



Hong Kong Exchanges and Clearing Limited
香港交易及結算所有限公司

2013 Interim Report

Stock Code: 388

CONTENTS

(Financial figures in this Interim Report are expressed in HKD unless otherwise stated)

	Page
Financial Highlights	2
Major Events	3
Chairman’s Statement	5
Chief Executive’s Review	7
Board and Committees	10
Management Discussion and Analysis	
– Business Review	13
– Financial Review	24
– Operational Review	35
Environmental, Social and Governance Highlights	38
Disclosure of Interests	39
Information for Stakeholders	41
Audit Committee Report	44
Auditor’s Independent Review Report	45
Condensed Consolidated Financial Statements (Unaudited)	
– Condensed Consolidated Income Statement (Unaudited)	46
– Condensed Consolidated Statement of Comprehensive Income (Unaudited)	47
– Condensed Consolidated Statement of Financial Position (Unaudited)	48
– Condensed Consolidated Statement of Changes in Equity (Unaudited)	49
– Condensed Consolidated Statement of Cash Flows (Unaudited)	50
– Notes to the Condensed Consolidated Financial Statements (Unaudited)	51
Glossary	79

FINANCIAL HIGHLIGHTS

	Six months ended 30 Jun 2013	Six months ended 30 Jun 2012	Change	Three months ended 30 Jun 2013	Three months ended 30 Jun 2012	Change
KEY MARKET STATISTICS						
Average daily turnover value on the Stock Exchange (\$bn)	68.3	56.7	20%	62.3	50.2	24%
Average daily number of derivatives contracts traded on the Futures Exchange	291,171	265,609	10%	307,496	276,109	11%
Average daily number of stock options contracts traded on the Stock Exchange	267,047	231,856	15%	256,162	225,266	14%
Average daily volume of metals contracts traded on LME (lots)	699,863	641,646*	9%	732,811	646,272*	13%

* HKEx completed the acquisition of the LME Group on 6 December 2012.

	Six months ended 30 Jun 2013 \$m	As restated Six months ended 30 Jun 2012 \$m	Change	Three months ended 30 Jun 2013 \$m	As restated Three months ended 30 Jun 2012 \$m	Change
RESULTS						
Revenue and other income	4,440	3,770	18%	2,218	1,895	17%
Operating expenses	(1,341)	(976)	37%	(672)	(492)	37%
EBITDA ¹	3,099	2,794	11%	1,546	1,403	10%
Depreciation and amortisation	(233)	(56)	316%	(117)	(27)	333%
Operating profit	2,866	2,738	5%	1,429	1,376	4%
Costs relating to acquisition of LME Group	-	(110)	(100%)	-	(91)	(100%)
Finance costs	(92)	-	N/A	(43)	-	N/A
Share of loss of a joint venture	(4)	-	N/A	(2)	-	N/A
Profit before taxation	2,770	2,628	5%	1,384	1,285	8%
Taxation	(442)	(412)	7%	(214)	(217)	(1%)
Profit attributable to shareholders	2,328	2,216	5%	1,170	1,068	10%
Basic earnings per share	\$2.03	\$2.05	(1%)	\$1.02	\$0.99	3%
Diluted earnings per share	\$2.02	\$2.04	(1%)	\$1.02	\$0.98	4%
Interim dividend per share	\$1.82	\$1.85	(2%)	\$1.82	\$1.85	(2%)
Dividend payout ratio	90%	90%	-	-	-	-

	At 30 Jun 2013	At 31 Dec 2012	Change
KEY ITEMS IN CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Shareholders' funds (\$m)	17,834	17,764	0%
Total assets ² (\$m)	85,793	80,837	6%
Net assets per share ³ (\$)	15.48	15.48	0%

Notes:

- For the purposes of this Interim Report, EBITDA is defined as earnings before interest expenses and other finance costs, taxation, depreciation and amortisation. It excludes the Group's share of results of the joint venture and non-recurring costs arising from the acquisition of the LME Group.
- The Group's total assets include the Margin Funds and cash collateral received from Participants.
- Based on 1,151,947,603 shares as at 30 June 2013, being 1,153,982,442 shares issued and fully paid less 2,034,839 shares held for the Share Award Scheme (31 December 2012: 1,147,408,233 shares, being 1,149,808,087 shares issued and fully paid less 2,399,854 shares held for the Share Award Scheme)

MAJOR EVENTS

28 January

Introduced stock options on CSOP FTSE China A50 ETF and ChinaAMC CSI 300 Index ETF

31 January

Opened HKEx Data Centre



6 February

Launched Mainland Market Data Hub Founding Members Programme

15 March

Published consultation conclusions on trading halts

20 March

Announced stock options market revamp

5 April

Vuk Jeremic, President of the United Nations General Assembly, visited HKEx

8 April

Introduced After-Hours Futures Trading

Announced founding shareholders of OTC Clear



10 June

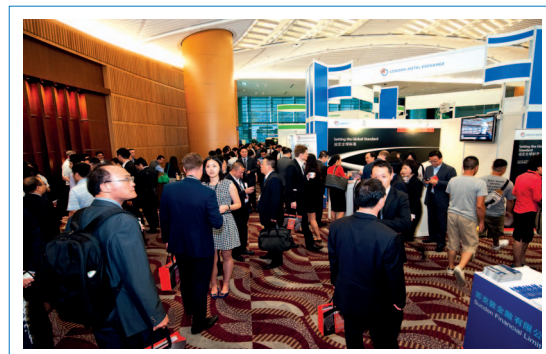
Introduced stock futures on the CSOP FTSE China A50 ETF, iShares FTSE A50 China Index ETF and ChinaAMC CSI 300 Index ETF

18 June

iShares RMB Bond Index ETF, Asia's first offshore RMB bond ETF, listed on SEHK

24-28 June

Hosted first LME Week Asia in Hong Kong



24 June

Together with LME, signed an MOU with Bank of China Limited to explore clearing of RMB-denominated commodity products



27 June

Together with LME, signed an MOU with China Beijing International Mining Exchange on cooperation and the exchange of information

CHAIRMAN'S STATEMENT



With the gradual recovery of the global economy, trading activities at HKEx in the first half of 2013 were better than those in the corresponding period last year. Taking into account LME's contribution to the Group's financial performance for the six months ended 30 June 2013, our revenue and other income increased 18 per cent against the corresponding period of 2012, resulting in an increase of 5 per cent in the profit attributable to shareholders. The Board declared an interim dividend of \$1.82 per share, which is 90 per cent of the profit attributable to shareholders for the six months ended 30 June 2013.

The Group is on track to deliver on the work laid down in the Strategic Plan 2013-2015. The gazettal of the Securities and Futures (Amendment) Bill 2013 in June provides a regulatory framework for the OTC derivatives market which is conducive to our launch of OTC Clear in the second half of 2013. We saw the listing of Asia's first offshore RMB bond ETF, which is traded and settled under our Dual Counter model, on the Stock Exchange in June, and the introduction of more Mainland-related futures. Other initiatives and developments are set out in the Chief Executive's Review and Business Review sections of this Interim Report.

Hosting LME Week Asia 2013 in late June and celebrating 20 years of H-share listings in early August reminded us of our strengths and new opportunities.

The first LME Week Asia in Hong Kong provided opportunities for us to showcase our strategic vision with respect to commodities to market participants from Mainland China, Asia, Europe and other parts of the world. With good market response and strong support from industry leaders, HKEx aims to make LME Week Asia an annual event in Asia.

Building on the success of listings by H-share companies and other companies from Mainland China, our Stock Exchange has become one of the world's largest and most international equity markets. Today, listed companies from the Mainland account for more than half of the Exchange's market capitalisation and more than 70 per cent of its equity turnover value.

Driven by our desire to improve our connectivity with the Mainland markets and to support RMB internationalisation, we are seeking increased collaboration and partnership with various parties on the Mainland. In the first half of 2013, we signed MOUs with the Financial Affairs Offices of various Mainland provinces to foster cooperation and the exchange of information. We are also continuing our work to deepen HKEx's role as a leading listing market for Hong Kong, Mainland and international companies, and as the primary offshore capital formation centre for Mainland-related issuers.

Looking forward, the global financial market remains challenging, in particular with the anticipated unwinding of the liquidity easing policy in the US. However, at HKEx, we will continue to develop a more diversified business and cautiously pursue every available opportunity. We remain confident that with support from our various stakeholders, we can reach our goal of transforming HKEx into a comprehensive provider of trading platforms for equity, fixed income and currency, and commodities, with a view to consolidating our leading position among world exchanges.

CHOW Chung Kong
Chairman

Hong Kong, 15 August 2013

CHIEF EXECUTIVE'S REVIEW



At the beginning of the year, we laid out the Group's strategic vision to build HKEx into a leading global vertically-integrated, multi-asset class exchange and prepare ourselves for the managed but accelerating opening of China's capital account. We began implementing the HKEx Group Strategic Plan 2013-2015 in the first six months of this year, and I am pleased to report some of the early progress under our plan.

Cash Equity

As market sentiment improves on more signs of recovery in the global economy, our primary market experienced a gradual recovery in the first six months of this year, with IPOs raising a total of \$39.7 billion, a 29 per cent increase from the same period last year.

Trading in our cash equity market also showed a positive trend. Average daily turnover was \$68.3 billion in the first half of this year, an increase of 20 per cent when compared with \$56.7 billion for the same period last year. We witnessed rapid development of our ETF market. The average daily turnover of ETFs for the first six months of the year was \$4.5 billion, an increase of 166 per cent when compared with last year's first half. The total number of ETFs reached 110 at the end of June, up from 100 at the end of last year. These included 7 RMB-denominated ETFs and 3 bond ETFs.

Equity Derivatives

The average daily turnover of futures and options for the first six months of the year was 558,218 contracts, an increase of 12 per cent when compared with the same period last year. On 25 June, the turnover of futures and options reached a record high of 1,448,209 contracts.

We introduced AHFT in April with HSI and H-shares Index Futures. Since its launch, AHFT trading volume has been approximately 3 per cent of the day session's on average. We are exploring the possibility of adding more of our current products and new asset classes in the long term.

Another improvement was our stock options revamp measures in May. We expect the initiative will help increase market liquidity and help our market participants formulate investment strategies to achieve the kind of yield enhancement offered by some popular structured products. The average daily trading volume of stock options increased by 15 per cent year-on-year during the first six months of the year.

Fixed Income and Currency

We are in the final preparation stage for the launch of OTC Clear. Twelve financial institutions have agreed to join OTC Clear as founding shareholders, the board structure is set, and system testing and a market rehearsal have been carried out. We look forward to the official launch of the OTC Clear later this year after obtaining regulatory approval.

In terms of currency products, we saw increased trading interest in the USD/CNH contract. Average daily trading volume rose to 1,070 contracts in June from 393 contracts in December, and open interest at the end of June was 7,028 contracts, compared with 3,673 at the end of last year.

Commodities

Trading momentum at the LME continued to be strong, as volume in the first half of the year rose 9 per cent from the same period of 2012 to 86.8 million lots. Nickel and cobalt volumes experienced the largest growth, with first half volumes up 23 per cent and 21 per cent respectively. They were followed by tin (up 19 per cent), aluminium (up 14 per cent), zinc (up 7 per cent) and copper (up 6 per cent).

Following adjustments made to increase load-out rates of warehouses in April 2012 and April 2013, LME published a consultation paper at the beginning of July with proposals to tackle the issue of warehouse queues. The consultation is continuing.

The preparations for LME Clear are on track and the exit arrangements with the current clearing provider, LCH.Clearnet Limited, are in order. We are mindful of the latest regulatory developments in Europe and have been in active dialogue with local regulators. We look forward to continuing our work with LME members and regulatory authorities to ensure a successful launch in the second half of 2014.

In late June, we welcomed guests from around the world to the first LME Week Asia in Hong Kong. The event provided a great forum for participants to hear insights from industry leaders and to discuss the future development of the commodities industry in Asia.

On 6 June 2013, we announced Martin Abbott's decision to leave from LME to pursue other opportunities. He will remain in the positions until the end of this year to facilitate a smooth and orderly transition. Martin was instrumental in changing the LME's business model to position it for future growth. We thank him for his contribution and wish him well in his next challenge.

In early August, LME received notification of a number of class action lawsuits filed in the US, in connection with the warehousing market and aluminium prices, in which LME has been named as a co-defendant. These have been disclosed as subsequent events in our interim financial statements ending 30 June 2013. LME management's initial assessment is that the lawsuits are without merit and LME will contest them vigorously.

Platform and Infrastructure

Our Data Centre has been in smooth operation since it opened in October of last year. The final stage of our IT consolidation, including the relocation of our Cash Clearing data centre to the Data Centre, will be completed by the end of this year.

Hosting Services were expanded to support our Derivatives Market earlier this year and as at the end of June 2013, their users contributed about 25 per cent of the daily turnover value on the Stock Exchange and about 40 per cent of the daily contract volume on the Futures Exchange.

OMD, the new market data system that is part of our HKEx Orion technology initiatives, will be rolled out later this year for the Cash Market and in the second quarter of next year for the Derivatives Market. In the meantime, we are building our MMDH in Shanghai, which will be able to support the OMD data feed.

Mainland Connectivity

In our Strategic Plan, we talk about how the continuing Mainland opening drives our strategy and how we will seek to build Mainland connectivity throughout our horizontal asset classes and vertical business segments. In the first six months of this year, we made tangible progress in this regard. CESC, our index joint venture with the Mainland stock exchanges, continued progressively launching new index products. Following the rollout of the CES 120 on 10 December last year, CESC introduced the CES China A80 Index (the pure A-share portion of the CES 120) and the CES China HK Mainland Index (the Hong Kong-listed Mainland enterprises of the CES 120) on 18 March. Most recently, we launched a new futures contract on CES 120 on 12 August.

To further develop Hong Kong's RMB offshore centre, we focused on developing a wide range of RMB products. We had 88 RMB products in total traded in our Cash Market at the end of June. These products include bonds, REITs, ETFs, equity and derivatives warrants.

On the commodities front, we have targeted strategic relationships with Mainland players to capture the business opportunities in Asia's commodities market. Initial progress has been made on several fronts, including strengthening the LME's Asia Benchmark Price, and signing the MOUs with Bank of China Limited and China Beijing International Mining Exchange respectively during the LME Week Asia.

Last but not the least, we are dedicated to building connectivity in our market structure and platform infrastructure with that of the Mainland. The first step towards this goal is building the MMDH in Shanghai, as mentioned above.

Conclusion

We continue to focus on implementing our strategic plan, which will better position us for changes in the industry's landscape as well as the gradual opening up of Mainland China's capital account. While the benefits may take time to materialise, many of our initiatives – when completed and linked together – will lead us towards a new level of market connectivity and competitiveness.

LI Xiaojia, Charles
Director and Chief Executive

Hong Kong, 15 August 2013

BOARD AND COMMITTEES

Board

Independent Non-executive Directors

CHOW Chung Kong * (Chairman)
Ronald Joseph ARCULLI * ¹ GBM, GBS, JP
CHAN Tze Ching, Ignatius BBS, JP
Timothy George FRESHWATER *
John Barrie HARRISON * ²
HUI Chiu Chung, Stephen * ² JP
KWOK Chi Piu, Bill JP
LEE Kwan Ho, Vincent Marshall
LEE Tze Hau, Michael * ² JP
LEUNG KO May Yee, Margaret * ³ SBS, JP
John Estmond STRICKLAND ⁴ GBS, JP
John Mackay McCulloch WILLIAMSON
WONG Sai Hung, Oscar ⁴

Executive Director

LI Xiaojia, Charles (Chief Executive)

Company Secretary

MAU Kam Shing, Joseph

Committees

Audit Committee

John Barrie HARRISON ⁵ (Chairman)
LEE Kwan Ho, Vincent Marshall (Deputy Chairman)
CHAN Tze Ching, Ignatius
KWOK Chi Piu, Bill
John Mackay McCulloch WILLIAMSON

Environmental, Social and Governance Committee

CHOW Chung Kong (Chairman)
Ronald Joseph ARCULLI ¹
John Barrie HARRISON ⁵
HUI Chiu Chung, Stephen ⁶
LEE Tze Hau, Michael ⁵
LI Xiaojia, Charles

Executive Committee

CHOW Chung Kong (Chairman)
Timothy George FRESHWATER ⁷
KWOK Chi Piu, Bill
LEE Kwan Ho, Vincent Marshall
LI Xiaojia, Charles
John Mackay McCulloch WILLIAMSON ⁸

Committees (continued)

Investment Advisory Committee

John Estmond STRICKLAND ⁵ (Chairman)
WONG Sai Hung, Oscar ⁵ (Deputy Chairman)
HUI Chiu Chung, Stephen ⁵
LEE Tze Hau, Michael ⁵
LUI Yin Tat, David

Nomination Committee

CHOW Chung Kong (Chairman)
CHAN Tze Ching, Ignatius
Timothy George FRESHWATER
John Estmond STRICKLAND ¹
John Mackay McCulloch WILLIAMSON ⁶
WONG Sai Hung, Oscar ⁵

Panel Member Nomination Committee

CHAN Tze Ching, Ignatius (Chairman)
KWOK Chi Piu, Bill
LEE Kwan Ho, Vincent Marshall
LEE Tze Hau, Michael ⁵
WONG Sai Hung, Oscar ⁵

Remuneration Committee

CHOW Chung Kong (Chairman)
Ronald Joseph ARCULLI ¹
Timothy George FRESHWATER ⁸
John Barrie HARRISON ^{5,8}
KWOK Chi Piu, Bill ⁷
LEE Kwan Ho, Vincent Marshall ⁷
LEUNG KO May Yee, Margaret ⁶
John Mackay McCulloch WILLIAMSON

Risk Management Committee ^Δ

CHOW Chung Kong (Chairman)
CHAN Ngai Hang ^{**9}
CHAN Tze Ching, Ignatius ⁷
HE Guangbei ^{**}
KWOK Chi Piu, Bill ¹⁰
LAU Ying Pan, Edmond ^{**11}
LEE Tat Chi, Howard ^{**12}
LEE Tze Hau, Michael ^{5,8}
LEUNG KO May Yee, Margaret ⁶
LIU Swee Long, Michael ^{**9}
LUI Kei Kwong, Keith ^{**}

Notes:

* Government Appointed Director

** Appointed by the Financial Secretary

^Δ Established under Section 65 of the SFO

¹ Retired on 24 April 2013

² Re-appointment effective 24 April 2013

³ Appointment effective 24 April 2013

⁴ Re-elected effective 24 April 2013

⁵ Re-appointment effective 25 April 2013

⁶ Appointment effective 25 April 2013

⁷ Appointment effective 8 May 2013

⁸ Appointment ceased effective 8 May 2013

⁹ Re-appointment effective 1 July 2013

¹⁰ Appointment ceased effective 25 April 2013

¹¹ Appointment ceased effective 1 May 2013

¹² Appointment effective 1 May 2013 by virtue of being the Executive Director (Monetary Management) of the Hong Kong Monetary Authority

Board of Directors

On 2 April 2013, the Government announced the appointment of Mrs Margaret Leung and the re-appointment of Messrs John Harrison, Stephen Hui and Michael Lee as Directors each for a term of approximately 2 years from the close of the 2013 AGM until the conclusion of the AGM to be held in 2015. Messrs John Strickland and Oscar Wong were re-elected as Directors by Shareholders at the 2013 AGM, each for a term of approximately 3 years from 24 April 2013 until the conclusion of the AGM to be held in 2016. Mr Ronald Arculli retired from the Board after the conclusion of the 2013 AGM.

Committees and Consultative Panels

Taking into account the changes in the Board composition that took effect on 24 April 2013 and the expiry of service terms of certain members of the 3 Consultative Panels, the Board approved changes in the composition of various Committees and the 3 Consultative Panels, details of which are set out in the News Releases dated 25 April and 8 May 2013 under the News & Consultations section of the HKEx website. The member lists of the various Committees and Consultative Panels are available on the HKEx website.

