

HKEX Investor Presentation

Investor Relations

Nov 2023

HKEX
香港交易所

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Where this presentation refers to Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect and/or the inclusion of ETFs into 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

- 01 | Key Performance and Growth Drivers**
- 02 | Group Financial Update**
- 03 | Key Strategic Imperatives**
- 04 | China Connectivity**
- 05 | Appendix**



01 | Key Performance and Growth Drivers



HKEX – leading vertically integrated exchange group

HKEX Group

- One of the world's top exchange groups by market capitalisation
- Hong Kong's only exchange group
- A premier global IPO market
- One-stop shop for trading, clearing and risk management across multiple asset classes
- Owner of LME – a world-leading metals market

Financials

	YTD Q3 2022	YTD Q3 2023
REVENUE:	HK\$13.3bn	HK\$15.7bn
EBITDA:	HK\$9.4bn	HK\$11.6bn
PAT:	HK\$7.1bn	HK\$9.3bn
EPS:	HK\$5.61	HK\$7.32

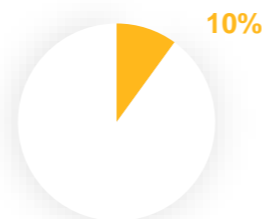
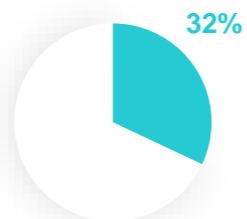
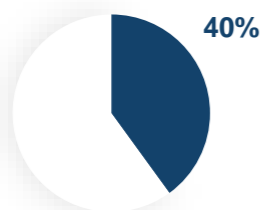
Primary & Secondary Markets

Cash

Equity & Financial Derivatives

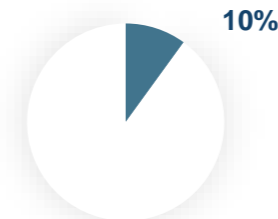
Commodities

YTD Q3 2023 Revenue Share⁽¹⁾



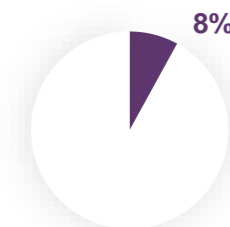
Market Access

Data and Connectivity



Corporate Items

Corporate Items



1. % may not add up due to rounding

YTD Q3 2023 key highlights

Financial Performance

YTD Q3 2023: HK\$15.7b
(+18%YoY)

Revenue and other income

YTD Q3 2023: HK\$9.3b
(+31%YoY)

Profit attributable to shareholders

Business and Strategy

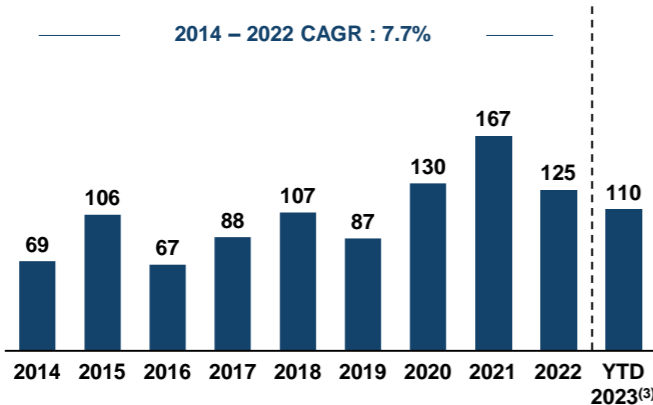
- **Good results:** YTD Q3 results demonstrated core business **resiliency**, despite global economic fragility and weak market sentiment
- **Second best ever nine-month revenue and other income and profit, after exceptional YTD Q3 2021**
- **Quarter of significant strategic progress:**
 - Announced the introduction of block trading under Stock Connect (Aug)
 - Announced FINI, the new IPO settlement platform, will launch in Nov (Sep)
 - Published consultation on GEM Listing Reform (Sep)
 - Opening of London office (Sep)
 - Launched HKEX Synapse, a smart contract-powered platform, accelerating settlement for Northbound Stock Connect (Oct)
- **Cash market softness continued** reflecting global market sentiment, ADT down 12%YoY
- **Diversification delivering results:**
 - **Derivatives** - record nine-month ADV of 1.4m contracts (up 9%YoY); open interest (30 Sep 2023) up 17%YoY
 - **Strong momentum in ETPs** - ADT up 28%YoY, **record nine-month high**
 - **Data and Connectivity** - revenue up 5%YoY
 - **LME** - ADV up 5%YoY; open interest (30 Sep 2023) up 14%YoY
- **IPO pipeline remained strong with 115 active applications (30 Sep 2023)**



Core business well-positioned for organic and structural growth

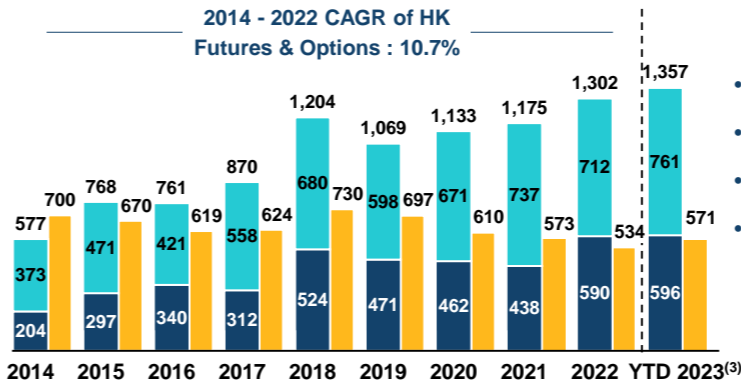
A | Broad Product Ecosystem Attracting Diverse Mainland and International Investor Base

Securities ADT
(HK\$ bn)



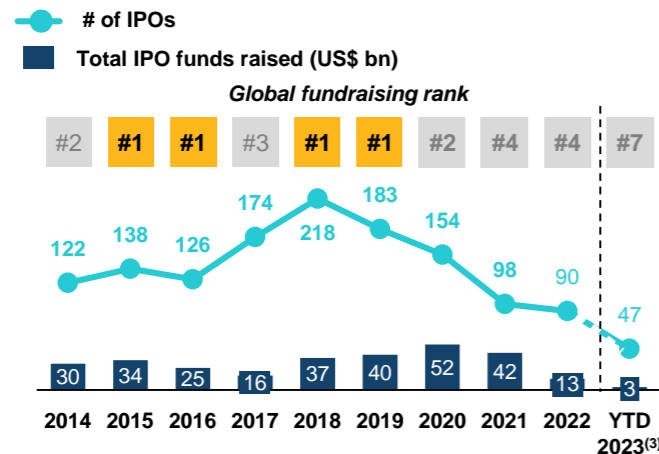
- Southbound Connect
- Jumbo IPOs
- Global Investors

Derivatives ADV
('000 contracts)



- Algo / Quant Investors
- New product launches
- After-hours Trading
- Derivatives holiday trading (non-HKD products)

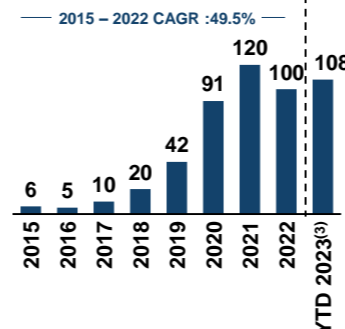
B | IPOs Driving ADT Growth



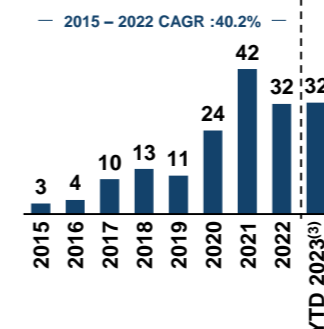
- New Economy Listing Reforms
 - Biotech
 - WVR
 - Secondary Listings
 - Specialist Tech
- Enhanced the listing regime for overseas issuers

C | Transformational Growth from China's Opening⁽¹⁾

Northbound ADT⁽²⁾
(RMB bn)



Southbound ADT⁽²⁾
(HK\$ bn)



- Continuing Portfolio Diversification
- A-share Inclusion in Global Benchmarks
- Continuous expansion in eligible products and investors

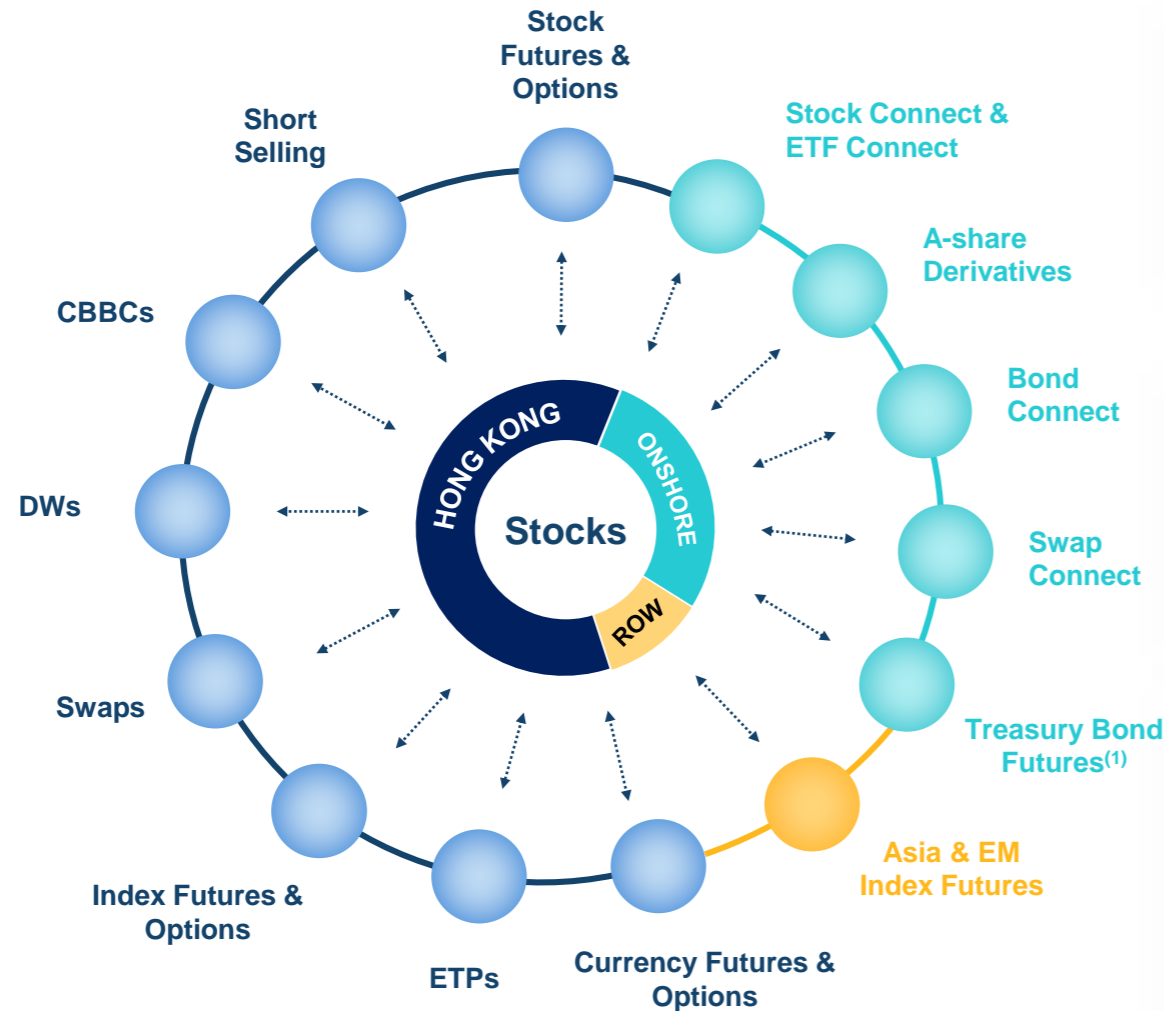
D | Focus on Revenue Growth and Cost Discipline

Source: HKEX, Dealogic

1. Shanghai-HK and Shenzhen-HK Stock Connect was launched in Nov 2014 and Dec 2016 respectively
2. Buy + Sell ADT
3. Data as at 30 Sep 2023



A | Diverse international investor base attracted to broad product ecosystem



Algo / Quant Participation in Cash Market

Relatively low
(circa. 10-20% of ADT)

Due to...

- Presence of stamp duty
- Minimal high frequency trading
- Single market structure

Algo / Quant Participation in Derivatives Market

Relatively high
(circa. 40-60% of ADV)

Driven by...

