

HKEX Investor Presentation

Investor Relations

Feb 2024

HKEX
香港交易所

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Where this document refers to the trading of securities through the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect (together, the “Stock Connect” programs), the applicable SEHK rules and Hong Kong and Mainland China regulations shall apply. Currently, access to northbound trading is only available to intermediaries licensed or regulated in Hong Kong; southbound trading is only available to intermediaries licensed or regulated in Mainland China. Direct access to the Stock Connect is not available outside Hong Kong and Mainland China.

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

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Agenda

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



**01 | Key Performance
and Growth Drivers**



HKEX – leading vertically integrated exchange group

HKEX Group

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

Financials

	FY2022	FY2023
REVENUE:	HK\$18.5bn	HK\$20.5bn
EBITDA:	HK\$13.2bn	HK\$14.8bn
PAT:	HK\$10.1bn	HK\$11.9bn
EPS:	HK\$7.96	HK\$9.37

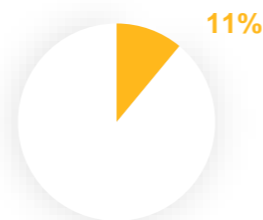
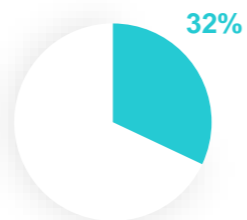
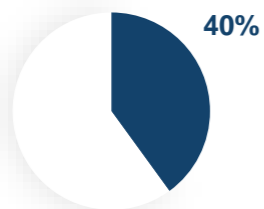
Primary & Secondary Markets

Cash

Equity & Financial Derivatives

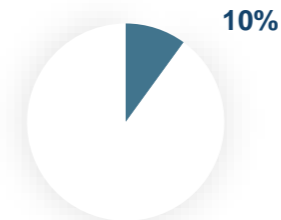
Commodities

FY2023 Revenue Share⁽¹⁾



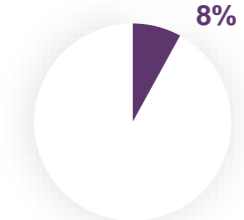
Market Access

Data and Connectivity



Corporate Items

Corporate Items



1. % may not add up due to rounding

2023 key highlights

Financial Performance

FY2023: HK\$20.5b (+11% YoY)

Q4 2023: HK\$4.9b (-7% YoY)

Revenue and other income

FY2023: HK\$11.9b (+18% YoY)

Q4 2023: HK\$2.6b (-13% YoY)

Profit attributable to shareholders

Business and Strategy

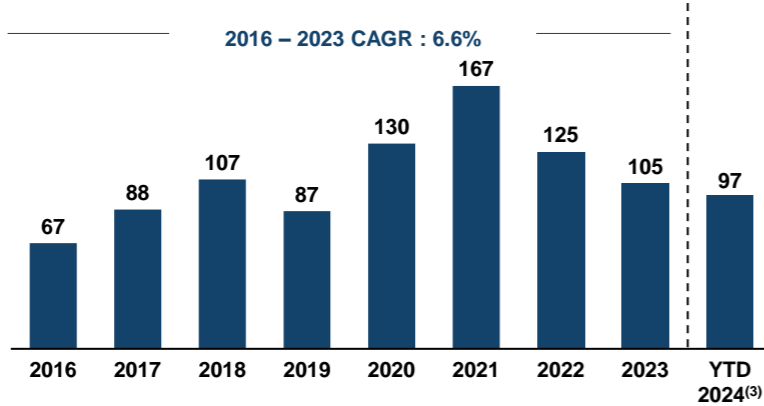
- **Strong results:** Despite a challenging macroeconomic and fragile geopolitical backdrop, FY2023 results demonstrated core business **resiliency and strength**, reinforcing HKEX's position as a vital superconnector
- **Second best-ever annual revenue and other income and profit, after exceptional FY2021**
- **Year of significant strategic progress:**
 - Expansion of eligible stocks under Stock Connect with 1,000+ additional stocks for NB and primary-listed international companies in HK added for SB (Mar 2023)
 - Specialist Technology Company listing chapter took effect (Mar 2023)
 - Swap Connect launched (May 2023)
 - HKD-RMB Dual Counter Model and its Market Making Programme launched (Jun 2023)
 - Launched FINI, digitalised IPO settlement platform to shorten the time between IPO pricing to trading (Nov 2023)
 - Proposed launch of China Treasury Bond Futures announced (Nov 2023)
- **Cash market softness continued**, reflecting weak market sentiment, ADT down 16% YoY
- **Diversification delivering results:**
 - **Derivatives and ETPs** - record high volumes
 - **FX** - USD/CNH Futures contracts traded **more than doubled**
 - **Data and Connectivity** - revenue up 4% YoY
 - **Northbound Bond Connect** - record high ADT
 - **LME** - ADV up 11% YoY & open interest up 25% YoY
- **Favourable ruling by the UK Court in respect of LME's nickel incident case (Nov 2023)** - LME will continue to take necessary and appropriate measures to ensure an orderly market



Core business well-positioned for organic and structural growth

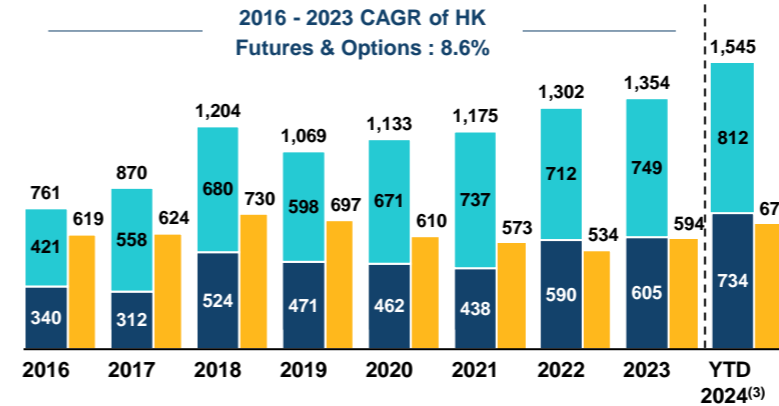
A | Broad Product Ecosystem Attracting Diverse Mainland and International Investor Base

Securities ADT (HK\$ bn)



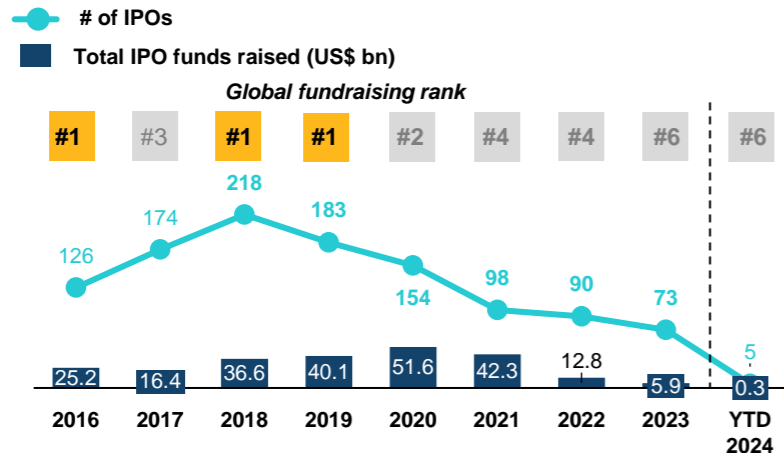
- Southbound Connect
- Jumbo IPOs
- Global Investors

Derivatives ADV ('000 contracts)