Other Changes in Directors' Information

Other changes in Directors' information subsequent to the date of the 2012 Annual Report are set out below.

	Appointment (effective)	Cessation of office (effective)
Ronald Arculli		
• Health and Medical Development Advisory Committee – vice-chairman	–	1 Mar 2013
Ignatius Chan		
• Greater Pearl River Delta Business Council – member	–	1 Mar 2013
• Hong Kong Tourism Board – member	1 Apr 2013	–
C K Chow		
• The Standing Committee on Directorate Salaries and Conditions of Services – member	–	1 Apr 2013
• LME – chairman of Remuneration Committee	–	28 Jun 2013*
Timothy Freshwater		
• Grosvenor Asia Pacific Limited – non-executive chairman	–	1 Jul 2013
John Harrison		
• LME – member of Remuneration Committee	–	28 Jun 2013*
Stephen Hui		
• Frasers Property (China) Limited, where Mr Hui is an independent non-executive director, changed its name as Gemdale Properties and Investment Corporation Limited #.	–	–
• SINOPEC Engineering (Group) Co., Ltd # (listed on 23 May 2013) – independent non-executive director	11 Apr 2013	–
• 橫琴新區管理委員會 – 橫琴新區港澳法律問題專家小組顧問, where Mr Hui is an adviser to the expert group on Hong Kong and Macau legal issues for the Hengqin New Area	14 May 2013	–
Bill Kwok		
• Financial Services Development Council – non-official member of New Business Committee	5 Apr 2013	–
Vincent Lee		
• LT Holdings Limited # (formerly known as Chi Cheung Investment Company, Limited) – non-executive director	27 Mar 2013	–
• Financial Services Development Council – non-official member of New Business Committee	5 Apr 2013	–

	Appointment (effective)	Cessation of office (effective)
Michael Lee		
• OTC Clear – independent non-executive director and chairman	1 Jul 2013	–
Margaret Leung		
• SFC – member of Advisory Committee	–	1 Jun 2013
Charles Li		
• LME – member of Remuneration Committee	–	28 Jun 2013*
Oscar Wong		
• LW Management Advisors Limited – executive director	1 Apr 2013	–
• China Bio-Med Regeneration Technology Limited #		
– executive director	–	30 Apr 2013
– non-executive director	30 Apr 2013	–
– chairman	–	9 May 2013
– vice-chairman	9 May 2013	–
• Ping An Insurance (Group) Company of China, Ltd #		
– independent non-executive director	17 Jun 2013	–

Currently listed on the Stock Exchange

* The office ceased upon dissolution of LME's Remuneration Committee on 28 June 2013. The relevant duties, powers and responsibilities are consequently assumed by HKEx's Remuneration Committee.

The biographies of Directors are available on the HKEx website.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Main Board Listing Rules.

BUSINESS REVIEW

Listing and Regulatory Affairs

Listing

The Exchange is reviewing the responses to the consultation papers on its proposed amendments to connected transaction Rules and proposed changes to align the definitions of connected person and associate in the Listing Rules. The consultations closed on 26 June 2013.

On 23 July 2013, the Exchange published Rule changes to complement the SFC's new regulation on sponsors which will come into effect on 1 October 2013. The new requirements will apply to listing applications submitted on or after 1 October 2013. The Exchange has streamlined the listing vetting process, refined the number of required documents and issued guidance on certain interpretations and procedures, with a view to making the process more efficient, while maintaining the standards of companies to be listed on the Exchange. The Exchange expects that these changes should lead to a high quality listing document, thereby shortening the regulatory commenting process and the time required to bring an application to the Listing Committee for consideration. To help sponsors and market practitioners adapt to the new Rules and the streamlined vetting process, the Exchange held 2 seminars in August 2013 and will hold additional ones in September 2013 if necessary.

The above documents and other publications in relation to listing are available under the News & Consultations and Rules & Regulations – Rules and Guidance on Listing Matters sections of the HKEx website.

Enterprise Risk Management and Surveillance

Based on the Enterprise Risk Management Framework, HKEx embarked on a Group-wide exercise to review the identified risks and assess the potential risks which might arise from both existing and new business and operations.

In the first half of 2013, HKEx: (i) performed due diligence checks of 30 new applications for registration as EPs, CPs and market makers; (ii) conducted quarterly reviews of EPs and CPs using the Counterparty Risk Ranking Methodology, a risk-based participant surveillance tool; (iii) analysed market activities related to 6 major stock index changes including changes to the HSI, MSCI and FTSE indices; (iv) took actions on 6 cases of non-compliance with financial requirements or position limit requirements; and (v) referred 4 cases involving possible violations to the SFC for investigation.

Global Markets

Cash Trading

During the first half of 2013, 17 companies were newly listed on the Main Board (including 1 transfer from GEM), and 6 on GEM. Total capital raised, including post-listing funds, reached \$136.8 billion. As at 30 June 2013, 1,384 and 183 companies were listed on the Main Board and GEM respectively, with a total market capitalisation of \$20,706 billion. In addition, there were 4,895 DWs, 1,222 CBBCs, 110 ETFs, 9 REITs, and 355 debt securities listed as at 30 June 2013. The average daily turnover value in the first half of the year was \$68 billion on the Main Board and \$233 million on GEM, an increase of 20 per cent and 49 per cent respectively compared with the corresponding period in 2012.

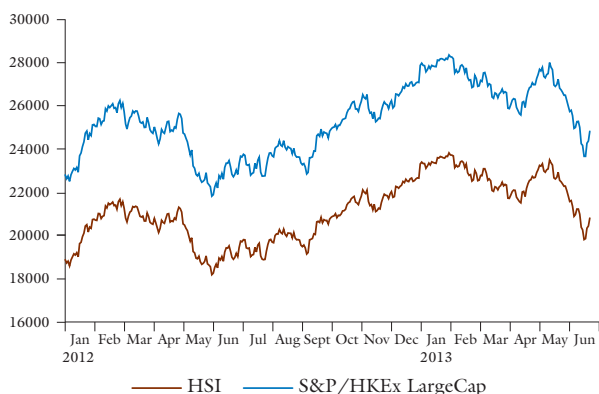
Number of RMB Products Traded on SEHK (as at 30 Jun 2013)

Equity securities ¹	1
Debt securities	69
ETFs ²	7
DWs	10
REITs	1

Notes:

- 1 Traded under the Dual Counter model
- 2 Including 6 ETFs traded under the Dual Counter model, of which 1 is Asia's first offshore RMB bond ETF (that was listed on 18 June 2013)

HSI and S&P/HKEx LargeCap Index (01/2012 – 06/2013)



S&P/HKEx GEM Index (01/2012 – 06/2013)



Number of Listed Companies by Industry Classification * – Main Board and GEM

	As at	As at	As at	Change	
	30 Jun 2013	31 Mar 2013	30 Jun 2012	Mar 2013	Jun 2012
Energy	76	75	65	1%	17%
Materials	140	141	136	(1%)	3%
Industrial Goods	139	140	120	(1%)	16%
Consumer Goods	375	373	386	1%	(3%)
Services	248	245	235	1%	6%
Telecommunications	17	17	18	0%	(6%)
Utilities	43	43	43	0%	0%
Financials	130	128	120	2%	8%
Properties & Construction	220	218	209	1%	5%
IT	165	163	164	1%	1%
Conglomerates	14	14	23	0%	(39%)
Total	1,567	1,557	1,519	1%	3%

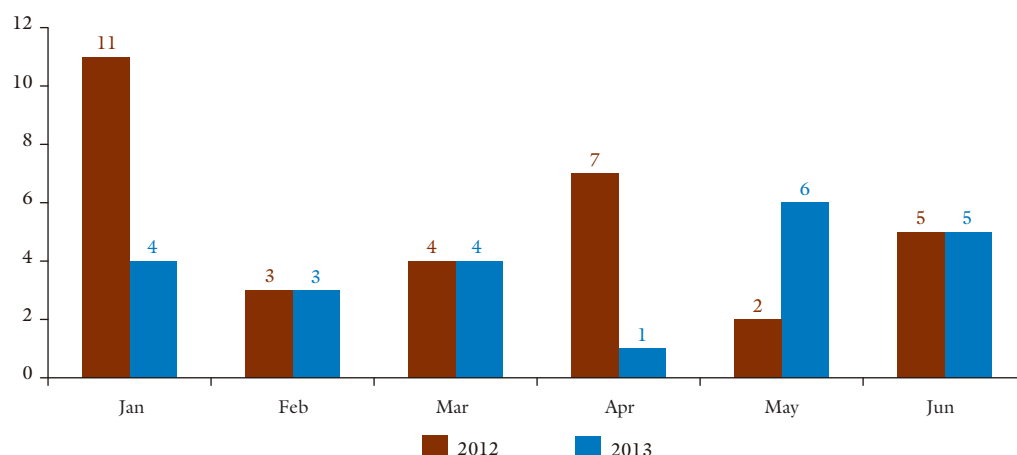
* According to Hang Seng Indexes Company Limited

Market Capitalisation of Listed Companies by Industry Classification * – Main Board and GEM

	As at	As at	As at	Change	
	30 Jun 2013	31 Mar 2013	30 Jun 2012	Mar 2013	Jun 2012
	\$bn	\$bn	\$bn		
Energy	1,361	1,582	1,428	(14%)	(5%)
Materials	441	534	475	(17%)	(7%)
Industrial Goods	363	389	252	(7%)	44%
Consumer Goods	2,330	2,433	1,996	(4%)	17%
Services	2,087	2,138	1,633	(2%)	28%
Telecommunications	2,057	2,086	2,098	(1%)	(2%)
Utilities	1,158	1,223	765	(5%)	51%
Financials	6,183	6,777	5,604	(9%)	10%
Properties & Construction	3,035	3,231	2,410	(6%)	26%
IT	1,024	870	761	18%	35%
Conglomerates	668	690	1,006	(3%)	(34%)
Total	20,706	21,953	18,429	(6%)	12%

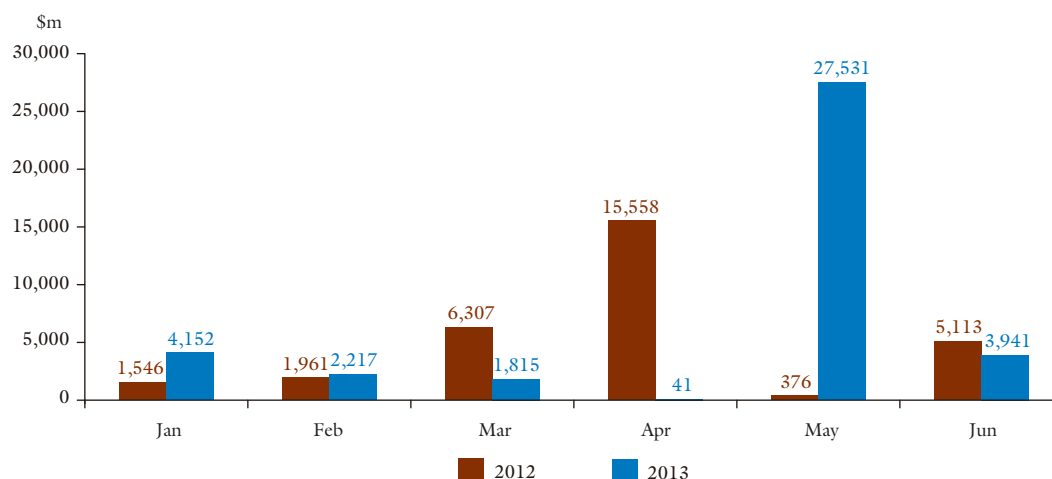
* According to Hang Seng Indexes Company Limited
 Note: Figures have been rounded and may not add up to the total.

Number of Newly Listed Companies – Main Board * and GEM



* Including transfer from GEM (2013: 1; 2012: Nil)

IPO Funds Raised by Newly Listed Companies – Main Board and GEM



Number of Listed Securities – Main Board and GEM

	As at	As at	As at	Change	
	30 Jun 2013	31 Mar 2013	30 Jun 2012	Mar 2013	Jun 2012
Ordinary Shares	1,568	1,558	1,520	1%	3%
Preference Shares	3	3	3	0%	0%
Warrants	4,905	4,495	4,048	9%	21%
CBBCs	1,222	1,276	1,021	(4%)	20%
Unit Trusts	121	111	103	9%	17%
Debt Securities	355	299	231	19%	54%
Total	8,174	7,742	6,926	6%	18%

Market Value by Type of Securities – Main Board and GEM

	As at	As at	As at	Change	
	30 Jun 2013	31 Mar 2013	30 Jun 2012	Mar 2013	Jun 2012
	\$bn	\$bn	\$bn		
Equities	20,706	21,953	18,429	(6%)	12%
Warrants	57	71	65	(20%)	(12%)
CBBCs	53	45	47	18%	13%
Unit Trusts	754	999	850	(25%)	(11%)
Debt Securities *	1,186	961	754	23%	57%
Total	22,756	24,029	20,146	(5%)	13%

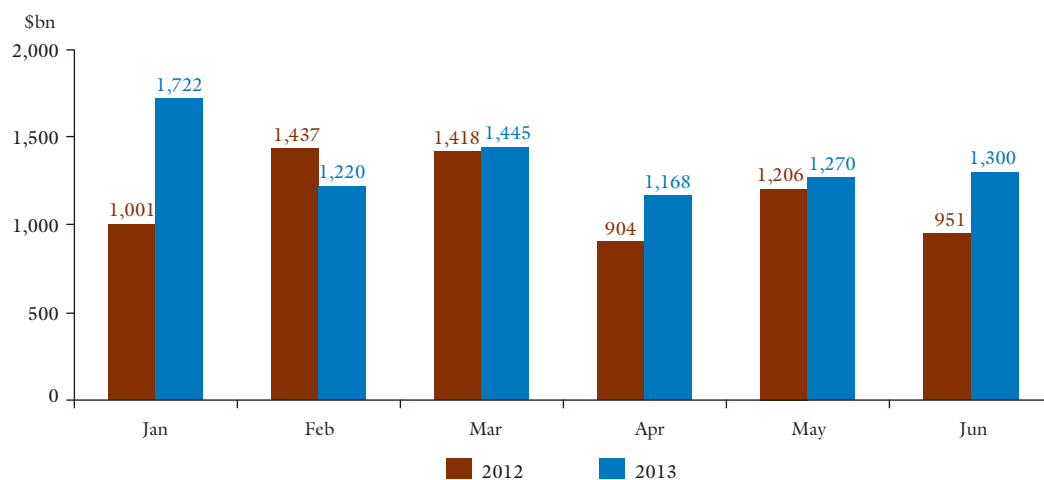
* Nominal value

Note: Figures have been rounded and may not add up to the total.

Turnover Value by Type of Securities – Main Board and GEM

	Six months ended 30 Jun 2013 \$bn	Six months ended 30 Jun 2012 \$bn	Change
Equities	5,815	4,918	18%
Warrants	1,035	909	14%
CBBCs	682	850	(20%)
Unit Trusts	591	239	147%
Debt Securities	2	1	100%
Total	8,125	6,917	17%

Turnover Value of Listed Securities – Main Board and GEM



Derivatives Trading

In the first half of 2013, 66,427,957 contracts were traded in the Derivatives Market, comprising 25,625,011 futures contracts and 40,802,946 options contracts. The average daily volumes were 215,336 contracts for futures and 342,882 contracts for options. The total open interest as of 30 June 2013 was 6,526,220 contracts, comprising 416,109 futures contracts and 6,110,111 options contracts.

Record High Volume and Open Interest for Major Derivatives in the First Half of 2013

	Volume		Open interest	
	Date	Number of contracts	Date	Number of contracts
HSI Futures	25 Jun	271,426	–	–
H-shares Index Futures	25 Jun	389,031	26 Jun	332,727
Mini H-shares Index Futures	–	–	24 Jun	6,743
Stock Futures	–	–	27 Mar	47,050
USD/CNH Futures	31 May	2,455	28 Jun	7,028
Flexible HSI Options	8 Jan	4,730	–	–
H-shares Index Options	21 Jun	70,518	26 Jun	1,209,302
Flexible H-shares Index Options	–	–	30 May	26,731

Major Derivatives Market Statistics

	Six months ended	Six months ended	Change	As at	As at	Change
	30 Jun 2013	30 Jun 2012		30 Jun 2013	30 Jun 2012	
	Average daily volume (contracts)			Open interest (contracts)		
Futures						
HSI Futures	86,890	86,446	1%	101,093	103,069	(2%)
Mini-HSI Futures	33,975	37,931	(10%)	7,096	6,063	17%
H-shares Index Futures	82,427	64,209	28%	197,763	127,099	56%
Mini H-shares Index Futures	8,237	6,947	19%	4,047	3,236	25%
HSI Dividend Point Index Futures	51	80	(36%)	5,259	5,412	(3%)
HSCEI Dividend Point Index Futures	747	818	(9%)	75,519	59,548	27%
Stock Futures	2,406	1,140	111%	18,258	10,510	74%
USD/CNH Futures *	599	N/A	N/A	7,028	N/A	N/A
Options						
HSI Options	40,904	39,554	3%	282,528	346,519	(18%)
Mini-HSI Options	5,272	4,677	13%	8,909	12,617	(29%)
Flexible HSI Options	76	29	162%	10,932	11,010	(1%)
H-shares Index Options	29,385	23,734	24%	973,057	361,728	169%
Flexible H-shares Index Options	198	35	466%	24,516	7,125	244%
Stock Options	267,047	231,856	15%	4,810,169	5,060,742	(5%)

* Launched on 17 September 2012

On 20 March 2013, HKEx launched the Stock Options Corner on the HKEx website (www.hkex.com.hk/stockoptions) to provide investors with information about stock options. The Stock Options Corner includes over 10 analytical tools and educational videos for beginners and more advanced market participants.

On 2 May 2013, HKEx rolled out several stock options revamp initiatives to improve the competitiveness of its stock options market. They included: (i) trading fee reductions for 26 option classes, mainly with small notional value per contract; (ii) a new market maker programme to improve price transparency; (iii) the addition of an expiry month to facilitate trading of institutional investors; and (iv) a market data fee waiver.

AHFT was introduced for HSI Futures and H-shares Index Futures on 8 April 2013. Up to the end of June, 327,775 contracts were traded during that session (with an average daily of 3,279 HSI Futures contracts and 2,574 H-shares Index Futures contracts, which were about 4 per cent and 3 per cent of the average daily volume of the two products respectively traded in the day session). The highest AHFT volume, 18,813 contracts was recorded on 25 June 2013. HKEx is exploring the possibility of adding more products such as mini stock index futures contracts, and in the long term, including new asset classes such as foreign exchange and commodities for AHFT.

Futures contracts on ChinaAMC CSI 300 Index ETF, CSOP FTSE China A50 ETF and iShares FTSE A50 China Index ETF were introduced on 10 June 2013. These new contracts, HKEx's first futures on A-shares ETFs, allow investors to manage their risk exposure from A-shares ETFs.

HKEx had appointed 3 liquidity providers for CES 120 Futures which were introduced to the market for trading on 12 August 2013. The CES 120 futures contract is the world's first exchange-listed derivatives product designed to provide a convenient, cost efficient and simultaneous exposure to leading China stocks from the Mainland and Hong Kong markets through a single exchange-traded futures contract that can be used for trading or hedging purposes. To facilitate market readiness, HKEx has arranged product seminars for retail and institutional investors in Hong Kong and Singapore. In addition, HKEx plans to organise educational activities for potential investors in Mainland China, Korea, the UK and the US.

