HKEX INVESTOR PRESENTATION
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Where this document refers to Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect (together, the “Stock Connect” programs), please note that currently, access to northbound trading is only available to intermediaries licensed or regulated in Hong Kong; southbound trading is only available to intermediaries licensed or regulated in Mainland China. Direct access to the Stock Connect is not available outside Hong Kong and Mainland China.

Where this document refers to Bond Connect, please note that currently, access to northbound trading is only available to foreign investors that are able to trade onshore bonds on the China Foreign Exchange Trade System & National Interbank Funding Centre.

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Agenda

1. HKEX Group Financial and Market Update
2. HKEX Strategic Plan 2016-18
3. China Connectivity Update
4. Appendix
   Financial supplement
YTD 2018 – Key Highlights

Record high nine-month revenue of $12.3bn (+27% YoY) and PAT of $7.5bn (+35% YoY)

Strong growth in trading volumes: Cash Market headline ADT +35% YoY, Futures and Options ADV +47% YoY, LME chargeable ADV +6% YoY through 31 Oct 2018

HKEX Global #1 in IPO funds raised YTD 2018. Six listings of WVR and pre-revenue Biotech companies since July under the new regime

Stock Connect continued to gather momentum after inclusion of A shares in MSCI-Emerging Market Index in May and Aug. Launched Northbound Investor ID in Sep to facilitate market surveillance

Foreign holdings in China’s interbank bond market doubled to RMB1.7tri as of Sep since the launch of Bond Connect

Officially launched QME spot trading platform in Oct as foundation for a commodities business in China

Maintained prudent cost management while investing in strengthening platform and infrastructure capabilities. Innovation Lab was established to explore the increased use of emerging technologies
Volumes Increased Across All Asset Classes

Securities ADT (HK$ billion)

Derivatives ADV (‘000 contracts)

Total Funds Raised (HK$ billion)

Commodities ADV (‘000 lots)

Source: HKEX & LME data

(1) 2018 YTD as of 31 Oct 2018
(2) Excluding Admin Trades, Commodities ADV YTD 2018 is 640,922 lots.
HKEX is Globally #1 in IPO Funds Raised YTD 2018

IPO Funds Raised

- Main Board (HK$ bn)
- GEM (HK$ bn)
- # of Main Board IPOs
- # of GEM IPOs

Global Ranking in 2018(1)

- IPO Funds Raised (US$ bn)
- # of IPOs

Source: HKEX, Dealogic data as of 31 Oct 2018
(1) 2018 YTD as of 31 Oct 2018
(2) 2017 YTD as of 31 Oct 2017
## Highlights – YTD Q3 2018 Results

### Prior year comparison

<table>
<thead>
<tr>
<th>Revenue and Other Income ($ million)</th>
<th>Operating Expenses (1)</th>
<th>EBITDA</th>
<th>Profit Attributable to HKEX Shareholders ($)</th>
<th>Basic Earnings Per Share ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>YTD Q3 2017</td>
<td>YTD Q3 2018</td>
<td></td>
<td>YTD Q3 2017</td>
<td>YTD Q3 2018</td>
</tr>
<tr>
<td>9,657</td>
<td>12,296</td>
<td>2,598</td>
<td>7,059</td>
<td>4.51</td>
</tr>
<tr>
<td>+ 27%</td>
<td>+ 13%</td>
<td></td>
<td>+ 32%</td>
<td>+ 35%</td>
</tr>
<tr>
<td>$82.0bn</td>
<td>+40%</td>
<td>$114.7bn</td>
<td></td>
<td>6.03</td>
</tr>
</tbody>
</table>

### Notes
- **Trading and clearing fees** from ADT & record derivatives ADV.
- **Listing fees, Net investment income and Depository fees**
- **Staff, IT and Premises expenses**
- **Group EBITDA margin** +3%
- **PAT % more than EBITDA due to lower % in D&A**
- **% increase lower than PAT due to shares issued for scrip dividends**

(1) Excludes depreciation and amortisation, finance costs, and share of profits less losses of joint ventures.
Revenue Movement by Segment

($ million)

