

All data utilised is
publicly available

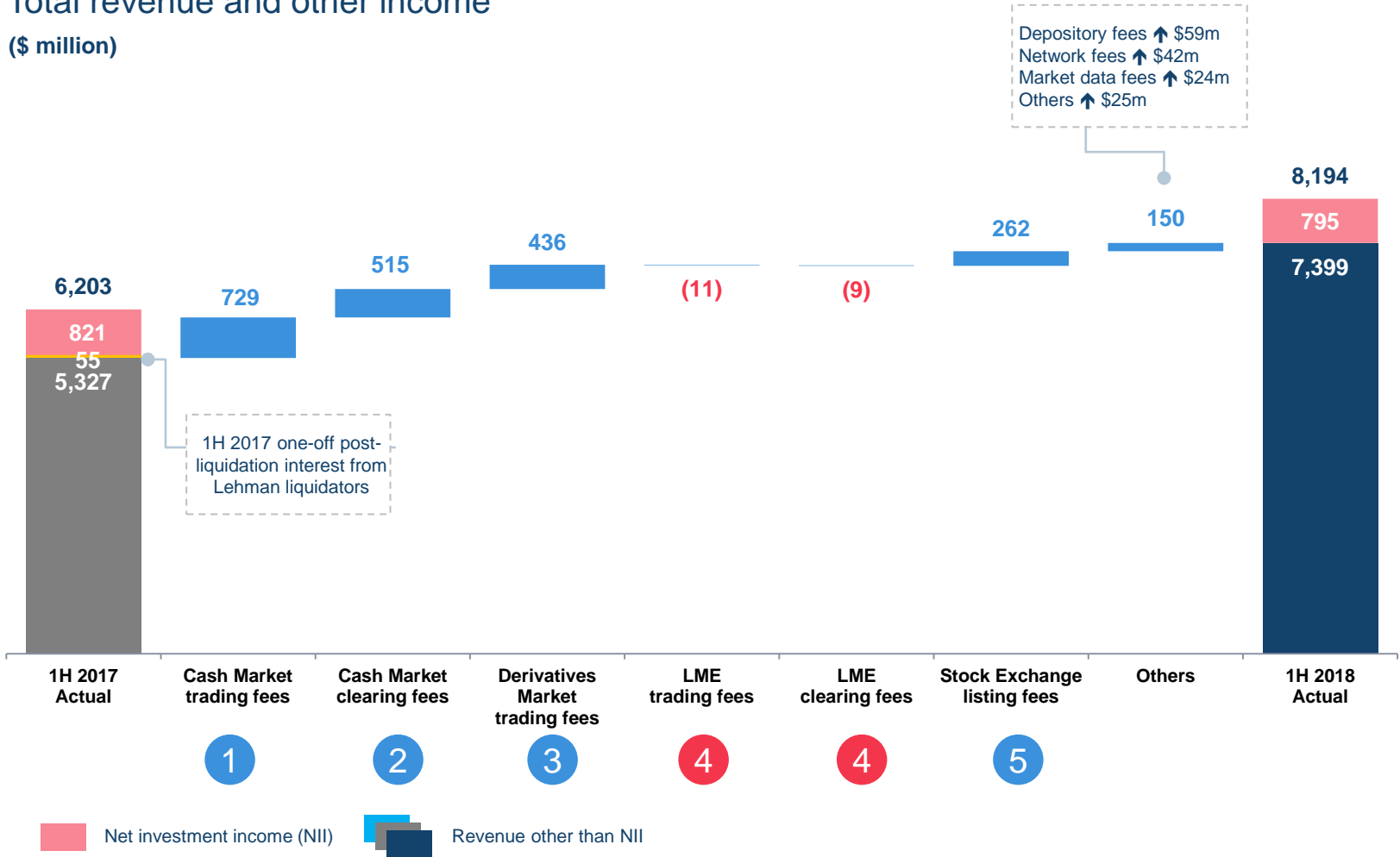
1H 2018 KEY REVENUE ANALYSIS

HKEX
香港交易所