LME

In the first half of 2013, average daily volume was 699,863 lots, an increase of 9 per cent from the corresponding period last year. June 2013 was the busiest month on record, with 16,319,351 lots traded and an average of 815,968 lots per day, up 111,502 lots per day from the previous record in September 2012. Among the various products, aluminium, the LME's largest contract, experienced an average daily volume growth of 14 per cent year-on-year in the first half of 2013. Copper and zinc grew 6 per cent and 7 per cent respectively over the same period year-on-year. Tin and nickel exhibited the strongest growth of the major contracts with increases of 19 per cent and 23 per cent year-on-year respectively.

Futures trading volume increased over 9 per cent year-on-year, while combined options and Traded Average Price Options, or TAPOs, trading increased 5 per cent over the same period. The total futures market open interest, or MOI, at the end of June 2013 was 2,575,963 lots, 10 per cent above the MOI reported at the end of 2012.

In the first half of 2013, an average of 153,663 lots per day traded across LMEselect (ticker value), 15 per cent above the same period last year. Like the whole LME, LMEselect experienced the highest monthly volume in June 2013. On average, 176,170 lots per day traded across LMEselect during the month, up 27 per cent year-on-year.

On 17 June 2013, LME announced the approval of Kaohsiung, Taiwan as a good delivery point for primary aluminium, aluminium alloy, copper, lead, nickel, tin and zinc, in addition to the existing 8 Asian locations, to meet the demands of the metals industry. In line with HKEx's plan on RMB development for Asia commodities business, and in light of increased Asian trading activity on LMEselect, LME initiated certain measures, including enhancing the Asian Benchmark pricing to provide the region with a more meaningful set of prices. More information is available on LME's website.

LME has, at the date of this Interim Report, been named as a co-defendant in 4 class action lawsuits filed in the US District Courts in early August 2013 (with LMEH named as a co-defendant in 1 lawsuit). The claims are similar in nature and seek damages and injunctive relief with respect to alleged anti-competitive and monopolistic behaviour in the warehousing market in connection with aluminium prices. In light of the class action nature of the complaints, it is not uncommon for additional follow-up suits of a similar nature to be filed in the US once a class action has commenced. LME management's initial assessment is that the suits are without merit and LME will contest them vigorously. As mentioned in the Company's announcement dated 7 August 2013, HKEx may not make further announcements each time it becomes aware of similar lawsuits unless there is new information regarding a claim which should be the subject of an announcement. The Company will update Shareholders and investors on material developments regarding the lawsuits in compliance with the SFO and the Main Board Listing Rules.

LME Week Asia

Hong Kong hosted LME Week Asia for the first time, providing an excellent opportunity for HKEx to showcase its Asia commodities strategy. Activities commenced on 24 June and were modelled after LME Week in London, which for decades has been one of the most high profile and well attended events for metals industry players each and every year.

This year's LME Week Asia was kicked off with the Chairman's Reception, which brought together over 200 top executives from metals industry traders, consumers and manufacturers. About 500 senior executives representing over 250 companies from around the world participated in the LME Metals Seminar Asia, "Exploring New Horizons" held on 25 June. Industry leaders and key market players shared their insight and views on the future development of the commodities industry in Asia, in particular, with the growing influence of Mainland China. An exhibition with over 30 booths was organised to promote the metals businesses of industry players. On the same day, over 900 guests from LME members attended the LME Asia Dinner "East meets West", which was the highlight of the week. In addition, educational workshops were held between 26 June and 28 June to introduce this relatively new industry to interested participants.

Mainland Development

HKEx continues to broaden and deepen its relationship with its Mainland counterparts, especially in light of a relaxation of regulatory requirements for Mainland enterprises to list H shares. During the first half of 2013, MOUs were signed with Anhui, Chongqing, Hunan, Jiangxi and Tianjin Financial Services/Affairs Offices on cooperation and the exchange of information. In addition, HKEx co-organised 18 seminars in 13 Mainland cities and Hong Kong to promote listing in Hong Kong, and it made over 60 presentations to thousands of Mainland enterprises from different provinces and industries.

To celebrate the 20th anniversary of H-share listings in Hong Kong, HKEx has planned a series of events which will be held in the Mainland and Hong Kong in the second half of the year to promote the Hong Kong markets.

With a view to fostering closer working relationship and introducing LME's business, HKEx arranged exchange programmes for officials from the China Securities Regulatory Commission in May 2013. HKEx will continue to organise exchange programmes for professionals from the commodities industry on the Mainland as appropriate to further strengthen its commodities business.

Market Data

In February 2013, HKEx launched the Founding Members Programme for the MMDH of its OMD to allow IVs and other interested parties to participate in the early set-up of the hub. The MMDH is scheduled for launch in Shanghai by the fourth quarter of 2013, following the implementation of the first phase of the OMD in the third quarter of 2013.

As of 30 June 2013, 8 Mainland IVs/companies had registered to connect to the MMDH and 6 of them had joined the Founding Members Programme.

CESC

To further develop its Cross Border Index Series, CESC increased the index dissemination frequency from every 15 seconds to every 5 seconds in April 2013 and updated the real-time index dissemination channels, including the real-time data feed of HKEx and CSI, as well as the information on the CESC and CSI websites.

CESC has granted licences to 3 fund managers to issue ETFs for listing on the Stock Exchange by the third quarter of this year. CESC is also exploring ETF licensing opportunities in other international exchanges.

In May 2013, CESC licensed its CES 120 futures contract to HKEx. CES 120 Futures were launched on the Futures Exchange on 12 August 2013.

Global Clearing

Cash and Derivatives Clearing

In the past, Transfer Instructions on Exchange Fund Notes, Government Bonds, Specified Instruments or Central Moneymarkets Unit (CMU) Instruments between CCASS and CMU could only be effected on free of payment basis. To further improve efficiency and mitigate the risk of the settlement process, CCASS has been enhanced and is now able to support settlement of Transfer Instructions with CMU on a delivery versus payment basis.

To prepare for the consultation on subsidiary legislation for a scripless securities market in Hong Kong, which is targeted to be conducted early next year, HKEx is actively working with the Government and the SFC on the legislative and operational changes required to take the scripless initiative forward.

HKSCC, HKCC, and SEOCH are conducting assessments on the observance of the “Principles for financial market infrastructures” issued by the Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions. Based on the assessment results, HKEx will, if necessary, develop improvement plans to further enhance the relevant systems, policies, financial resources and operations to ensure compliance with the principles.

CCASS Statistics (six months ended 30 Jun)

	2013	2012	Change
Average daily Exchange Trades handled by CCASS			
Number of trades	976,469	807,344	21%
Value of trades (\$bn)	68.3	56.7	20%
Share quantity involved (bn)	159.1	147.8	8%
Average daily SIs handled by CCASS			
Number of SIs	85,743	75,194	14%
Value of SIs (\$bn)	244.8	180.0	36%
Share quantity involved (bn)	58.8	42.3	39%
Average daily ISIs handled by CCASS			
Number of ISIs	426	340	25%
Value of ISIs (\$m)	245.3	262.7	(7%)
Share quantity involved (m)	155.1	92.2	68%
Average daily settlement efficiency of CNS stock positions on due day (T+2)			
	99.90%	99.91%	–
Average daily settlement efficiency of CNS stock positions on the day following the due day (T+3)			
	99.99%	99.99%	–
Average daily buy-ins executed on T+3			
Number of brokers involved	4	4	0%
Number of buy-ins	5	5	0%
Value of buy-ins (\$m)	2.9	1.4	107%
Shares deposited in the CCASS depository			
Number of shares (bn)	3,726.3	3,713.6	0%
Percentage of the total issued shares of the admitted securities	70%	70%	–
Value of shares (\$bn)	11,616.4	10,006.9	16%
Percentage of the total market capitalisation of the admitted securities	52%	50%	–

OTC Clear

HKEx is in the final preparation stage for the launch of the first phase of OTC Clear, which will clear inter-dealer trades involving interest rate swaps and non-deliverable forwards conducted OTC. HKEx welcomed 12 financial institutions which will join OTC Clear as the founding shareholders and is working closely with the SFC on the application of OTC Clear to be a recognised clearing house for the provision of clearing services for OTC derivatives in Hong Kong.

To prepare for the soft launch of OCASS in the second half of 2013, OTC Clear is organising another round of simulation test in the third quarter, following the market rehearsal held in February 2013. The test will cover a complete cycle of clearing interest rate swaps and non-deliverable forwards, including the confirmation and submission of trades from the Approved Trade Registration Systems, the trade novation process, initial margin and variation margin calculation, collateral deposit and withdrawal, as well as a switchover of the system connection from the primary processing site to the back-up processing site under the contingency plan.

The Government gazetted the Securities and Futures (Amendment) Bill 2013 to provide a regulatory framework for the OTC derivatives market in Hong Kong on 28 June 2013. The Bill comprises 3 key aspects: (i) mandatory reporting, clearing and trading obligations; (ii) establishment and regulation of the necessary infrastructure through which the mandatory obligations will be fulfilled; and (iii) regulation and oversight of key players in the OTC derivatives market. OTC Clear will make reference to the framework to ensure compliance with the statutory requirements.

LME Clear

LME is now in the building stage for LME Clear, which will clear all LME-traded contracts with effect from September 2014.

LME Clear will be fully compliant with the new European Market Infrastructure Regulation, or EMIR, and is in active dialogue with regulators on the timing and content of its authorisation application. The senior management team is in place and the core technology development is on schedule. LME Clear will leverage existing core infrastructure and premises with LME.

An agreement covering the formal exit and transfer arrangements has been signed with the current clearing provider, LCH.Clearnet Limited, and work is in progress based on detailed plans for service transition. Member firms are supportive and actively involved through the LME Clear member advisory group and direct consultation.

Clearing Risk Management

OTC Clear has completed an internal risk assessment on potential clearing members, covering a review of their financial strength, risk control framework and operation readiness, and will submit the results to management for its endorsement.

In April 2013, the OTC Clear executives visited the Federal Reserve Bank of Chicago in the US and led a panel discussion on default management with a focus on OTC regulations, and in May, they presented HKEx's planned OTC clearing services to the GreTai Securities Market in Taiwan.

HKEx participated in the CCP 12 conference in Busan, Korea in May 2013 to discuss various regulatory developments.

Information Technology

During the first half of 2013, all major trading, clearing and settlement, and market data dissemination systems for the Cash and Derivatives Markets continued to perform reliably.

Under an ongoing initiative, HKEx will continue to implement IT security enhancement measures in phases as planned to raise IT security to a higher level of maturity.

Following the migration of the IT offices and the Cash Market data centre in October 2012 and the Derivatives Market data centre in May 2013 to the Data Centre, the relocation of the Cash Clearing data centre, the final stage of consolidation, will take place in the fourth quarter of 2013.

HKEx Orion Programme

SDNet/2 has been rolled out to the Derivatives Market and will be extended to the Cash Clearing in the third quarter of 2013 to conclude the network upgrade.

HKEx completed a readiness test with its clients in the second quarter of 2013 and plans to launch the OMD for the Cash Market in the third quarter of 2013 after completing market rehearsals. Meanwhile, there has been good progress towards the launch of OMD for the Derivatives Market targeted for the first half of 2014. The OMD feed will be rolled out in the Mainland in the fourth quarter of 2013 via the MMDH. Infrastructure work for the primary and secondary sites of the MMDH in Shanghai have been completed and clients can now connect to the MMDH for system tests.

HKEx has released the specifications and test simulators for the OCG to EPs. HKEx's testing of the OCG software is in progress and HKEx expects to launch the OCG for the Cash Market around the first quarter of 2014.

The migration of HKATS/DCASS onto the new Genium INET technology platform is at its final stage of implementation. System certification and market readiness preparation by Participants are planned for completion in the third quarter of 2013 to facilitate the rollout of the Genium INET in the fourth quarter of 2013 after comprehensive market rehearsals. The new technology will further improve capacity and latency, which will support the further development of the Derivatives Market.

Hosting Services

Following their launch for the Cash Market in December 2012, Hosting Services were expanded to support the Derivatives Market on 3 June 2013. As at the end of June 2013, there were 30 subscribers from SEHK Participants and 20 from HKFE Participants, contributing about 25 and 40 per cent of daily turnover value on the Stock Exchange and the daily contract volume on the Futures Exchange respectively.

To further promote the business, HKEx showcased its Hosting Services at the Asia Trading Summit and organised a seminar in May 2013 to share with EPs the key criteria in selecting a data centre to improve the reliability of their trading infrastructure.

Treasury

The Group's funds available for investment comprise Corporate Funds, Margin Funds and cash collateral and Clearing House Funds, totalling \$56.5 billion on average for the six months ended 30 June 2013 (first half of 2012: \$45.5 billion).

As compared with 31 March 2013, the overall size of funds available for investment as at 30 June 2013 increased by 9 per cent or \$4.8 billion to \$56.6 billion (31 March 2013: \$51.8 billion). Details of the asset allocation of the investments as at 30 June 2013 against those as at 31 March 2013 are set out below.

	Investment Fund Size \$bn		Bonds *		Cash or Bank Deposits		Global Equities	
	Jun	Mar	Jun	Mar	Jun	Mar	Jun	Mar
Corporate Funds	8.9	9.4	21%	19%	75%	74%	4%	7%
Margin Funds and cash collateral	43.2	37.8	4%	5%	96%	95%	0%	0%
Clearing House Funds	4.5	4.6	0%	0%	100%	100%	0%	0%
Total	56.6	51.8	6%	7%	93%	92%	1%	1%

* Including certain principal-guaranteed structured notes

Investments are kept sufficiently liquid to meet the Group's operating needs and liquidity requirements of the Margin Funds and cash collateral and Clearing House Funds. Excluding equities held under the Corporate Funds (\$0.3 billion as at 30 June 2013 and \$0.6 billion as at 31 March 2013), which have no maturity date, the maturity profiles of the remaining investments as at 30 June 2013 (\$56.3 billion) and 31 March 2013 (\$51.2 billion) were as follows:

	Investment Fund Size \$bn		Overnight		>Overnight to 1 month		>1 month to 1 year		>1 year to 3 years		>3 years	
	Jun	Mar	Jun	Mar	Jun	Mar	Jun	Mar	Jun	Mar	Jun	Mar
Corporate Funds	8.6	8.8	36%	39%	3%	24%	45%	20%	8%	9%	8%	8%
Margin Funds and cash collateral	43.2	37.8	23%	29%	17%	18%	56%	48%	2%	3%	2%	2%
Clearing House Funds	4.5	4.6	65%	69%	18%	21%	17%	10%	0%	0%	0%	0%
Total	56.3	51.2	28%	35%	15%	19%	51%	40%	3%	3%	3%	3%

Credit exposure is well diversified. The Group's bond portfolio (which includes certain principal-guaranteed structured notes) held is of investment grade and, as at 30 June 2013, had a weighted average credit rating of Aa3 (31 March 2013: Aa3) and a weighted average maturity of 2.7 years (31 March 2013: 2.9 years). Deposits are placed only with the note-issuing banks in Hong Kong, investment grade licensed banks and restricted licence banks approved by the Board from time to time.

Risk management techniques, such as Value-at-Risk (VaR) and portfolio stress testing, are used to identify, measure, monitor and control market risks. VaR measures the expected maximum loss over a given time interval (a holding period of 10 trading days is used by the Group) at a given confidence level (95 per cent confidence interval is adopted by the Group) based on historical data (1 year is used by the Group). The overall risk, as measured by the VaR methodology, during the second quarter of 2013 and the first quarter of 2013 was as follows:

	Average VaR \$m		Highest VaR \$m		Lowest VaR \$m	
	Apr-Jun	Jan-Mar	Apr-Jun	Jan-Mar	Apr-Jun	Jan-Mar
Corporate Funds	8.2	10.9	9.2	13.0	6.8	7.9
Margin Funds and cash collateral	0.7	0.7	1.0	0.9	0.5	0.6
Clearing House Funds	<0.1	<0.1	0.1	0.1	<0.1	<0.1

Details of the Group's net investment income are set out in the Revenue and Other Income section under the Financial Review and note 6 to the Condensed Consolidated Financial Statements of this Interim Report.

FINANCIAL REVIEW

Overall Performance

	Note	Six months ended 30 Jun 2013 \$m	As restated Six months ended 30 Jun 2012 \$m	Change
RESULTS				
Revenue and other income:				
Revenue affected by market turnover	(A)	3,000	2,381	26%
Stock Exchange listing fees	(B)	496	462	7%
Market data fees	(C)	370	286	29%
Other revenue	(D)	297	244	22%
Net investment income	(E)	272	392	(31%)
Sundry income		5	5	0%
		4,440	3,770	18%
Operating expenses	(F)	(1,341)	(976)	37%
		3,099	2,794	11%
EBITDA				
Depreciation and amortisation	(G)	(233)	(56)	316%
		2,866	2,738	5%
Operating profit				
Costs relating to acquisition of LME Group	(H)	–	(110)	(100%)
Finance costs	(I)	(92)	–	N/A
Share of loss of a joint venture		(4)	–	N/A
		2,770	2,628	5%
Profit before taxation				
Taxation	(J)	(442)	(412)	7%
		2,328	2,216	5%
Profit attributable to shareholders				

Profit attributable to shareholders increased by 5 per cent or \$112 million to \$2,328 million in the first six months of 2013 against \$2,216 million for the same period in 2012. The increase was mainly due to \$267 million of profit contributed by the LME business and increased trading fees due to higher trading volumes on the Stock Exchange and the Futures Exchange that was offset partly by weaker net investment income and higher depreciation and amortisation.

The positive investor sentiment and market momentum of the first quarter of 2013 were undermined in the second quarter by increasing concerns over the possible tapering of quantitative easing by the US Federal Reserve and the slowdown of Mainland China's economic growth. Nevertheless, the average daily turnover for products (excluding stock options) traded on the Stock Exchange rose by 20 per cent while the average daily number of futures and options contracts traded in the Derivatives Market rose by 12 per cent in the first six months of 2013 against the same period in 2012. Including the trading fees of LME of \$436 million (2012: \$Nil), market turnover related revenues increased by 26 per cent, or \$619 million, to \$3,000 million.

Net investment income declined by 31 per cent due to lower fair value gains on investments and a drop in interest income from lower bank deposit rates, that were partially offset by a \$108 million fair value gain on investment in LCH.Clearnet shares held by LME.

Operating expenses increased by 37 per cent over the same period last year, or \$365 million, to \$1,341 million mainly due to the inclusion of \$341 million of operating expenses of the LME business (2012: \$Nil).

Depreciation and amortisation rose from \$56 million in 2012 to \$233 million in 2013. Of the \$177 million increase, \$70 million was related to the fixed assets and IT systems of the LME business and \$64 million was attributable to amortisation of customer relationship intangibles arising from the acquisition of the LME Group.

During the six months ended 30 June 2013, the Group incurred \$92 million of finance costs for funding the acquisition of the LME Group (2012: \$Nil).

Revenue and Other Income

(A) Revenue Affected by Market Turnover

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Change
Trading fees and trading tariff	1,816	1,239	47%
Clearing and settlement fees	839	723	16%
Depository, custody and nominee services fees	345	419	(18%)
Total	3,000	2,381	26%

The increase in trading fees and trading tariff of \$577 million was mainly attributable to the inclusion of the trading fees of the LME business of \$436 million for the six months ended 30 June 2013 (2012: \$Nil as the LME Group was acquired in December 2012). The revenue from products traded on the Stock Exchange (excluding stock options) increased by 16 per cent or \$128 million, during the period to \$950 million (2012: \$822 million). The increase was less than the 20 per cent increase in average daily turnover value on the Stock Exchange as there were more exempt ETF trades from market makers and the number of trading days was 2 per cent lower than that in the corresponding period in 2012. The revenue from derivatives contracts traded on the Futures Exchange and stock options only increased by 3 per cent despite 12 per cent higher average daily number of contracts traded mainly due to a higher proportion of trading in lower fee products such as stock options and H-shares Index futures and options during the first six months of 2013.