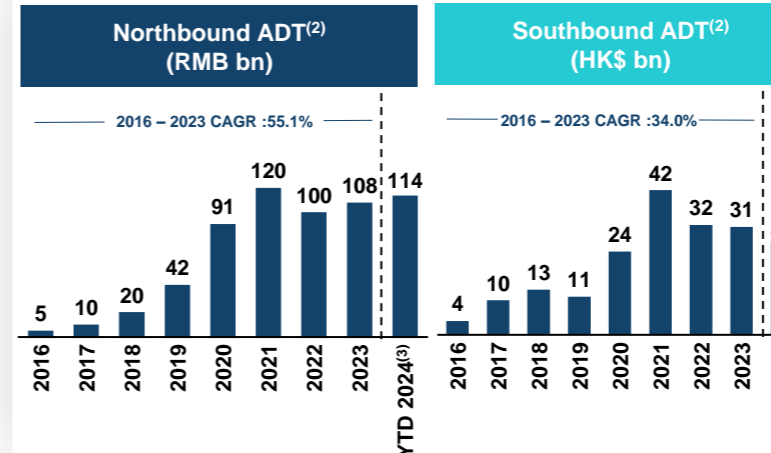
- Algo / Quant Investors
- New product launches
- After-hours trading
- Derivatives holiday trading (non-HKD products)

B | IPOs Driving ADT Growth



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

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



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

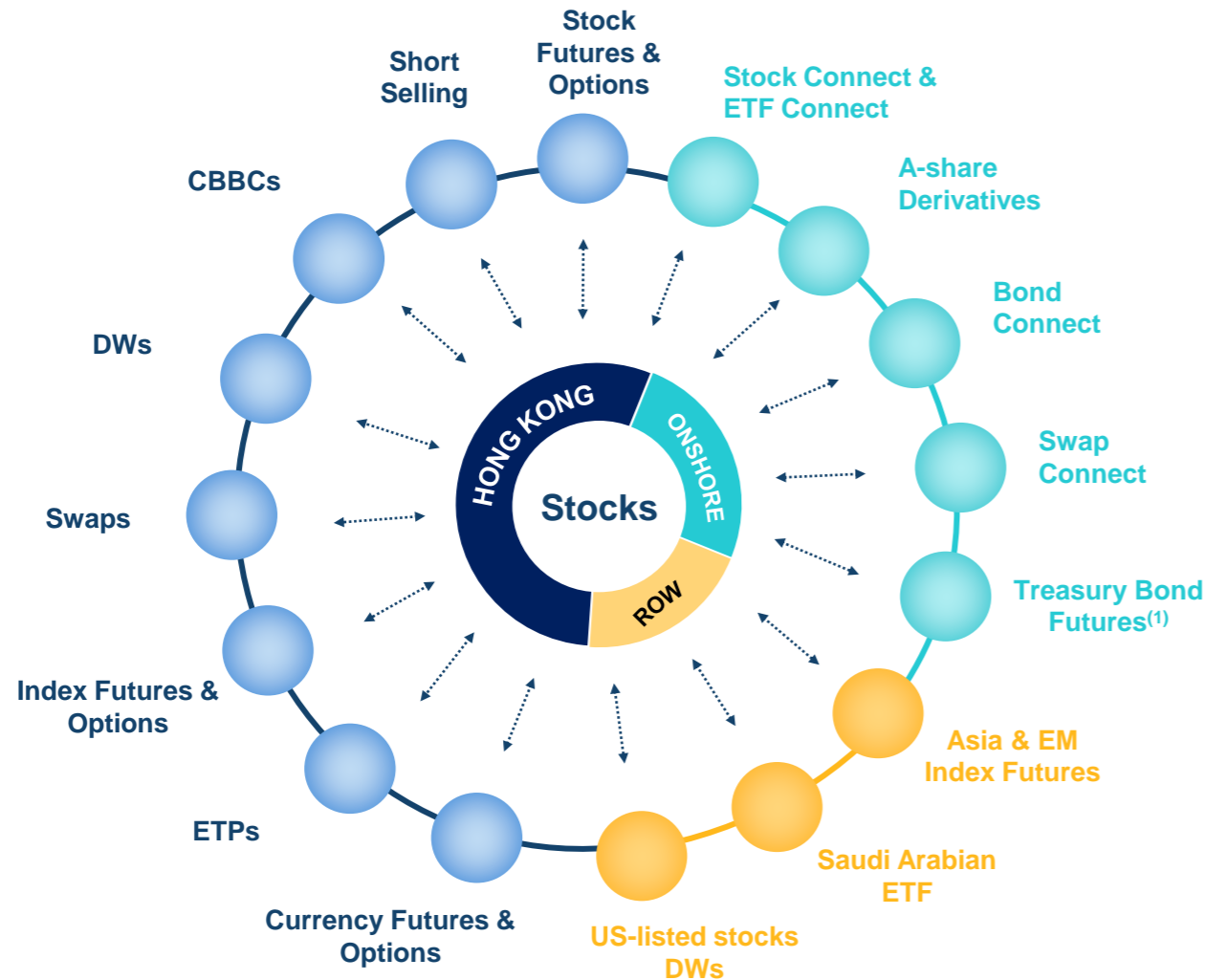
D | Focus on Revenue Growth and Cost Discipline

Source: HKEX, Dealogic

1. Shanghai-HK and Shenzhen-HK Stock Connect was launched in Nov 2014 and Dec 2016 respectively
 2. Buy + Sell ADT
 3. Data as at 31 Jan 2024



A | Diverse international investor base attracted to broad product ecosystem



Algo / Quant Participation in Cash Market

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

Due to...

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

Algo / Quant Participation in Derivatives Market

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

Driven by...

- No stamp duty
- Market maker participation
- Capital efficiency

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

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

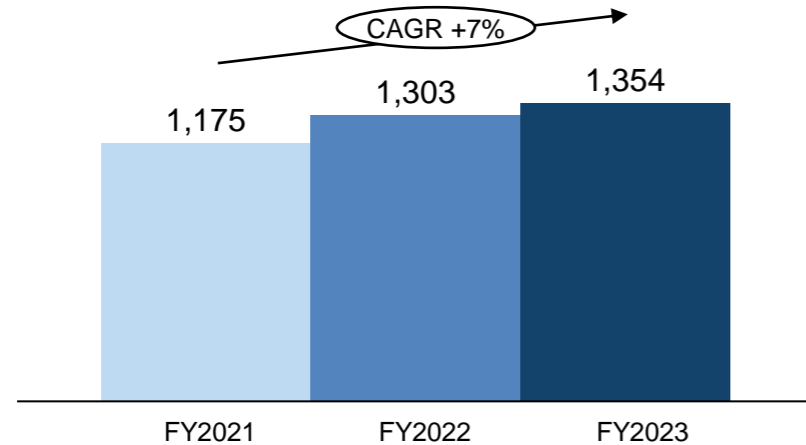


1. To be launched

A | FY2023 saw record high ADV in derivatives and strong recovery in LME

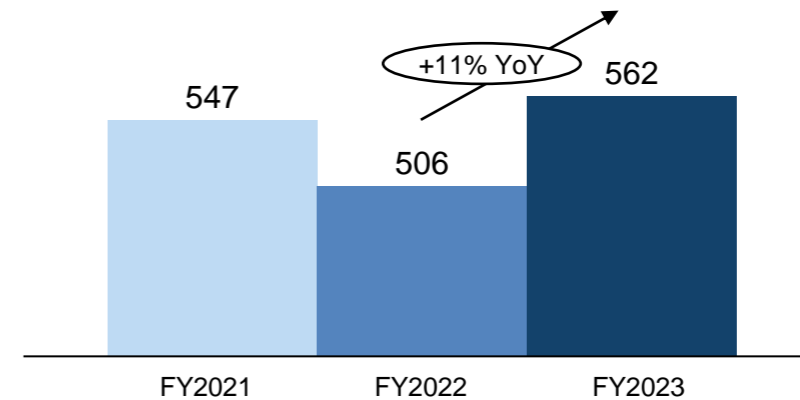
Record number of derivatives contracts traded