<table>
<thead>
<tr>
<th>Segment</th>
<th>YTD Q3 2017</th>
<th>Change year-on-year</th>
<th>YTD Q3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Equity</td>
<td>9,657</td>
<td></td>
<td>12,296</td>
</tr>
<tr>
<td>Equity and Financial Derivatives</td>
<td>630</td>
<td>+26%</td>
<td></td>
</tr>
<tr>
<td>Commodity</td>
<td>1,051</td>
<td>+68%</td>
<td></td>
</tr>
<tr>
<td>Clearing</td>
<td>1,163</td>
<td>-2%</td>
<td></td>
</tr>
<tr>
<td>Platform and Infrastructure</td>
<td>83</td>
<td>+33%</td>
<td></td>
</tr>
<tr>
<td>Corporate Items</td>
<td>(269)</td>
<td>+20%</td>
<td></td>
</tr>
</tbody>
</table>

Increase came from cash and derivatives trading & clearing fees and listing fees

(1) Headline ADT up 40% (YTD Q3 2018: $114.7bn; YTD Q3 2017: $82.0bn); ADT of cash equity up 37% (YTD Q3 2018: $91.2bn; YTD Q3 2017: $66.5bn); ADT of DWs, CBBCs and warrants included under equity and financial derivatives up 52% (YTD Q3 2018: $23.5bn; YTD Q3 2017: $15.5bn)
### Performance by Operating Segment

**EBITDA**

<table>
<thead>
<tr>
<th>Cash Equity</th>
<th>Equity &amp; Financial Derivatives</th>
<th>Commodities</th>
<th>Clearing</th>
<th>Platform &amp; Infrastructure</th>
<th>Group Total (incl. Corp. Items)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>($ million)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>+ 32%</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% EBITDA Margin</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Share of Group EBITDA (before Corporate Items)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>82%</td>
<td>86%</td>
<td>78%</td>
<td>84%</td>
<td>59%</td>
<td>52%</td>
</tr>
<tr>
<td>1,975</td>
<td>2,609</td>
<td>1,196</td>
<td>2,171</td>
<td>652</td>
<td>559</td>
</tr>
<tr>
<td>28%</td>
<td>26%</td>
<td>17%</td>
<td>22%</td>
<td>9%</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Trading fees & tariff** from ADT of equity products

**Listing fees** due to listed cos and IPOs

**Opex** due to closure of trading hall

**Trading fees** due to ADT of DWs, CBBCs & warrants, and record derivatives ADV

**Listing fees** due to record newly listed DWs and CBBC

**Opex** due to allocated costs of Listing Division

**Trading fees** from fee discounts

**Clearing fees** from HK ADT and SI

**Net investment income** on Margin Fund size and return

**Opex** due to staff costs

**Network fees** due to sales of throttles driven by MSCI inclusion, new EPs and China Connect EPs migrating to new China Connect Central Gateway

**Overall EBITDA margin** **3%**
Record high revenue was achieved in YTD Q3 2018 due to record derivatives ADV and second highest ADT.

(1) Excludes depreciation and amortisation, finance costs, and share of profits less losses of joint ventures
(2) Dotted trend lines are illustrative and do not constitute a forward forecast
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3. China Connectivity Update

4. Appendix
   Financial supplement
Recap of HKEX’s Strategic Vision

What is our long-term aspiration?

What have we achieved so far?

1. Expanded our asset class reach
2. Created mutual market access channels
3. Reformed our listing regime
Our Journey So Far

**Hong Kong**

- Offshore fundraising centre
- Segregated from Mainland market

- Capital gateway for IPO proceeds
- Limited direct access: QFII & QDII

- RMB trade settlement and payments
- Expansion of direct access: RQFII
- Offshore RMB benchmarks

**Mainland China**

- IPO Era 1993-2009
  - Fast Economic Growth
  - Privatisation of SOEs

- Domestic Growth Era 2001-2010
  - Domestic capital markets develop
  - Retail investors are the driving force
  - Derivatives turnover grows quickly

- Opening Up Era 2011-2014
  - RMB internationalisation
  - Progressive two-way capital opening
  - Expansion of Free Trade Zones

**Mutual Market Era 2014-**

- Shanghai-Hong Kong Stock Connect
- Shenzhen-Hong Kong Stock Connect
- Mutual Recognition of Funds (MRF)
- Bond Connect
**HKEX Achieved a Number of Strategic Milestones in 2017/2018**