Clearing and settlement fees are derived predominantly from Stock Exchange transactions. Clearing and settlement fees are also affected by the volume of settlement instructions. Despite being mostly ad valorem, the fees are subject to a minimum and a maximum per transaction, and may not always correlate exactly with changes in the turnover value on the Stock Exchange. In the first six months of 2013, the percentage increase in clearing and settlement fees was lower than that of the average daily turnover value on the Stock Exchange compared with the corresponding period in 2012 as the number of trading days was 2 per cent lower than the corresponding period in 2012 and there was a higher proportion of cross trades which have a fee rate of only 50 per cent of non-cross trades.

Depository, custody and nominee services fees, which mainly comprise scrip fees, corporate action fees, stock custody fees, dividend collection fees, and stock withdrawal fees, decreased primarily due to a drop in scrip fees.

Key Market Indicators

	Six months ended 30 Jun 2013	Six months ended 30 Jun 2012	Change
Average daily turnover value on the Stock Exchange (\$bn)	68.3	56.7	20%
Average daily number of derivatives contracts traded on the Futures Exchange	291,171	265,609	10%
Average daily number of stock options contracts traded on the Stock Exchange	267,047	231,856	15%
Average daily volume of metals contracts traded on LME (lots)	699,863	641,646*	9%

* HKEx completed the acquisition of the LME Group on 6 December 2012.

(B) Stock Exchange Listing Fees

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Change
Annual listing fees	235	232	1%
Initial and subsequent issue listing fees	259	228	14%
Others	2	2	0%
Total	496	462	7%

The increase in annual listing fees was attributable to a higher number of listed companies. The rise in initial and subsequent issue listing fees was mainly due to higher numbers of newly listed DWs and CBBCs which were partly offset by fewer IPOs in the first six months of 2013 compared to the same period in 2012.

Key Drivers for Annual Listing Fees

	At 30 Jun 2013	At 30 Jun 2012	Change
Number of companies listed on Main Board	1,384	1,342	3%
Number of companies listed on GEM	183	177	3%
Total	1,567	1,519	3%

Key Drivers for Initial and Subsequent Issue Listing Fees

	Six months ended 30 Jun 2013	Six months ended 30 Jun 2012	Change
Number of newly listed DWs	3,564	2,953	21%
Number of newly listed CBBCs	4,337	2,949	47%
Number of newly listed companies on Main Board *	17	25	(32%)
Number of newly listed companies on GEM	6	7	(14%)
Total equity funds raised on Main Board			
– IPOs (\$bn)	38.8	30.0	29%
– Post-IPO (\$bn)	94.2	96.5	(2%)
Total equity funds raised on GEM			
– IPOs (\$bn)	0.9	0.8	13%
– Post-IPO (\$bn)	2.9	1.0	190%

* Including 1 transfer from GEM (2012: Nil)

(C) Market Data Fees

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Change
Market data fees	370	286	29%

Market data fees increased mainly due to the inclusion of \$88 million of market data fees of the LME business that was partly offset by a decline in the volume of certain Cash Market data fees charged on a per quote basis.

(D) Other Revenue

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Change
Network, terminal user, dataline and software sub-license fees	129	198	(35%)
Commodities stock levies and warehouse listing fees	60	–	N/A
Participants' subscription and application fees	32	18	78%
Hosting services	34	–	N/A
Brokerage on direct IPO allotments	6	–	N/A
Trading booth user fees	6	6	0%
Sales of Trading Rights	4	9	(56%)
Miscellaneous revenue	26	13	100%
Total	297	244	22%

Other revenue increased in the first six months of 2013 compared to the same period in 2012 mainly due to \$84 million (2012: \$Nil) of income generated by the LME business and \$34 million (2012: \$Nil) of Hosting Services revenue that was partly offset by a decrease in network, terminal user, dataline and software sub-license fees.

Network, terminal user, dataline and software sub-license fees declined mainly due to lower sales of additional throttles and a decrease in Stock Exchange trading network line rental income following the migration of the Group's network services in Hong Kong to SDNet/2 in the second half of 2012. As a result of the migration, EPs can directly contract with accredited vendors for the Stock Exchange trading network line rental services instead of HKEx. There was a corresponding drop in Stock Exchange trading network line rental costs consumed by Participants in the same period under IT and computer maintenance expenses in section (F).

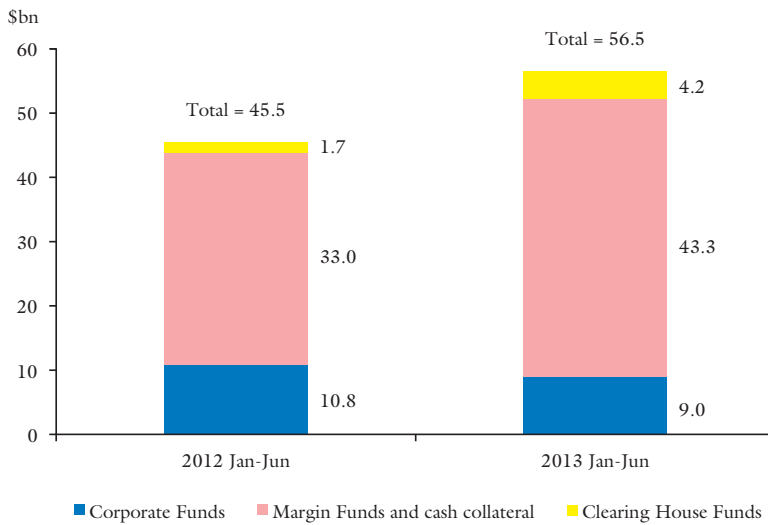
(E) Net Investment Income

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Change
Gross investment income	274	393	(30%)
Interest rebates to Participants	(2)	(1)	100%
Net investment income	272	392	(31%)

Net investment income declined overall by 31 per cent due to lower fair value gains on investments reflecting market movements driven by fears of tapering of quantitative easing by the US Federal Reserve and a drop in interest income from lower bank deposit rates that were partly offset by a \$108 million fair value gain on LME's investment in LCH.Clearnet shares.

The average amount of funds available for investment was as follows:

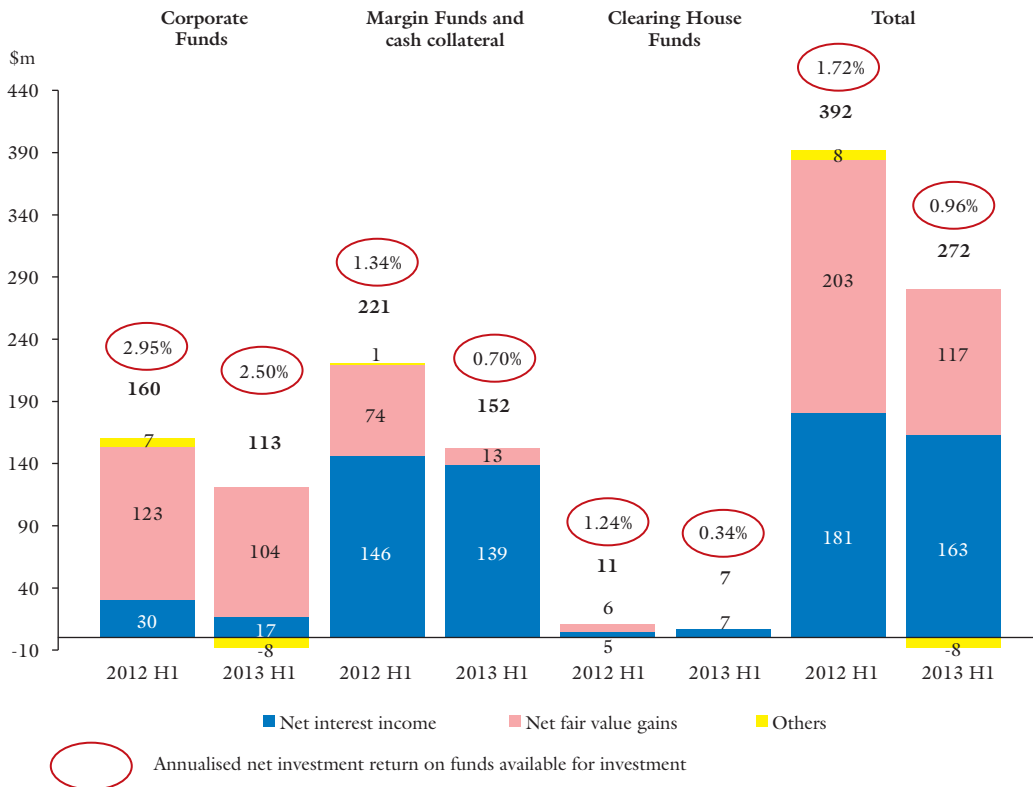
Average Amount of Funds Available for Investment



The increase in the average amount of funds available for investment was due to higher margin deposits from Clearing Participants arising from increases in margin rates and open interest as well as an increase in Clearing House Funds following the introduction of a dynamic guarantee fund for HKSCC. Corporate Funds have reduced as the acquisition of the LME Group was partly funded by Corporate Funds.

The movements in net investment income by Funds were as follows:

Net investment income by Funds



The lower net investment income and return on Corporate Funds in 2013 was attributable to fair value losses on fixed income investments compared to gains in the corresponding period in 2012, lower fair value gains on equities and structured investments and a drop in interest income from lower bank deposit rates and reduced fund size. This was partly offset by the fair value gain of \$108 million on LME's investment in LCH.Clearnet shares.

The lower net investment income and return of the Margin Funds and cash collateral in 2013 were mainly due to a decrease in net fair value gains on investments (including certain principal-guaranteed structured notes) and a drop in interest income from lower bank deposit rates.

As the valuation of the investments reflects movements in their market prices, fair value gains or losses may fluctuate or reverse until the investments are sold or mature.

Details of the investment portfolio are set out in the Treasury section under the Business Review.

Expenses, Other Costs and Taxation

(F) Operating Expenses

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Change
Staff costs and related expenses	755	593	27%
IT and computer maintenance expenses	250	158	58%
Premises expenses	149	120	24%
Product marketing and promotion expenses	14	13	8%
Legal and professional fees	55	23	139%
Other operating expenses	118	69	71%
Total	1,341	976	37%

Staff costs and related expenses increased by \$162 million to \$755 million, of which \$132 million (2012: \$Nil) was attributable to the LME business. The remainder of the increase was mainly due to salary adjustments to keep up with the market trend and an increase in performance bonus accrual in 2013 compared with 2012.

For IT and computer maintenance expenses, excluding costs of services and goods directly consumed by the Participants of \$35 million (2012: \$81 million), the amount consumed by the Group was \$215 million (2012: \$77 million), of which \$134 million (2012: \$Nil) was related to the LME business. The decrease in costs of services and goods directly consumed by the Participants was mainly due to lower Stock Exchange trading network line rental costs following the migration of the Group's network services in Hong Kong to SDNet/2 in the second half of 2012. Following the migration, Participants can directly contract with accredited vendors for the Stock Exchange trading network line rental services instead of HKEx. There was a corresponding drop in Stock Exchange trading network line rental income under Other Revenue in section (D).

Premises expenses went up by \$29 million to \$149 million, of which \$13 million (2012: \$Nil) was attributable to the LME business. The rest of the increase was mainly due to higher rent upon the renewal of certain leases, the lease of additional office premises to accommodate the increased headcount and higher utility costs of the Data Centre.

Legal and professional fees increased by \$32 million to \$55 million due to fees incurred by LME for implementing strategic projects.

Other operating expenses rose by \$49 million to \$118 million. The increase was mainly due to the inclusion of \$27 million of expenses incurred by the LME business in 2013 (2012: \$Nil), operations of the Data Centre, where phase one of the construction was completed in September 2012, and higher bank facility fees to increase the amount of committed facilities from \$4,000 million at 30 June 2012 to \$8,000 million at 30 June 2013 to further enhance the Group's liquidity.

(G) Depreciation and Amortisation

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Change
Depreciation and amortisation	233	56	316%

Depreciation and amortisation increased by \$177 million to \$233 million mainly due to depreciation of the Data Centre, where phase one of the construction was completed in September 2012, depreciation and amortisation of LME's fixed assets and IT systems of \$70 million (2012: \$Nil), and amortisation of customer relationship intangibles arising from the acquisition of the LME Group of \$64 million (2012: \$Nil).

(H) Costs relating to Acquisition of LME Group

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Change
Costs relating to acquisition of LME Group	-	110	(100%)

During the first six months of 2012, the Group incurred legal and professional fees of \$108 million and other costs of \$2 million for the acquisition of the LME Group. No such costs were incurred by the Group during the first six months of 2013.

(I) Finance Costs

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Change
Finance costs	92	–	N/A

The finance costs were related to the convertible bonds issued and bank borrowing used to fund part of the consideration for the acquisition of the LME Group.

(J) Taxation

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Change
Taxation	442	412	7%

Taxation rose mainly due to a higher profit before taxation and a higher tax rate on LME's profit.

Comparison of 2013 Second Quarter Performance with 2013 First Quarter Performance

	Three months ended 30 Jun 2013 \$m	Three months ended 31 Mar 2013 \$m	Change
Revenue and other income:			
Revenue affected by market turnover:			
Trading fees and trading tariff	894	922	(3%)
Clearing and settlement fees	408	431	(5%)
Depository, custody and nominee services fees	276	69	300%
	1,578	1,422	11%
Stock Exchange listing fees	241	255	(5%)
Market data fees	182	188	(3%)
Other revenue	157	140	12%
Net investment income	56	216	(74%)
Sundry income	4	1	300%
	2,218	2,222	(0%)
Operating expenses	(672)	(669)	0%
EBITDA	1,546	1,553	(0%)
Depreciation and amortisation	(117)	(116)	1%
Operating profit	1,429	1,437	(1%)
Finance costs	(43)	(49)	(12%)
Share of loss of a joint venture	(2)	(2)	0%
Profit before taxation	1,384	1,386	(0%)
Taxation	(214)	(228)	(6%)
Profit attributable to shareholders	1,170	1,158	1%

Profit attributable to shareholders rose slightly from \$1,158 million in the first quarter of 2013 to \$1,170 million in the second quarter. The increase was mainly driven by higher depository, custody and nominee services fees, which were offset partly by a decline in net investment income.

Trading and clearing fees fell in the second quarter mainly due to lower turnover in the Cash Market. Depository, custody and nominee services fees rose significantly as a result of an increase in scrip fee income due to seasonal fluctuations.

Net investment income dropped in the second quarter mainly due to net fair value losses on equities and fixed income investments in the second quarter of 2013 reflecting market movements driven by fears of tapering of quantitative easing by the US Federal Reserve, compared to net fair value gains in the first quarter.

Key Market Indicators

	Three months ended 30 Jun 2013	Three months ended 31 Mar 2013	Change
Average daily turnover value on the Stock Exchange (\$bn)	62.3	74.4	(16%)
Average daily number of derivatives contracts traded on the Futures Exchange	307,496	274,571	12%
Average daily number of stock options contracts traded on the Stock Exchange	256,162	278,115	(8%)
Average daily volume of metals contracts traded on LME (lots)	732,811	666,914	10%

Working Capital

Working capital rose by \$1,150 million or 22 per cent to \$6,390 million as of 30 June 2013 (31 December 2012: \$5,240 million). The increase was primarily due to the profit of \$2,328 million generated during the six months ended 30 June 2013, which was partly offset by the payment of the 2012 final dividend, net of scrip dividend, of \$1,139 million in May 2013.

At 30 June 2013, the Group had floating rate borrowings of \$3,103 million from a bank (31 December 2012: \$3,100 million) and \$3,562 million from fixed rate convertible bonds issued (31 December 2012: \$3,515 million) with an annual coupon of 0.5 per cent that mature in 2017, which were both denominated in USD and used to fund part of the consideration for the acquisition of the LME Group.

At 30 June 2013, the Group had a gearing ratio (ie, net debt divided by adjusted capital) of 3 per cent (31 December 2012: 15 per cent). For this purpose, net debt is defined as bank borrowings and convertible bonds (total borrowings) less cash and cash equivalents of Corporate Funds, and adjusted capital as all components of shareholders' equity other than designated reserves.

Banking facilities have been put in place for contingency purposes. During the first half of 2013, the Group secured additional facilities (which were executed in April 2013), bringing the total committed banking facilities to \$8,000 million (31 December 2012: \$7,000 million). The repurchase facilities were reduced to \$7,000 million (31 December 2012: \$9,000 million) as they were in excess of the Group's total bond investments eligible for repurchase transactions and could not therefore be fully utilised.

The Group also put in place foreign exchange facilities for the RMB Trading Support Facility to support the trading of RMB stocks. At 30 June 2013, the total amount of the facilities was RMB17,000 million (31 December 2012: RMB17,000 million).

At 30 June 2013, 91 per cent (31 December 2012: 92 per cent) of the Group's cash and cash equivalents (comprising cash on hand, bank balances, and time deposits within 3 months of maturity when acquired) were denominated in HKD or USD.

Capital Expenditures and Commitments

During the first six months of 2013, the Group incurred capital expenditures of \$277 million (2012: \$572 million) which were mainly related to the Data Centre, development of a new market data system and a commodities clearing system, and upgrade and enhancement of various IT systems.

The Group's capital expenditure commitments at 30 June 2013, including those authorised by the Board but not yet contracted for, amounted to \$1,086 million (31 December 2012: \$832 million) and were mainly related to the relocation of the primary data centres to the Data Centre, the development of Hosting Services, a new market data system, clearing systems for OTC derivatives and commodities, the OCG for the Cash Market, and the upgrade and enhancement of the Derivatives Market trading and clearing systems as well as various IT systems. The Group has adequate resources to fund its capital expenditure commitments.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

Save for those disclosed in this Interim Report, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the period under review. Apart from those disclosed in this Interim Report, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this Interim Report.

Charges on Assets

None of the Group's assets was pledged as of 30 June 2013 or 31 December 2012.

Exposure to Fluctuations in Exchange Rates and Related Hedges

In respect of its funds available for investment in Hong Kong, the Group may invest in non-HKD securities from time to time. Forward foreign exchange contracts have been used to hedge the currency exposure of the Group's non-HKD investments to mitigate risks arising from fluctuations in exchange rates.

Foreign currency margin deposits received by the Group are mainly hedged by investments in the same currencies, but unhedged investments in USD may not exceed 20 per cent of the Margin Funds and cash collateral.

LME is exposed to foreign exchange risk arising from revenues and investments denominated in foreign currencies (mainly USD and Euro). Its risk management policy in the normal course of events is to convert non-GBP currencies into GBP as soon as deemed appropriate. However, some may be held to hedge other GBP/USD exposures within the Group. Forward foreign exchange contracts also may be used to hedge LME's currency exposure resulting from its foreign currency revenues.

At 30 June 2013, the aggregate net open foreign currency positions amounted to HK\$1,858 million, of which HK\$401 million was non-USD exposure (31 December 2012: HK\$2,702 million, of which HK\$1,112 million was non-USD exposure) and the maximum gross nominal value of outstanding forward foreign exchange contracts amounted to HK\$1,159 million (31 December 2012: HK\$1,114 million). All forward foreign exchange contracts will mature within 2 months (31 December 2012: 3 months).

Contingent Liabilities

Details of contingent liabilities are included in note 29 to the condensed consolidated financial statements of this Interim Report.

Changes since 31 December 2012

There were no other significant changes in the Group's financial position or from the information disclosed under Management Discussion and Analysis in the annual report for the year ended 31 December 2012.

OPERATIONAL REVIEW

Long-term Incentive Schemes

HKEx adopted the Share Award Scheme to recognise the contributions of certain employees, and help retain them for the Group's operations and further development. Prior to the adoption of the Share Award Scheme, HKEx had 2 share option schemes, the Pre-Listing Scheme and the Post-Listing Scheme, both of which ended on 30 May 2010.