ADV (in '000)



Strong recovery in LME volumes

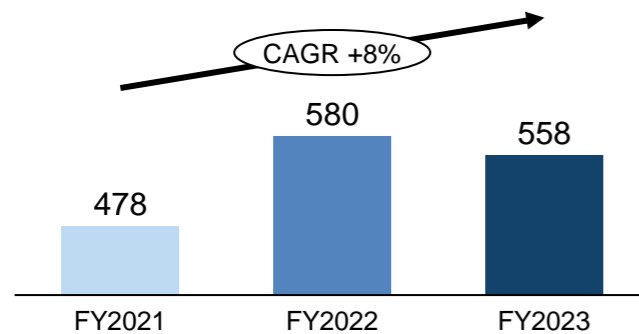
Chargeable ADV (in '000)



HSI and HSCEI products provide strong base, while growth mainly driven by HS TECH Index products and USD/CNH futures

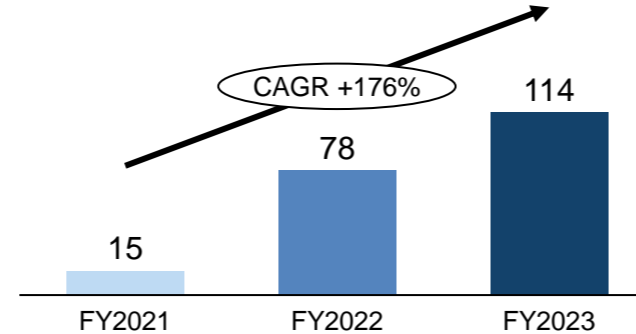
ADV (in '000)

HSI & HSCEI products⁽¹⁾



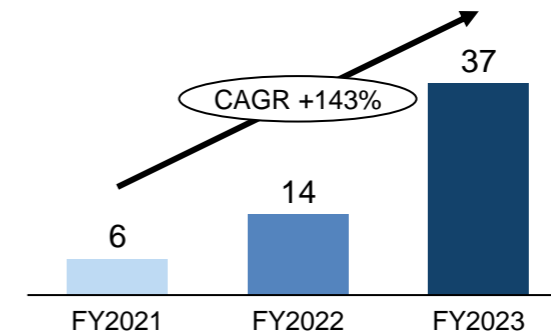
ADV (in '000)

HS TECH Index products⁽²⁾



ADV (in '000)

USD/CNH futures



Source: HKEX

1. Include mini- and weekly HSI Futures and HSCEI Futures, and Options on Futures
2. Include HS TECH Index Futures, Options, and Options on Futures

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

Equity market capitalization

Hong Kong

~US\$4tn



HKEX derivatives offerings

HSI and HSCEI product suite

Mainland China

~US\$11tn



MSCI China A 50 Connect Index Futures

Asia (ex. China)

~US\$17tn



MSCI Asia and Emerging Market product suite

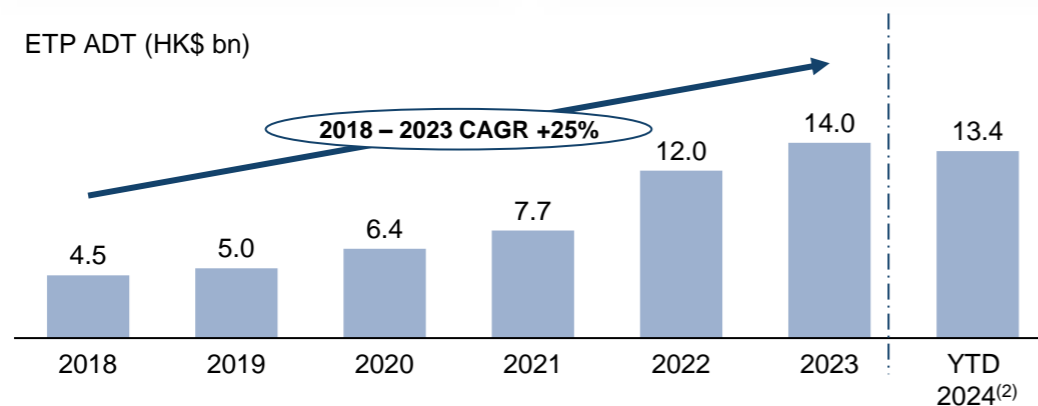
Most competitive offshore A-share equity derivatives futures

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

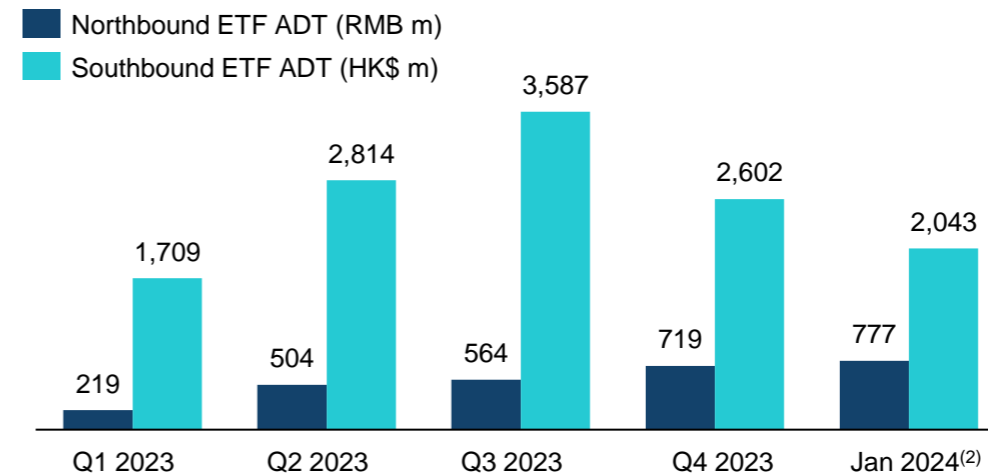


A | ETF inclusion in Stock Connect will further support growing investor demand in HK and Mainland

Increased product diversity and enhanced market structure has led to strong growth in HK ETP⁽¹⁾ market



Strong ETF momentum in Northbound ETF Connect



	Southbound	Northbound
No. of eligible ETF	8	141
Total no. of ETF in local market	151	899
Eligible ETF ADT as % of local market's ETF ADT ⁽²⁾	96%	38%

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



Source: HKEX, SSE, SZSE, ETFGI, Bloomberg
 1. ETP includes ETF and leverage and inverse products
 2. Data as at 31 Jan 2024

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

Fundraising Summary (2023)