Revenue movements 1H 2018 vs 1H 2017

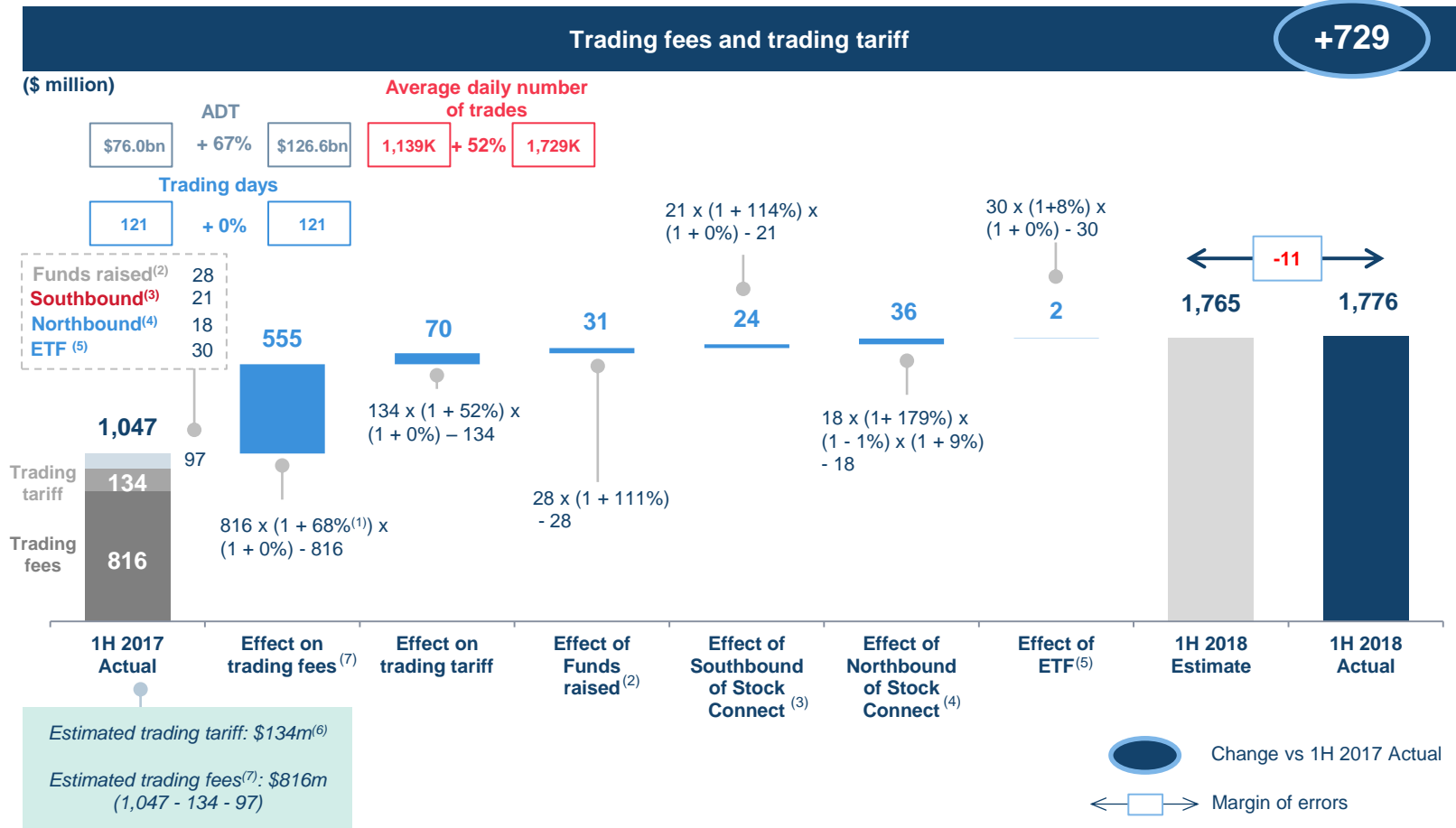
Total revenue and other income

(\$ million)