Share Option Schemes

There are no outstanding options under the Pre-Listing Scheme. The unexercised options under the Post-Listing Scheme will continue to be valid and exercisable subject to the provisions of the scheme until the end of the exercise periods.

Movements in the outstanding share options granted under the Post-Listing Scheme during the six months ended 30 June 2013 are set out below.

Date of grant	Exercise price \$	Number of shares issuable under the options				Exercise ² period
		As at 1 Jan 2013	Issued upon ¹ subscription during the six months ended 30 Jun 2013	Cancelled/ lapsed during the six months ended 30 Jun 2013	As at 30 Jun 2013	
Employees						
31 Mar 2004	16.96	309,500	19,000	–	290,500	31 Mar 2006 – 30 Mar 2014
17 May 2004	15.91	25,000	–	–	25,000	17 May 2006 – 16 May 2014
26 Jan 2005	19.25	528,600	15,500	–	513,100	26 Jan 2007 – 25 Jan 2015

Notes:

1 The weighted average closing price immediately before the dates on which the options were exercised was \$131.63.

2 Options granted were subject to a vesting scale in tranches of 25 per cent each per annum starting on the 2nd anniversary and became fully vested on the 5th anniversary of the grant.

Share Award Scheme

The Share Award Scheme was adopted by the Board on 14 September 2005 (Adoption Date). The rules and trust deed of the Scheme are available on the HKEx website. Since the Adoption Date, a total of 4,558,505 shares had been awarded under the Scheme up to the date of this Interim Report, representing about 0.4 per cent of HKEx shares in issue as at the Adoption Date.

Details of the awards (save for those which had been fully vested or lapsed as of 31 December 2012), including the number of shares which were awarded and vested according to the terms of the Scheme during the six months ended 30 June 2013, are set out below.

Date of approval by Board	Date of ¹ award	Awarded sum \$'000	Number of shares purchased	Number of Awarded Shares	Average ² fair value per share \$	Number of Awarded Shares vested during the six months ended 30 Jun 2013	Vesting period ³
10 Dec 2008	3 Feb 2009	4,900	59,900	59,900	81.96	29,950 ⁴	1 Jan 2011 – 1 Jan 2014
23 Apr 2010	10 Jun 2010	88,516	720,100	720,054 ⁵	123.29	291,524 ⁴	13 May 2012 – 13 May 2013
23 Apr 2010	9 Jul 2010	840	6,900	6,900	121.88	3,450	10 Jun 2012 – 10 Jun 2013
14 Dec 2010	31 Dec 2010	91,303	518,100	518,039 ⁵	176.75	11,415 ⁴	14 Dec 2012 – 14 Dec 2013
14 Dec 2010	30 Mar 2011	570	3,300	3,300	169.92	1,650	13 Jan 2013 – 13 Jan 2014
14 Dec 2010	30 Mar 2011	1,170	6,900	6,900	169.92	3,450	1 Feb 2013 – 1 Feb 2014
14 Dec 2010	8 Apr 2011	263	1,400	1,400	179.55	700	1 Apr 2013 – 1 Apr 2014
14 Dec 2010	9 Jun 2011	570	3,300	3,300	171.59	1,650	26 Apr 2013 – 26 Apr 2014
14 Dec 2010	11 Oct 2011	1,620	11,800	11,800	137.22	–	19 Sept 2013 – 19 Sept 2014
14 Dec 2010	11 Oct 2011	1,560	14,400	14,400	108.03	–	3 Oct 2013 – 3 Oct 2014
14 Dec 2011	30 Dec 2011	113,624	567,800	912,437 ^{5,6}	124.75	33,680 ⁴	14 Dec 2013 – 14 Dec 2014
14 Dec 2010	28 Mar 2012	500	3,400	3,400	143.74	–	3 Jan 2014 – 3 Jan 2015
14 Dec 2011	22 Jun 2012	256	2,300	2,300	108.45	–	26 Mar 2014 – 26 Mar 2015
14 Dec 2011	22 Jun 2012	345	3,100	3,100	108.42	–	2 Apr 2014 – 2 Apr 2015
14 Dec 2011	22 Jun 2012	412	3,800	3,800	108.45	–	2 May 2014 – 2 May 2015
14 Dec 2011	5 Sept 2012	975	8,900	8,900	109.00	–	7 Jul 2014 – 7 Jul 2015
3 Dec 2012	31 Dec 2012	102,398	707,200	810,245 ^{5,6}	126.71	–	3 Dec 2014 – 3 Dec 2015
14 Dec 2011	27 Mar 2013	316	2,200	2,200	139.86	–	1 Jan 2015 – 1 Jan 2016
14 Dec 2011	27 Mar 2013	2,400	17,100	17,100	139.86	–	9 Jan 2015 – 9 Jan 2016

Notes:

- 1 The date of award refers to the date on which the trustee allocated the Awarded Shares to the selected employees from the shares purchased with the awarded sum determined by the Board.
- 2 The fair value of the Awarded Shares was based on the average purchase cost per share.
For the shares awarded on 30 December 2011 and 31 December 2012, the fair value of the Awarded Shares was based on the average fair value calculated from the weighted average of the following:
 - (a) for shares awarded from unallocated or forfeited shares: closing price of the HKEx shares on the date of approval of the awarded sum by the Board; and
 - (b) for shares purchased from the market: average cost per share.
- 3 Effective 13 May 2010, the vesting period of the Awarded Shares was changed from 5 years to 3 years. Accordingly, the Awarded Shares and the related income are vested in 2 equal tranches in the 2nd and 3rd year after the grant, as opposed to 4 equal tranches from the 2nd to 5th year, the arrangement prior to the change.
- 4 They included certain Awarded Shares which, according to the terms of the Scheme, became vested in the selected employees who retired prior to the vesting periods.
- 5 The relevant awards included an aggregate of 255,124 shares awarded to HKEx's Chief Executive.
- 6 The Scheme's trustee applied 344,706 shares and 103,116 shares held under the Scheme which were unallocated or forfeited pursuant to the Scheme to partly satisfy the awards allocated on 30 December 2011 and 31 December 2012 respectively.

As at 30 June 2013, taking into account the shares acquired out of the dividends from the shares held under the trust, there were 2,034,839 shares held in trust under the Scheme.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE HIGHLIGHTS

Compliance with Corporate Governance Code

Throughout the six months ended 30 June 2013, HKEx complied with all Code Provisions and, where appropriate, adopted the Recommended Best Practices set out in the Corporate Governance Code, with the exceptions of Code Provisions A.4.1 (re-election of non-executive directors) and A.4.2 (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 Section 77 of the SFO. The term of office of HKEx's Chief Executive in his capacity as a Director is, pursuant to Article 90(4) of HKEx's Articles of Association, coterminous with his employment with HKEx, and he is not subject to retirement by rotation.

Sustainable Workplace

As part of a continued effort to develop a sustainable workplace, the Group organised 49 in-house courses attracting about 1,400 participants during the reporting period, which served to enhance employees' job knowledge, skills and well-being. Moreover, the Group sponsored a total of 158 employees to attend external seminars. A group of 67 employees had participated in the HKEx e-learning scheme.

As at the end of June 2013, the Group had 1,215 employees, including 69 temporary staff. HKEx's remuneration policy has remained unchanged since the 2012 Annual Report. Information regarding employees' remuneration and benefits for the six months ended 30 June 2013 is set out in note 7 to the Condensed Consolidated Financial Statements of this Interim Report.

ESG Recognition and Disclosure

While HKEx continues to be included in the Euronext Vigeo World 120 Index and the FTSE4Good Index Series, it also received the 2013 ET Carbon Ranking Leader Award from the Environmental Investment Organisation in April 2013 and was named as one of the Icons on Corporate Governance in the 2013 Corporate Governance Asia Recognition Awards in June 2013.

In addition to giving an account of its ESG performance in annual CSR reports, which are available on the HKEx website, HKEx has continued to support initiatives to promote CSR. Recent examples include participation in the 2013 Carbon Disclosure Project and contribution to the Government's online carbon footprint repository for companies listed in Hong Kong, which demonstrated HKEx's commitment to a high level of accountability and transparency.

Details of HKEx's ESG principles and practices are set out in the About HKEx – Corporate Governance and Corporate Social Responsibility sections of the HKEx website.

DISCLOSURE OF INTERESTS

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 the six months ended 30 June 2013.

Directors' Interests and Short Positions in Shares and Underlying Shares of HKEx

As at 30 June 2013, the interests and short positions of Directors, including HKEx's Chief Executive, in the shares and underlying shares of HKEx (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to HKEx and the Exchange pursuant to the Model Code, were as set out below.

Long Positions in Shares and Underlying Shares of HKEx

Name of Director	Number of shares/underlying shares held				Total	% of issued ¹ share capital
	Personal interests	Family interests	Corporate interests	Other interests		
C K Chow	15,000 ²	–	–	–	15,000	0.00
Margaret Leung	–	5,000 ³	–	–	5,000	0.00
Charles Li	267,527 ⁴	–	–	–	267,527	0.02
John Strickland	18,000 ⁵	–	–	–	18,000	0.00

Notes:

- 1 Based on 1,153,982,442 HKEx shares in issue as at 30 June 2013
- 2 Mr Chow was the beneficial owner of those shares.
- 3 Mrs Leung's spouse was the beneficial owner of those shares.
- 4 It included Mr Li's interests in Awarded Shares and shares acquired out of the dividends from the Awarded Shares in an aggregate of 167,055 shares which remained unvested under the Share Award Scheme. Details of Mr Li's Awarded Shares are set out in the Operational Review section of this Interim Report.
- 5 Mr Strickland was the beneficial owner of those shares.

Save for those disclosed above, as at 30 June 2013, 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 recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to HKEx and the Exchange pursuant to the Model Code.

Apart from the Share Award Scheme, at no time during the period under review was HKEx or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, HKEx or any other body corporate. Save for the disclosed, during the six months ended 30 June 2013, none of the Directors (including their spouses and children under the age of 18) held 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

Under Section 61 of the SFO, no person shall be or become a Minority Controller (ie, a person who either alone or with any associated person or persons is entitled to exercise, or control the exercise of, 5 per cent or more of the voting power at any general meeting of the recognised exchange controller) except with the SFC's approval in writing after consultation with the Financial Secretary.

Since 7 September 2007, the Government has been a Minority Controller. According to the Government, the provisions of Section 61 of the SFO do not expressly, or by necessary implication, bind the Government and accordingly by virtue of Section 66 of the Interpretation and General Clauses Ordinance, the provisions of Section 61 of the SFO requiring a person becoming a Minority Controller to obtain the SFC's approval do not affect the rights of, and are not binding on, the Government.

As at the date of this Interim Report, the SFC had granted approval to 8 entities to be Minority Controllers on the basis that the shares were held by them in custody for their clients. According to the Participant Shareholding Report as at 30 June 2013, the 8 approved Minority Controllers in aggregate held approximately 57 per cent of HKEx's issued share capital.

As at 30 June 2013, other persons' interests and short positions in the shares and underlying shares of HKEx (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to HKEx and the Exchange, were as set out below.

Long Positions in Shares and Underlying Shares of HKEx

Name	Capacity	Number of shares/ underlying shares held	Total	% of issued ¹ share capital
The Government of the Hong Kong Special Administrative Region (for the account of the Exchange Fund)	Beneficial owner	66,730,300 ²	66,730,300	5.78

Notes:

1 Based on 1,153,982,442 HKEx shares in issue as at 30 June 2013

2 Based on a confirmation to HKEx by the Government in respect of its holding immediately following completion of placing of new HKEx shares as announced on 30 November 2012

Save for those disclosed above, as at 30 June 2013, no other persons had any interests or short positions in the shares or underlying shares of HKEx as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to HKEx and the Exchange.

Purchase, Sale or Redemption of HKEx's Listed Securities

During the six months ended 30 June 2013, neither HKEx nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Scheme, purchased on the Exchange a total of 19,300 HKEx shares at a total consideration of about \$2.7 million.

INFORMATION FOR STAKEHOLDERS

Interim Report

This Interim Report is printed in English and Chinese, and is available under the About HKEx – Investor Relations section of the HKEx website. Shareholders can elect to receive a printed or electronic version. Should Shareholders elect the electronic version, HKEx will donate \$50 to a charity with a focus on environmental protection, subject to a cap of \$100,000 per annum. Shareholders are encouraged to access HKEx's corporate communications electronically via the HKEx website, which helps conserve the environment. Shareholders may at any time change their choice of language or means of receiving HKEx's corporate communications free of charge by giving not less than 7 days' notice in writing to HKEx's registrar, Hong Kong Registrars Limited (by post to 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at hkex.ecom@computershare.com.hk).

Stakeholders who are interested in receiving information about HKEx may register at the Investment Service Centre on the HKEx website. Upon registration, they will receive alerts when HKEx publishes its corporate communications on the HKExnews website.

Interim Dividend

The Board has declared an interim dividend of \$1.82 per share (2012: \$1.85 per share), amounting to a total of about \$2.1 billion (2012: \$2.0 billion) for the year ending 31 December 2013 which includes dividends of about \$4 million (2012: \$4 million) for shares held in trust under the Share Award Scheme.

Scrip Dividend Alternative

The interim dividend will be payable in cash with a scrip dividend alternative to Shareholders whose names appear on the ROM on Friday, 30 August 2013. The scrip dividend alternative is conditional upon the SFC's granting the listing of, and permission to deal in, new shares of HKEx to be issued pursuant thereto.

A circular containing details of the scrip dividend alternative together with an election form will be despatched to Shareholders on or about Thursday, 5 September 2013. Definitive share certificates in respect of the scrip dividend and dividend warrants will be despatched to Shareholders on or about Monday, 30 September 2013.

Closure of Register of Members

The ROM will be closed and no transfer of shares will be registered from Thursday, 29 August 2013 to Friday, 30 August 2013, both dates inclusive, for the purpose of determining Shareholders' respective entitlements to the interim dividend.

To qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with HKEx's registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 pm on Wednesday, 28 August 2013.

Financial Calendar

2013 AGM	24 April 2013
Announcement of 1 st quarter results	8 May 2013
Announcement of interim results	15 August 2013
Ex-dividend date for interim dividend	27 August 2013
Closure of ROM	29 to 30 August 2013
Record date for interim dividend	30 August 2013
Despatch of scrip dividend circular and election form	on or about 5 September 2013
Despatch of dividend warrants/definitive share certificates	on or about 30 September 2013
Announcement of 3 rd quarter results (tentative)	November 2013
Announcement of final results (tentative)	February 2014

Share Information

Listing

First listed on the Stock Exchange	27 June 2000
Board lot	100 shares
Number of issued shares as at 30 June 2013	1,153,982,442 shares
Closing price at 28 June 2013 (the last trading day in June 2013)	\$117.1 per share
Market capitalisation as at 30 June 2013	\$135.1 billion

Index Constituent

FTSE4Good Index Series	Since September 2005
HSI	Since 11 September 2006
Hang Seng Corporate Sustainability Index Series	Since 26 July 2010
Dow Jones Sustainability Asia Pacific Index	Since 20 September 2010
STOXX® Global ESG Leaders Indices	Since September 2011
Euronext Vigeo World 120 Index	Since 1 December 2012

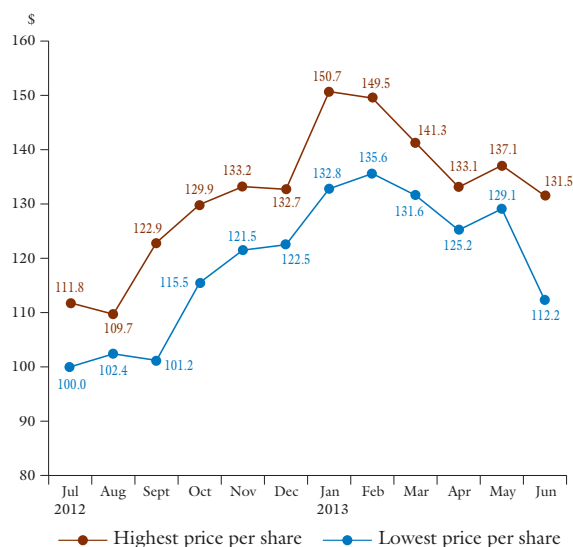
Stock Codes

Stock Exchange	388
Reuters	0388.HK
Bloomberg	388 HK Equity
WPK Number	A0NJY9
SEDOL1	6267359 HK
ISIN	HK0388045442
COMMON	035776478

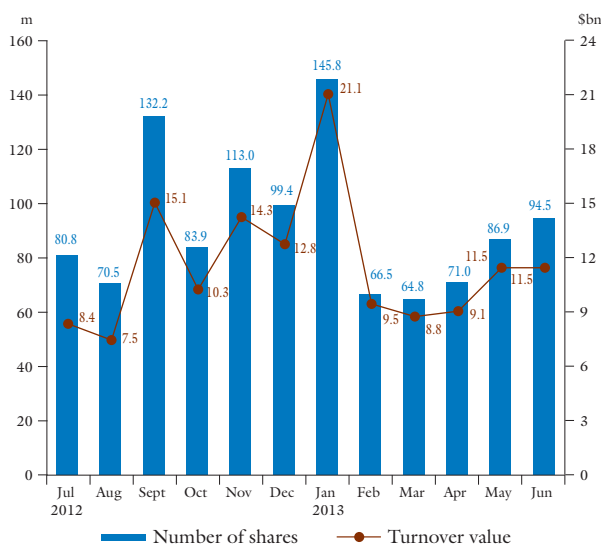
American Depositary Receipts

Ticker Symbol	HKXCY
CUSIP	43858F109

Price of HKEx shares (07/2012 – 06/2013)



Turnover of HKEx shares (07/2012 – 06/2013)



Note: Figures have been rounded.

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AUDIT COMMITTEE REPORT

The Audit Committee (AC), comprised of 5 Independent Non-executive Directors who have extensive experience in financial matters, is appointed by the Board. Among them, Messrs John Harrison and John Williamson are chartered accountants, and Messrs Vincent Lee and Ignatius Chan are certified public accountants. None of the members is employed by or otherwise affiliated with the former or existing auditors of HKEx.

The AC is delegated by the Board with the responsibility to provide an independent review and supervision of financial reporting, and to ensure the effectiveness of the Group's internal controls and the adequacy of the external and internal audits. The AC is provided with sufficient resources to perform its duties and supported by the Internal Audit Department (IAD) in examining all matters relating to the Group's adopted accounting principles and practices, as well as in reviewing all material financial, operational and compliance controls. The external auditor, HKEx's Chief Executive and senior executives are invited to attend the AC meetings, as and when necessary. The AC is accountable to the Board and the minutes of all meetings are circulated to the Board for information. The AC's terms of reference are available on the HKEx website.

At its meeting held on 21 January 2013, the AC reviewed the finance, accounting and audit matters in relation to the acquisition of the LME Group. At its meeting held on 22 February 2013, the AC reviewed the 2012 internal audit activities summary, assessed the effectiveness of the internal control system in detecting fraud and irregularities by reviewing the work of the IAD and its findings, reviewed the adequacy of staffing of the financial reporting function, and approved the updated internal audit plan for 2013. On 6 May 2013, the AC reviewed and approved the external auditor's engagement letters and proposed audit fees for the financial year 2013. It also reviewed the internal audit activities in the first quarter.

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2013 have been reviewed by the external auditor. On 12 August 2013, the AC reviewed the review results of the external auditor, which are set out in the Auditor's Independent Review Report on page 45 of this Interim Report.

On 12 August 2013, the AC also reviewed HKEx's 2013 Interim Report, including the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2013, in conjunction with HKEx's external and internal auditors.

Based on these reviews and discussions with the management, the AC was satisfied that the condensed consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the six months ended 30 June 2013. The AC therefore recommended the unaudited condensed consolidated financial statements for the six months ended 30 June 2013 be approved by the Board.