HK\$46.3bn | IPO Funds Raised (#6 globally)⁽³⁾

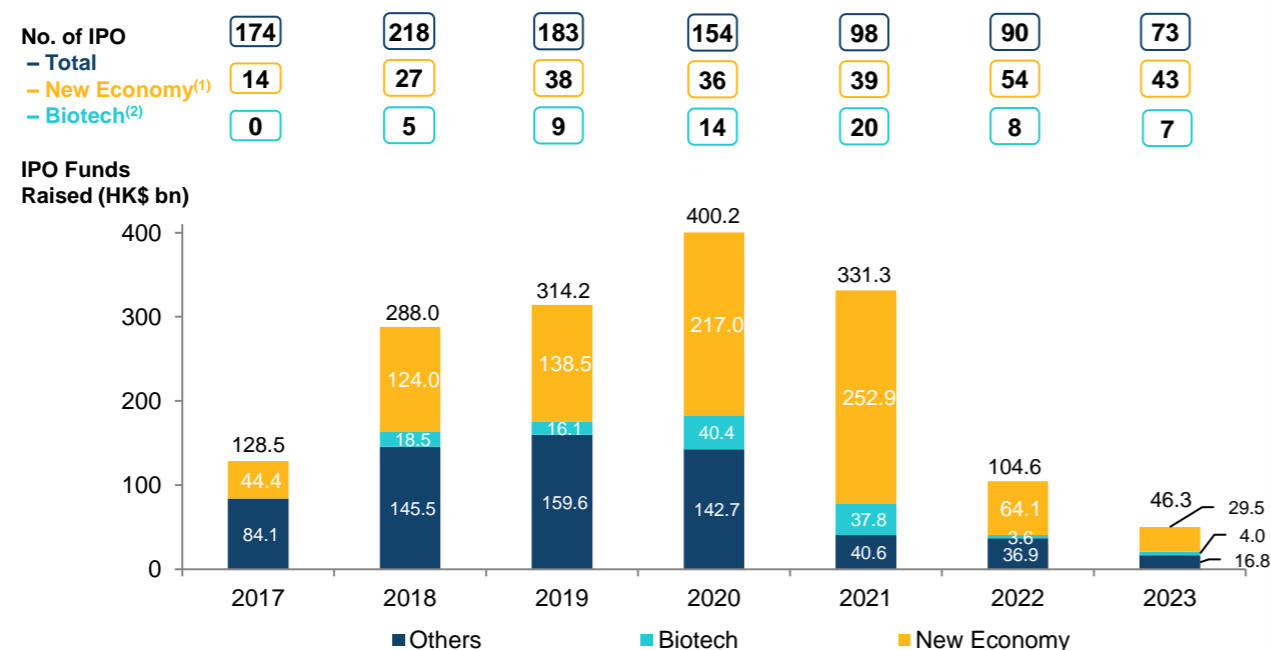
-56% YoY

50 New Economy & Biotech Companies Listed...

...raising **HK\$33.5bn**

-51% YoY

IPO Funds Raised by Segments



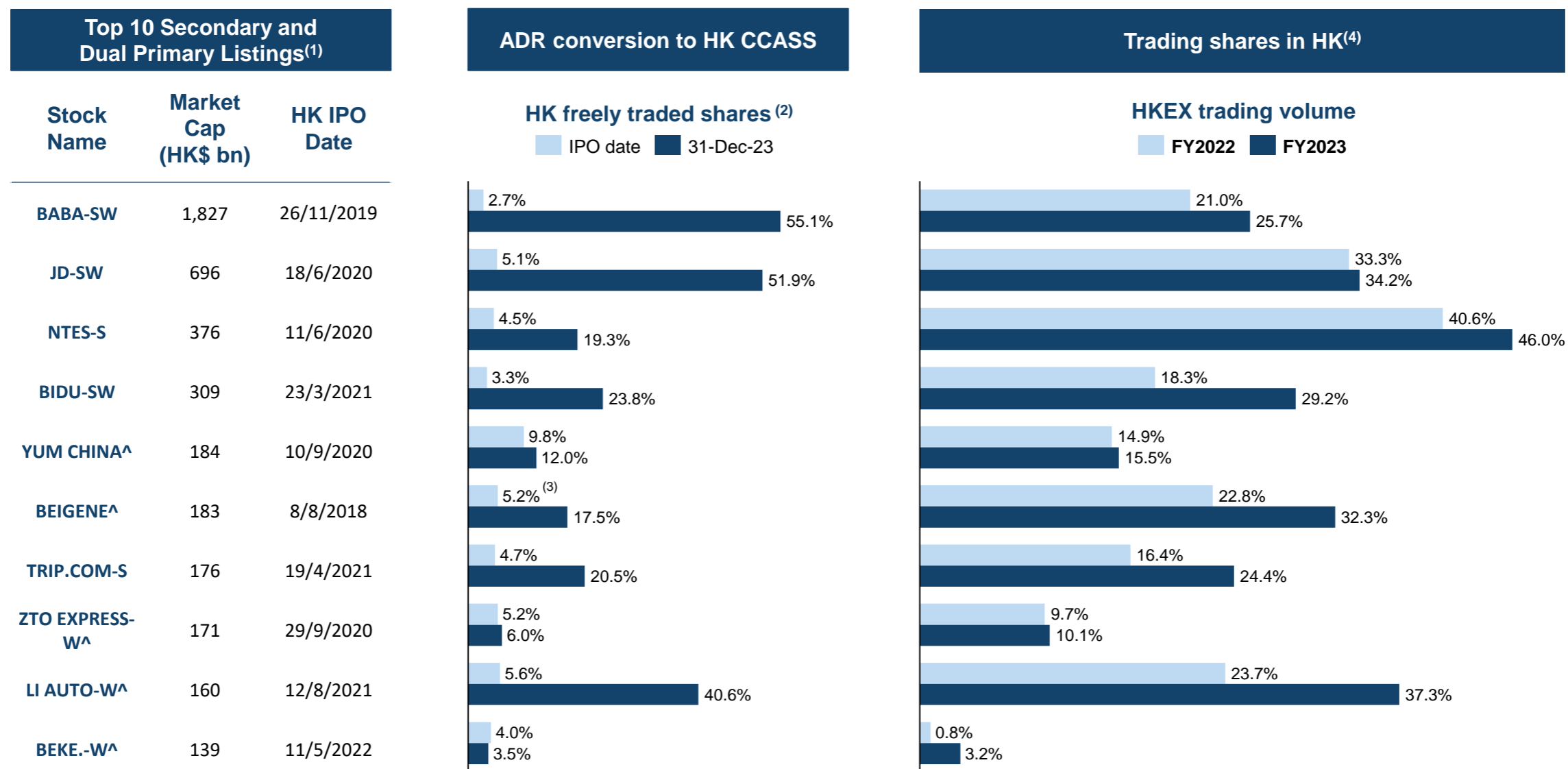
- **World's leading fund raising hub** for biotech companies
- **Completed listing reforms**
 - Enhanced listing regime for overseas issuers (Q2 2018), specialist tech companies (Mar 2023), introduction of listing regimes for SPACs (Jan 2022) and GEM Board reform (Jan 2024)
- **Ongoing enhancements**
 - Launch of FINI (Nov 2023), digitalised IPO settlement platform to shorten IPO settlement
 - Enhancing the book building and price discovery aspects of IPOs (cornerstone investors, pricing flexibility, claw back mechanism)