- No stamp duty
- Market maker participation
- Capital efficiency

Enhance the depth, vibrancy and diversity of our markets while being a trusted global capital raising venue of choice

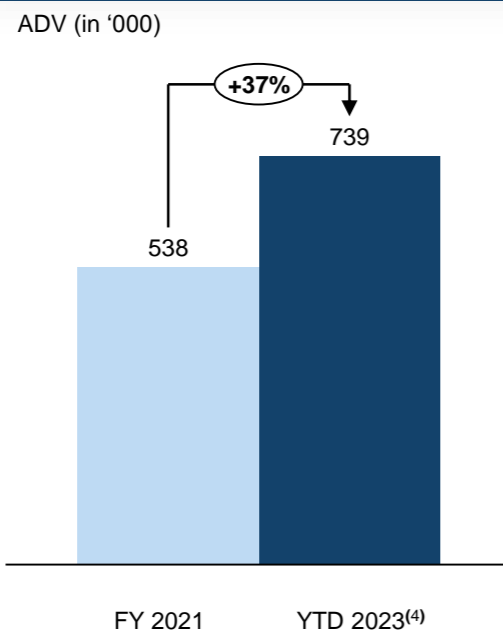
- **Improve our Primary Market's Attractiveness:** Competitiveness, market quality and regulatory efficiency
- **Enhance Market Structure:** Efficient trading, clearing and settlement, and risk management
- **Expand Product Ecosystem:** Across asset-classes and value-added services
- **Grow Client Ecosystem:** Issuers and investors from China and the World



1. To be launched

A | Diversification delivering results: Strong growth in major derivatives contracts

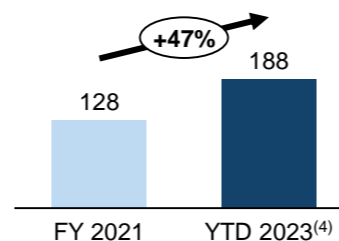
Strong growth in ADV of derivatives traded on HKFE



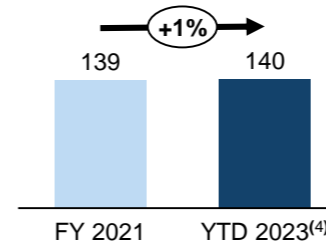
Mature products

ADV (in '000)

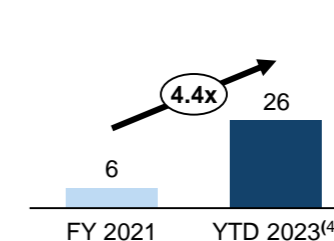
HSCEI Futures



HSI Futures



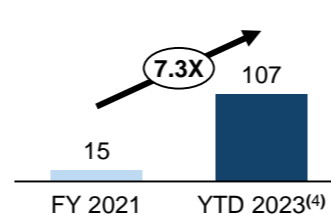
USD/CNH Futures



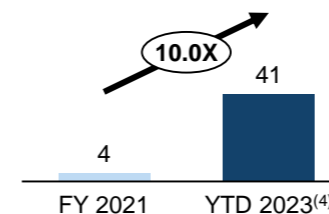
Selected newly launched products (from 2020-22)

ADV (in '000)

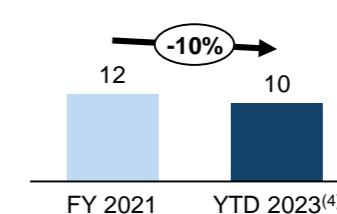
HS Tech Index Futures⁽¹⁾



HS Suite Options on Futures⁽²⁾



MSCI China A50 Index Futures⁽³⁾



Expanded offerings and increasing cross product trading support growth in derivatives

Source: HKEX

1. Launched in 2020
2. Includes HSI Futures Options (launched in 2021), HSCEI Futures Options (launched in 2021) and HS Tech Index Futures Options (launched in 2022)
3. Launched in 2021
4. Data as at 30 Sep 2023



A | HKEX's equity derivatives suite now provides full coverage of Asian underlying

Equity market
capitalization

HKEX derivatives
offerings

Hong Kong

~US\$4tn



HSI and HSCEI
product suite

Mainland China

~US\$11tn



MSCI China A 50 Connect
Index Futures

Asia (ex. China)

~US\$15tn



MSCI Asia and Emerging
Market product suite

Most competitive offshore A-share equity derivatives futures

- MSCI China A 50 Connect Index **covers 50 stocks from the largest stocks** in the China A large-cap universe
- **Sector-balanced index**, mirroring sector weights of MSCI China A index, the most representative index for global investors
- **Highly complementary to Stock Connect** for risk management needs, offering investors and risk managers an one-stop-shop solution to trade and manage their China exposures
- **Catalyst for further index inclusion** weightings



A | ETF inclusion in Stock Connect will further support growing investor demand in HK and Mainland

Increased product diversity and enhanced market structure has led to strong growth in HK ETP⁽²⁾ market

New products since 2022

Total ETPs as at Q3 2023: 175
(2017: 133)

Asia 1st crypto asset ETF

Metaverse-themed ETF

Carbon futures ETF



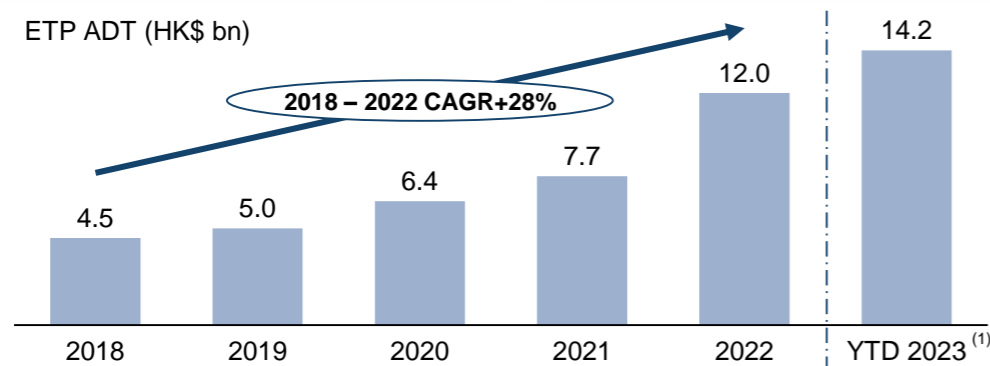
Recent market structure enhancements

New market making programme and spread table (Jun 2020)

New tiered structure for trading fee exemptions for market makers (May 2021)

Inclusion of ETFs in Stock Connect (Jul 2022)

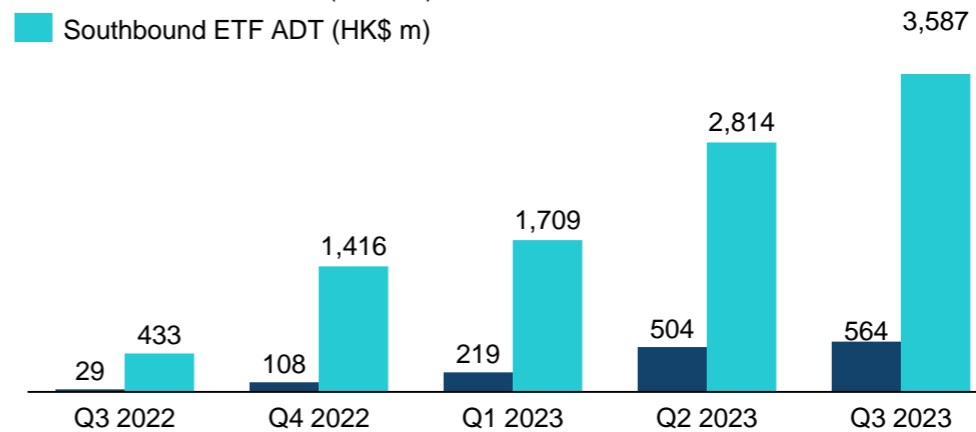
ETP ADT (HK\$ bn)



Strong ETF momentum in Stock Connect since launch

Northbound ETF ADT (RMB m)

Southbound ETF ADT (HK\$ m)



	Southbound	Northbound
No. of eligible ETF	6	131
Total no. of ETF in local market	150	848
Eligible ETF ADT as % of local market's ETF ADT	96%	34%

Expansion in eligible ETF will provide potential for growth in HK and Mainland's ETP markets



Source: HKEX, SSE, SZSE, ETFGI, Bloomberg

1. Data as at 30 Sep 2023 unless specified
2. ETP includes ETF and leverage and inverse products

B | IPO market supported by new economy issuers and secondary listings in recent years

Fundraising Summary (YTD 2023)

HK\$24.6bn

IPO Funds Raised
(#7 globally)⁽³⁾

-67% YoY

32

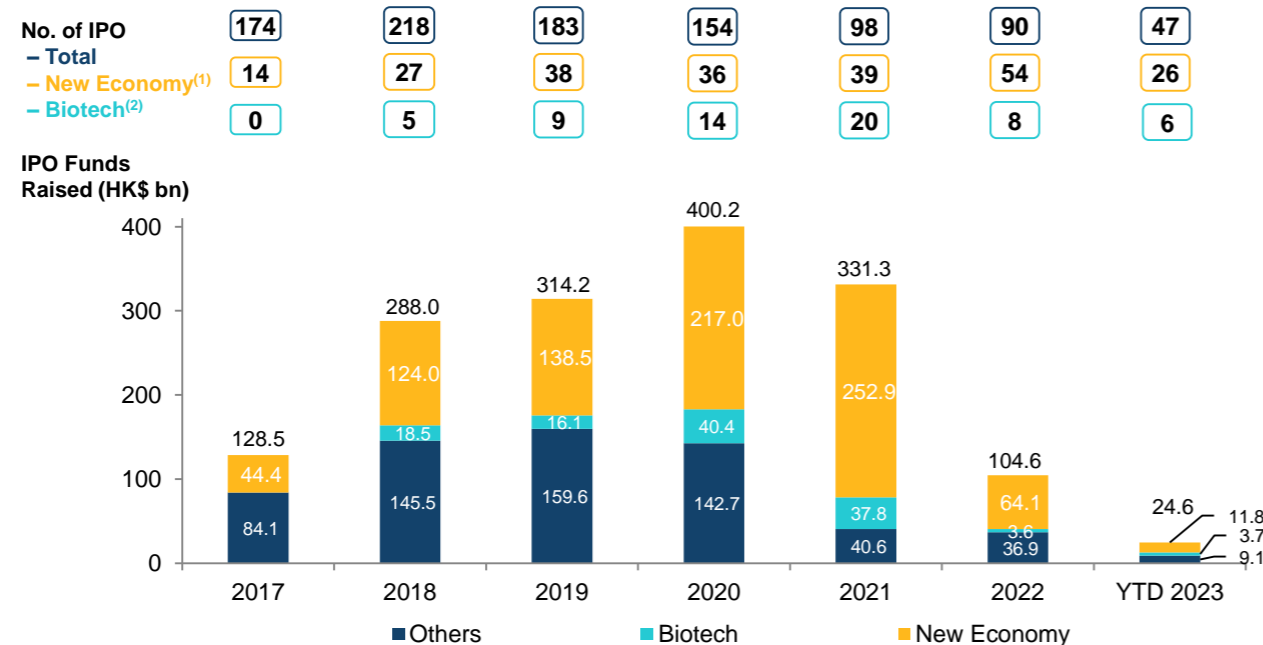
New Economy & Biotech
Companies Listed...

...raising

HK\$15.5bn

-63% YoY

IPO Funds Raised by Segments



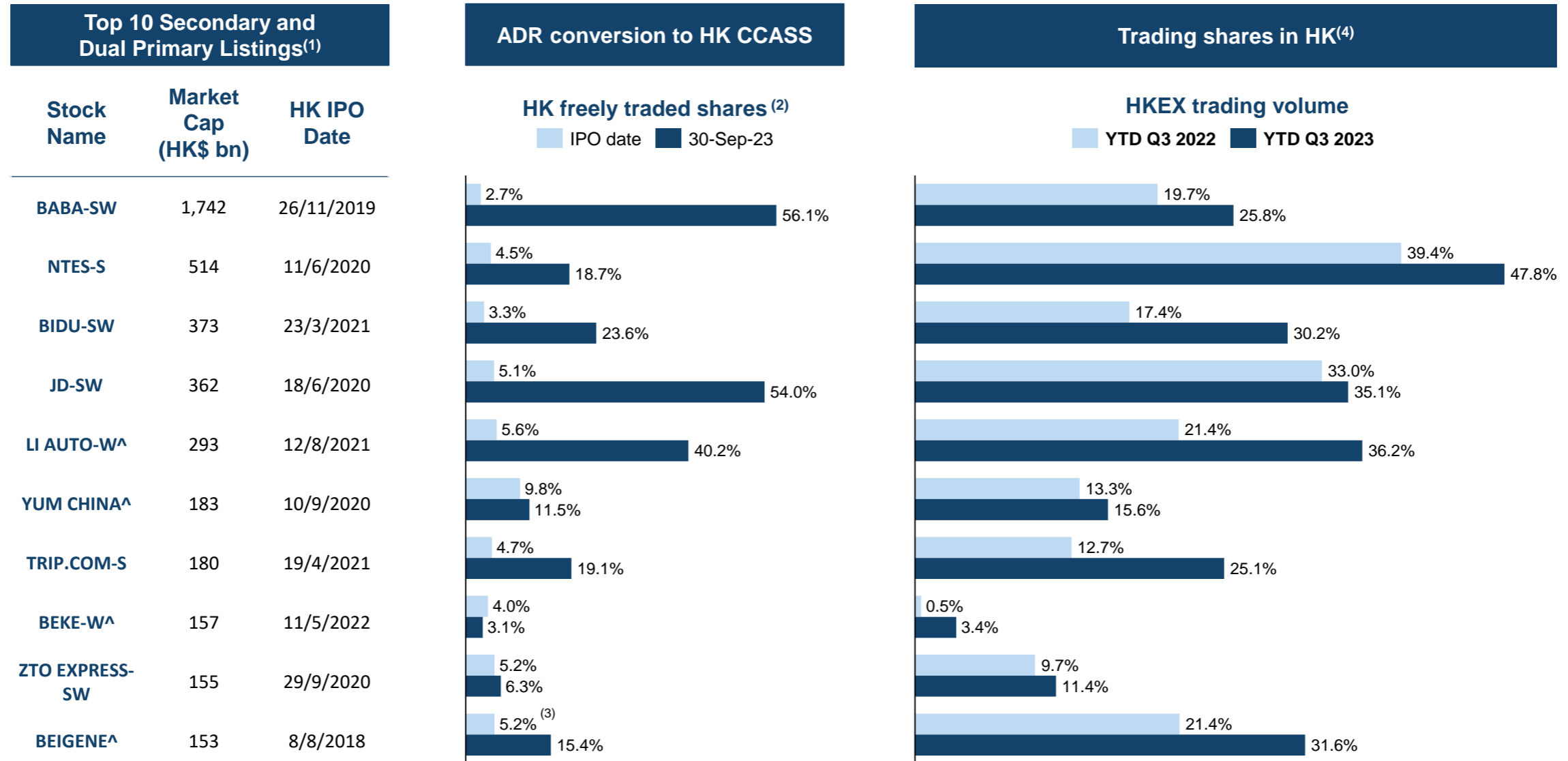
Source: HKEX as at 30 Sep 2023

1. Include Non-18A Biotech companies
2. Only include Chapter 18A Biotech companies
3. Ranking excludes SPAC listings

- **World's leading fund raising hub** for biotech companies
- **Recently Completed listing reforms**
 - Enhanced listing regime for overseas issuers, specialist tech companies and the introduction of a listing regime for SPACs
- **Ongoing enhancements**
 - Shortening of IPO settlement cycle, to be launched 22 Nov
 - Enhancing the book building and price discovery aspects of IPOs (cornerstone investors, pricing flexibility, claw back mechanism)