Cash Market trading fees 1

Estimate based on volume change



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

(1) Refers to % change in Headline ADT (ie, Stock Exchange trades (including DWs, CBBCs and warrants)) less SB ADT/2 less ETF ADT (including L&I Product): 1H 2018: \$113.1bn; 1H 2017: \$67.2bn; ↑68% (Headline ADT – 1H 2018: \$126.6bn; 1H 2017: \$76.0bn)
 SB ADT – 1H 2018: \$16.3bn; 1H 2017: \$7.6bn
 ETF (including L&I Product) ADT – 1H 2018: \$5.4bn; 1H 2017: \$5.0bn

(2) Funds raised x 0.005% x 2 sides (Funds raised - 1H 2018: \$585.0bn; 1H 2017: \$277.0bn; ↑111%)

(3) Southbound (SB) trading fees: ADT x no. of trading days x 0.005% x 50% (SB ADT: 1H 2018: \$16.3bn; 1H 2017: \$7.6bn; ↑114%; No. of trading days: 1H 2018 & 2017: 110 days)

(4) Northbound (NB) trading fees: ADT of NB x no. of trading days x 0.00487% x 40% (NB ADT: 1H 2018: RMB19.8bn; 1H 2017: RMB7.1bn; ↑179%; No. of trading days: 1H 2018: 113 days; 1H 2017: 114 days; ↓1%; Exchange rate: 1H 2018: 1.22; 1H 2017: 1.12; ↑9%).

(5) ETF (including L&I Product) trading fee = ADT x 0.005% x 2 sides x no. of trading days x (1 – exemption %) (ADT – 1H 2018: \$5.4bn; 1H 2017: \$5.0bn; ↑8%). Exemption % is approximately 50%.

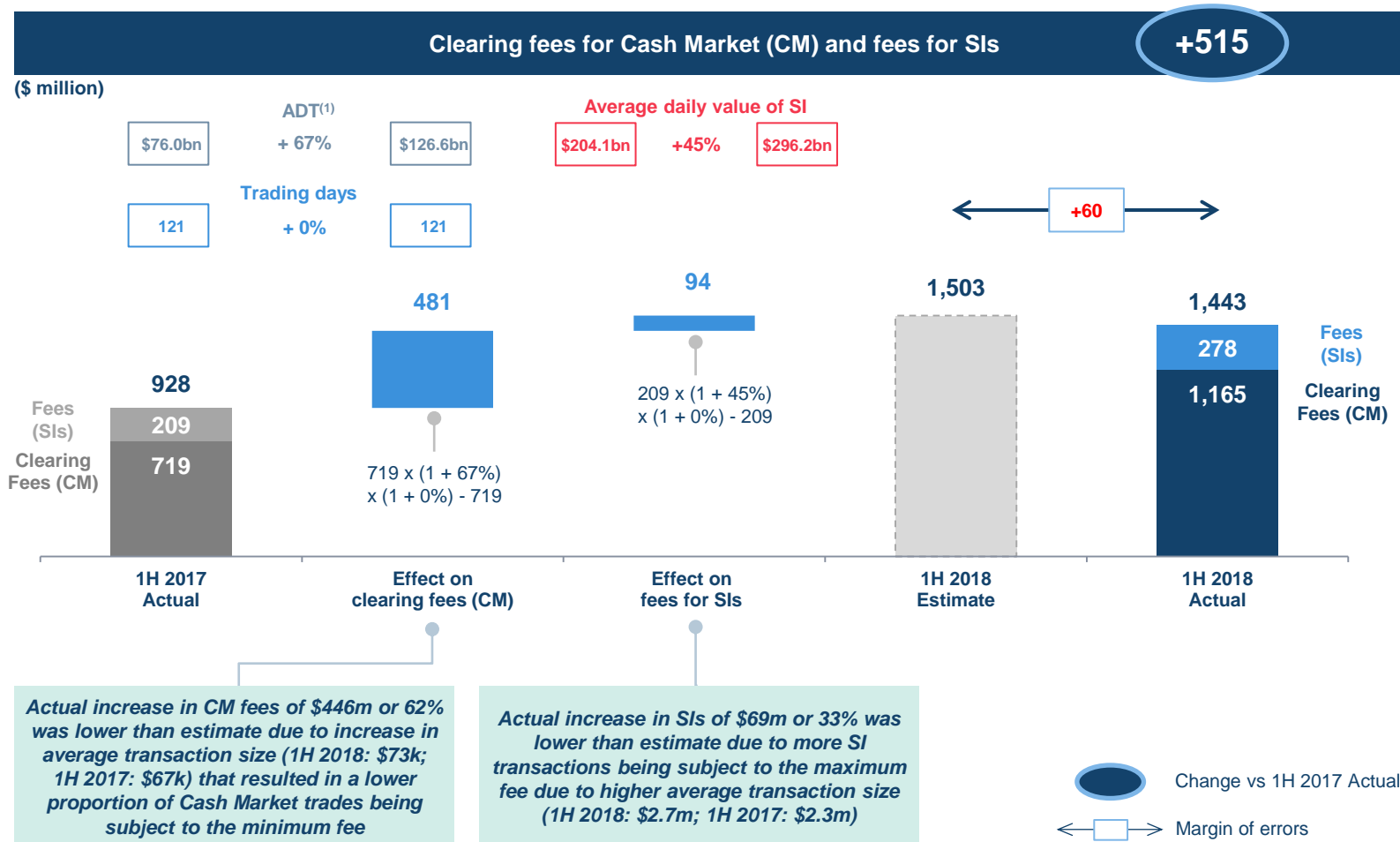
(6) Trading tariff of equity products traded on the Stock Exchange (included under the Cash segment) of \$114m is disclosed in the 2018 Interim Report. Trading tariff of DWs, CBBCs and warrants (included under the Equity and Financial Derivatives Segment) is estimated by average daily no. of trades (169K) x no. of trading days (121) x \$0.5 x 2 sides = \$20m.