Source: HKEX as of Dec 2023

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



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



Source: HKEX, FactSet, as at 31 Dec 2023 [^]Dual Primary Listing

1. Ranked by market cap

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

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

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

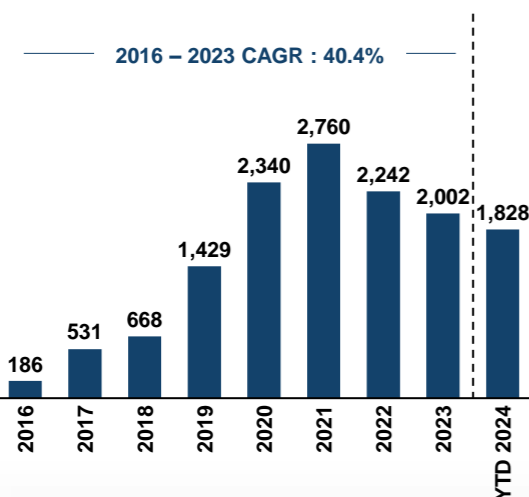


C | Transformational growth from China's opening

Stock Connect⁽¹⁾

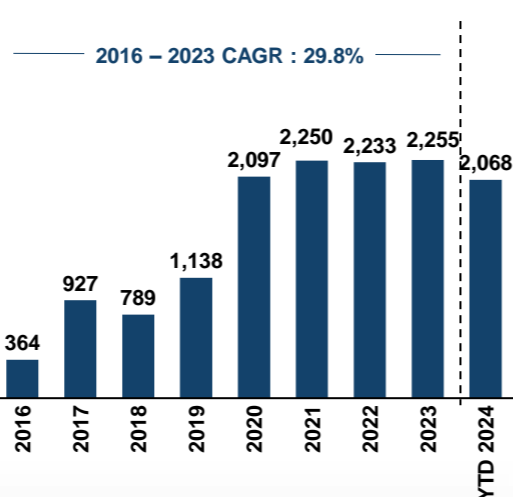
Northbound (RMB bn)

Portfolio Value



Southbound (HK\$ bn)

Portfolio Value

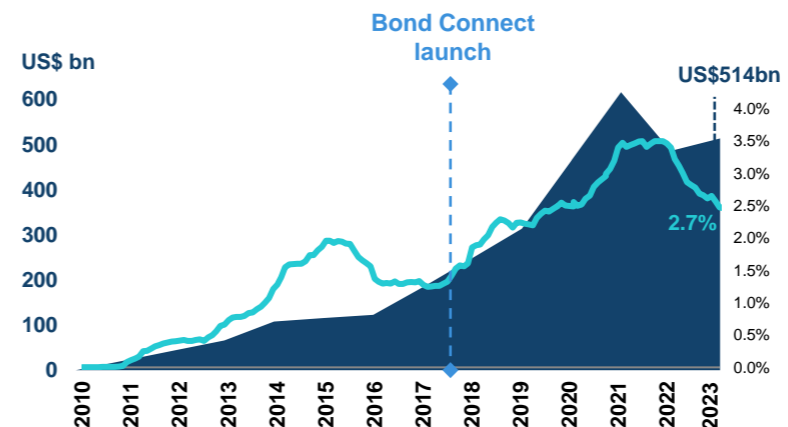


- Continuing portfolio diversification by Mainland and international investors
- Inclusion of A shares into major global benchmarks
- Inclusion of HK-listed foreign companies in Stock Connect
- Continuous expansion in eligible products and investors

Bond Connect

Total Foreign Participation in CIBM⁽²⁾

Foreign Holdings in Chinese Bonds (shaded area)



Investors Onboarded
822

2023 ADT
RMB 40.0bn

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

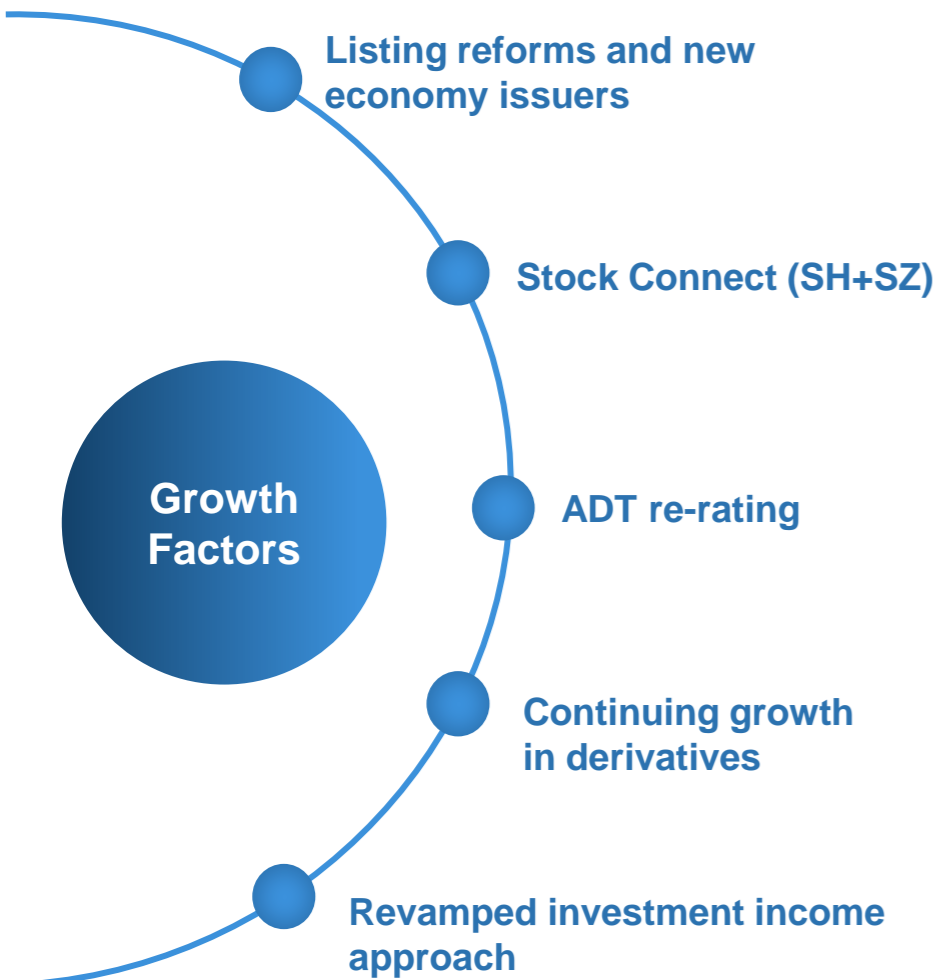
Benefiting from the increased capital flow into and out of Mainland China, in particular inbound flows driven by international index inclusions



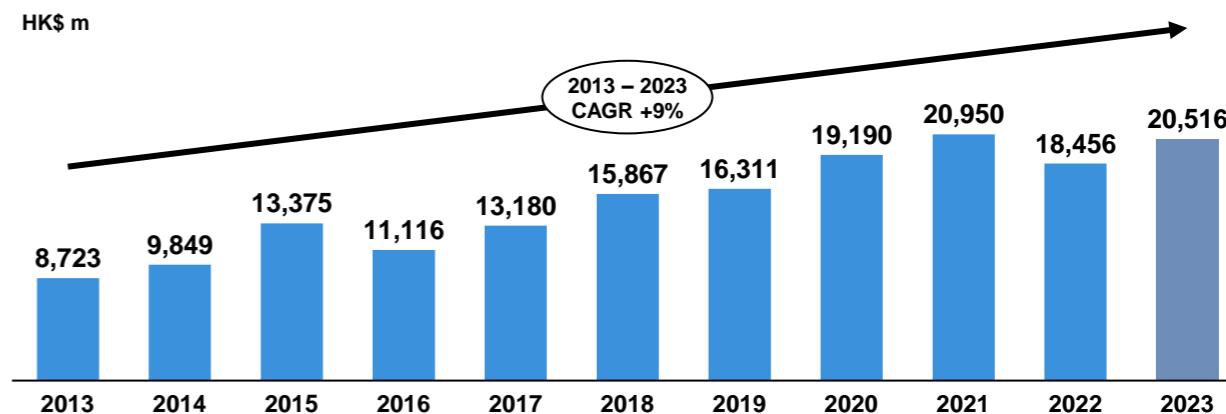
Source: HKEX as at 31 Jan 2024, except for Bond Connect, ChinaBond, SCH as at 31 Dec 2023