B | Continuous ADR conversion and trading migration from China concept homecoming



Source: HKEX, FactSet, as at 30 Sep 2023 ^Dual Primary Listing

1. Ranked by market cap

2. Based on total CCASS balance deducting the balance of main custodian bank as reference

3. HK freely traded shares of Beigene (6160.HK) on its IPO date is not available and the earliest data available is as at 14 Jan 2022

4. Trading shares in US via various exchanges which include Nasdaq, NYSE, NYSE Arca, FINRA ADF and others. (FINRA ADF is an equity trading facility created by a self-regulatory organization FINRA. The ADF provides members with a facility for the display of quotations, the reporting of trades, and the comparison of trades such as dark pool trading)

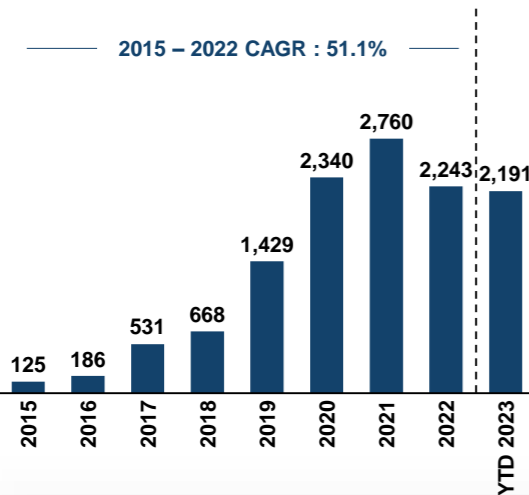


C | Transformational growth from China's opening

Stock Connect⁽¹⁾

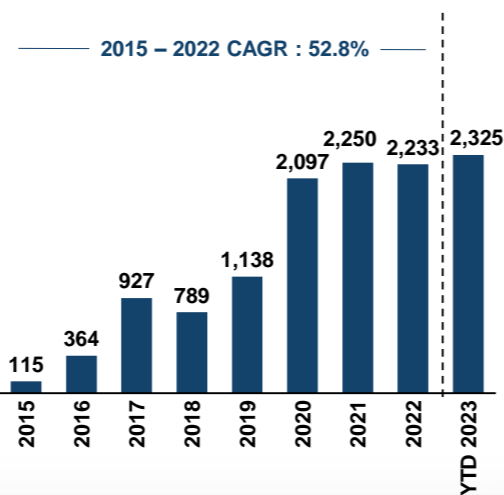
Northbound (RMB bn)

Portfolio Value



Southbound (HK\$ bn)

Portfolio Value



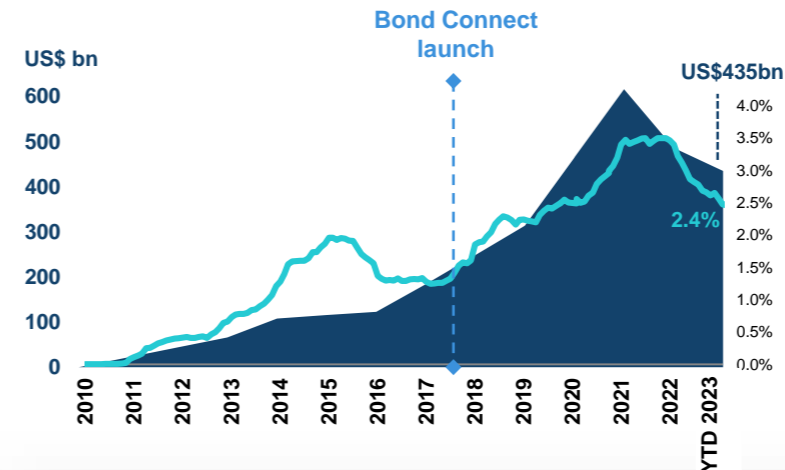
- Continuing portfolio diversification by Mainland and international investors
- Inclusion of A shares into major global benchmarks
- Inclusion of HK-listed foreign companies in Stock Connect
- Continuous expansion in eligible products and investors

Bond Connect

Total Foreign Participation in CIBM⁽²⁾

Foreign Holdings in Chinese Bonds (shaded area)

Foreign Ownership (%)



Investors
Onboarded

813

YTD ADT
2023

RMB 40.5bn

- Inclusion of Mainland bonds into global fixed income indices
- Easier access to the Mainland bond market via more trading platforms
- Increasing use of RMB globally and need to reinvest into RMB assets

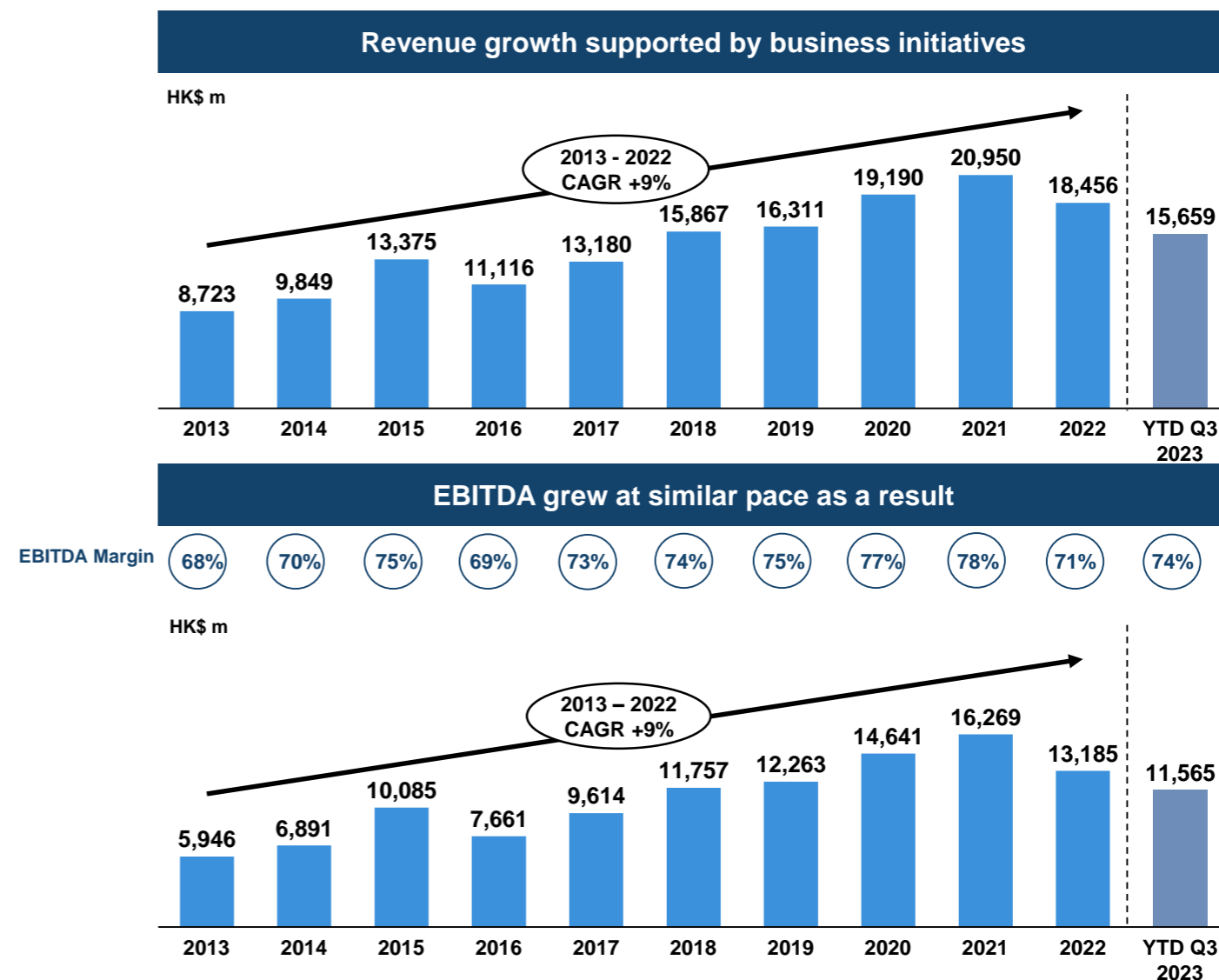
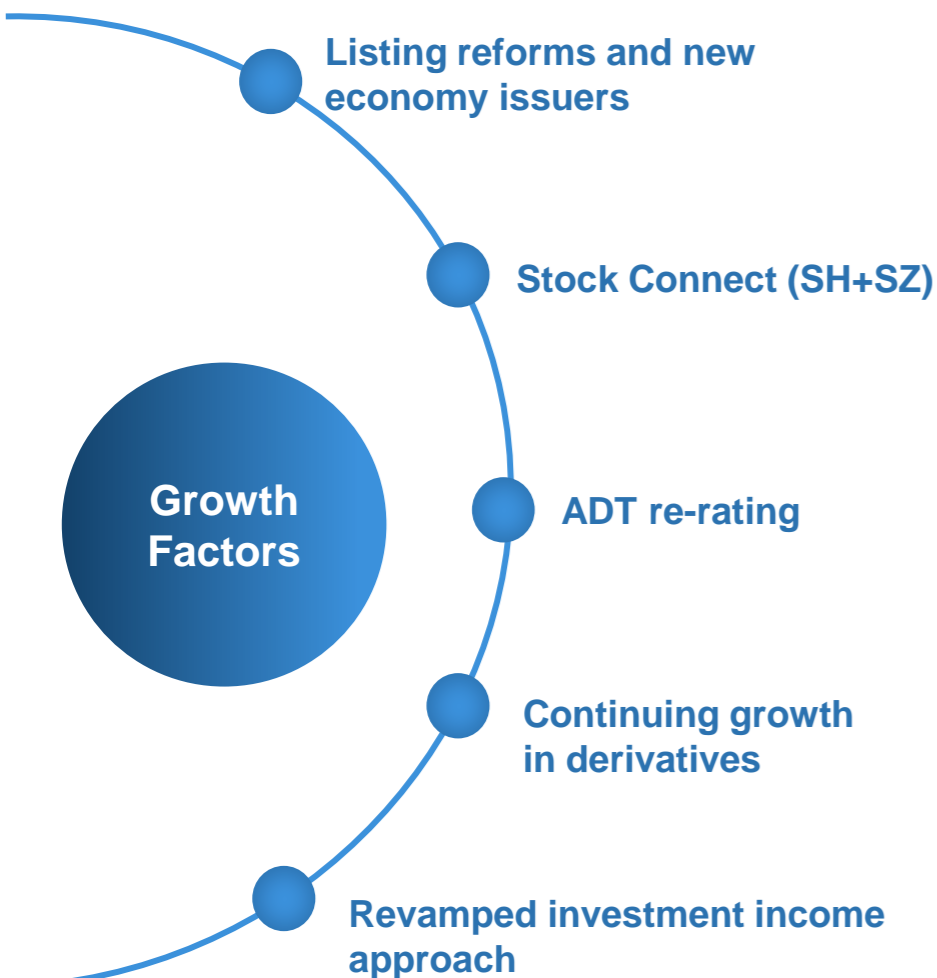
Benefiting from the increased capital flow into and out of Mainland China,
in particular inbound flows driven by international index inclusions



Source: HKEX, Bond Connect, ChinaBond, SCH as at 30 Sep 2023

1. Shanghai-HK and Shenzhen-HK Stock Connect was launched in Nov 2014 and Dec 2016 respectively
2. Foreign participation in CIBM was first allowed in 2010 when the PBOC rolled out a Pilot Scheme to allow foreign financial institutions to invest in CIBM

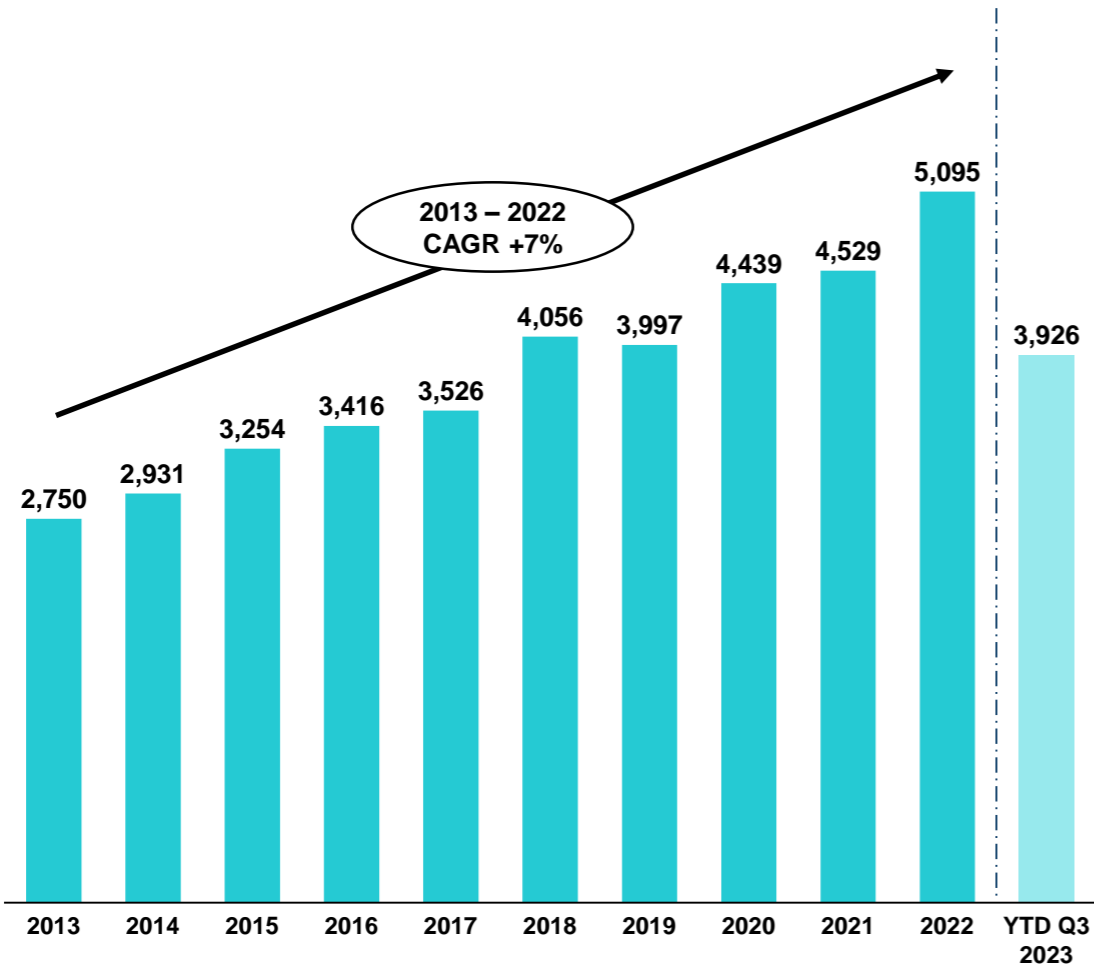
D | Focus on revenue growth and cost discipline (1/2)



D | Focus on revenue growth and cost discipline (2/2)

Prudent growth of operating expenses...