<table>
<thead>
<tr>
<th>Equity</th>
<th>FIC</th>
<th>Commodities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Listing regime revamp</strong></td>
<td><strong>Bond Connect</strong></td>
<td><strong>LME commercialisation</strong></td>
</tr>
<tr>
<td>- GEM reform (effective 15 Feb 2018)</td>
<td>- A key catalyst for FIC derivatives</td>
<td>- Further business optimisation</td>
</tr>
<tr>
<td>- Three New Listing Chapters (6 listings completed since Jul 2018)</td>
<td>- Regulatory support from PBOC</td>
<td>- Implementing Strategic Pathway, including fee adjustments</td>
</tr>
<tr>
<td></td>
<td>- Fully Implemented RDVP</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Launched block trade allocations</td>
<td></td>
</tr>
<tr>
<td><strong>Stock Connect Programmes</strong></td>
<td><strong>New products</strong></td>
<td><strong>Precious metals</strong></td>
</tr>
<tr>
<td>- MSCI Inclusion in May &amp; Aug 2018</td>
<td>- CNH options</td>
<td>- London gold</td>
</tr>
<tr>
<td>- Northbound Investor ID in Sep 2018</td>
<td></td>
<td>- Hong Kong gold</td>
</tr>
<tr>
<td>- FTSE Inclusion proposal announced in Sep 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Products and platform</strong></td>
<td><strong>OTC capabilities</strong></td>
<td><strong>QME spot market</strong></td>
</tr>
<tr>
<td>- HK Leveraged &amp; Inverse Products</td>
<td>- Client clearing</td>
<td>- Officially launched in Oct 2018 offering</td>
</tr>
<tr>
<td>- Enhanced stock options position limit regime</td>
<td>- Additional products and new clearing members</td>
<td>spot trading and settlement services</td>
</tr>
<tr>
<td>- Expand stock index futures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Microstructure enhancements</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Other Key Initiatives - Work In Progress

**EQUITY**
- **Product initiatives** - Extension of HSI and HSCEI product suite;
  - Trading enhancements to existing futures and options
- **Listing regime** - Continue to engage stakeholders with launching consultation on Corporate WVR beneficiaries
- **After-hours derivatives trading** - Include equity index option contracts

**FIC**
- **Enhance Bond Connect** - Broaden access platform choice and explore Southbound model
- **Launch RMB interest rate derivatives product suite** - Meet growing risk management needs

**COMMODITIES**
- **Optimise LME** - Upgrade systems
  - Continue with progression of Strategic Pathway including the introduction of Implied Pricing and new products
- **QME spot market** - Continue to explore in order to provide high quality services in the Mainland spot commodities market

**PLATFORM / TECHNOLOGY**
- **Upgrade derivatives trading and clearing systems** - Genium Upgrade planned for Q2 2019
- **Next Gen Post-trade Platform underway** - Build data warehouse, risk engine and client portal
- **Implement new margining model** - Bring efficiency and savings to our market
- **Launch of Innovation Lab** - Advance deployment of Fintech at HKEX
### Three New Chapters to Attract Emerging & Innovative Companies

**Changes to Main Board Rules implemented on 30 April 2018:**

<table>
<thead>
<tr>
<th>1. <strong>BIOTECH Chapter</strong></th>
<th>2. <strong>WVR Chapter</strong></th>
<th>3. <strong>SECONDARY LISTING Chapter</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attract R&amp;D focused Biotech companies</strong></td>
<td><strong>Attract innovative and high growth companies</strong></td>
<td><strong>Attract innovative and high growth companies</strong></td>
</tr>
<tr>
<td>- At least one Core Product beyond concept stage (e.g. completed FDA Phase I)</td>
<td>- Must be an innovative company with high growth</td>
<td>- Allow Greater China companies to secondary list in Hong Kong</td>
</tr>
<tr>
<td>- Market cap ≥ HK$1.5bn</td>
<td>- WVR shares for individuals only - must be directors and been responsible for growth of business</td>
<td>- Market cap ≥ HK$10bn and ≥ HK$1bn of revenue(2)</td>
</tr>
<tr>
<td>- Primarily engaged in R&amp;D to develop Core Product(s)</td>
<td>- Meaningful third party investment from sophisticated investors</td>
<td>- Primary listed on NYSE / NASDAQ / LSE(3) for at least 2FYs with good compliance</td>
</tr>
<tr>
<td>- Meaningful third party investment from sophisticated investors</td>
<td>- Need to meet additional disclosure requirements and safeguards</td>
<td></td>
</tr>
</tbody>
</table>