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

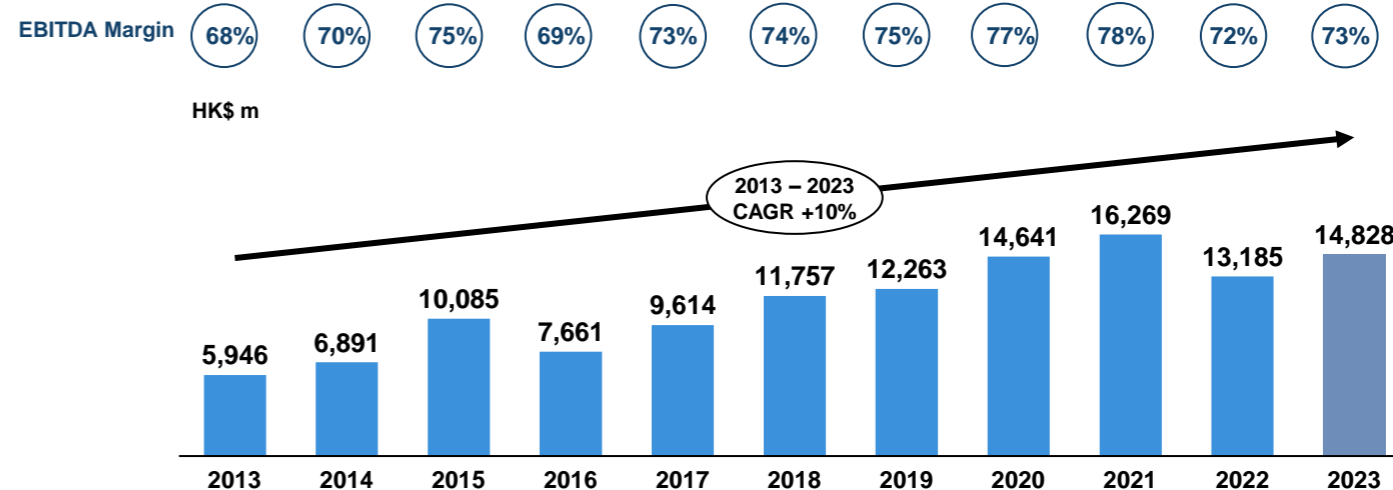
D | Focus on revenue growth and cost discipline (1/2)