HK\$ m

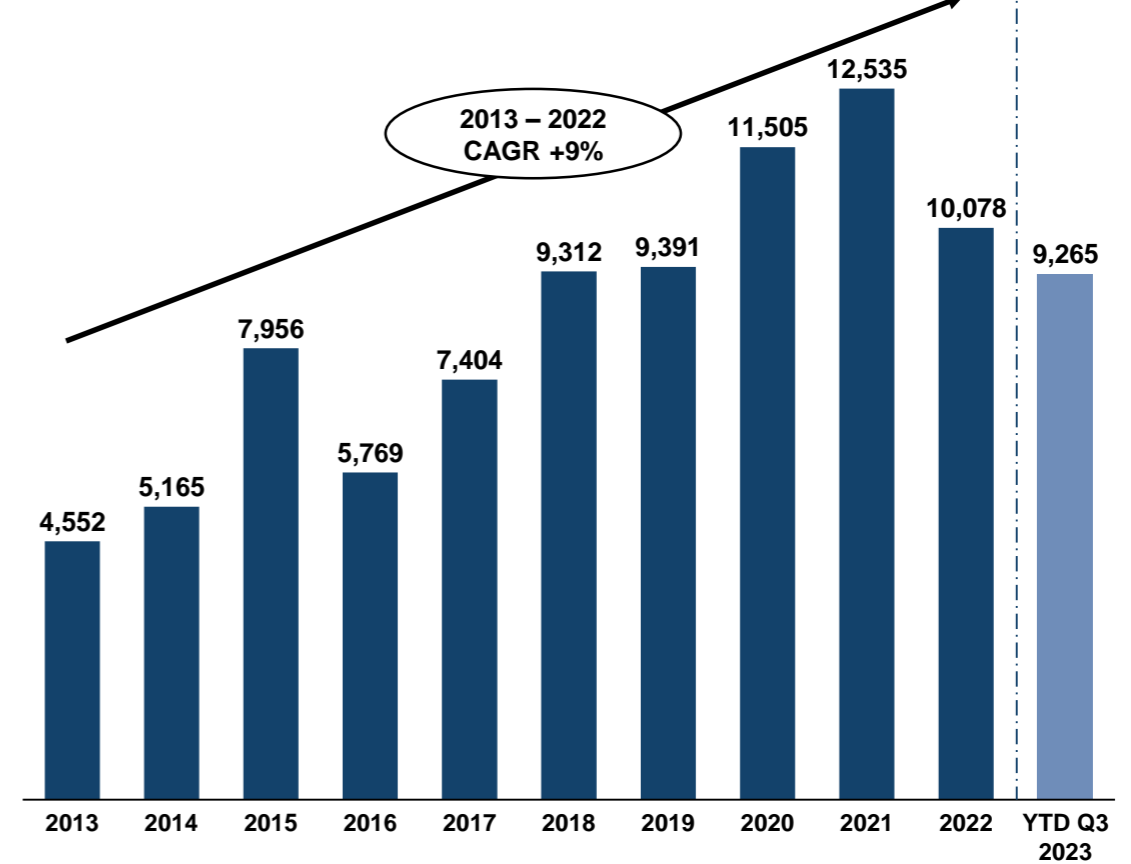


... leading to faster growth in Profit Attributable to Shareholders

Net Profit Margin



HK\$ m



Sustainability | HKEX sustainability – beyond box ticking

Corporate

- Global advocacy
- HKEX Foundation
- LME's net-zero commitment by 2040
- Reporting excellence, sector memberships and rankings



Regulator

- Trusted market oversight
- Ongoing enhancement to ESG Guide and CG Code
- LME's responsible sourcing requirements
- Consultation on climate-related disclosures enhancement
- ESG Academy webinar on climate-related disclosures



Market

- Core Climate, an international carbon marketplace
- Formation of the HK International Carbon Market Council
- US\$59+ bn green, social and sustainability-related bonds on STAGE
- LMEpassport with 460+ sustainability disclosures



Employer

- HKEX's core Values
- Employee-led Diversity Networks
- Group Code of Conduct
- Global Wellness Challenge and new Wellness Marketplace





02 | Group Financial Update

YTD Q3 2023: Second best ever nine-month revenue and other income and profit, demonstrating business resiliency

Core business revenue⁽²⁾

YTD Q3 2023: HK\$14.4b (↑6% YoY)
Q3 2023 : HK\$4.7b (↑9% YoY)

Revenue and other income⁽³⁾

YTD Q3 2023: HK\$15.7b (↑18% YoY)
Q3 2023 : HK\$5.1b (↑18% YoY)

EBITDA

YTD Q3 2023: HK\$11.6b (↑23% YoY)
Q3 2023 : HK\$3.7b (↑24% YoY)

PAT

YTD Q3 2023: HK\$9.3b (↑31% YoY)
Q3 2023 : HK\$3.0b (↑30% YoY)

EPS

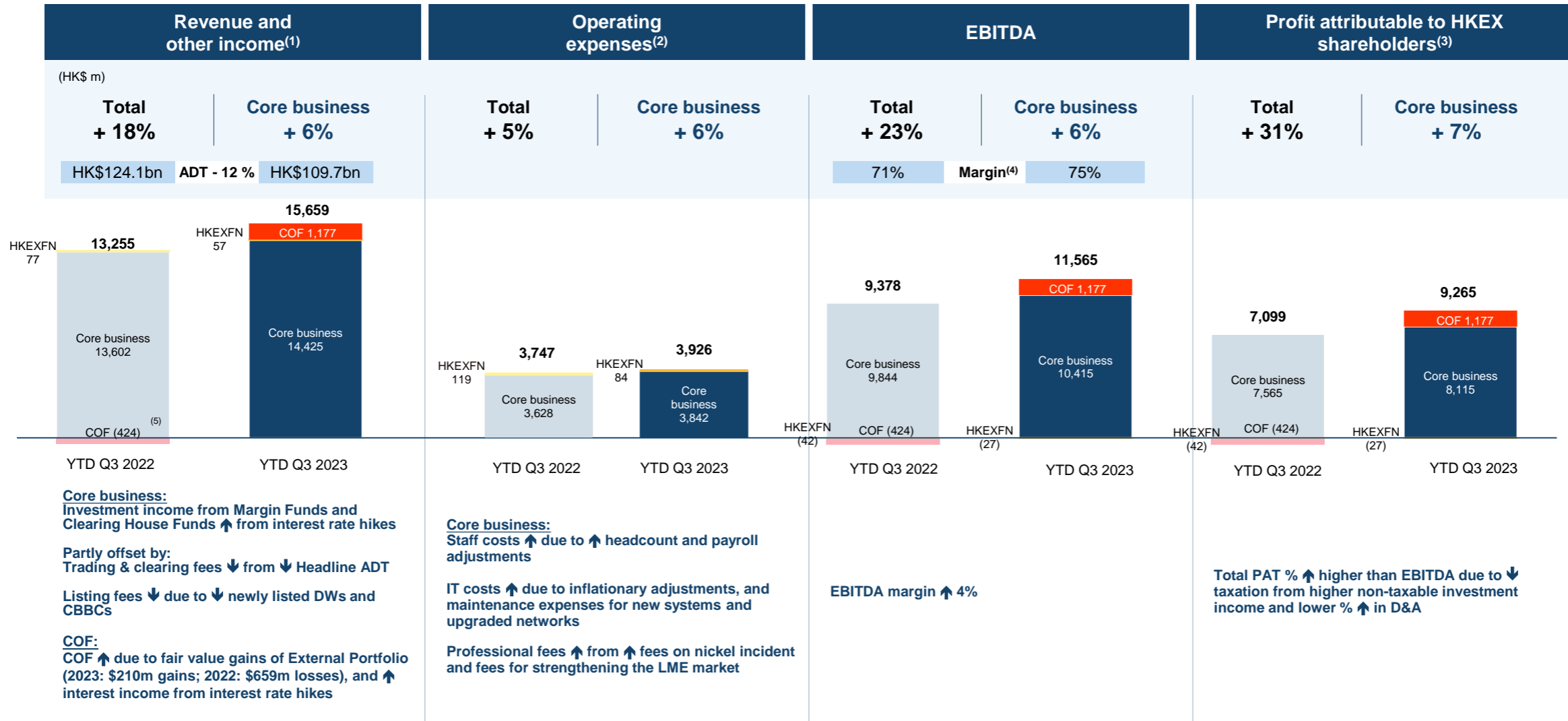
YTD Q3 2023: HK\$7.32 (↑30% YoY)
Q3 2023 : HK\$2.33 (↑30% YoY)



1. All percentage changes are computed based on amounts reported in financial statements
2. Core business revenue represents total revenue and other income, excluding net investment income/(loss) of Corporate Funds and HKEX Foundation (HKEXFN) donation income
3. Represents gross revenue and other income before deducting transaction-related expenses

YTD Q3 2023 vs YTD Q3 2022

YTD Q3 2023: Second best ever nine-month revenue and profit, driven by record net investment income and derivatives ADV

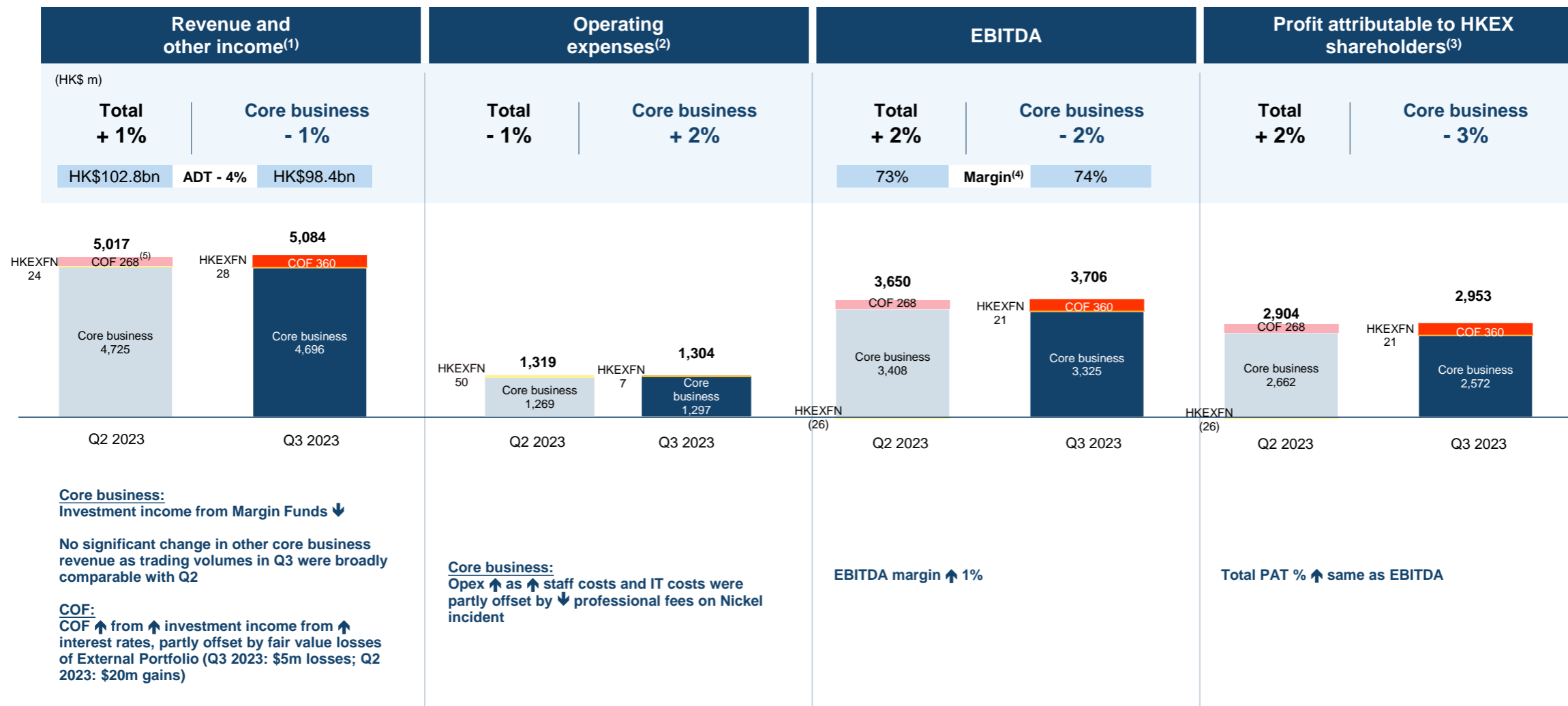


1. Represents gross revenue and other income before deducting transaction-related expenses (YTD Q3 2022: \$130m; YTD Q3 2023: \$168m)
2. Excludes transaction-related expenses, depreciation and amortisation, finance costs and share of results of joint ventures
3. For the purpose of this presentation, tax impact of COF is not considered when calculating the PAT attributable to COF
4. EBITDA margin is calculated based on EBITDA divided by revenue and other income less transaction-related expenses
5. COF represents net investment income/(loss) of Corporate Funds