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6 New Listings(4): Xiaomi ($43bn), Meituan Dianping ($33bn), Ascletis ($3bn), BeiGene ($7bn), Hua Medicine ($0.9bn) and Innovent ($3bn). Another 9 IPO applications received under new listing reform as of 31 Oct 2018

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(1) Revenue requirement applies if market cap is less than HK$40bn
(2) Revenue requirement applies if market cap is less than HK$40bn and the issuer has WVR or has a “centre of gravity” in the Greater China region
(3) Main Market of the LSE (and belonging to the UK FCA’s “Premium Listing” segment)
(4) IPO funds raised (HK$)
LME Strategic Pathway: Overview

Strategic principles

- Serve the physical market
- Ensure fairness
- Increase user choice
- Maximise trading efficiency

What have we done?

- Carry fee discount
- OTC financial fee

What are we doing over time?

- **Ecosystem**
  - Investigate market structure tools to ensure all participants add liquidity and enhance execution quality

- **Trading and booking structure**
  - Deliver convergence between the on-exchange and OTC (dealer-to-client) spaces by providing a range of client execution and clearing opportunities

- **Clearing structure**
  - Enhance efficiency of clearing by optimising margin methodology and providing best-in-class tools for the efficient mobilisation of assets

- **Delivery and physical structure**
  - Maintain ongoing review to optimise the physical market structure and ensure it represents best practice

- **Membership**
  - Protect the value of LME membership and B shares, but lower barriers to entry by providing fair access to all

- **Volumes, competition, fees and growth**
  - Maximise trading volumes by delivering a fair fee schedule and new products and services
LME Strategic Pathway: Recent Highlights

Volumes
Fairer fees:
• Reduced carry fees accompanied by growth in carry activities and full-fee volume
• Reduced carry fees confirmed permanent

New Fee
OTC booking fee:
• Introduced the financial OTC booking fee effective June 2018

Growth
New products on schedule
• Add to and enhance: LMEprecious; ferrous metals; battery metals for electric vehicles in 2019
  Launched implied pricing

Implementation of fair fee schedule and new products and services accompanied by increased trading volumes
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HKEX Mainland Strategy with Evolution of Cross-Border Integration

- **Relationship Building**
  - Broadening and deepening China Inc. relationships

- **Continued Harmonisation**
  - Trading hours
  - Listing of Mainland companies

- **RMB Readiness**
  - Infrastructure
  - Products
  - TSF

- **CESC JV**
  - Index development with SSE and SZSE

- **LME Acquisition**
  - Created leverage in commodities

- **China Connectivity**
  - Mutual market access across asset classes
  - Shanghai-Hong Kong Stock Connect
  - Shenzhen-Hong Kong Stock Connect
  - Bond Connect

- **Individual Flows**
  - Shanghai-HK Stock Connect
  - Shenzhen-HK Stock Connect
  - Mutual Recognition of Funds
  - Bond Connect

- **Issuers A+H Shares**

- **Institutional Quotas QFII / QDII**

- **Access Products ETFs / RQFII**

- **RMB Internationalisation**

- China’s rollout of Mutual Market Access remains on track
The Penetration Level of Equity Market through Stock Connect

**% of domestic market included in Stock Connect**

**MUTUAL MARKET**

<table>
<thead>
<tr>
<th></th>
<th>SSE</th>
<th>SZSE</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>By Market Cap</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>84%</td>
<td>76%</td>
<td></td>
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</tr>
<tr>
<td><strong>By Turnover</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>73%</td>
<td>67%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>By Number</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>40%</td>
<td>41%</td>
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</tr>
</tbody>
</table>

**Stock Connect Coverage** (% of all Mainland & HK listed companies)

- **83%** of total market cap
- **74%** of total turnover
- **33%** of total number of companies