Members of the Audit Committee

John Barrie HARRISON (Chairman)
LEE Kwan Ho, Vincent Marshall (Deputy Chairman)
CHAN Tze Ching, Ignatius
KWOK Chi Piu, Bill
John Mackay McCulloch WILLIAMSON

Hong Kong, 12 August 2013

AUDITOR'S INDEPENDENT REVIEW REPORT

Report on Review of Interim Financial Information to the Board of Directors of Hong Kong Exchanges and Clearing Limited

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 46 to 78, which comprises the condensed consolidated statement of financial position of Hong Kong Exchanges and Clearing Limited (the Company) and its subsidiaries as at 30 June 2013 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15 August 2013

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		Six months ended 30 Jun 2013	As restated Six months ended 30 Jun 2012	Three months ended 30 Jun 2013	As restated Three months ended 30 Jun 2012
	Note	\$m	\$m	\$m	\$m
Trading fees and trading tariff	3	1,816	1,239	894	580
Stock Exchange listing fees	4	496	462	241	218
Clearing and settlement fees		839	723	408	334
Depository, custody and nominee services fees		345	419	276	338
Market data fees		370	286	182	139
Other revenue	5	297	244	157	117
REVENUE AND TURNOVER	2	4,163	3,373	2,158	1,726
Investment income		274	393	57	165
Interest rebates to Participants		(2)	(1)	(1)	-
Net investment income	6	272	392	56	165
Sundry income		5	5	4	4
REVENUE AND OTHER INCOME		4,440	3,770	2,218	1,895
OPERATING EXPENSES					
Staff costs and related expenses	7	(755)	(593)	(373)	(299)
Information technology and computer maintenance expenses	8	(250)	(158)	(127)	(78)
Premises expenses		(149)	(120)	(75)	(63)
Product marketing and promotion expenses		(14)	(13)	(9)	(7)
Legal and professional fees		(55)	(23)	(28)	(13)
Other operating expenses		(118)	(69)	(60)	(32)
		(1,341)	(976)	(672)	(492)
EBITDA*		3,099	2,794	1,546	1,403
Depreciation and amortisation		(233)	(56)	(117)	(27)
OPERATING PROFIT		2,866	2,738	1,429	1,376
Costs relating to acquisition of LME Group	9	-	(110)	-	(91)
Finance costs	10	(92)	-	(43)	-
Share of loss of a joint venture		(4)	-	(2)	-
PROFIT BEFORE TAXATION	2	2,770	2,628	1,384	1,285
TAXATION	11	(442)	(412)	(214)	(217)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		2,328	2,216	1,170	1,068
Basic earnings per share	12(a)	\$2.03	\$2.05	\$1.02	\$0.99
Diluted earnings per share	12(b)	\$2.02	\$2.04	\$1.02	\$0.98

* EBITDA represents earnings before interest expenses and other finance costs, taxation, depreciation and amortisation. It excludes the Group's share of results of the joint venture and non-recurring costs arising from the acquisition of the LME Group.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Three months ended 30 Jun 2013 \$m	Three months ended 30 Jun 2012 \$m
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	2,328	2,216	1,170	1,068
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences of foreign subsidiaries recorded in exchange reserve	(1,178)	–	(36)	–
OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS	(1,178)	–	(36)	–
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS	1,150	2,216	1,134	1,068

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Note	At 30 Jun 2013			At 31 Dec 2012		
		Current \$m	Non- current \$m	Total \$m	Current \$m	Non- current \$m	Total \$m
ASSETS							
Cash and cash equivalents	14	42,285	–	42,285	34,077	–	34,077
Financial assets measured at fair value through profit or loss	15	3,789	131	3,920	4,369	123	4,492
Financial assets measured at amortised cost	16	10,327	132	10,459	8,442	131	8,573
Accounts receivable, prepayments and deposits	17	10,272	7	10,279	13,689	7	13,696
Interest in a joint venture		–	93	93	–	97	97
Goodwill and other intangible assets		–	17,033	17,033	–	18,183	18,183
Fixed assets		–	1,668	1,668	–	1,675	1,675
Lease premium for land		–	24	24	–	24	24
Deferred tax assets		–	32	32	–	20	20
Total assets		66,673	19,120	85,793	60,577	20,260	80,837
LIABILITIES AND EQUITY							
Liabilities							
Margin deposits and cash collateral from Clearing Participants	19	43,191	–	43,191	36,786	–	36,786
Accounts payable, accruals and other liabilities	20	12,258	18	12,276	15,818	20	15,838
Deferred revenue		358	–	358	530	–	530
Taxation payable		474	–	474	178	–	178
Other financial liabilities		121	–	121	57	–	57
Participants' contributions to Clearing House Funds	21	3,836	–	3,836	1,924	–	1,924
Borrowings	22	–	6,665	6,665	–	6,615	6,615
Provisions		45	49	94	44	45	89
Deferred tax liabilities		–	944	944	–	1,056	1,056
Total liabilities		60,283	7,676	67,959	55,337	7,736	63,073
Equity							
Share capital	23			1,154			1,150
Share premium	23			9,268			8,731
Shares held for Share Award Scheme	23			(261)			(305)
Employee share-based compensation reserve	24(a)			131			122
Exchange reserve				(989)			189
Convertible bond reserve				409			409
Designated reserves	25			585			587
Retained earnings	26			7,537			6,881
Shareholders' funds				17,834			17,764
Total liabilities and equity				85,793			80,837
Net current assets				6,390			5,240
Total assets less current liabilities				25,510			25,500

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital, share premium and shares held for Share Award Scheme (note 23) \$m	Employee share-based compensation reserve (note 24(a)) \$m	Exchange reserve \$m	Convertible bond reserve \$m	Designated reserves (note 25) \$m	Retained earnings (note 26) \$m	Total equity \$m
At 1 Jan 2013	9,576	122	189	409	587	6,881	17,764
Profit attributable to shareholders	-	-	-	-	-	2,328	2,328
Other comprehensive income	-	-	(1,178)	-	-	-	(1,178)
Total comprehensive income	-	-	(1,178)	-	-	2,328	1,150
2012 final dividend at \$1.46 per share	-	-	-	-	-	(1,675)	(1,675)
Unclaimed HKEx dividends forfeited	-	-	-	-	-	5	5
Shares issued upon exercise of employee share options	1	-	-	-	-	-	1
Shares issued in lieu of cash dividends	536	-	-	-	-	-	536
Shares purchased for Share Award Scheme	(2)	-	-	-	-	-	(2)
Vesting of shares of Share Award Scheme	50	(46)	-	-	-	(4)	-
Employee share-based compensation benefits	-	55	-	-	-	-	55
Transfer of reserves	-	-	-	-	(2)	2	-
At 30 Jun 2013	10,161	131	(989)	409	585	7,537	17,834

	Share capital, share premium and shares held for Share Award Scheme \$m	Employee share-based compensation reserve \$m	Exchange reserve \$m	Convertible bond reserve \$m	Designated reserves \$m	Retained earnings \$m	Total equity \$m
At 1 Jan 2012	1,423	106	-	-	577	7,053	9,159
Profit attributable to shareholders	-	-	-	-	-	2,216	2,216
2011 final dividend at \$2.09 per share	-	-	-	-	-	(2,252)	(2,252)
Unclaimed HKEx dividends forfeited	-	-	-	-	-	3	3
Shares issued upon exercise of employee share options	1	-	-	-	-	-	1
Shares issued in lieu of cash dividends	102	-	-	-	-	-	102
Shares purchased for Share Award Scheme	(2)	-	-	-	-	-	(2)
Vesting of shares of Share Award Scheme	44	(41)	-	-	-	(3)	-
Employee share-based compensation benefits	-	55	-	-	-	-	55
Transfer of reserves	-	-	-	-	6	(6)	-
At 30 Jun 2012	1,568	120	-	-	583	7,011	9,282

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Note	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash inflow from operating activities	27	2,638	2,503
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchases of fixed assets and intangible assets		(363)	(627)
Net decrease in financial assets of the Corporate Funds:			
Decrease in time deposits with original maturities more than three months		831	673
Net proceeds from sales or maturity of financial assets measured at amortised cost (excluding time deposits)		24	80
Net proceeds from sales or maturity of financial assets measured at fair value through profit or loss		247	453
Interest received from financial assets measured at amortised cost (excluding time deposits)		1	10
Interest received from financial assets measured at fair value through profit or loss		14	44
Net cash inflow from investing activities		754	633
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares upon exercise of employee share options		1	1
Purchases of shares for Share Award Scheme		(2)	(2)
Payments of finance costs		(44)	–
Dividends paid		(1,130)	(2,137)
Net cash outflow from financing activities		(1,175)	(2,138)
Net increase in cash and cash equivalents		2,217	998
Cash and cash equivalents at 1 Jan		4,035	2,340
Exchange differences on cash and cash equivalents		(41)	–
Cash and cash equivalents at 30 Jun		6,211	3,338
Analysis of cash and cash equivalents			
Cash on hand and balances and deposits with banks		6,211	3,338

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Preparation and Accounting Policies

These unaudited condensed consolidated financial statements are prepared in accordance with Hong Kong Accounting Standard (HKAS) 34: Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants.

These unaudited condensed consolidated financial statements should be read in conjunction with the 2012 annual consolidated financial statements. Except as described below and the change in operating segments as described in note 2 to the condensed consolidated financial statements, the accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2012.

Adoption of new/revised Hong Kong Financial Reporting Standards (HKFRSs)

In 2013, Hong Kong Exchanges and Clearing Limited (HKEx) and its subsidiaries (collectively the Group) have adopted the following new/revised HKFRSs:

Amendments to HKFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
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Annual Improvements to HKFRSs 2009 – 2011 Cycle

The amendments to HKFRS 7 require disclosure of financial assets and financial liabilities that are (i) offset in the statement of financial position; or (ii) subject to master netting arrangements or similar arrangements irrespective of whether they are offset. The adoption of amendments to HKFRS 7 only affects disclosures relating to offsetting financial assets and financial liabilities in the Group's condensed consolidated financial statements (note 33).

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. Of these, the following three amendments are pertinent to the Group's operations:

Amendments to HKAS 16	Property, Plant and Equipment
Amendments to HKAS 32	Financial Instruments: Presentation
Amendments to HKAS 34	Interim Financial Reporting

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as fixed assets when they are used for more than one period and as inventory otherwise. The adoption of the amendments to HKAS 16 does not have a material financial impact to the Group as the spare parts and equipment held by the Group are immaterial.

The amendments to HKAS 32 clarify that income tax relating to distributions to holders of equity instrument should be recognised in profit or loss and income tax relating to transaction costs of an equity transaction should be recognised in equity. The adoption of the amendments to HKAS 32 does not have any financial impact to the Group as it currently does not have distributions subject to tax or costs of equity transactions that are tax-deductible.

Following the amendments to HKAS 34, the disclosure of total liabilities for a particular reportable segment is required in the interim financial statements if such information is regularly provided to the chief operating decision-maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The adoption of the amendments to HKAS 34 does not have any impact to the Group as information relating to segment liabilities is not regularly reported to the chief operating decision-maker.

The Group has applied the above new/revised HKFRSs retrospectively.

1. Basis of Preparation and Accounting Policies (continued)

Change in presentation of the condensed consolidated statement of comprehensive income

Prior to the acquisition of LME Holdings Limited and its subsidiaries (LME Group), the Group did not have any other comprehensive income and presented all items of income and expense in a single statement – consolidated statement of comprehensive income. Following this acquisition, more items of other comprehensive income are expected to arise from the Group's enlarged operations and from 2013 onwards, the Group has therefore decided to separately present a consolidated income statement and a consolidated statement of comprehensive income.

Also, from 2013 onwards, an additional subtotal for EBITDA has been included in the consolidated income statement, which is a non-HKFRS measure used by management as a measure for monitoring business performance.

2. Operating Segments

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the chief operating decision-maker. Effective from January 2013, the Group's reportable segments have been reorganised as explained below.

In 2012, the Group had five reportable segments:

The **Cash Market** segment mainly referred to the operations of The Stock Exchange of Hong Kong Limited (Stock Exchange), which cover all products traded on the Cash Market platforms, such as equities, callable bull/bear contracts (CBBCs) and derivative warrants (DWs). The major sources of revenue of the segment were trading fees, trading tariff and listing fees. Results of the Listing Function were included in the Cash Market.

The **Derivatives Market** segment referred to the derivatives products traded on Hong Kong Futures Exchange Limited (Futures Exchange) and stock options traded on the Stock Exchange. Its revenue and other income mainly comprised trading fees, trading tariff and net investment income on the Margin Funds on derivatives contracts invested.

The **Commodities** segment referred to the operations of the LME Group, which operates an exchange in the United Kingdom (UK) for the trading of base metals futures and options contracts. The major sources of revenue of the segment were trading fees, commodity market data fees and fees generated from other ancillary operations.

The **Clearing** segment referred to the operations of the three clearing houses, namely Hong Kong Securities Clearing Company Limited (HKSCC), The SEHK Options Clearing House Limited (SEOCH) and HKFE Clearing Corporation Limited (HKCC), which are responsible for clearing, settlement and custodian activities of the Cash and Derivatives Markets operated by the Group. Its revenue and other income were derived primarily from providing clearing, settlement, depository, custody and nominee services and net investment income earned on the Clearing House Funds and Margin Funds and cash collateral from HKSCC Clearing Participants.

The **Market Data** segment was responsible for developing, promoting, compiling and sales of real-time, historical as well as statistical market data and issuer information. Its revenue comprised primarily market data fees of the Cash and Derivatives Markets.

2. Operating Segments (continued)

Central income (mainly net investment income of the Corporate Funds) and central costs (mainly costs of support functions that centrally provided services to all of the operating segments and other costs not directly related to any of the operating segments) were included as “Corporate Items”. Costs of developing new business initiatives incurred before launch were absorbed as support function costs under “Corporate Items”.

Following the acquisition of the LME Group in December 2012, the Group underwent an internal reorganisation to better align its business activities to its strategic objective of becoming a vertically and horizontally integrated multi-asset class exchange. As a result, the reportable segments have been reorganised. After the reorganisation, effective from January 2013, the Group has five reportable segments (“Corporate Items” is not a reportable segment). The segments are managed separately as each segment offers different products and services and requires different information technology systems and marketing strategies. The operations in each of the Group’s new reportable segments are as follows:

The **Cash** segment covers all equity products traded on the Cash Market platforms, sales of Cash Market data and other related activities. Currently, the Group operates two Cash Market platforms, the Main Board and the Growth Enterprise Market (GEM). The major sources of revenue of the segment are trading fees, trading tariff, listing fees of equity products and Cash Market data fees.

The **Equity and Financial Derivatives** segment refers to derivatives products traded on the Futures Exchange and the Stock Exchange and other related activities. These include the provision and maintenance of trading platforms for a range of equity and financial derivatives products, such as stock and equity index futures and options, DWs, CBBCs and warrants and sales of market data of futures and options. The major sources of revenue are trading fees, trading tariff and listing fees of derivatives products and market data fees of futures and options.

The **Commodities** segment refers to the operations of the LME Group (excluding its clearing operations), which operates an exchange in the UK for the trading of base metals futures and options contracts. The major sources of revenue of the segment are trading fees, commodity market data fees and fees generated from other ancillary operations.

The **Clearing** segment refers to the operations of the three clearing houses, namely HKSCC, SEOCH and HKCC, which are responsible for clearing, settlement and custodian activities of the Stock Exchange and the Futures Exchange, and the development and operations of the new clearing houses for clearing over-the-counter derivatives contracts (OTC Clearing Hong Kong Limited (OTC Clear)) and clearing base metals futures and options contracts traded on The London Metal Exchange (LME Clear Limited (LME Clear)). Its revenue and other income are derived primarily from providing clearing, settlement, depository, custody and nominee services and net investment income earned on the Margin Funds and cash collateral and Clearing House Funds.

The **Platform and Infrastructure** segment refers to all services in connection with providing users with access to the platform and infrastructure of the Group. The major sources of revenue of the segment are network, terminal user, dataline and software sub-license fees, trading booth user fees and hosting services fees.

Central income (mainly net investment income of the Corporate Funds) and central costs (mainly costs of support functions that centrally provide services to all of the operating segments, finance costs and other costs not directly related to any of the operating segments) are included as “Corporate Items”. Costs of developing new business initiatives before launch (such as OTC Clear and LME Clear) are included under the respective reportable segments.

Comparative figures have been restated to conform to the current period’s presentation.

2. Operating Segments (continued)

The chief operating decision-maker assesses the performance of the operating segments principally based on their EBITDA. An analysis of the Group's EBITDA and profit before taxation for the period by operating segment is as follows:

	Six months ended 30 Jun 2013						
		Equity and Financial			Platform and	Corporate	Group
	Cash	Derivatives	Commodities	Clearing	Infrastructure	Items	
\$m	\$m	\$m	\$m	\$m	\$m	\$m	
Revenue from external customers	1,233	870	608	1,282	168	2	4,163
Net investment income	-	-	-	159	-	113	272
Sundry income	-	-	-	5	-	-	5
Revenue and other income	1,233	870	608	1,446	168	115	4,440
Operating expenses	(227)	(222)	(224)	(277)	(63)	(328)	(1,341)
Reportable segment EBITDA	1,006	648	384	1,169	105	(213)	3,099
Depreciation and amortisation	(24)	(21)	(132)	(29)	(19)	(8)	(233)
Finance costs	-	-	-	-	-	(92)	(92)
Share of loss of a joint venture	-	(4)	-	-	-	-	(4)
Reportable segment profit before taxation	982	623	252	1,140	86	(313)	2,770

	As restated Six months ended 30 Jun 2012						
		Equity and Financial			Platform and	Corporate	Group
	Cash	Derivatives	Commodities	Clearing	Infrastructure	Items	
\$m	\$m	\$m	\$m	\$m	\$m	\$m	
Revenue from external customers	1,115	840	-	1,214	204	-	3,373
Net investment income	-	-	-	232	-	160	392
Sundry income	-	-	-	5	-	-	5
Revenue and other income	1,115	840	-	1,451	204	160	3,770
Operating expenses	(235)	(209)	-	(202)	(102)	(228)	(976)
Reportable segment EBITDA	880	631	-	1,249	102	(68)	2,794
Depreciation and amortisation	(18)	(12)	-	(22)	-	(4)	(56)
Costs relating to acquisition of LME Group	-	-	-	-	-	(110)	(110)
Reportable segment profit before taxation	862	619	-	1,227	102	(182)	2,628

3. Trading Fees and Trading Tariff

Trading fees and trading tariff were derived from:

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Three months ended 30 Jun 2013 \$m	Three months ended 30 Jun 2012 \$m
Securities traded on the Stock Exchange (excluding stock options contracts)	950	822	445	369
Futures and options contracts traded on the Stock Exchange and the Futures Exchange	430	417	223	211
Base metals futures and options contracts traded on The London Metal Exchange	436	–	226	–
	1,816	1,239	894	580

4. Stock Exchange Listing Fees

Stock Exchange listing fees and costs of listing function comprised the following:

	Six months ended 30 Jun 2013				Six months ended 30 Jun 2012			
	Equity		CBBs, DWs & others \$m	Total \$m	Equity		CBBs, DWs & others \$m	Total \$m
	Main Board \$m	GEM \$m			Main Board \$m	GEM \$m		
Stock Exchange listing fees								
Annual listing fees	222	12	1	235	218	12	2	232
Initial and subsequent issue listing fees	28	6	225	259	48	5	175	228
Other listing fees	2	–	–	2	2	–	–	2
Total	252	18	226	496	268	17	177	462
Direct costs of listing function	(140)	(39)	(13)	(192)	(140)	(34)	(10)	(184)
Contribution to profit before taxation	112	(21)	213	304	128	(17)	167	278

4. Stock Exchange Listing Fees (continued)

	Three months ended 30 Jun 2013				Three months ended 30 Jun 2012			
	Equity		CBBCs, DWs & others	Total	Equity		CBBCs, DWs & others	Total
	Main Board	GEM			Main Board	GEM		
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Stock Exchange listing fees								
Annual listing fees	112	6	–	118	109	6	1	116
Initial and subsequent issue listing fees	14	3	105	122	18	2	81	101
Other listing fees	1	–	–	1	1	–	–	1
Total	127	9	105	241	128	8	82	218
Direct costs of listing function	(67)	(18)	(7)	(92)	(68)	(17)	(5)	(90)
Contribution to profit before taxation	60	(9)	98	149	60	(9)	77	128

Listing fees are primarily fees paid by issuers to enable them to gain access to the Stock Exchange and enjoy the privileges and facilities of being admitted, listed and traded on the Stock Exchange.