Q3 2023 vs Q2 2023

Q3 core business net profit down 3% mainly driven by lower investment income from Margin Funds



1. Represents gross revenue and other income before deducting transaction-related expenses (Q2 2023: \$48m; Q3 2023: \$74m)
2. Excludes transaction-related expenses, depreciation and amortisation, finance costs and share of results of joint ventures
3. For the purpose of this presentation, tax impact of COF is not considered when calculating the PAT attributable to COF
4. EBITDA margin is calculated based on EBITDA divided by revenue and other income less transaction-related expenses
5. COF represents net investment income of Corporate Funds



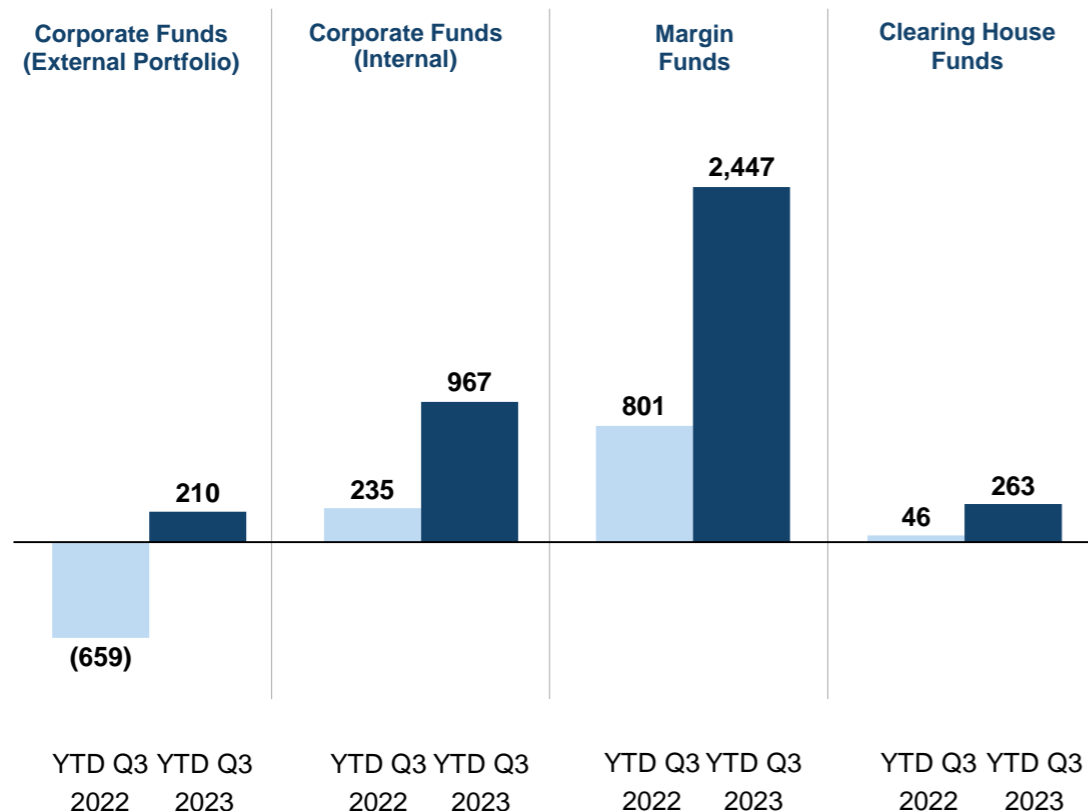
Net investment income (NII) – YTD Q3 2023 vs YTD Q3 2022

NII benefited from higher interest rates and External Portfolio gains

YTD Q3 2023: HK\$3,887m (YTD Q3 2022: HK\$423m)

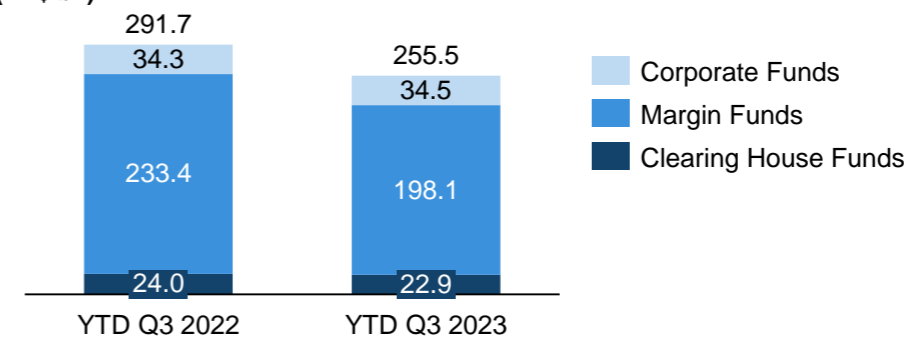
Net investment income by funds

(HK\$ m)



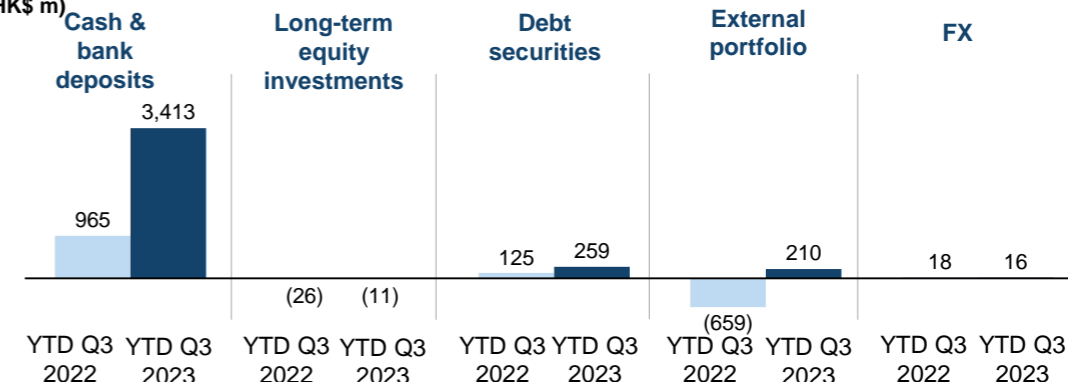
Average fund size

(HK\$ bn)



Net investment income by category of investments

(HK\$ m)



YTD Q3 2023 External Portfolio gains HK\$210m (YTD Q3 2022: losses HK\$659m).

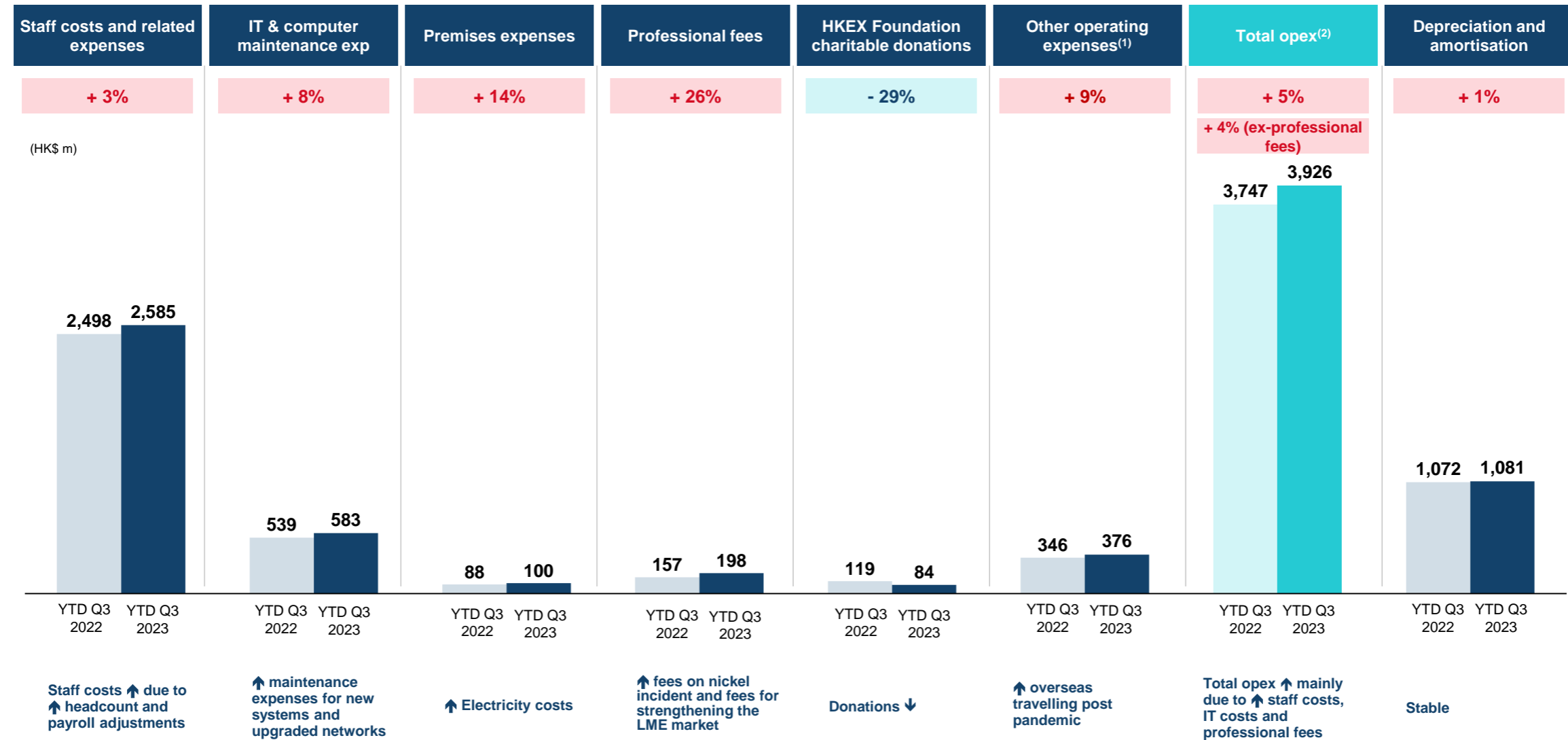
Margin Funds NII up 205%YoY in YTD Q3 2023 due to higher interest rates



1. Margin Funds and Clearing House Funds of LME Clear are mainly invested in overnight reverse repurchase investments, where high quality assets are held against such investments as collateral. In Hong Kong, Clearing House Funds are predominantly kept overnight or invested in Exchange Fund Bills issued by the Hong Kong Monetary Authority due to regulatory requirements. For Margin Funds, a certain proportion of the funds are kept overnight to meet withdrawal requests from Clearing Participants (approximately 16% at 30 Jun 2023), a certain proportion is invested in long-term investment grade debt securities (approximately 8% at 30 Jun 2023) and the remaining funds are invested in time deposits with maturity of up to 12 months (weighted original maturity of 9 months as at 30 Jun 2023).

Operating expenses and depreciation & amortisation – YTD Q3 2023 vs YTD Q3 2022

Prudent investment in talent and operational excellence



1. Includes product marketing and promotion expenses
2. Excludes transaction-related expenses, depreciation and amortisation, finance costs, and share of results of joint ventures



03 | Key Strategic Imperatives

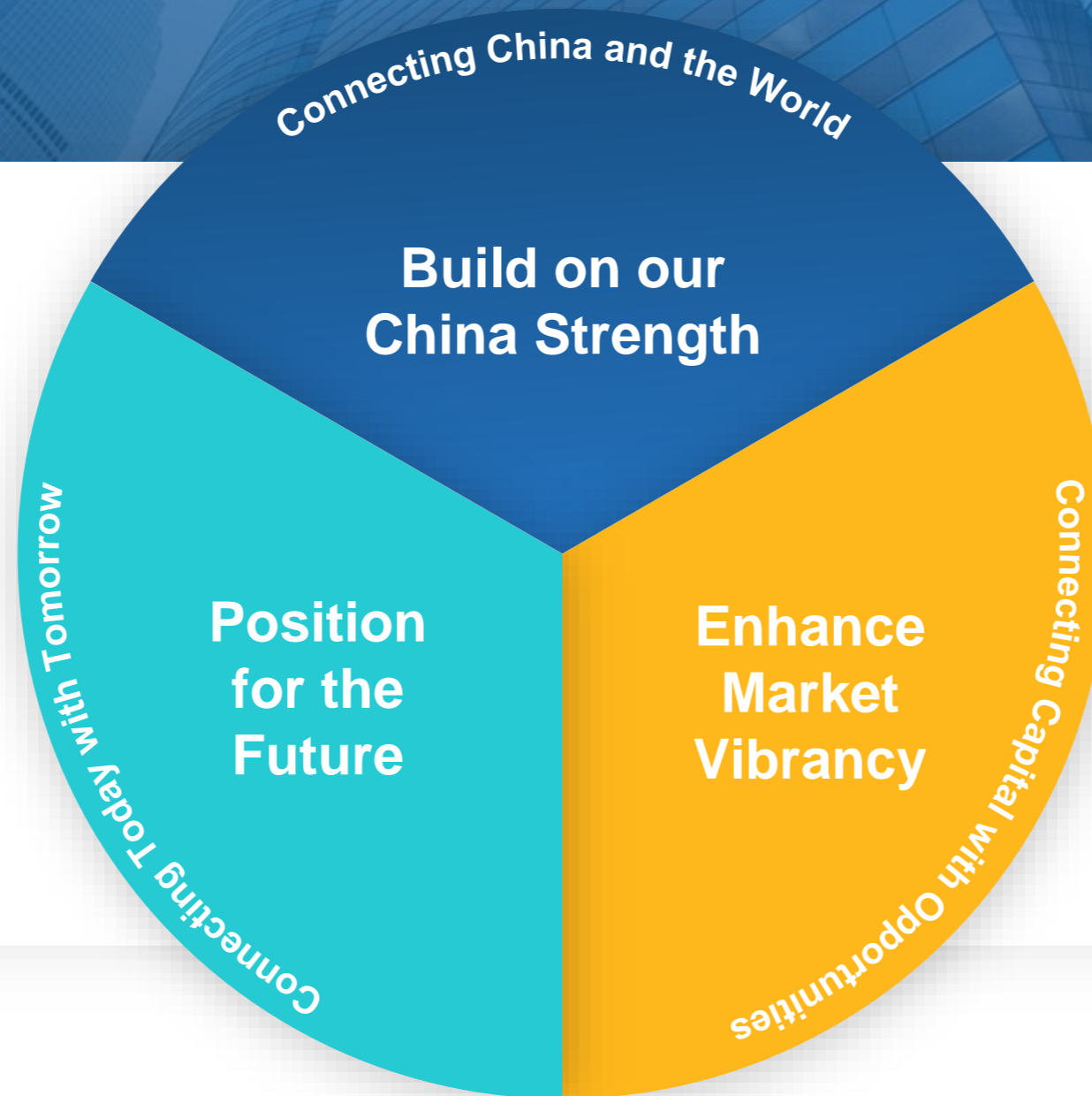
Three Key Strategic Imperatives Support our Vision