Stock Connect covers the majority of the market by market cap and turnover

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Data as of 30 Sep 2018
Source: SSE, SZSE, HKEX
Strong Northbound ADT Driven by Index Inclusion of A-shares

China A-shares Inclusion

MSCI

2018(2)

0.7%

IF=5%(3)

Nil

2020

3.4%

IF=20%(3)

5.5%

IF=25%(3)

Northbound ADT & Portfolio Value

RMB(bn)

2018

2020

Further inclusion – some depending factors

- Trading suspensions
- Access to hedging and derivatives vehicles
- Access to CNY
- Trading Holidays
- Access to IPOs and ETFs

- Increase in the aggregate QFII and RQFII quota levels
- Increase in the breadth of Stock Connect coverage
- Availability of DVP via QFII and RQFII
- Availability of CNH

Source: HKEX, MSCI and FTSE Russell
(1) MSCI A shares rebalancing on 31 May 2018 and 31 Aug 2018 respectively
(2) As of 31 Oct 2018
(3) IF = Inclusion Factor
Market Activity in Mainland and Hong Kong Markets

**2017**
- A strong economic upswing across the world boosted investment sentiment in capital markets.
- HKEX cash market ADT achieved 32% YoY growth to HK$88bn vs mainland exchanges recorded 11% YoY decline to RMB461bn.

**2018**
- Bouts of volatility in YTD Q3 due to geopolitical risk and escalating US/China tensions.
- Despite weakening sentiment, cash market ADT reached second highest YTD Q3 thanks to new listing reform and Stock Connect.
- Continue to enhance product portfolio by capitalizing on A shares inclusion in MSCI indices.

Source: HKEX, SSE, SZSE & Bloomberg as of 30 Sep 2018.
Stock Connect – Trading Trends

Stock Connect contributed $521m in income in YTD Q3 2018, 88% higher than YTD Q3 2017

- Northbound turnover exceeded Southbound most of the time in 2018 due to MSCI A-shares inclusion
- Southbound turnover picked up after the announcement of Shenzhen-Hong Kong Stock Connect (2) and the approval of onshore insurance funds to trade through Shanghai-Hong Kong Stock Connect (3)

Further index inclusions are expected to stimulate Northbound turnover and underpin the success of the Stock Connect programme

Source: HKEX data as of 31 Oct 2018

(1) Northbound (NB) trading is conducted in RMB; The NB figures in the chart are converted to HKD based on the month-end exchange rate
(2) CSRC and SFC jointly announced the approval of Shenzhen-Hong Kong Stock Connect on 16 Aug 2016
(3) China Insurance Regulatory Commission (CIRC) published the notice on 8 Sep 2016
Tapping into China’s Vast Bond Market

**China’s Bond Market**

- USD37tn
- USD7tn
- USD12tn

**Bank Assets**
- 59% SSE
- 41% SZSE

**Equities**
- 59% SSE
- 41% SZSE

**Bonds**
- 90% Interbank
- 10% Exchange

**International Investors**

**Key Policy Drivers**
- Risk migration from banking sector to bond market
- Greater credit differentiation amid ongoing market reforms
- Funding needs for economic transition and infrastructure projects – e.g. Belt & Road; Panda bonds
- Enhanced bond issuance and disclosure standards

**Growing International Demand**
- Yield differential against developed markets
- Inclusion in emerging market bond indices
- Geographical and asset class diversification
- Growing convertibility of RMB / SDR inclusion
- More efficient access – Bond Connect

Sources: WIND, CBRC (Aug 2018), IMF, SIFMA
Bond Connect Has Significantly Grown Foreign Participation in China’s Bond Market

Bond Connect YTD Sep 2018 ADT: RMB 3.7bn

Foreign participation in the CIBM increased by 100% over the 15 months since launch of Bond Connect

Foreign Bond Holdings, RMB trillions

- CCDC
- SCH

RMB1.7tn

International Bond Market Comparison

Foreign Ownership %

<table>
<thead>
<tr>
<th>Country</th>
<th>Foreign Ownership %</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE</td>
<td>68%</td>
</tr>
<tr>
<td>FR</td>
<td>64%</td>
</tr>
<tr>
<td>AU</td>
<td>46%</td>
</tr>
<tr>
<td>UK</td>
<td>41%</td>
</tr>
<tr>
<td>IT</td>
<td>39%</td>
</tr>
<tr>
<td>CA</td>
<td>38%</td>
</tr>
<tr>
<td>US</td>
<td>29%</td>
</tr>
<tr>
<td>RU</td>
<td>13%</td>
</tr>
<tr>
<td>JP</td>
<td>8%</td>
</tr>
<tr>
<td>China</td>
<td>~2%</td>
</tr>
</tbody>
</table>

