge its statutory obligations to maintain an orderly, informed and fair market.

HKEx is always mindful of the importance of enhancing the quality of our marketplace. The Listing Rules were amended to complement the introduction of the statutory obligation to disclose inside information, which took effect from January 2013. In addition, with the introduction of the new sponsor regulation by the SFC in October 2013, we made corresponding changes to the Listing Rules with a view to facilitating a more efficient listing process.

Legislative and regulatory changes continue to shape the environment in which the Group operates. We are closely tracking the developments in financial market regulatory framework, including the European Market Infrastructure Regulation requirements and the “Principles for financial market infrastructures” published by the Committee on Payment and Settlement Systems and the International Organization of Securities Commissions, to ensure our compliance with the latest best practices and legislation applicable to our businesses. We will continue to work with regulatory authorities in Hong Kong, the UK and other parts of the world to promote sound and well-functioning global financial markets.

Environmental, Social and Governance Performance

Good Environmental, Social and Governance, or ESG, practices have always been an integral part of HKEx's business strategy and management approach.

Since February 2013, HKEx has had a Board Diversity Policy which sets out its approach to achieve diversity on the Board. Details of the implementation of the Board Diversity Policy and other governance practices are set out in the Corporate Governance Report of this Annual Report.

As a good corporate citizen, HKEx also contributes to society indirectly through the Stock Code Balloting for Charity Scheme, which raised \$67 million for charity during 2013.

Our 2013 Corporate Social Responsibility Report underscores the Group's commitment to act responsibly, contribute to the community and help protect the environment. The report includes performance data on the Group's ESG activities and will be available on the HKEx website in mid-March 2014.

We are pleased that our sustainability efforts have received positive external recognition, as HKEx continues to be included in the leading global and regional ESG indices.

In light of the new Companies Ordinance which will take effect on 3 March 2014, the Board has proposed the adoption of a new set of Articles of Association to replace HKEx's current Memorandum and Articles of Association and will seek Shareholders' approval at the 2014 AGM. The new Articles of Association align with the new provisions/requirements under the new Companies Ordinance, details of which and other business to be conducted at the 2014 AGM will be set out in the circular to Shareholders to be sent together with this Annual Report and posted on the HKEx website. Shareholders are encouraged to attend the 2014 AGM so that we can hear your views and address any concerns you may have.

Acknowledgments

I would like to take this opportunity to thank my fellow Board and Committee members for their support and contributions throughout the year. On behalf of the Board, I would like to extend thanks to all the Shareholders for their steadfast confidence in HKEx, to the investing public for their interest in our products and services and to our stakeholders, including our regulators and market participants, for their support to our initiatives. I would also like to express our appreciation to all the employees for their hard work, commitment and achievements that provide the foundation for the Group's success and future development.

Outlook

Despite signs of improving economic data, downside risks remain considerable as recovery of the US economy lays the premise of tapering the quantitative easing measures. The tapering call might result in capital outflows from emerging economies and undue volatility in the global financial markets. At HKEx, we will gear up quickly for any challenges that emerge, and stay vigilant as we pursue the initiatives laid down in our Strategic Plan 2013-2015. We aim to position our exchanges at the forefront of global exchanges, and we are confident of our achievements.

CHOW Chung Kong
Chairman

Hong Kong, 26 February 2014