VISION

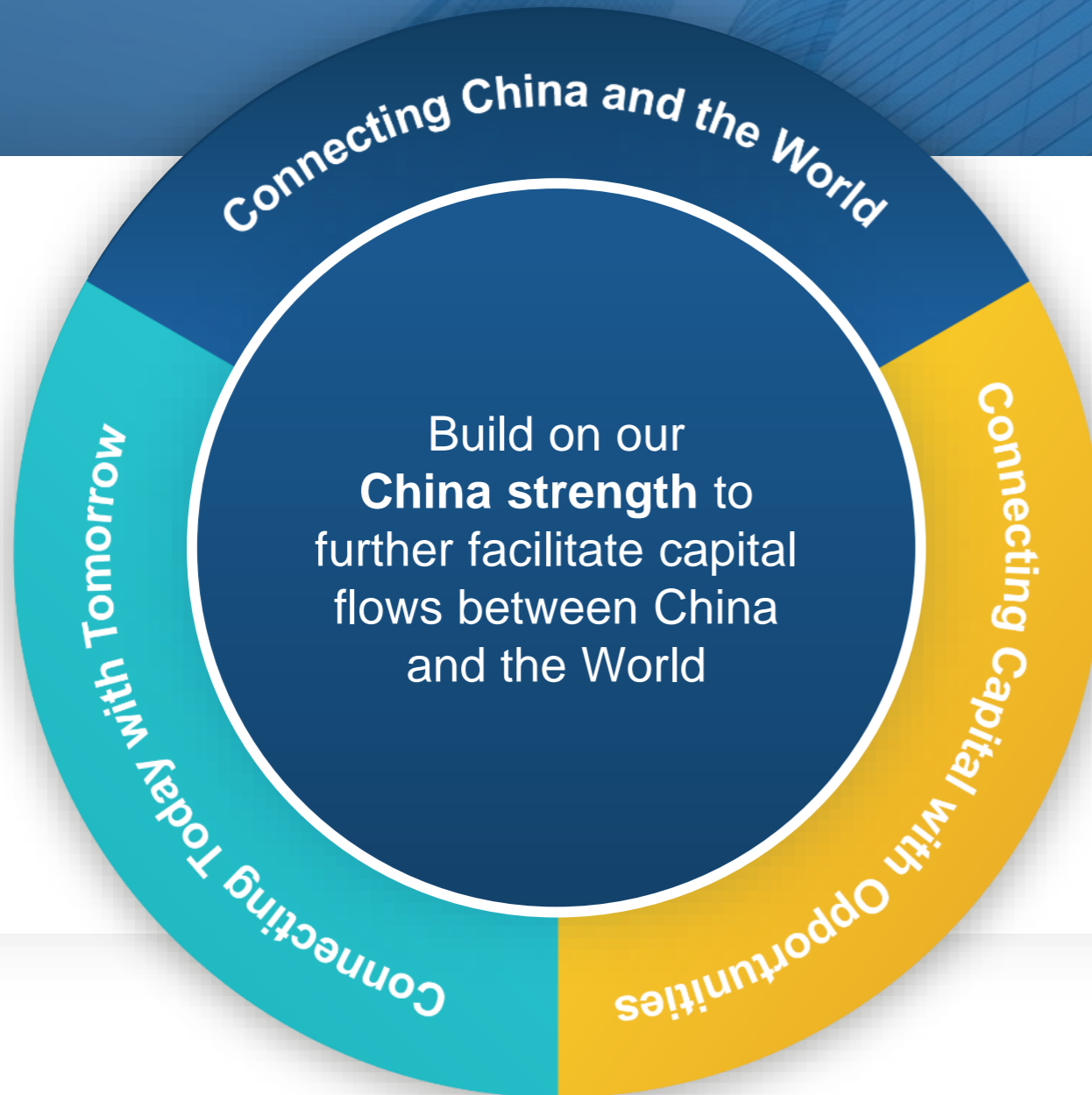
**Build
the Marketplace
of the Future**

PURPOSE

**To connect, promote
and progress our
markets and the
communities they
support for the
prosperity of all**



Build on our China Strength



Expand and enhance our “Connect” programmes

Become China’s go-to offshore risk management centre

Solidify our role as China’s preferred offshore fund raising centre

Grow our portfolio of China-related product offerings

Enhance Market Vibrancy



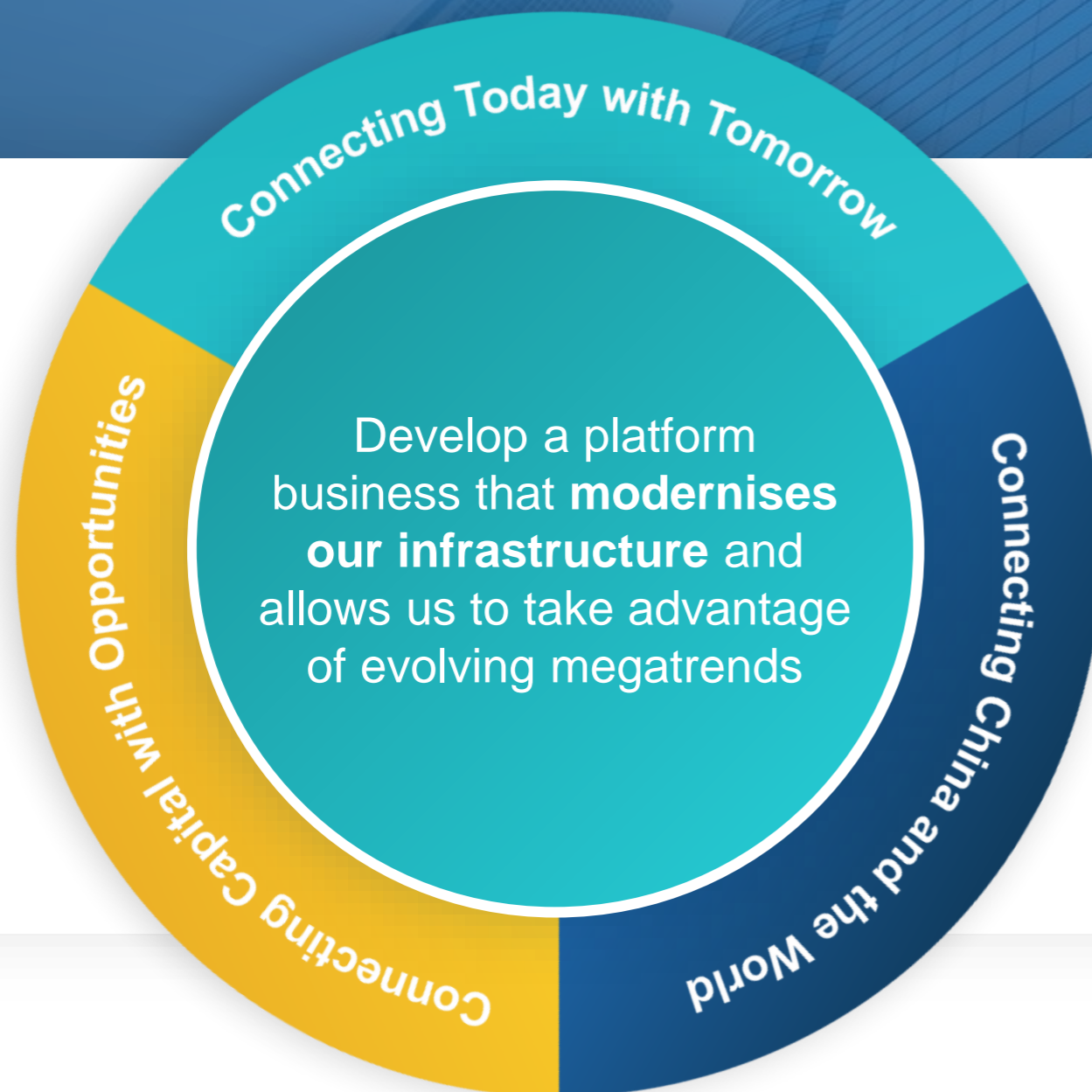
Improve our primary market's attractiveness

Enhance market structure

Expand product ecosystem

Grow client ecosystem

Position for the Future



Modernise our infrastructure

Evolve from an infrastructure-led model to a client-led model

Develop digital capabilities

Leverage our data

Execution Pillars and Our Values



Place our clients at the centre of everything we do

Attract, develop, and engage the best talent; build a winning culture

Modernise our operations, systems, and infrastructure

Build the right risk and control infrastructure

Very positive strategic progress, nine months YTD

	Connecting China and the World <i>- Leverage our China Advantage</i>	Connecting Capital with Opportunities <i>- Improve our market liquidity and ecosystem</i>	Connecting Today with Tomorrow <i>- Prepare our organization for the future</i>
Focus areas	<ul style="list-style-type: none"> Enhance “Connect” programmes Become China’s go-to offshore risk management centre Solidify role as China’s preferred offshore fund raising centre Grow China-related products 	<ul style="list-style-type: none"> Further build attractiveness of primary market Enhance market structure Expand product ecosystem Grow client ecosystem 	<ul style="list-style-type: none"> Modernise infrastructure Evolve from infrastructure-led to client-led model Develop strong digital capabilities Leverage data
Highlights in YTD Q3 2023	<p>Expansion of eligible stocks under Stock Connect went live (Mar)</p> <p>Stock Connect trading calendar enhancements effective (Apr)</p> <p>Swap Connect launched (May)</p> <p>Block trading under Stock Connect announced (Aug)</p>	<p>HKD-RMB Dual Counter Model and Dual Counter Market Making Programme launched (Jun)</p> <p>Opening of New York / London offices (Jun / Sep)</p> <p>Published consultation on GEM Listing Reform (Sep)</p> <p>Saudi Exchange (Tadawul) joined 15 other international exchanges already accepted as Recognised Stock Exchange (Sep)</p>	<p>Consultation on enhancement of climate-related disclosures under the ESG framework published (Apr)</p> <p>LME published a new handbook for producers on guidance for responsible sourcing requirements (May)</p> <p>FINI, a new digitalised IPO settlement platform, to launch in Nov 2023 announced (Sep)</p> <p>HKEX Synapse, a new settlement acceleration platform for NB Stock Connect, launched (Oct)</p>

We are building the Marketplace of the Future



04 | China Connectivity



A “once in a generation” opportunity in China

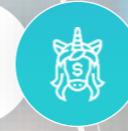
China’s “Big Bang of Finance”

Re-allocation of household assets

Further increase of cross-border flows

Growing number of unicorns ready to list

New megatrend opportunities
(e.g. ESG, Private Markets, Data)



2030E:
US\$100tn²




5%+³
CAGR next 5Y

2020:
US\$31tn^{1,2}

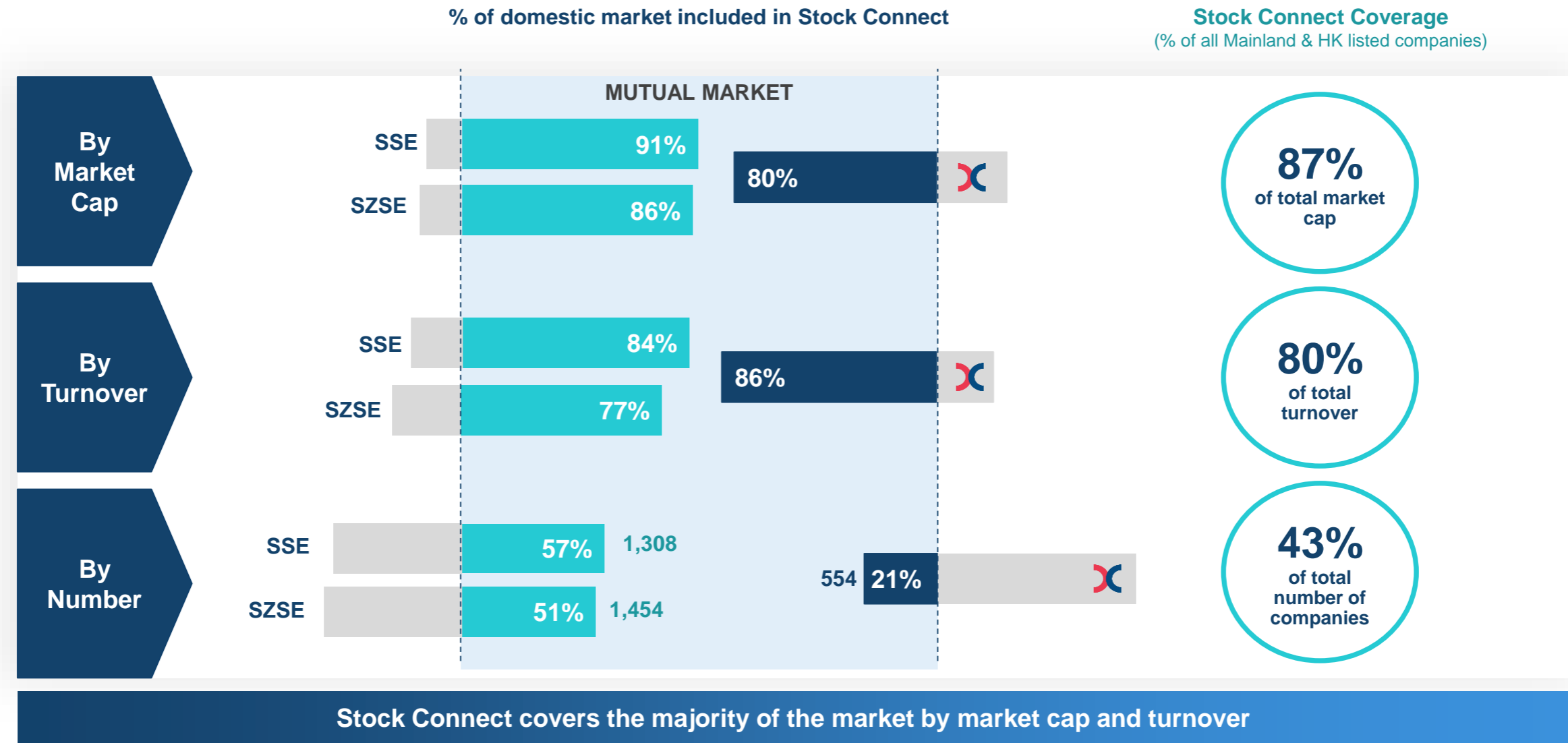

\$1.3tn⁴
10-15% CAGR
next 5Y

¥
RMB
internationalisation

1. Combined value of the China onshore bond and stock markets
2. McKinsey data and forecast, April 2021
3. IMF forecast for GDP by 2025E
4. McKinsey forecast as at Jan 2022