Average: 38.5%

Achievable target: 15%

Sources: ChinaBond + SCH, Bloomberg, BIS
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## Financial Highlights – Income Statement

<table>
<thead>
<tr>
<th>($ million, unless stated otherwise)</th>
<th>YTD Q3 2018</th>
<th>% of Revenue &amp; Other Income</th>
<th>YTD Q3 2017</th>
<th>% of Revenue &amp; Other Income</th>
<th>Y-o-Y Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Results</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue and other income</td>
<td>12,296</td>
<td>100%</td>
<td>9,657</td>
<td>100%</td>
<td>27%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(2,943)</td>
<td>(24%)</td>
<td>(2,598)</td>
<td>(27%)</td>
<td>13%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>9,353</td>
<td>76%</td>
<td>7,059</td>
<td>73%</td>
<td>32%</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(576)</td>
<td>(5%)</td>
<td>(547)</td>
<td>(6%)</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>8,777</td>
<td>71%</td>
<td>6,512</td>
<td>67%</td>
<td>35%</td>
</tr>
<tr>
<td>Finance costs and share of profits less losses of joint ventures</td>
<td>(83)</td>
<td>(0%)</td>
<td>(101)</td>
<td>(1%)</td>
<td>-18%</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>8,694</td>
<td>71%</td>
<td>6,411</td>
<td>66%</td>
<td>36%</td>
</tr>
<tr>
<td>Taxation</td>
<td>(1,231)</td>
<td>(10%)</td>
<td>(910)</td>
<td>(9%)</td>
<td>35%</td>
</tr>
<tr>
<td>Loss attributable to non-controlling interests</td>
<td>21</td>
<td>0%</td>
<td>25</td>
<td>0%</td>
<td>-16%</td>
</tr>
<tr>
<td><strong>Profit attributable to HKEX shareholders</strong></td>
<td>7,484</td>
<td>61%</td>
<td>5,526</td>
<td>57%</td>
<td>35%</td>
</tr>
<tr>
<td>Basic earnings per share (HK$)</td>
<td>$6.03</td>
<td></td>
<td>$4.51</td>
<td></td>
<td>34%</td>
</tr>
<tr>
<td>Average daily turnover on the Stock Exchange</td>
<td>$114.7 bn</td>
<td></td>
<td>$82.0 bn</td>
<td></td>
<td>40%</td>
</tr>
<tr>
<td>Capex</td>
<td>$551 m</td>
<td></td>
<td>$479 m</td>
<td></td>
<td>15%</td>
</tr>
</tbody>
</table>
## Performance by Operating Segment – YTD Q3 2018

<table>
<thead>
<tr>
<th>$ million</th>
<th>Cash Equity</th>
<th>Equity &amp; Financial Derivatives</th>
<th>Commodities</th>
<th>Clearing</th>
<th>Platform and Infrastructure</th>
<th>Corporate Items</th>
<th>Group YTD Q3 2018</th>
<th>Group YTD Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and other income</td>
<td>3,033</td>
<td>2,591</td>
<td>1,077</td>
<td>4,741</td>
<td>507</td>
<td>347</td>
<td>12,296</td>
<td>9,657</td>
</tr>
<tr>
<td>% of Group Total</td>
<td>25%</td>
<td>21%</td>
<td>9%</td>
<td>39%</td>
<td>4%</td>
<td>2%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(424)</td>
<td>(420)</td>
<td>(518)</td>
<td>(605)</td>
<td>(125)</td>
<td>(851)</td>
<td>(2,943)</td>
<td>(2,598)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>2,609</td>
<td>2,171</td>
<td>559</td>
<td>4,136</td>
<td>382</td>
<td>504</td>
<td>9,353</td>
<td>7,059</td>
</tr>
<tr>
<td>% of Group Total (1)</td>
<td>28%</td>
<td>23%</td>
<td>6%</td>
<td>44%</td>
<td>4%</td>
<td>(5%)</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>86%</td>
<td>84%</td>
<td>52%</td>
<td>87%</td>
<td>75%</td>
<td>N/A</td>
<td>76%</td>
<td>73%</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>[576]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance costs</td>
<td>(86)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of profits less losses of joint ventures</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>[8,694]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) % Share of Group EBITDA (including Corporate Items)
### Operating Expenses and Depreciation & Amortisation