The costs listed above are regulatory in nature, which comprise costs of the listing function in vetting initial public offerings, enforcing the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, and disseminating information relating to listed companies.

5. Other Revenue

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Three months ended 30 Jun 2013 \$m	Three months ended 30 Jun 2012 \$m
Network, terminal user, dataline and software sub-license fees	129	198	67	95
Commodities stock levies and warehouse listing fees	60	–	33	–
Participants' subscription and application fees	32	18	16	9
Hosting services	34	–	18	–
Brokerage on direct IPO allotments	6	–	5	–
Trading booth user fees	6	6	3	3
Sales of Trading Rights	4	9	1	4
Miscellaneous revenue	26	13	14	6
	297	244	157	117

6. Net Investment Income

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Three months ended 30 Jun 2013 \$m	Three months ended 30 Jun 2012 \$m
Gross interest income	165	182	86	92
Interest rebates to Participants	(2)	(1)	(1)	-
Net interest income	163	181	85	92
Net fair value gains/(losses) including interest income on financial assets measured at fair value through profit or loss and financial liabilities at fair value through profit or loss	117	203	(32)	67
Others	(8)	8	3	6
Net investment income	272	392	56	165

7. Staff Costs and Related Expenses

Staff costs and related expenses comprised the following:

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Three months ended 30 Jun 2013 \$m	Three months ended 30 Jun 2012 \$m
Salaries and other short-term employee benefits	650	496	325	251
Employee share-based compensation benefits	55	55	25	26
Termination benefits	3	2	1	2
Retirement benefit costs (note 30(b))	47	40	22	20
	755	593	373	299

8. Information Technology and Computer Maintenance Expenses

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Three months ended 30 Jun 2013 \$m	Three months ended 30 Jun 2012 \$m
Costs of services and goods:				
– consumed by the Group	215	77	109	37
– directly consumed by Participants	35	81	18	41
	250	158	127	78

9. Costs Relating to Acquisition of LME Group

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Three months ended 30 Jun 2013 \$m	Three months ended 30 Jun 2012 \$m
Legal and professional fees	-	108	-	90
Others	-	2	-	1
	-	110	-	91

10. Finance Costs

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Three months ended 30 Jun 2013 \$m	Three months ended 30 Jun 2012 \$m
Interest expenses on borrowings	90	-	46	-
Net foreign exchange losses/(gains) on financing activities	2	-	(3)	-
	92	-	43	-

11. Taxation

Taxation charge/(credit) in the condensed consolidated income statement represented:

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Three months ended 30 Jun 2013 \$m	Three months ended 30 Jun 2012 \$m
Current tax – Hong Kong Profits Tax	401	412	209	212
Current tax – Overseas Tax	100	-	76	-
Deferred taxation	501 (59)	412 -	285 (71)	212 5
	442	412	214	217

Hong Kong Profits Tax has been provided at the rate of 16.5 per cent (2012: 16.5 per cent) and overseas profits tax at the rates of taxation prevailing in the countries in which the Group operates.

12. Earnings Per Share

The calculation of the basic and diluted earnings per share is as follows:

(a) Basic earnings per share

	Six months ended 30 Jun 2013	As restated Six months ended 30 Jun 2012	Three months ended 30 Jun 2013	As restated Three months ended 30 Jun 2012
Profit attributable to shareholders (\$m)	2,328	2,216	1,170	1,068
Weighted average number of shares in issue less shares held for Share Award Scheme (in '000)	1,148,265	1,082,497	1,149,072	1,082,740
Basic earnings per share (\$)	2.03	2.05	1.02	0.99

(b) Diluted earnings per share

	Six months ended 30 Jun 2013	As restated Six months ended 30 Jun 2012	Three months ended 30 Jun 2013	As restated Three months ended 30 Jun 2012
Profit attributable to shareholders (\$m)	2,328	2,216	1,170	1,068
Weighted average number of shares in issue less shares held for Share Award Scheme (in '000)	1,148,265	1,082,497	1,149,072	1,082,740
Effect of employee share options (in '000)	734	838	719	822
Effect of Awarded Shares (in '000)	2,221	2,083	2,110	1,984
Weighted average number of shares for the purpose of calculating diluted earnings per share (in '000)	1,151,220	1,085,418	1,151,901	1,085,546
Diluted earnings per share (\$)	2.02	2.04	1.02	0.98

- (i) The effects of the outstanding convertible bonds (note 22) were not included in the computation of diluted earnings per share for the six months and three months ended 30 June 2013 as they were anti-dilutive.
- (ii) In December 2012, 65,705,000 HKEx shares were issued upon placement at a discount. The effects of the bonus element of the share placement have been included within the calculation of basic and diluted earnings per share for the six months and three months ended 30 June 2012 retrospectively, which increased the weighted average number of ordinary shares for the six months and three months ended 30 June 2012 by 4,564,000 and 4,565,000 respectively.

13. Dividends

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Three months ended 30 Jun 2013 \$m	Three months ended 30 Jun 2012 \$m
Interim dividend declared of \$1.82 (2012: \$1.85) per share at 30 Jun	2,100	2,000	2,100	2,000
Less: Dividend for shares held by Share Award Scheme at 30 Jun	(4)	(4)	(4)	(4)
	2,096	1,996	2,096	1,996

14. Cash and Cash Equivalents

	At 30 Jun 2013 \$m	At 31 Dec 2012 \$m
Cash and cash equivalents:		
– Clearing House Funds (note 21)	4,311	2,325
– Margin Funds and cash collateral (note 19) (note (a))	31,763	27,717
– Corporate Funds (note 18)	6,211	30,042
	42,285	4,035
		34,077

- (a) The cash and cash equivalents of Clearing House Funds and Margin Funds and cash collateral are held for specific purposes and cannot be used by the Group to finance other activities. Therefore, they are not included in cash and cash equivalents of the Group for cash flow purposes in the condensed consolidated statement of cash flows.

15. Financial Assets Measured at Fair Value through Profit or Loss

	At 30 Jun 2013		
	Margin Funds and cash collateral (note 19) \$m	Corporate Funds (note 18) \$m	Total \$m
<u>Mandatorily measured at fair value</u>			
Equity securities:			
– listed in Hong Kong	–	86	86
– listed outside Hong Kong	–	126	126
– unlisted	–	131	131
	–	343	343
Debt securities:			
– listed in Hong Kong	–	206	206
– listed outside Hong Kong	–	1,014	1,014
– unlisted	1,792	536	2,328
	1,792	1,756	3,548
Derivative financial instruments:			
– forward foreign exchange contracts	–	29	29
	1,792	2,128	3,920
The expected recovery dates of the financial assets are analysed as follows:			
Within twelve months (note (a))	1,792	1,997	3,789
More than twelve months	–	131	131
	1,792	2,128	3,920

15. Financial Assets Measured at Fair Value through Profit or Loss (continued)

	At 31 Dec 2012		
	Margin Funds and cash collateral (note 19) \$m	Corporate Funds (note 18) \$m	Total \$m
<u>Mandatorily measured at fair value</u>			
Equity securities:			
– listed in Hong Kong	–	111	111
– listed outside Hong Kong	–	105	105
– unlisted	–	292	292
	–	508	508
Debt securities:			
– listed in Hong Kong	–	193	193
– listed outside Hong Kong	–	980	980
– unlisted	2,186	622	2,808
	2,186	1,795	3,981
Derivative financial instruments:			
– forward foreign exchange contracts	–	3	3
	2,186	2,306	4,492
The expected recovery dates of the financial assets are analysed as follows:			
Within twelve months (note (a))	2,186	2,183	4,369
More than twelve months	–	123	123
	2,186	2,306	4,492

- (a) Includes financial assets maturing after twelve months of \$1,792 million (31 December 2012: \$1,796 million) attributable to the Margin Funds and cash collateral that could readily be liquidated to meet liquidity requirements of the Funds.

16. Financial Assets Measured at Amortised Cost

	At 30 Jun 2013			
	Clearing	Margin Funds	Corporate	Total
	House	and cash	Funds	
	Funds	collateral	Funds	
(note 21)	(note 19)	(note 18)		
	\$m	\$m	\$m	\$m
Unlisted debt securities	–	–	70	70
Time deposits with original maturities over three months	209	9,628	490	10,327
Other financial assets	–	–	62	62
	209	9,628	622	10,459
The expected recovery dates of the financial assets are analysed as follows:				
Within twelve months	209	9,628	490	10,327
More than twelve months	–	–	132	132
	209	9,628	622	10,459
	At 31 Dec 2012			
	Clearing	Margin Funds	Corporate	Total
	House	and cash	Funds	
	Funds	collateral	Funds	
	(note 21)	(note 19)	(note 18)	
	\$m	\$m	\$m	\$m
Unlisted debt securities	–	–	94	94
Time deposits with original maturities over three months	217	6,880	1,321	8,418
Other financial assets	–	–	61	61
	217	6,880	1,476	8,573
The expected recovery dates of the financial assets are analysed as follows:				
Within twelve months	217	6,880	1,345	8,442
More than twelve months	–	–	131	131
	217	6,880	1,476	8,573

17. Accounts Receivable, Prepayments and Deposits

The Group's accounts receivable, prepayments and deposits mainly represented the Group's Continuous Net Settlement money obligations receivable under the T+2 settlement cycle, which accounted for 90 per cent (31 December 2012: 93 per cent) of the total accounts receivable, prepayments and deposits. Continuous Net Settlement money obligations receivable mature within two days after the trade date. Fees receivable are due immediately or up to 60 days depending on the type of services rendered. The majority of the remaining accounts receivable, prepayments and deposits were due within three months.

18. Corporate Funds

	At 30 Jun 2013 \$m	At 31 Dec 2012 \$m
The Group's Corporate Funds were invested in the following instruments:		
Cash and cash equivalents (note 14)	6,211	4,035
Financial assets measured at fair value through profit or loss (note 15)	2,128	2,306
Financial assets measured at amortised cost (note 16)	622	1,476
	8,961	7,817

19. Margin Deposits and Cash Collateral from Clearing Participants

	At 30 Jun 2013 \$m	At 31 Dec 2012 \$m
Margin deposits and cash collateral from Clearing Participants comprised (note (a)):		
SEOCH Clearing Participants' margin deposits	4,945	4,125
HKCC Clearing Participants' margin deposits	34,890	30,237
HKSCC Clearing Participants' margin deposits and cash collateral	3,356	2,424
	43,191	36,786
The margin deposits and cash collateral were invested in the following instruments for managing the obligations of the Margin Funds and cash collateral:		
Cash and cash equivalents (note 14)	31,763	27,717
Financial assets measured at fair value through profit or loss (note 15)	1,792	2,186
Financial assets measured at amortised cost (note 16)	9,628	6,880
Margin receivable from Clearing Participants	8	3
	43,191	36,786

(a) Amounts excluded non-cash collateral received and utilised as alternative to cash margin and cash collateral.

20. Accounts Payable, Accruals and Other Liabilities

The Group's accounts payable, accruals and other liabilities mainly represented the Group's Continuous Net Settlement money obligations payable, which accounted for 75 per cent (31 December 2012: 80 per cent) of the total accounts payable, accruals and other liabilities. Continuous Net Settlement money obligations payable mature within two days after the trade date. The majority of the remaining accounts payable, accruals and other liabilities would mature within three months.

21. Clearing House Funds

	At 30 Jun 2013 \$m	At 31 Dec 2012 \$m
The Clearing House Funds comprised:		
Clearing Participants' contributions (note (a))	3,836	1,924
Designated reserves (note 25)	585	587
	4,421	2,511
The Clearing House Funds were invested in the following instruments for managing the obligations of the Funds:		
Cash and cash equivalents (note 14)	4,311	2,325
Financial assets measured at amortised cost (note 16)	209	217
	4,520	2,542
Less: Other financial liabilities of Clearing House Funds	(99)	(31)
	4,421	2,511
The Clearing House Funds comprised the following Funds:		
HKSCC Guarantee Fund	2,037	228
SEOCH Reserve Fund	474	414
HKCC Reserve Fund	1,910	1,869
	4,421	2,511

(a) Amounts excluded bank guarantees received and utilised as alternatives to cash contributions.

22. Borrowings

	At 30 Jun 2013 \$m	At 31 Dec 2012 \$m
Bank borrowings	3,103	3,100
Convertible bonds	3,562	3,515
Total borrowings	6,665	6,615

During the six months ended 30 June 2013, there were no repayments of the bank borrowings, and none of the convertible bonds were redeemed or converted.

23. Share Capital, Share Premium and Shares Held for Share Award Scheme

Authorised:

	At 30 Jun 2013 \$m	At 31 Dec 2012 \$m
2,000,000,000 shares of \$1 each	2,000	2,000

Issued and fully paid:

	Number of shares of \$1 each '000	Share capital \$m	Share premium \$m	Shares held for Share Award Scheme \$m	Total \$m
At 1 Jan 2012	1,077,670	1,080	639	(296)	1,423
Shares issued upon placement of shares	65,705	66	7,642	–	7,708
Shares issued upon exercise of employee share options (note (a))	122	–	2	–	2
Shares issued in lieu of cash dividends (note (b))					
– total	4,075	4	447	–	451
– to Share Award Scheme	(71)	–	–	(9)	(9)
	4,004	4	447	(9)	442
Transfer from employee share-based compensation reserve upon exercise of employee share options	–	–	1	–	1
Shares purchased for Share Award Scheme (note (c))	(738)	–	–	(93)	(93)
Vesting of shares of Share Award Scheme (note (d))	645	–	–	93	93
At 31 Dec 2012	1,147,408	1,150	8,731	(305)	9,576
At 1 Jan 2013	1,147,408	1,150	8,731	(305)	9,576
Shares issued upon exercise of employee share options (note (a))	35	–	1	–	1
Shares issued in lieu of cash dividends (note (b))					
– total	4,140	4	536	–	540
– to Share Award Scheme	(26)	–	–	(4)	(4)
	4,114	4	536	(4)	536
Shares purchased for Share Award Scheme (note (c))	(19)	–	–	(2)	(2)
Vesting of shares of Share Award Scheme (note (d))	410	–	–	50	50
At 30 Jun 2013	1,151,948	1,154	9,268	(261)	10,161

23. Share Capital, Share Premium and Shares Held for Share Award Scheme (continued)

- (a) During the six months ended 30 June 2013, employee share options granted under the Post-Listing Share Option Scheme were exercised to subscribe for 34,500 shares (year ended 31 December 2012: 121,500 shares) in HKEx at an average consideration of \$17.99 per share (year ended 31 December 2012: \$17.88 per share), of which \$1.00 per share was credited to share capital and the balance was credited to the share premium account.
- (b) During the six months ended 30 June 2013, 4,139,855 new fully paid HKEx shares (year ended 31 December 2012: 4,074,947 shares) were issued and allotted at \$130.32 per share (year ended 31 December 2012: weighted average price of \$110.67 per share) to the shareholders (including 26,110 new shares (year ended 31 December 2012: 70,650 shares) allotted to the Share Award Scheme) who elected to receive HKEx shares in lieu of cash pursuant to the scrip dividend scheme.
- (c) During the six months ended 30 June 2013, the Share Award Scheme acquired 19,300 HKEx shares (year ended 31 December 2012: 737,800 shares) through purchases on the open market. The total amount paid to acquire the shares during the period was \$2 million (year ended 31 December 2012: \$93 million).
- (d) During the six months ended 30 June 2013, the Share Award Scheme transferred 410,425 HKEx shares (year ended 31 December 2012: 644,763 shares) to the awardees upon vesting of certain Awarded Shares and the shares arising from related dividends reinvested. The total cost of the vested shares was \$50 million (year ended 31 December 2012: \$93 million).

24. Employee Share-based Arrangements

- (a) Equity-settled share-based arrangement

The Group operates a share option scheme and a Share Award Scheme for the benefits of its employees. The employee share-based compensation expenses in relation to the options and share awards were charged to profit or loss under staff costs over the relevant vesting periods with a corresponding increase in employee share-based compensation reserve.

No share options were granted during the six months ended 30 June 2013. Details of Awarded Shares awarded during the six months ended 30 June 2013 are set out below:

Date of approval by Board	Date of Award	Awarded Sum \$'000	Number of shares purchased	Number of shares awarded	Average fair value per share \$	Vesting period
14 Dec 2011	27 Mar 2013	316	2,200	2,200	139.86	1 Jan 2015 – 1 Jan 2016
14 Dec 2011	27 Mar 2013	2,400	17,100	17,100	139.86	9 Jan 2015 – 9 Jan 2016

- (b) Cash-settled share-based arrangement

The LME Group operated a long-term incentive plan for its employees in the UK. The plan was set up by the LME Group to provide selected employees with an entitlement, in the form of share options, to a receipt of cash when the options are exercised. During the six months ended 30 June 2013, no share options were granted and all of the options were exercised. Accordingly, the liability of \$279 million at 31 December 2012, which was included in accounts payable, accruals and other liabilities, was fully settled during the period.

25. Designated Reserves

Designated reserves are segregated for their respective purposes and comprised the following:

	At 30 Jun 2013 \$m	At 31 Dec 2012 \$m
Clearing House Funds reserves		
– HKSCC Guarantee Fund reserve	124	124
– SEOCH Reserve Fund reserve	109	111
– HKCC Reserve Fund reserve	352	352
	585	587

26. Retained Earnings (Including Proposed Dividend)

	2013 \$m	2012 \$m
At 1 Jan	6,881	7,053
Profit attributable to shareholders	2,328	4,084
Transfer from/(to) Clearing House Funds reserves	2	(10)
Dividends:		
2012/2011 final dividend	(1,675)	(2,252)
2012 interim dividend	–	(1,996)
Unclaimed HKEx dividends forfeited	5	7
Vesting of shares of Share Award Scheme	(4)	(5)
At 30 Jun 2013/31 Dec 2012	7,537	6,881
Representing:		
Retained earnings	5,441	5,206
Proposed dividend	2,096	1,675
At 30 Jun 2013/31 Dec 2012	7,537	6,881

27. Notes to the Condensed Consolidated Statement of Cash Flows

Reconciliation of profit before taxation to net cash inflow from operating activities:

	Six months ended 30 Jun 2013 \$m	As restated Six months ended 30 Jun 2012 \$m
Profit before taxation	2,770	2,628
Adjustments for:		
Net interest income	(163)	(181)
Dividend income	(5)	(7)
Net fair value gains including interest income on financial assets measured at fair value through profit or loss and financial liabilities at fair value through profit or loss	(117)	(203)
Forfeiture of unclaimed cash dividends held by HKSCC Nominees Limited	(5)	(5)
Finance costs	92	–
Depreciation and amortisation	233	56
Employee share-based compensation benefits	55	55
Gain on disposal of fixed assets	–	(1)
Provision for impairment losses of trade receivables	1	1
Share of loss of a joint venture	4	–
Changes in provisions	2	4
Net (increase)/decrease in financial assets of Margin Funds and cash collateral	(6,406)	4,403
Net increase/(decrease) in financial liabilities of Margin Funds and cash collateral	6,405	(4,371)
Net increase in Clearing House Fund financial assets	(1,978)	(36)
Net increase in Clearing House Fund financial liabilities	1,980	34
Net increase in financial assets measured at fair value through profit or loss less financial liabilities at fair value through profit or loss	–	(218)
Decrease in accounts receivable, prepayments and deposits	3,431	2,285
Decrease in other current liabilities	(3,656)	(1,945)
Net cash inflow from operations	2,643	2,499
Dividends received	4	7
Interest received from bank deposits	164	174
Interest received from financial assets measured at fair value through profit or loss	31	54
Interest paid to Participants	(2)	(1)
Income tax paid	(202)	(230)
Net cash inflow from operating activities	2,638	2,503

28. Capital Expenditures and Commitments

During the six months ended 30 June 2013, the Group incurred capital expenditures of \$277 million (2012: \$572 million) and disposed of fixed assets and intangible assets with net book value of less than \$1 million (2012: \$16 million). The capital expenditures incurred were mainly related to the Data Centre at Tseung Kwan O, development of a new market data system and a commodities clearing system, and upgrade and enhancement of various information technology systems.