(7) Excluding trading fees arising from funds raised, Stock Connect and ETFs (including L&I Products)



Cash Market clearing fees 2

Estimate based on volume change



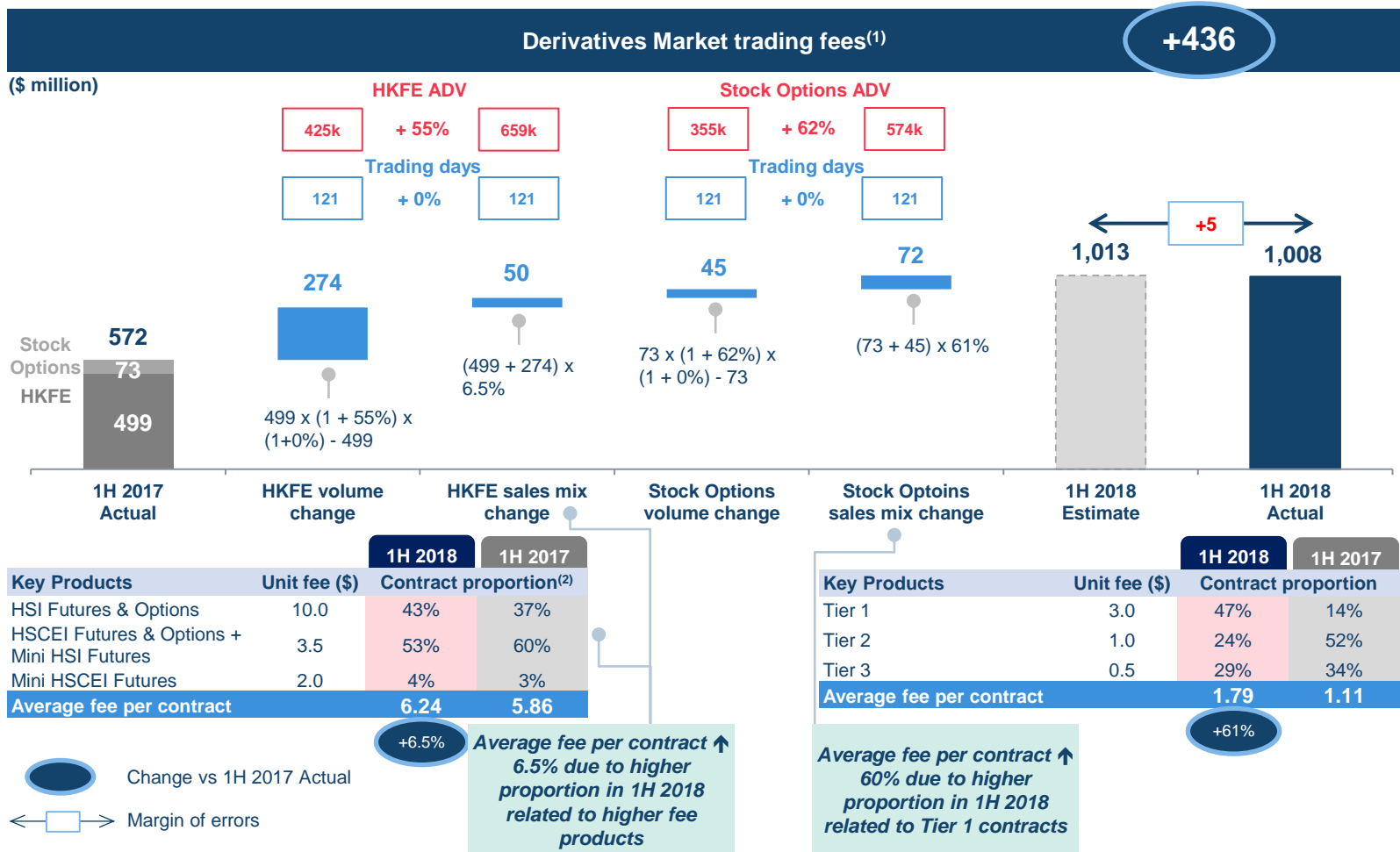
Clearing fees and SI fees move with total value of trades and total value of SIs but are also impacted by transaction sizes of the trades/SIs. In general, if the average transaction size increases, it will have a negative impact on the clearing fees and vice versa