<table>
<thead>
<tr>
<th></th>
<th>YTD Q3 2017</th>
<th>YTD Q3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staff costs and related expenses</strong></td>
<td>1,639</td>
<td>1,845</td>
</tr>
<tr>
<td><strong>IT &amp; computer maintenance exp</strong></td>
<td>315</td>
<td>378</td>
</tr>
<tr>
<td><strong>Premises expenses</strong></td>
<td>261</td>
<td>320</td>
</tr>
<tr>
<td><strong>Legal &amp; professional fees</strong></td>
<td>39</td>
<td>67</td>
</tr>
<tr>
<td><strong>Other operating expenses (1)</strong></td>
<td>344</td>
<td>333</td>
</tr>
<tr>
<td><strong>Depreciation and amortisation</strong></td>
<td>547</td>
<td>576</td>
</tr>
</tbody>
</table>

#### Percentage Changes
- **Staff costs and related expenses**: +13%
- **IT & computer maintenance exp**: +20%
- **Premises expenses**: +23%
- **Legal & professional fees**: +72% (+8% excluding one-off items)
- **Other operating expenses (1)**: -3%
- **Depreciation and amortisation**: +5%

### Notes
1. **Staff costs** due to headcount, bonus accrual and annual payroll adjustments
2. **IT & computer maintenance expenses** for new IT systems and network upgrades
3. **Rental expenses** due to new offices
4. **One-off insurance recovery** in 2017 relating to LME’s warehouse litigation
5. **Banking facility commitment fees** were reclassified to finance costs in 2018
6. **Due to roll-out of new IT systems**

(1) Includes product marketing and promotion expenses
Net Investment Income

YTD Q3 2018: $1,334m; YTD Q3 2017: $1,195m

**Net Investment Income by Funds ($ million)**

<table>
<thead>
<tr>
<th></th>
<th>Corporate Funds</th>
<th>Margin Funds</th>
<th>Clearing House Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H 2017:</td>
<td>428</td>
<td>173</td>
<td>11</td>
</tr>
<tr>
<td>1H 2018:</td>
<td>382</td>
<td>599</td>
<td>23</td>
</tr>
</tbody>
</table>

**Funds Size ($ billion)**

<table>
<thead>
<tr>
<th></th>
<th>30 June 2017</th>
<th>30 June 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Funds</td>
<td>157.9</td>
<td>201.5</td>
</tr>
<tr>
<td>Margin Funds(HK)</td>
<td>20.8</td>
<td>25.9</td>
</tr>
<tr>
<td>Margin Funds(LME)</td>
<td>64.9</td>
<td>94.1</td>
</tr>
<tr>
<td>Collective Investment Schemes</td>
<td>61.3</td>
<td>60.1</td>
</tr>
<tr>
<td>Clearing House Reserve Funds</td>
<td>10.9</td>
<td>21.5</td>
</tr>
</tbody>
</table>

**Net Investment Income by Category of Investments ($ million)**

<table>
<thead>
<tr>
<th></th>
<th>Cash &amp; Bank Deposits</th>
<th>Bonds</th>
<th>Collective Investment Schemes</th>
<th>FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H 2017:</td>
<td>443</td>
<td>19</td>
<td>327</td>
<td>32</td>
</tr>
<tr>
<td>1H 2018:</td>
<td>724</td>
<td>29</td>
<td>(10)</td>
<td></td>
</tr>
</tbody>
</table>

Net investment income for YTD Q3 2018 increased by 12% versus YTD Q3 2017 mainly due to:

1) increases in deposit rates and increased fund size

2) partly offset by lower fair value gains on collective investment schemes
Drivers of Trading and Clearing Revenue
Relationship between headline ADT and overall trading and clearing income is not linear