Revenue growth supported by business initiatives

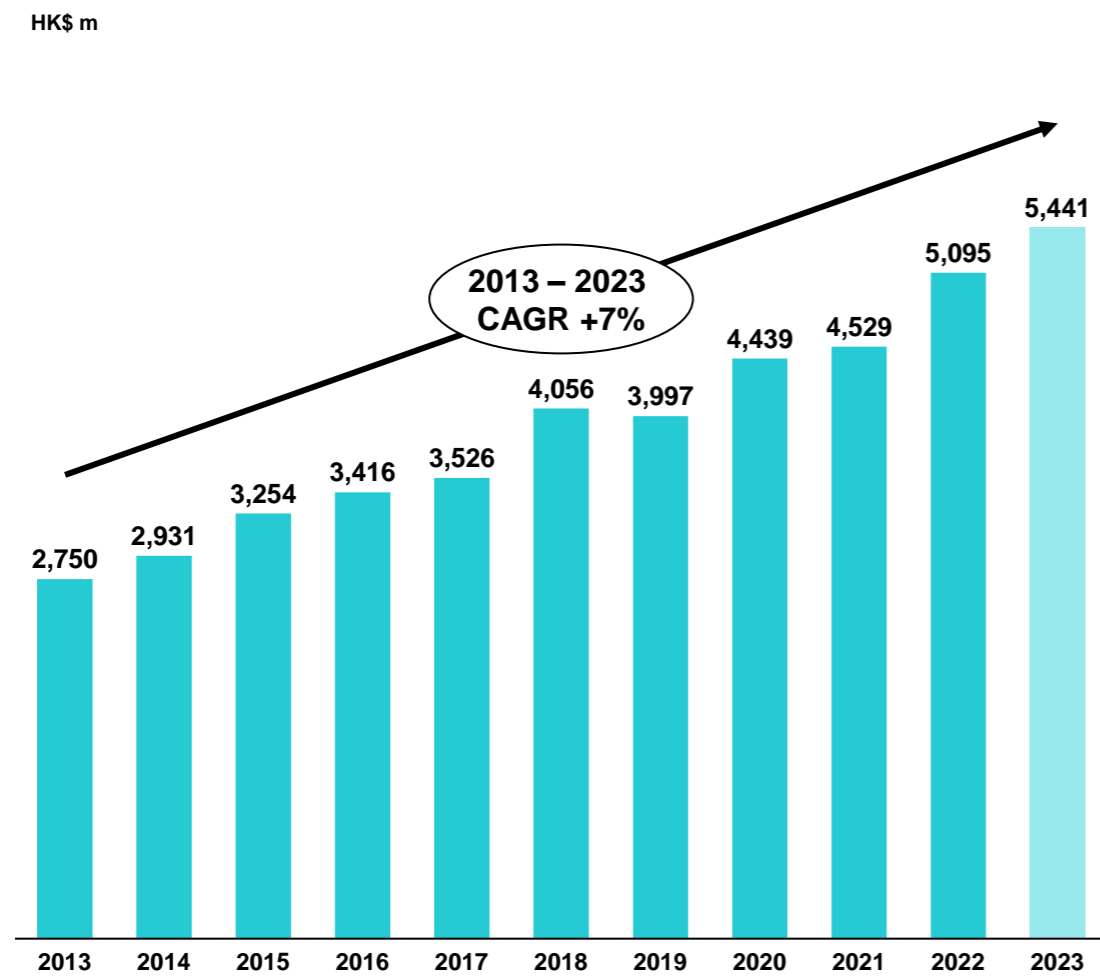


EBITDA grew at similar pace as a result

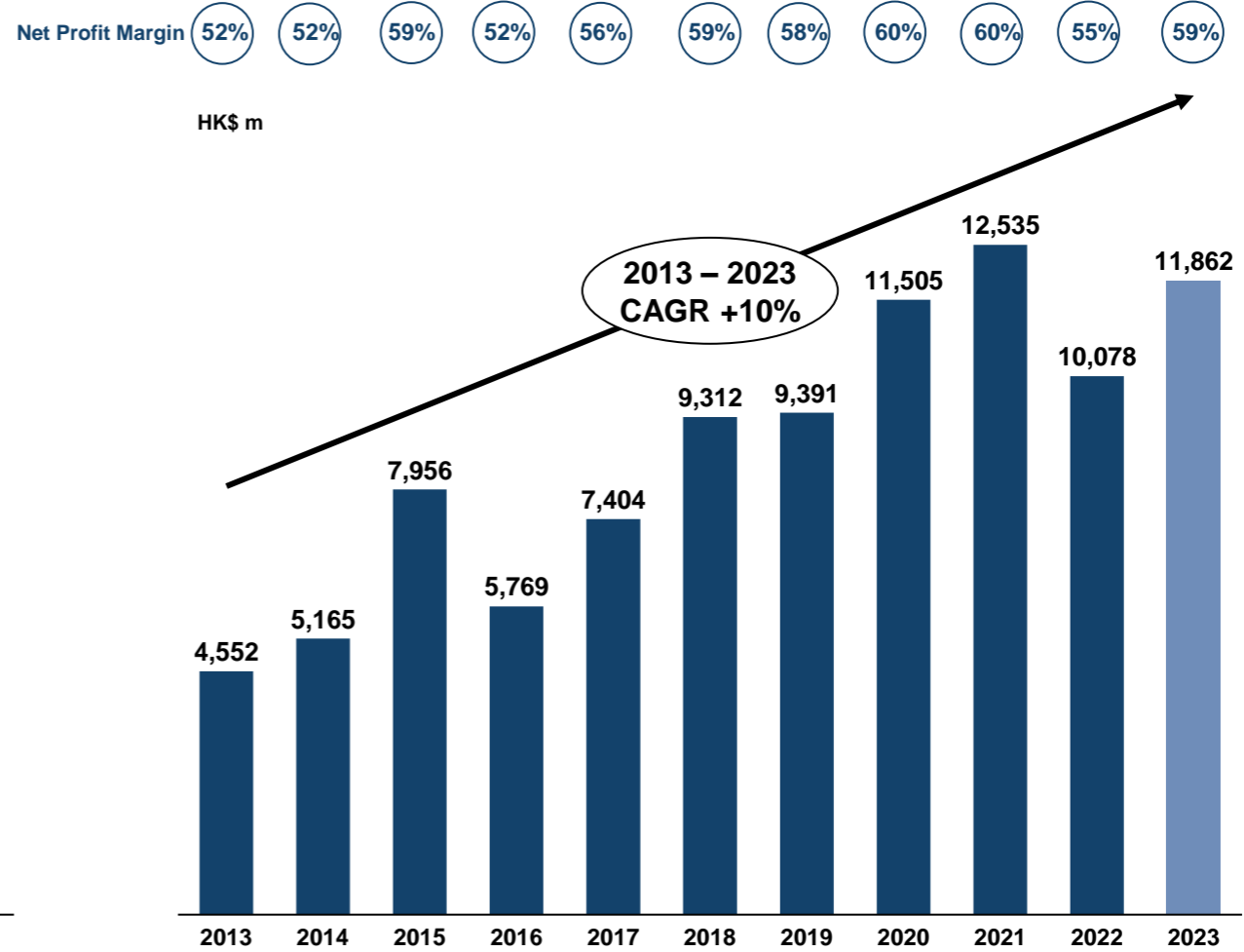


D | Focus on revenue growth and cost discipline (2/2)

Prudent growth of operating expenses...



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



Sustainability | HKEX sustainability – beyond box ticking

Corporate

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



Regulator

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



Market

- Core Climate, an international carbon marketplace
- US\$70+ bn green, social and sustainability-related bonds on STAGE
- LMEpassport with 600+ sustainability disclosures



Employer

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





02 | Group Financial Update

FY2023: Second best-ever annual revenue and other income and profit, demonstrating business resiliency

Core business revenue⁽²⁾

FY2023 : HK\$18.9b (↑3% YoY)

Q4 2023: HK\$4.5b (↓5% YoY)

Revenue and other income⁽³⁾

FY2023 : HK\$20.5b (↑11% YoY)

Q4 2023: HK\$4.9b (↓7% YoY)

EBITDA

FY2023 : HK\$14.8b (↑12% YoY)

Q4 2023: HK\$3.3b (↓14% YoY)

PAT

FY2023 : HK\$11.9b (↑18% YoY)

Q4 2023: HK\$2.6b (↓13% YoY)

EPS

FY2023 : HK\$9.37 (↑18% YoY)

Q4 2023: HK\$2.05 (↓13% YoY)

Dividend per share

1st interim DPS : HK\$4.50 (paid)

2nd interim DPS : HK\$3.91

Full Year DPS : HK\$8.41

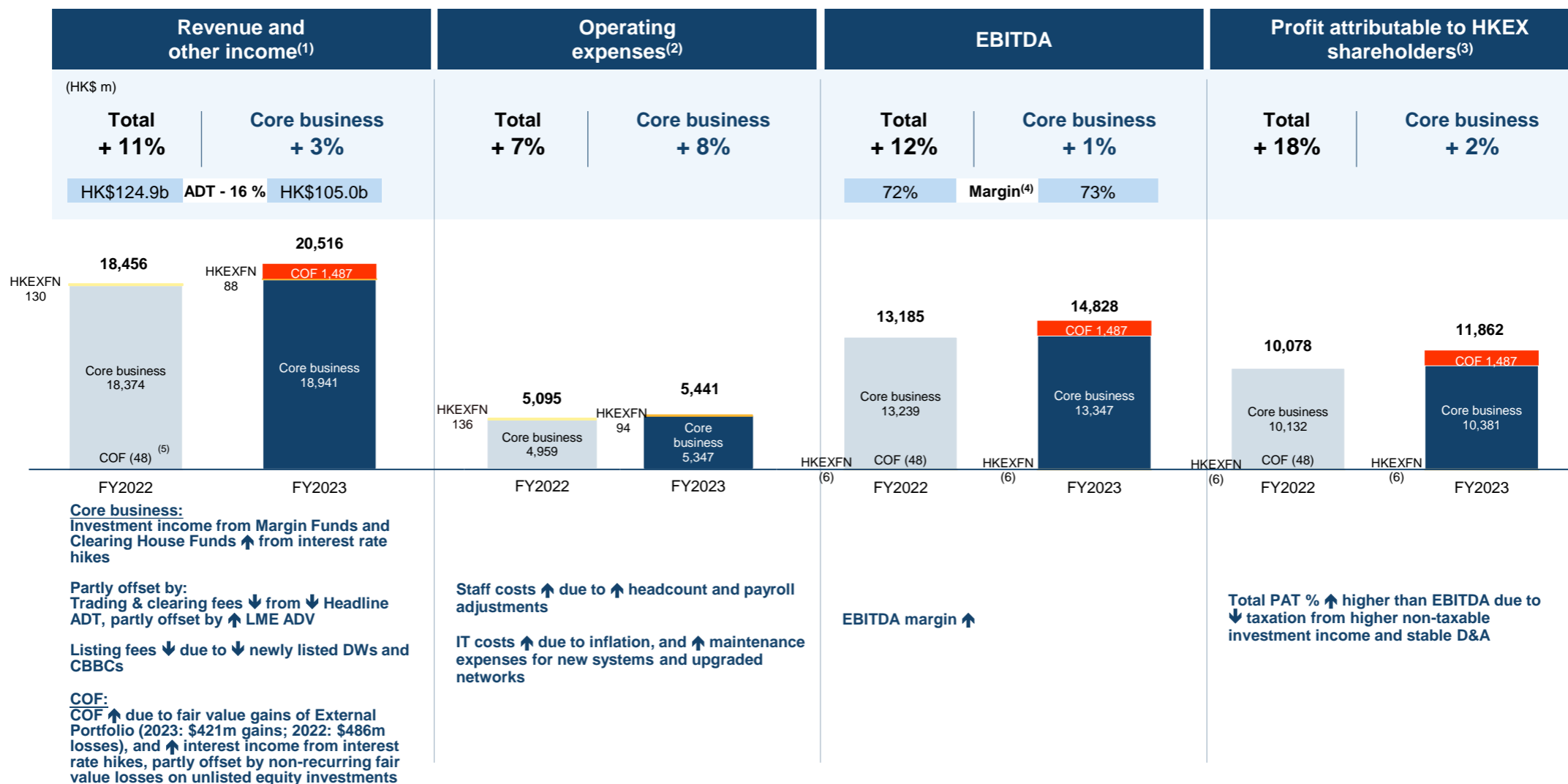
(↑18% YoY)



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

FY2023 vs FY2022

Strong revenue and profit, driven by record net investment income and higher LME volumes