(1) For Stock Exchange trades (including DWs, CBBCs and warrants), excluding stock options



Derivatives Market trading fees 3

Estimate based on volume and sales mix change



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

(1) Includes trading fees allocated to the Clearing segment

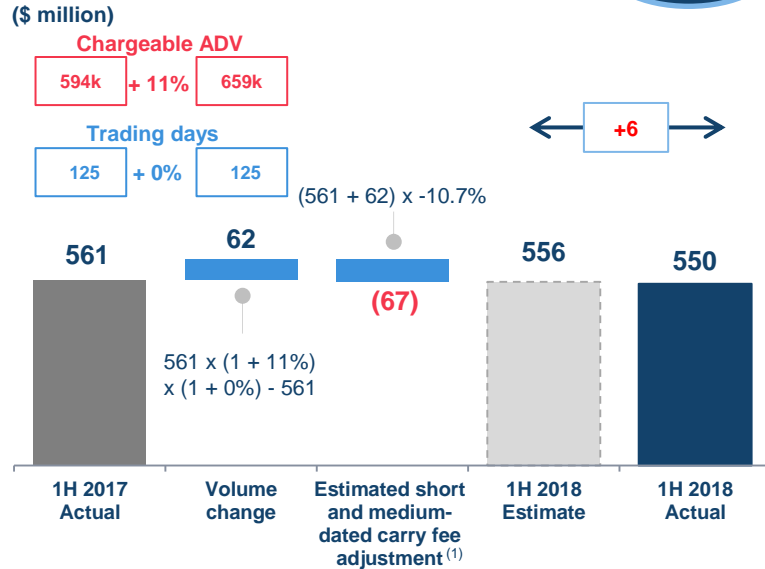
(2) Calculated based on % of total contracts of key products (ie, HSI Futures & Options, HSCEI Futures & Options and Mini HSI & HSCEI Futures)