<table>
<thead>
<tr>
<th>Cash Equity</th>
<th>Equity &amp; Financial Derivatives</th>
<th>Commodities</th>
<th>Clearing</th>
</tr>
</thead>
<tbody>
<tr>
<td>($ million)</td>
<td>Cash Equity</td>
<td>Commodity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ 26% ADT</td>
<td>- 2%</td>
<td>+ 33% ADT</td>
</tr>
<tr>
<td></td>
<td>$66.5bn + 37%</td>
<td>LME chargeable ADV</td>
<td>$82.0bn +40%</td>
</tr>
<tr>
<td></td>
<td>$91.2bn</td>
<td>608k +6%</td>
<td>$114.7bn</td>
</tr>
<tr>
<td></td>
<td>HKFE ADV(1) 427k +55%</td>
<td></td>
<td>SI $211.1bn</td>
</tr>
<tr>
<td></td>
<td>Stock Options ADV 396k +35%</td>
<td>662k</td>
<td>+32% $279.4bn</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>LME chargeable ADV(2) 608k +6%</td>
</tr>
<tr>
<td></td>
<td>Stock Exchange listing fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other revenue and sundry income</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trading fees and trading tariff</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Market data fees</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YTD Q3 2017</th>
<th>YTD Q3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,403</td>
<td>3,033</td>
</tr>
<tr>
<td>66</td>
<td>56</td>
</tr>
<tr>
<td>353</td>
<td>603</td>
</tr>
<tr>
<td>1,371</td>
<td>1,914</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YTD Q3 2017</th>
<th>YTD Q3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,540</td>
<td>2,591</td>
</tr>
<tr>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>244</td>
<td>1,053</td>
</tr>
<tr>
<td>1,806</td>
<td>628</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YTD Q3 2017</th>
<th>YTD Q3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,096</td>
<td>1,077</td>
</tr>
<tr>
<td>104</td>
<td>112</td>
</tr>
<tr>
<td>136</td>
<td>145</td>
</tr>
<tr>
<td>856</td>
<td>820</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YTD Q3 2017</th>
<th>YTD Q3 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,578</td>
<td>4,741</td>
</tr>
<tr>
<td>586</td>
<td>813</td>
</tr>
<tr>
<td>715</td>
<td>309</td>
</tr>
<tr>
<td>1945</td>
<td>2,531</td>
</tr>
<tr>
<td>208</td>
<td>82</td>
</tr>
<tr>
<td>309</td>
<td>82</td>
</tr>
</tbody>
</table>

Trading fees due to ADT of DWs, CBBCs & warrants, derivatives ADV and proportion of higher fee products (3)

Trading fees due to fee discounts on short-dated and medium-dated carries, which outweighed the impact of ADV

Clearing fees due to HK ADT but partly offset by LMEC fee discounts

Net investment income due to Margin Funds and return

(1) Excludes London Metal Mini Futures, Gold Futures and Iron Ore Futures
(2) Total LME ADV: 749k (YTD Q3 2017: 619k)
(3) A higher proportion of HSI products were traded and various stock options moved to a higher fee tier in YTD Q3 2018
Trading and Clearing Revenue by Segment

Revenue diversification following acquisition of LME and growing Derivatives Market

- Acquisition of LME in Dec 2012
- LME Clear commenced operation since Sep 2014
- LME fee commercialization since Jan 2015
- Significant growth in commodities
- Improved sentiment in Cash Market
- Record revenue driven by strong growth in trading volumes across all asset classes

Revenue $3,854m
ADT $53.9bn
2012
2014/2015
2016
2017
2018

- $66.9bn
- $7,380m
- $7,547m
- $88.2bn
- $114.7bn

Cash (1)
Commodities
HKFE Futures & Options, and OTC contracts
Stock Options

18%
4%
1%
77%

27%
17%
2%
54%

22%
15%
2%
61%

19%
17%
2%
52%

(1) Includes all products traded on Cash Market platform (ie, equity products, DWs, CBBCs and warrants)
(2) Trading tariff of Stock Options allocated to the Clearing segment, and Clearing fees of Stock Options in YTD Q3 2018 were included in that of HKFE Futures & Options and OTC contracts.