The penetration level of equity market through Stock Connect



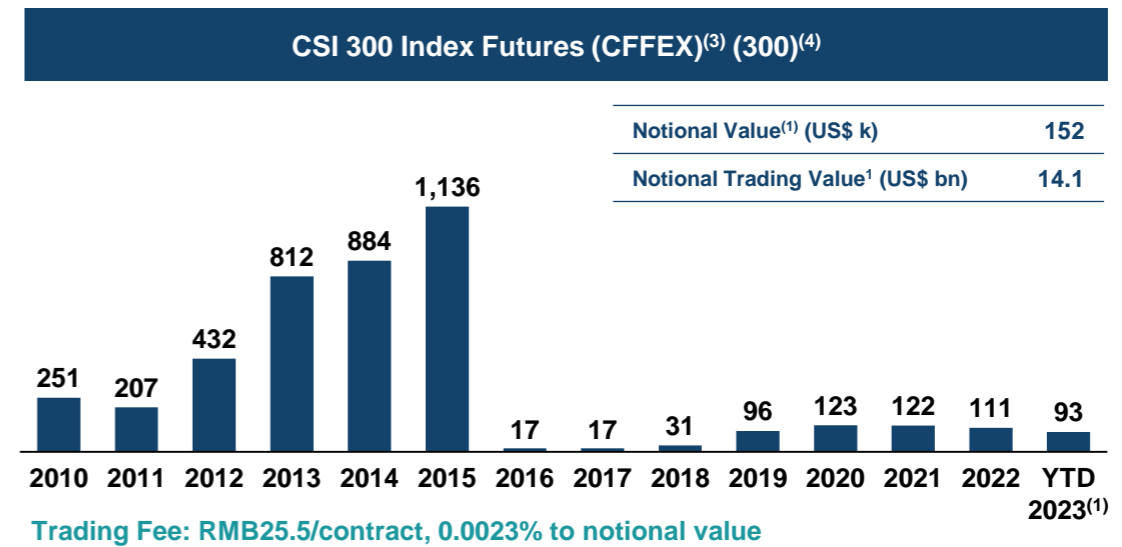
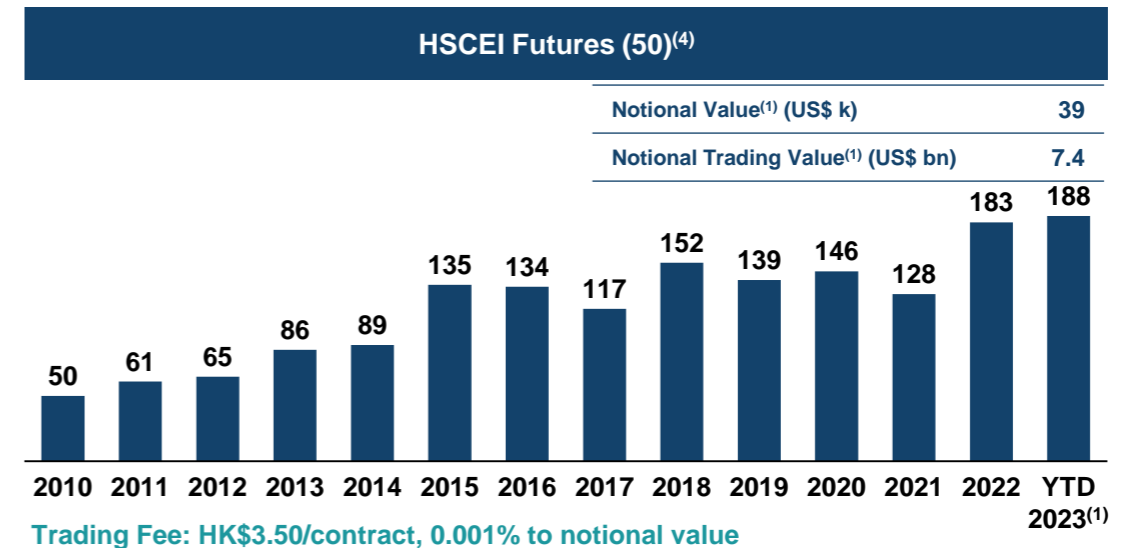
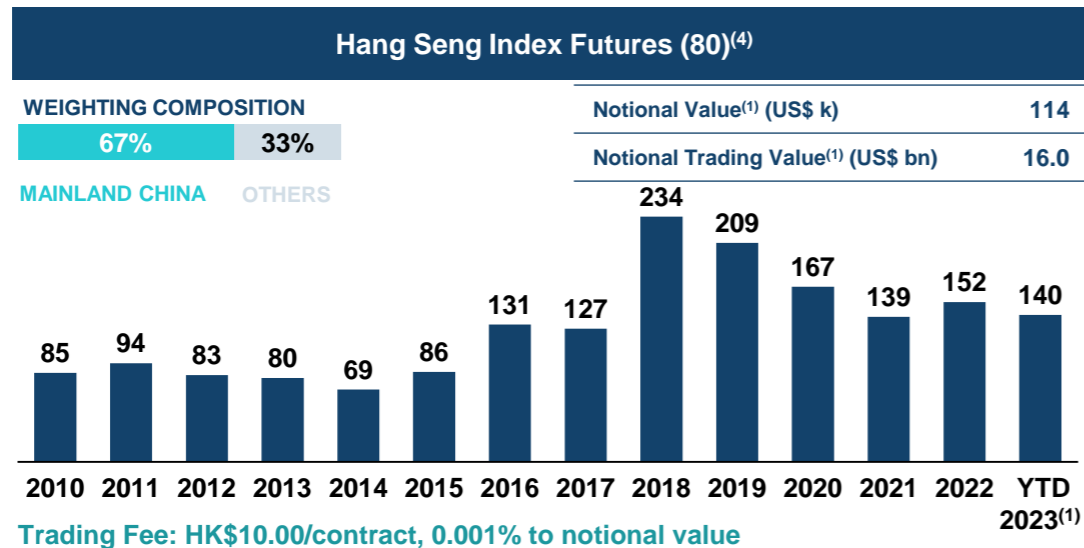
Source: Wind, HKEX

1. Data as at 30 Sep 2023
2. Eligible Stocks for Northbound Trading: Constituent stocks of SSE A Share Index and SZSE Composite Index which both are with a market capitalization of at least RMB5bn and daily average turnover of at least RMB30m; A-listed stocks (both in SSE and SZSE) that are not included in the former indices but are dual listed in H-share market
3. Eligible Stocks for Southbound Trading: Constituent stocks of the Hang Seng Composite LargeCap Index ("HSLI") and Hang Seng Composite MidCap Index ("HSMI") and Hang Seng Composite SmallCap Index ("HSSI") which with a market capitalization of at least HKD 5b



Index futures on China underlying

ADV ('000 contracts)



Source: HKEX, SGX, CFFEX, FIA, HSI

1. Data as at 29 Sep 2023
2. Considering the differences in contract size, MSCI China A50 Index Futures achieved c. 10% market share in notional trading value as at Sep 2023. Notional trading value is calculated based on ADV multiplied by notional value per contract
3. CSI 300 Index Futures was launched in Apr 2010
4. Numbers in brackets represent the number of constituents within the underlying index



HKEX: A superconnector between China and the world

Stock Connect

RMB108bn

Northbound ADT

HK\$32bn

Southbound ADT

RMB2.2tn

Northbound CCASS holdings

HK\$2.3tn

Southbound holdings

71% Northbound holdings as % of total foreign ownership⁽²⁾

Bond Connect

RMB41bn

Northbound ADT

813

Registered investors

RMB3.2tn

Northbound holdings⁽¹⁾

71% Turnover as % of total foreign turnover in cash bond⁽³⁾

Chinese Partners

Partners



Joint Venture



Source: HKEX; 30 Sep 2023 data unless stated otherwise

1. Northbound holdings refer to total foreign holdings including but not limited to holdings through Bond Connect
2. Source: PBOC, 30 Jun 2023
2. Source: CCDC



05 | Appendix



Financial highlights – Income Statement

(HK\$ m, unless stated otherwise)	YTD Q3 2023	% of Revenue & Other Income	YTD Q3 2022	% of Revenue & Other Income	YoY Change
Results					
Revenue and other income	15,659	100%	13,255	100%	18%
Less: Transaction-related expenses	(168)	(1%)	(130)	(1%)	29%
Revenue and other income less transaction-related expenses	15,491	99%	13,125	99%	18%
Operating expenses	(3,926)	(25%)	(3,747)	(28%)	5%
EBITDA	11,565	74%	9,378	71%	23%
Depreciation and amortisation	(1,081)	(7%)	(1,072)	(8%)	1%
Operating profit	10,484	67%	8,306	63%	26%
Finance costs and share of results of joint ventures	(39)	(0%)	(49)	(0%)	(20%)
Profit before taxation	10,445	67%	8,257	62%	26%
Taxation	(1,094)	(7%)	(1,160)	(9%)	(6%)
(Profit)/loss attributable to non-controlling interests	(86)	(1%)	2	0%	N/A
Profit attributable to HKEX shareholders	9,265	59%	7,099	54%	31%
Capex	830		773		7%
Basic earnings per share	HK\$7.32		HK\$5.61		30%
Headline ADT on the Stock Exchange	HK\$109.7b		HK\$124.1b		(12%)



1. % may not add up due to rounding

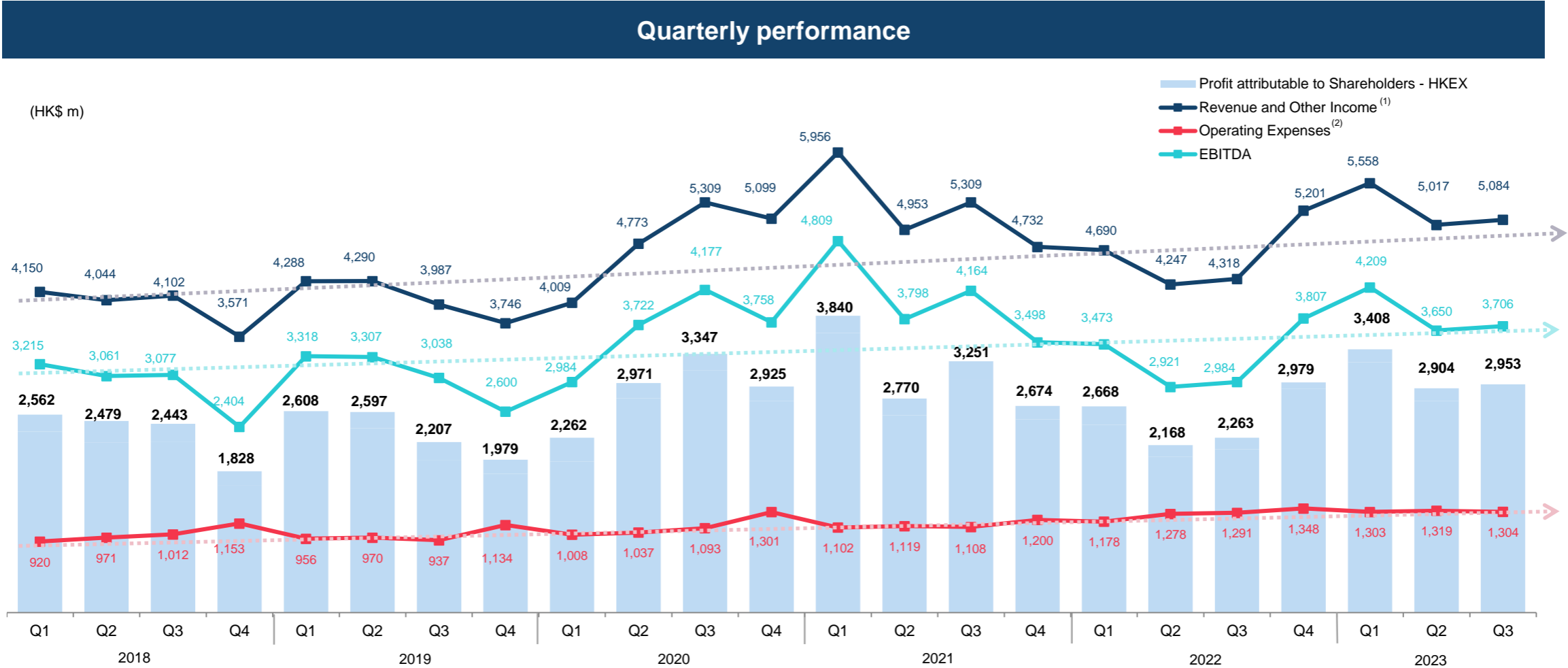
Performance by operating segment

HK\$ m	Cash	Derivatives	Commodities	Data and Connectivity	Corporate Items	Group YTD Q3 2023	Group YTD Q3 2022
Revenue and other income	6,235	5,035	1,598	1,545	1,246	15,659	13,255
<i>% of Group Total</i>	<i>40%</i>	<i>32%</i>	<i>10%</i>	<i>10%</i>	<i>8%</i>	<i>100%</i>	<i>100%</i>
Less: Transaction-related expenses	(8)	(160)	-	-	-	(168)	(130)
Revenue and other income less transaction-related expenses	6,227	4,875	1,598	1,545	1,246	15,491	13,125
Operating expenses	(845)	(635)	(858)	(321)	(1,267)	(3,926)	(3,747)
EBITDA	5,382	4,240	740	1,224	(21)	11,565	9,378
<i>% of Group Total</i>	<i>47%</i>	<i>37%</i>	<i>6%</i>	<i>11%</i>	<i>(0%)</i>	<i>100%</i>	<i>100%</i>
<i>EBITDA margin⁽¹⁾</i>	<i>86%</i>	<i>87%</i>	<i>46%</i>	<i>79%</i>	<i>N/A</i>	<i>75%</i>	<i>71%</i>
Depreciation and amortisation						(1,081)	(1,072)
Finance costs						(102)	(105)
Share of results of joint ventures						63	56
Profit before taxation						10,445	8,257