LME trading and clearing fees 4

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

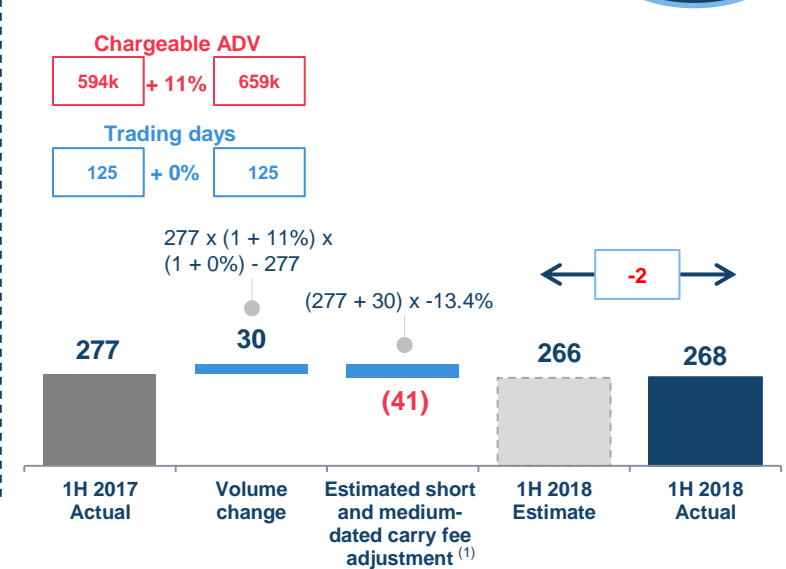
LME trading fees -11



	Q1 2018 ⁽²⁾	1H 2017
Fee (\$m)	267	561
Total volume of chargeable contracts (m)	39.6	74.3
Average fee per contract	6.74	7.55

-10.7%

LME clearing fees -9



	Q1 2018 ⁽²⁾	1H 2017
Fee (\$m)	128	277
Total volume of chargeable contracts (m)	39.6	74.3
Average fee per contract	3.23	3.73

-13.4%

Change vs prior period

← Margin of errors →

LME and LMEC fees move with total number of contracts traded and the adjustments arising from fee reduction of short and medium-dated carries.

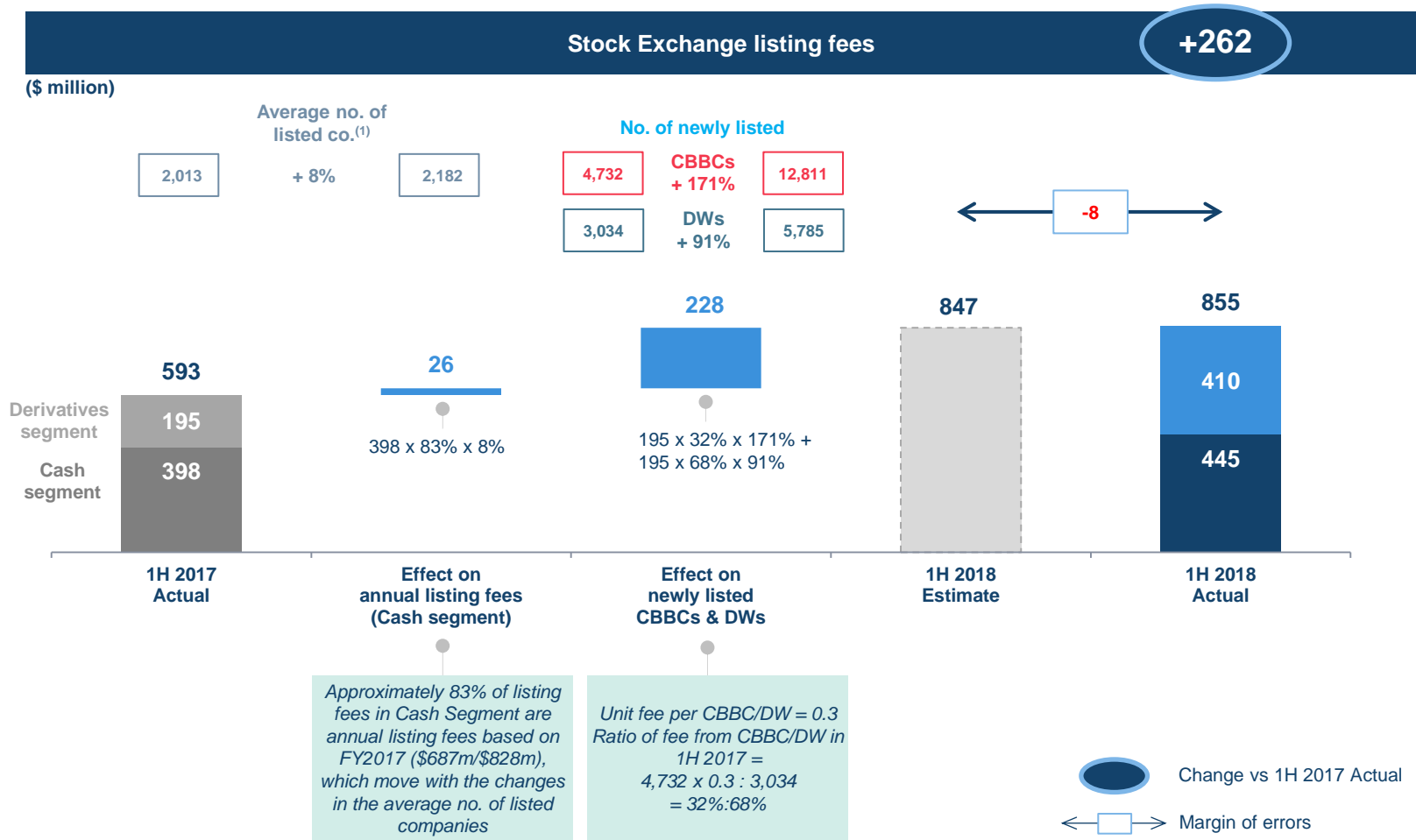
(1) Fee changed effective from 1 October 2017 for short-dated carries and from 1 November 2017 for medium-dated carries.