At 30 June 2013, the Group's commitments in respect of capital expenditures were as follows:

	At 30 Jun 2013 \$m	At 31 Dec 2012 \$m
Contracted but not provided for		
– fixed assets	64	78
– intangible assets	241	125
Authorised but not contracted for		
– fixed assets	307	358
– intangible assets	474	271
	1,086	832

The Group's capital expenditure commitments were mainly related to the relocation of the primary data centres to the Data Centre at Tseung Kwan O, the development of hosting services, a new market data system, clearing systems for over-the-counter derivatives and commodities, and a Central Gateway for the Cash Market, and the upgrade and enhancement of the Derivatives Market trading and clearing systems as well as various information technology systems.

29. Contingent Liabilities

At 30 June 2013, the Group's material contingent liabilities were as follows:

- (a) The Group had a contingent liability in respect of potential calls to be made by the Securities and Futures Commission (SFC) to replenish all or part of compensation less recoveries paid by the Unified Exchange Compensation Fund established under the Securities Ordinance up to an amount not exceeding \$71 million (31 December 2012: \$71 million). Up to 30 June 2013, no calls had been made by the SFC in this connection.
- (b) The Group had undertaken to indemnify the Collector of Stamp Revenue against any underpayment of stamp duty by its Participants of up to \$200,000 for each Participant. In the unlikely event that all of its 507 trading Participants covered by the indemnity at 30 June 2013 (31 December 2012: 511) defaulted, the maximum contingent liability of the Group under the indemnity would amount to \$101 million (31 December 2012: \$102 million).
- (c) HKEx had given an undertaking in favour of HKSCC to contribute up to \$50 million in the event of HKSCC being wound up while it is a wholly-owned subsidiary of HKEx or within one year after HKSCC ceases to be a wholly-owned subsidiary of HKEx, for payment of the liabilities of HKSCC contracted before HKSCC ceases to be a wholly-owned subsidiary of HKEx, and for the costs of winding up.

30. Material Related Party Transactions

(a) Key management personnel compensation

	Six months ended 30 Jun 2013 \$m	Six months ended 30 Jun 2012 \$m	Three months ended 30 Jun 2013 \$m	Three months ended 30 Jun 2012 \$m
Salaries and other short-term employee benefits	60	38	29	19
Employee share-based compensation benefits	18	15	7	8
Retirement benefit costs	5	3	3	1
	83	56	39	28

(b) Post-employment benefit plans

The Group has sponsored a defined contribution provident fund scheme (ORSO Plan) and a Mandatory Provident Fund scheme (MPF Scheme) for the benefits of its employees in Hong Kong. The Group has also sponsored a defined contribution pension scheme for all employees of the LME Group aged over 25 (LME pension scheme). The retirement benefit costs charged to the condensed consolidated income statement represent contributions paid and payable by the Group to the ORSO Plan, the MPF Scheme and the LME pension scheme and related fees (note 7). At 30 June 2013, the contributions payable to the post-employment benefit plans were less than \$1 million (31 December 2012: \$1 million).

(c) Transactions and balance with a joint venture

During the six months ended 30 June 2013, the Group charged the joint venture, China Exchanges Services Company Limited (CESC), a management fee of \$2 million (2012: \$Nil) in respect of management services provided to the joint venture. The amount due from CESC at 30 June 2013 amounted to \$2 million (31 December 2012: \$7 million).

(d) Save as aforesaid, the Group has entered into other transactions in the ordinary course of business with companies that are related parties but the amounts were immaterial.

31. Change in Group Structure

On 7 February 2013, all of the shares of LME Clear were transferred from The London Metal Exchange (LME) to HKEx Investment (UK) Limited at a consideration of £1. There is no financial impact to the Group on the share transfer.

32. Fair Value of Assets and Liabilities

(a) Assets and liabilities carried at fair value

The following tables present the carrying value of assets and liabilities measured at fair value according to the levels of the fair value hierarchy defined in HKFRS 13: Fair Value Measurement, with the fair value of each asset and liability categorised based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair values measured using valuation techniques in which all significant inputs other than quoted prices included within Level 1 are directly or indirectly based on observable market data.
- Level 3: fair values measured using valuation techniques in which any significant input is not based on observable market data.

	At 30 Jun 2013			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Recurring fair value measurements:				
Assets				
Financial assets measured at fair value through profit or loss:				
– equity securities	212	–	131	343
– debt securities	–	3,548	–	3,548
– forward foreign exchange contracts	29	–	–	29
	241	3,548	131	3,920
Recurring fair value measurements:				
Liabilities				
Other financial liabilities of Corporate Funds:				
Financial liabilities at fair value through profit or loss:				
– forward foreign exchange contracts	2	–	–	2
	2	–	–	2

32. Fair Value of Assets and Liabilities (continued)

(a) Assets and liabilities carried at fair value (continued)

	At 31 Dec 2012			Total \$m
	Level 1 \$m	Level 2 \$m	Level 3 \$m	
Recurring fair value measurements:				
Assets				
Financial assets measured at fair value				
through profit or loss:				
– equity securities	216	–	292	508
– debt securities	–	3,981	–	3,981
– forward foreign exchange contracts	3	–	–	3
	219	3,981	292	4,492
Recurring fair value measurements:				
Liabilities				
Other financial liabilities of Corporate Funds:				
Financial liabilities at fair value				
through profit or loss:				
– forward foreign exchange contracts	6	–	–	6
	6	–	–	6

During the six months ended 30 June 2013, there were no transfers of instruments between Level 1 and Level 2.

Level 2 fair values of debt securities have been determined based on quotes from market makers or alternative pricing sources supported by observable inputs. The most significant input is market interest rates.

The Group's policy is to recognise transfer into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

At 30 June 2013 and 31 December 2012, no non-financial assets or liabilities were carried at fair value.

32. Fair Value of Assets and Liabilities (continued)

(a) Assets and liabilities carried at fair value (continued)

Fair value measurements using significant unobservable inputs (Level 3)

	Investment in an unlisted company	
	2013 \$m	2012 \$m
At 1 Jan	292	–
Addition through acquisition of subsidiaries	–	289
Gains recognised in profit or loss under net investment income	108	–
Disposals	(247)	–
Exchange differences recognised in other comprehensive income, under currency translation differences of foreign subsidiaries	(22)	3
At 30 Jun 2013/31 Dec 2012	131	292
Total gains for the period included in profit or loss under net investment income	108	–
Change in unrealised gains for the period included in profit or loss for assets held at 30 Jun 2013/31 Dec 2012, under net investment income	6	–

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value	Possible reasonable change	Impact on valuation	
					30 Jun 2013 \$m	At 31 Dec 2012 \$m
Investment in shares in an unlisted company	Future growth rates of the company	2% to 4%	The higher the future growth rates, the higher the fair value;	+/-1%	+32/-24	+72/-53
Fair value at 30 Jun 2013 was \$131 million (31 Dec 2012: \$292 million)	Estimated WACC	8% to 12%	The higher the WACC, the lower the fair value;	+/-1%	-22/+30	-49/+67
	Dilution effect of capital raise to comply with expected changes in regulatory capital	25% to 35%	The higher the dilution, the lower the fair value;	+/-5%	-10/+10	-22/+22
	Discount for value attributable to a minority stake	10% to 20%	The higher the discount, the lower the fair value.	+/-5%	-8/+8	-17/+17

As the unlisted investment is not traded in an active market, its fair value has been determined using discounted cash flow valuation techniques. Major assumptions used in the valuation include historical financial results, assumptions about future growth rates, an estimate of weighted average cost of capital (WACC), the effect of expected changes in regulation and an adjustment for the value of the investment attributable to a minority stake.

32. Fair Value of Assets and Liabilities (continued)

(b) Fair values of financial assets and financial liabilities not reported at fair value

Summarised in the following table are the carrying amounts and fair values of financial assets and financial liabilities not presented in the condensed consolidated statement of financial position at their fair values. These assets and liabilities were classified under Level 2 in the fair value hierarchy. The carrying amounts of bank borrowing with floating interest rates, short-term receivables (eg, accounts receivable, deposits and cash and cash equivalents) and short-term payables (eg, accounts payable and other liabilities) approximated their fair values, and accordingly no disclosure of the fair values of these items is presented.

	At 30 Jun 2013		At 31 Dec 2012	
	Carrying amount in condensed consolidated statement of financial position \$m	Fair value \$m	Carrying amount in condensed consolidated statement of financial position \$m	Fair value \$m
Financial assets				
Financial assets measured at amortised cost:				
– debt securities ¹	70	70	94	94
– other financial assets maturing over one year ²	62	58	61	58
Financial liabilities				
Borrowings:				
– liability component of convertible bonds ³	3,562	3,651	3,515	3,723
Financial guarantee to the Collector of Stamp Revenue ⁴	20	63	20	102

¹ The fair values are provided by the custodian of the investments, a reputable independent third party custodian bank, or by the banks from whom the investments were purchased.

² The fair values are based on cash flows discounted using Hong Kong Government bond rates of a tenor similar to the contractual maturity of the respective assets/liabilities, adjusted by an estimated credit spread. Assets/liabilities without a contractual maturity date are assumed to mature exactly one year after the end of the reporting period. The discount rates used ranged from 0.85 per cent to 2.87 per cent at 30 June 2013 (31 December 2012: 0.81 per cent to 1.51 per cent).

³ The fair values are based on cash flows discounted using the prevailing market interest rates for loans with similar credit rating and similar tenor of the convertible bonds. The discount rate used was 2.54 per cent at 30 June 2013 (31 December 2012: 1.88 per cent).

⁴ The fair values are based on the fees charged by financial institutions for granting such guarantees discounted using a ten-year Hong Kong Government bond rate to perpetuity but capped at the maximum exposure of the financial guarantee. The discount rate was 2.00 per cent at 30 June 2013 (31 December 2012: 0.59 per cent).

33. Offsetting Financial Assets and Financial Liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's condensed consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the condensed consolidated statement of financial position.

HKSCC currently has a legally enforceable right to set off the Continuous Net Settlement (CNS) money obligations receivable and payable and it intends to settle on a net basis.

For the net amounts of CNS money obligations receivable or payable (ie, after set-off) and other accounts receivables due from customers (including Participants, information vendors and hosting services customers), they do not meet the criteria for offsetting in the condensed consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default of the customers. In addition, the Group does not intend to settle the balances on a net basis.

- (a) Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

Type of financial assets	At 30 Jun 2013					
	Gross amount of recognised financial liabilities offset in the condensed consolidated statement of financial position	Gross amount of recognised financial assets	Net amount of financial assets presented in the condensed consolidated statement of financial position	Financial liabilities other than cash collateral	Cash collateral received	Net amount
	\$m	\$m	\$m	\$m	\$m	\$m
CNS money obligations receivable	105,856	(96,603)	9,253	(48)	(2,674)	6,531
Other accounts receivable from Participants, information vendors and hosting services customers, net of provision for impairment losses	384	-	384	-	(118)	266
Total	106,240	(96,603)	9,637	(48)	(2,792)	6,797

33. Offsetting Financial Assets and Financial Liabilities (continued)

- (a) Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements (continued)

Type of financial assets	At 31 Dec 2012					
						Related amounts not offset in the condensed consolidated statement of financial position
	Gross amount of recognised financial liabilities offset in the condensed statement of financial assets position \$m	Net amount of financial assets presented in the condensed statement of financial position \$m	Financial liabilities other than cash collateral received \$m	Cash collateral received \$m	Net amount \$m	
CNS money obligations receivable	115,501	(102,768)	12,733	(2,694)	(903)	9,136
Other accounts receivable from Participants, information vendors and hosting services customers, net of provision for impairment losses	242	–	242	–	(62)	180
Total	115,743	(102,768)	12,975	(2,694)	(965)	9,316

- (b) Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

Type of financial liabilities	At 30 Jun 2013					
						Related amounts not offset in the condensed consolidated statement of financial position
	Gross amount of recognised financial assets offset in the condensed statement of financial liabilities position \$m	Net amount of financial liabilities presented in the condensed statement of financial position \$m	Financial assets other than cash collateral pledged \$m	Cash collateral pledged \$m	Net amount \$m	
CNS money obligations payable	105,856	(96,603)	9,253	(48)	–	9,205

33. Offsetting Financial Assets and Financial Liabilities (continued)

- (b) Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements (continued)

Type of financial liabilities	At 31 Dec 2012					
				Related amounts not offset in the condensed consolidated statement of financial position		
	Gross amount of recognised financial assets offset in the condensed statement of financial position	Net amount of financial liabilities presented in the condensed statement of financial position		Financial assets other than cash collateral	Cash collateral pledged	Net amount
	\$m	\$m	\$m	\$m	\$m	\$m
CNS money obligations payable	115,501	(102,768)	12,733	(2,694)	–	10,039

The tables below reconcile the “net amounts of financial assets and financial liabilities presented in the condensed consolidated statement of financial position”, as set out above, to the “accounts receivables, prepayments and deposits” and “accounts payable, accruals and other liabilities” presented in the condensed consolidated statement of financial position.

	At 30 Jun 2013 \$m	At 31 Dec 2012 \$m
Net amount of financial assets after offsetting as stated above	9,637	12,975
Financial assets not in scope of offsetting disclosures	554	669
Prepayments	88	52
Total accounts receivables, prepayments and deposits	10,279	13,696
	At 30 Jun 2013 \$m	At 31 Dec 2012 \$m
Net amount of financial liabilities after offsetting as stated above	9,253	12,733
Financial liabilities not in scope of offsetting disclosures	3,023	3,105
Total accounts payable, accruals and other liabilities	12,276	15,838

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the condensed consolidated statement of financial position that are disclosed in the above tables are measured at amortised cost. The amounts in the above tables that are offset in the condensed consolidated statement of financial position are measured on the same basis.

34. Events after the Reporting Period

LME, a wholly-owned subsidiary of HKEx, has, at the date of approval of these condensed consolidated financial statements, been named as a co-defendant in four class actions filed in the United States (US) in early August 2013 (with LME Holdings Limited named as co-defendant in one lawsuit). The claims are similar in nature and seek damages and injunctive relief with respect to anti-competitive and monopolistic behaviour in the warehousing market in connection with aluminium prices. In light of the class action nature of the complaints, it is not uncommon for additional follow-up suits of a similar nature to be filed in the US once a class action has commenced.

LME is currently seeking legal advice in relation to the legal proceedings.

Due to the preliminary nature of the proceedings, LME does not currently have sufficient information to estimate the financial effect (if any) relating to the class actions, the timing of the ultimate resolution of the actions, or what the eventual outcomes might be. However, LME management's initial assessment is that the suits are without merit and LME will contest them vigorously.

GLOSSARY

2013 AGM	HKEx's annual general meeting held on 24 April 2013
AGM	HKEx's annual general meeting
AHFT	After-Hours Futures Trading
Awarded Shares	Shares awarded under the Share Award Scheme
BBS	Bronze Bauhinia Star
Board	HKEx's board of directors
Cash Market	HKEx's securities related business excluding stock options
CBBCs	Callable Bull/Bear Contracts
CCASS	The Central Clearing and Settlement System
CES 120	CES China 120 Index
CEC	China Exchanges Services Company Limited
CNH	RMB traded in Hong Kong
CNS	Continuous Net Settlement
Corporate Governance Code	Refers to Appendix 14 to the Main Board Listing Rules
CPs	Clearing Participants
CSI	China Securities Index Company Limited
CSR	Corporate Social Responsibility
Data Centre	HKEx's data centre in Tseung Kwan O, Hong Kong
DCASS	The Derivatives Clearing and Settlement System
Derivatives Market	HKEx's derivatives related business including stock options
Director(s)	HKEx's director(s)
Dual Counter	Two counters (one RMB counter and one HKD counter) for trading and settlement purposes
DWs	Derivative Warrants
EP(s) or Participant(s)	Exchange Participant(s)
ESG	Environmental, Social and Governance
ETF(s)	Exchange Traded Fund(s)
Euro	The official currency of the Eurozone
Financial Secretary	Financial Secretary of the Hong Kong Special Administrative Region of the People's Republic of China
GBM	Grand Bauhinia Medal
GBS	Gold Bauhinia Star
GEM	The Growth Enterprise Market
Government	Government of the Hong Kong Special Administrative Region of the People's Republic of China
Government Appointed Director(s)	Director(s) appointed by the Financial Secretary pursuant to Section 77 of the SFO
Group	HKEx and its subsidiaries
HKATS	The Hong Kong Futures Automated Trading System
HKCC	HKFE Clearing Corporation Limited
HKEx or the Company	Hong Kong Exchanges and Clearing Limited
HKFE or the Futures Exchange	Hong Kong Futures Exchange Limited
HKSCC	Hong Kong Securities Clearing Company Limited
H-shares Index or HSCEI	Hang Seng China Enterprises Index
HSI	Hang Seng Index
IPO(s)	Initial Public Offering(s)
ISIs	Investor SIs
IT	Information Technology
IVs	Information Vendors
JP	Justice of the Peace
LCH.Clearnet	LCH.Clearnet Group Limited
Listing Rules or Rule(s)	Main Board Listing Rules and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited

LME	The London Metal Exchange
LME Clear	LME Clear Limited
LME Group	LMEH and its subsidiaries
LMEH	LME Holdings Limited
LMeselect	The electronic platform for the trading of all LME contracts
Main Board Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
MMDH	Mainland Market Data Hub
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Main Board Listing Rules
MOU(s)	Memorandum(s) of Understanding
OCASS	OTC clearing and settlement system
OCG	HKEx Orion Central Gateway
OMD	HKEx Orion Market Data Platform
OTC	Over-the-counter
OTC Clear	OTC Clearing Hong Kong Limited
Post-Listing Scheme	Post-Listing Share Option Scheme approved by Shareholders on 31 May 2000 which was subsequently amended by Shareholders on 17 April 2002
Pre-Listing Scheme	Pre-Listing Share Option Scheme approved by Shareholders on 31 May 2000
REITs	Real Estate Investment Trusts
RMB	Renminbi
ROM	HKEx's Register of Members
SBS	Silver Bauhinia Star
SDNet	The Securities and Derivatives Network
SEHK or the Exchange or the Stock Exchange	The Stock Exchange of Hong Kong Limited
SEOCH	The SEHK Options Clearing House Limited
SFC	Securities and Futures Commission
SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Shareholders	HKEx's shareholders
Share Award Scheme or the Scheme	The Employees' Share Award Scheme adopted by the Board on 14 September 2005 which was subsequently amended on 16 August 2006 and 13 May 2010
SIs	Settlement Instructions
UK	United Kingdom
US	United States of America
USD	United States dollar
\$/HK\$/HKD	Hong Kong dollar
\$bn/bn	Hong Kong dollar in billion/billion
\$m/m	Hong Kong dollar in million/million
£/GBP	Pound sterling

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