1. EBITDA margin is calculated based on EBITDA divided by revenue and other income less transaction-related expenses
2. % may not add up due to rounding

YTD Q3 2023 results in line with long-term historical upward trendline



1. Represents gross revenue and other income before deducting transaction-related expenses
2. Exclude transaction-related expenses, depreciation and amortisation, finance costs, share of results of joint ventures, and certain exceptional costs
3. Dotted trend lines are illustrative and do not constitute a forward forecast



Market microstructure enhancements at HKEX

We aim to build a quality market and a sustainable ecosystem of policies, participants and products

Areas of Focus

Improve Ease
of Access

- Better client onboarding
- Northbound throttle expansion (Stock Connect)
- Upgraded Electronic Communication Platform for clients to exchange file with HKEX
- Listing Rules enhancement for overseas issuers came into effect
- HKD-RMB Dual Counter Model and Dual Counter Market Making Programme launched

Reduce Frictional
Trading Costs

- Expand Closing Auction Session (Cash)
- After-hours trading extension to 3am and Holiday Trading for MSCI products (Derivatives)
- New spread table, Market Making enhancements and stamp duty exemption on ETP market
- Enhancement to Stock Connect trading calendar

Improve
Capital Efficiency

- Increased 5-tier position limit regime for single stock options & futures to increase flexibility
- Launched Value-at-Risk Platform in cash market
- Better cash interest rebates to participants
- Flexibility in Clearing Participants (CP) setup in HK and Stock Connect markets
- Flexibility for Non-CPs in clearing arrangements

Enhance Risk
Management & Market Integrity

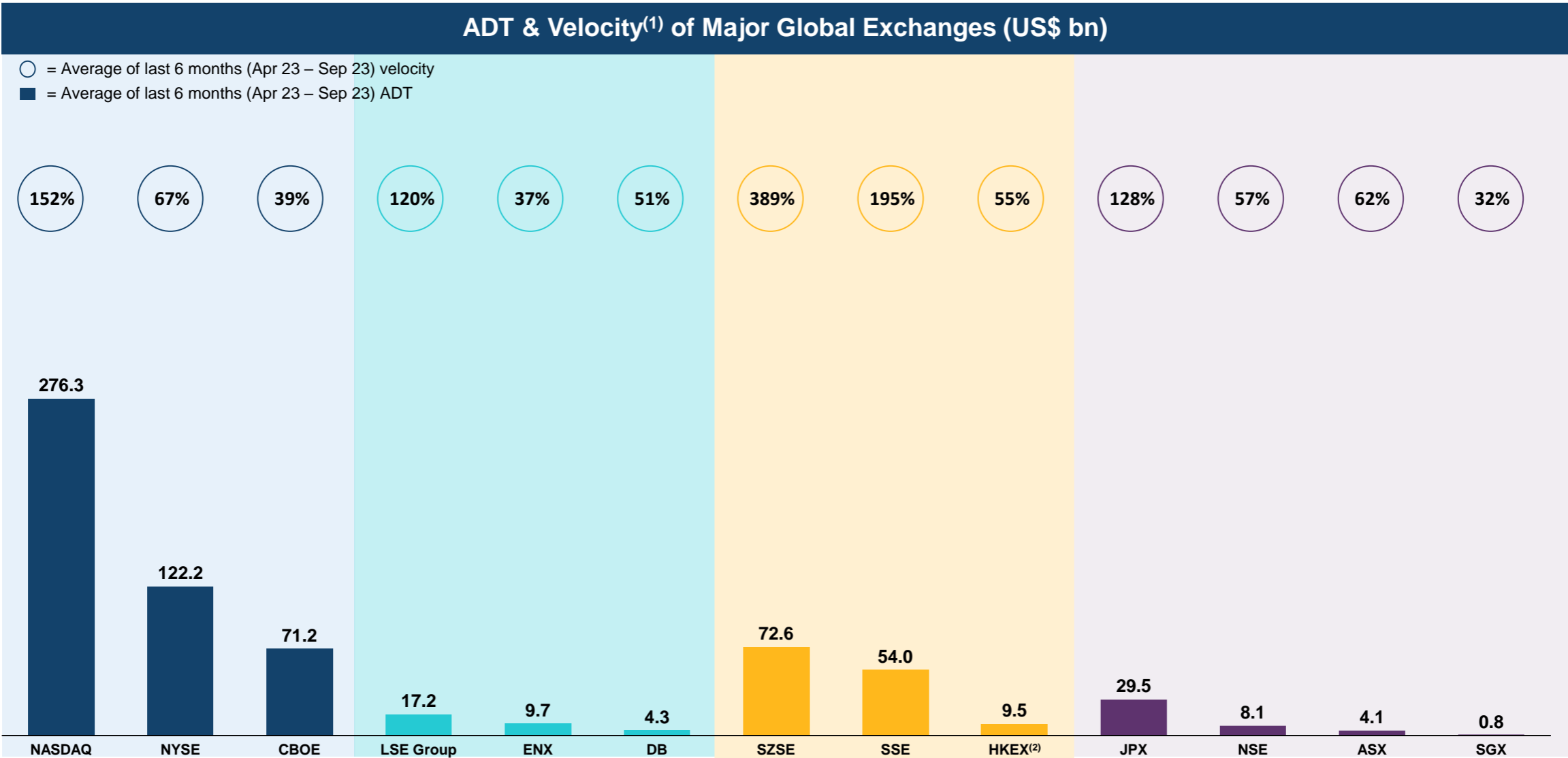
- Revamp Pre-Opening Session and Volatility Control Mechanism (Cash & Derivatives)
- Self-Match Prevention (Derivatives)
- HKIDR (Hong Kong Investor Identification Regime)
- HKEX Synapse to complement existing post-trade infrastructure for Northbound Connect

Key Achievements in recent years

We have achieved 40+ enhancements in recent years and will continue to ensure competitiveness and efficiency of our markets



Comparison of trading activity across global exchanges

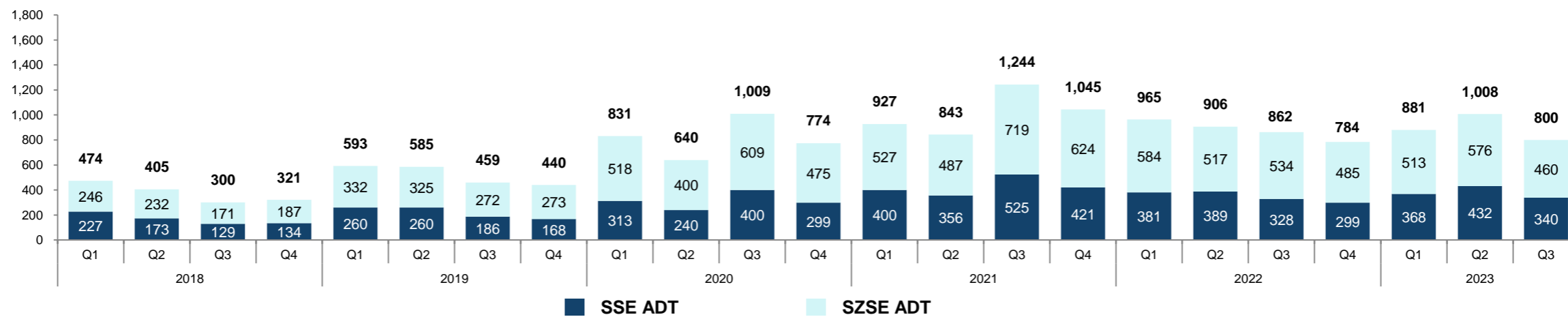


^{*}Source: WFE (Sep 2023)
^{1.} ADT and turnover velocity takes into account both on-exchange and block trading. For Nasdaq, NYSE and Cboe, trades executed on their trading platforms include those listed on other US exchanges, hence their turnover velocity covers the whole US market
^{2.} HKEX ADT includes equities only, excluding ETPs and structured products

Market activities in Mainland and Hong Kong markets

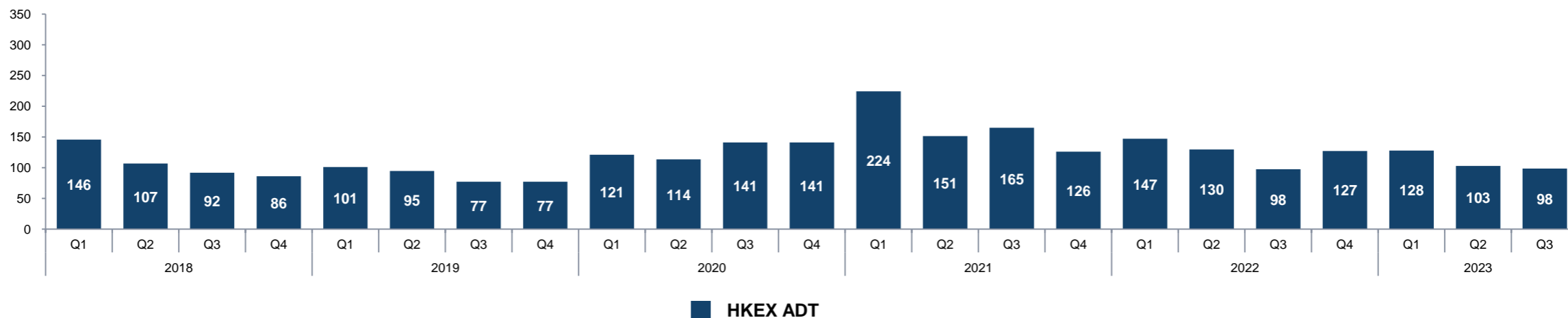
Average Daily Turnover in Value – Mainland Market (RMB bn)

ADT RMB bn



Average Daily Turnover in Value – Hong Kong Market (HKD bn)

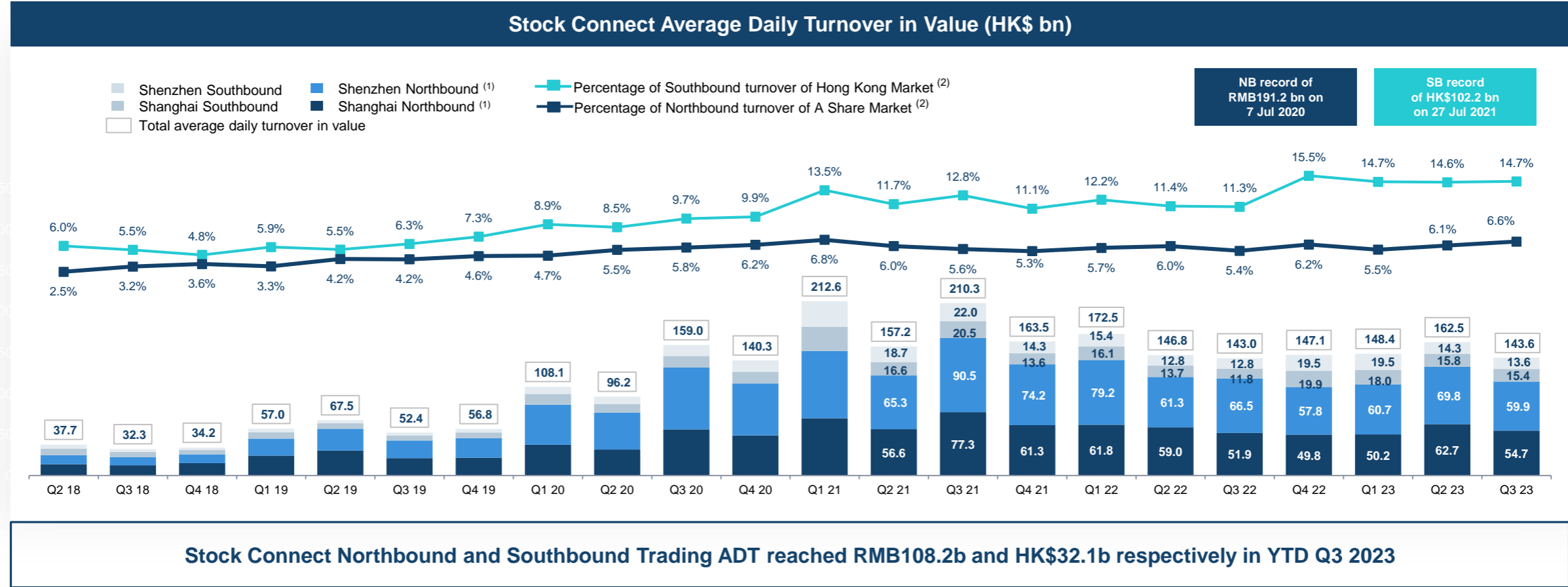
ADT HKD bn



Source: HKEX, SSE, SZSE
1. May not add up due to rounding

Stock Connect – trading trends

Stock Connect generated revenue of HK\$1,707m in YTD Q3 2023 (down 1% YoY)



Stock Connect Northbound and Southbound Trading ADT reached RMB108.2b and HK\$32.1b respectively in YTD Q3 2023

Stock Connect revenue reached 11% of the Group's total revenue and other income in YTD Q3 2023 (YTD Q3 2022: 13%)

Source: HKEX, SSE and SZSE data
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. May not add up due to rounding