(2) Latest statistics published by HKEX



Stock Exchange listing fees 5

Estimates based on no. of listed companies and newly listed DWs/CBBCs



Stock Exchange listing fees move closely with changes in no. of listed companies and newly listed DWs/CBBCs.

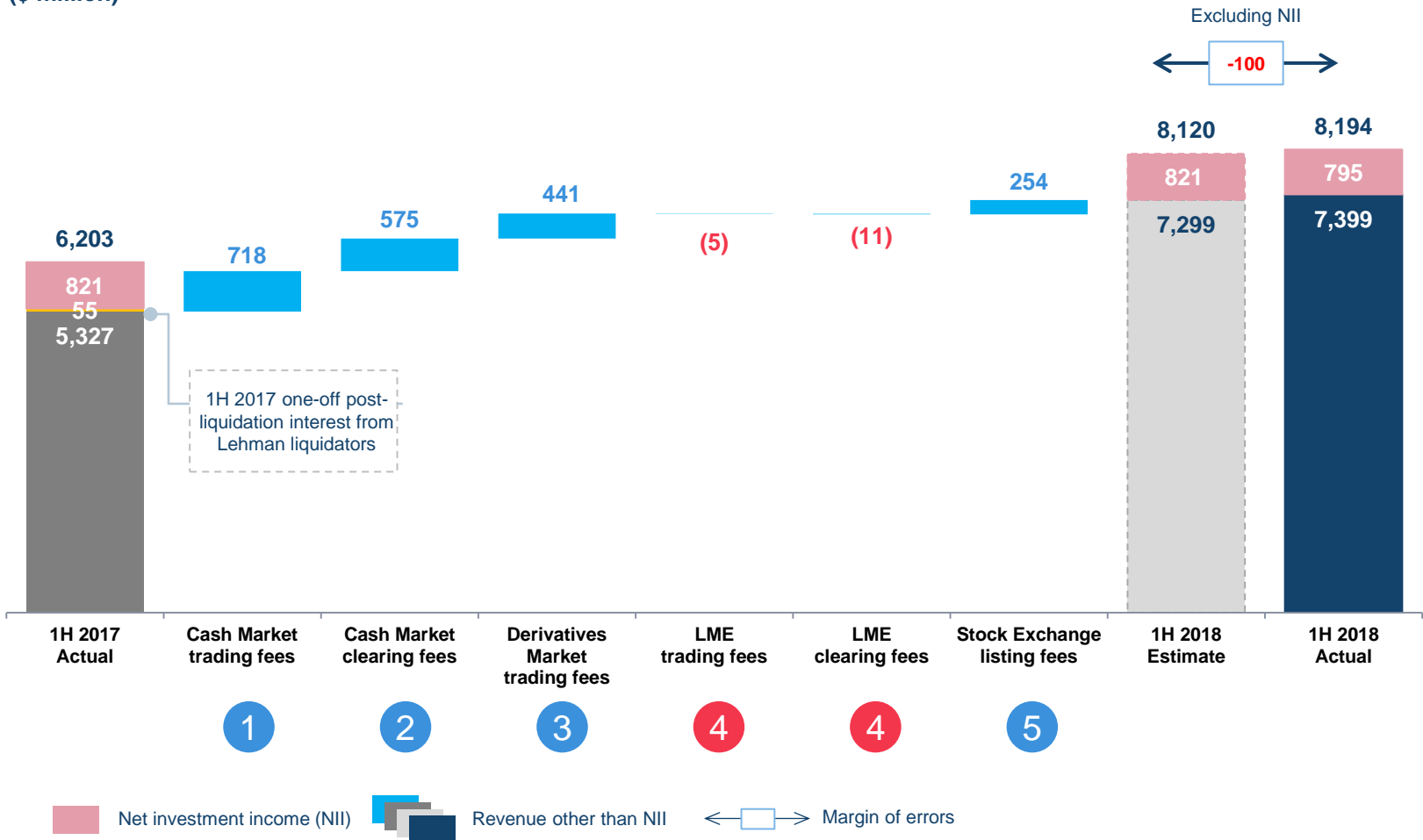
(1) Average number of listed companies represents the average number of listed companies at month end



Estimate of 1H 2018 revenue

Total revenue and other income

(\$ million)



Margin of errors for revenue estimates (excluding NII) approximately \$100m or 1%

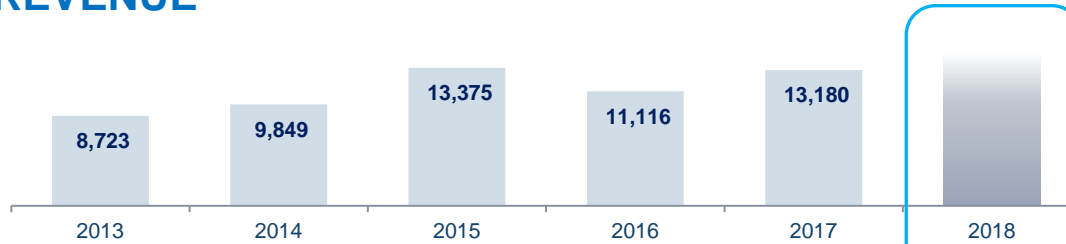


EBITDA margin

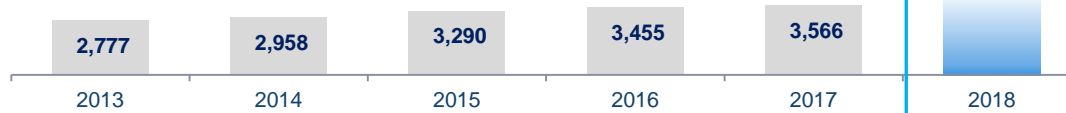
EBITDA margin generally moves in the same direction with revenue

(\$ million)

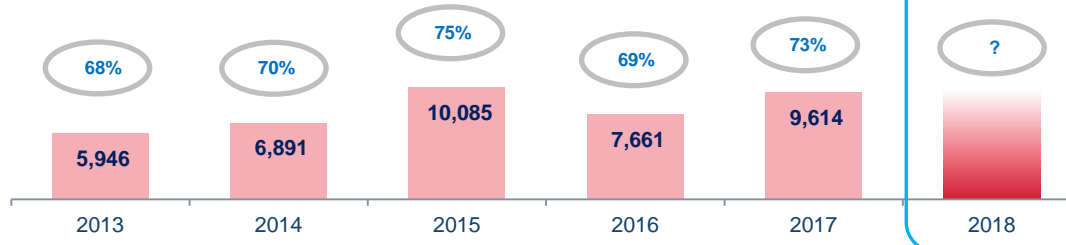
REVENUE



OPEX



EBITDA



A significant proportion of opex is fixed in nature

—————

If revenue comes under pressure, non-critical projects may be deferred and costs control measures will be implemented to try to maintain an overall EBITDA margin in the region of 65% - 70% (1H 2018: 77%)

○ EBITDA margin