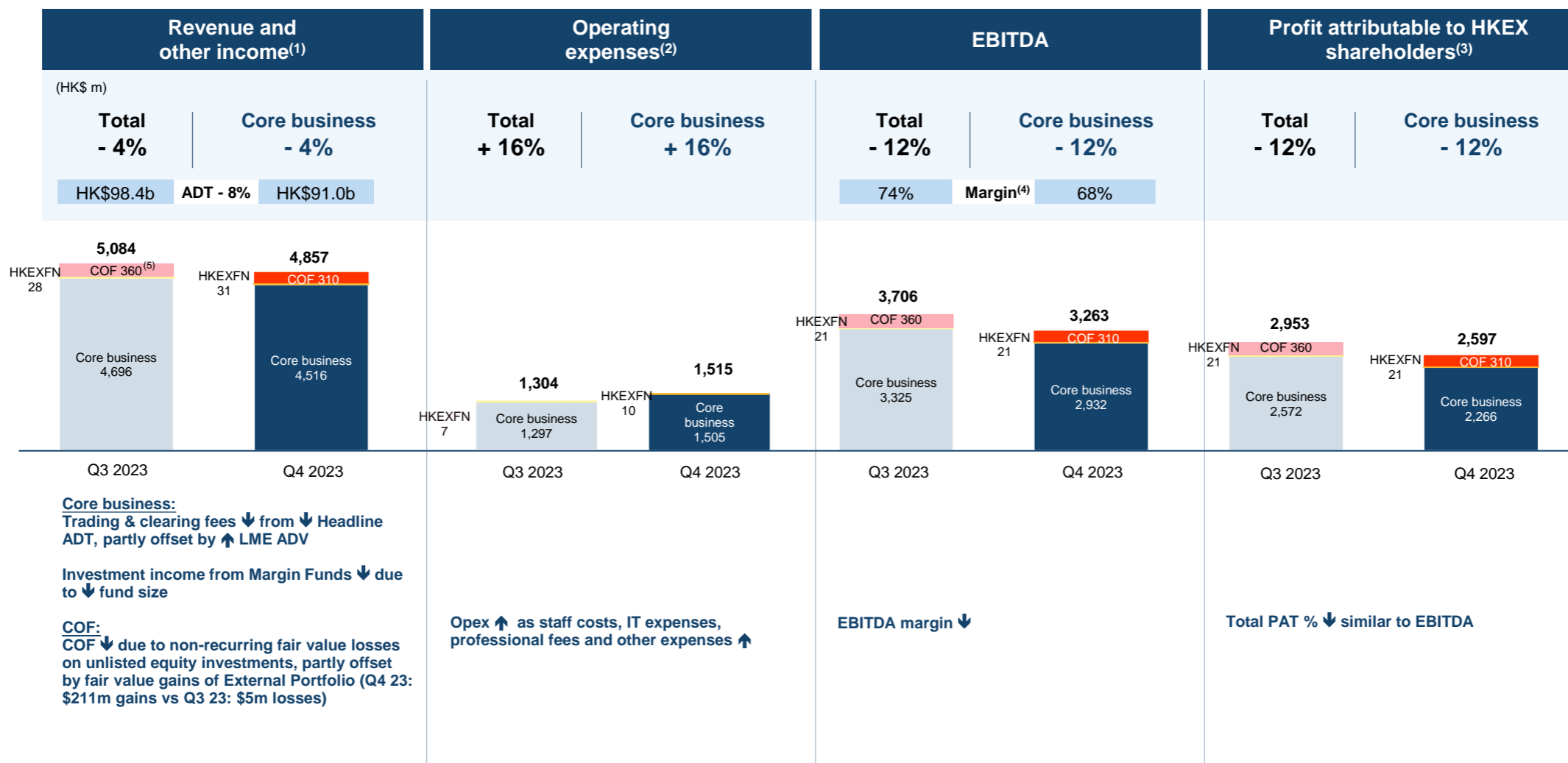


1. Represents gross revenue and other income before deducting transaction-related expenses (FY2022: \$176m; FY2023: \$247m)
2. Excludes transaction-related expenses, depreciation and amortisation, finance costs and share of results of joint ventures
3. For the purpose of this presentation, tax impact of COF is not considered when calculating the PAT attributable to COF
4. EBITDA margin is calculated based on EBITDA divided by revenue and other income less transaction-related expenses
5. COF represents net investment income/(loss) of Corporate Funds



Q4 2023 vs Q3 2023

Q4 net profit down 12% mainly due to lower Headline ADT and net investment income



1. Represents gross revenue and other income before deducting transaction-related expenses (Q3 2023: \$74m; Q4 2023: \$79m)
2. Excludes transaction-related expenses, depreciation and amortisation, finance costs and share of results of joint ventures
3. For the purpose of this presentation, tax impact of COF is not considered when calculating the PAT attributable to COF
4. EBITDA margin is calculated based on EBITDA divided by revenue and other income less transaction-related expenses
5. COF represents net investment income of Corporate Funds

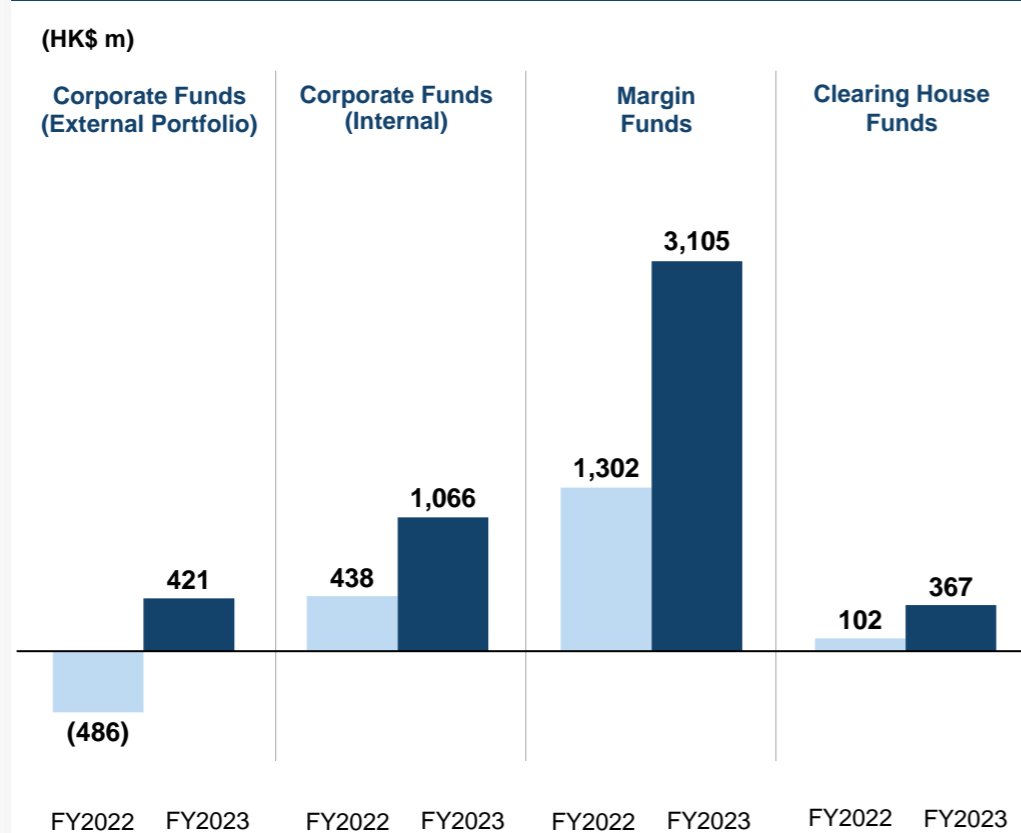


Net investment income (NII) – FY2023 vs FY2022

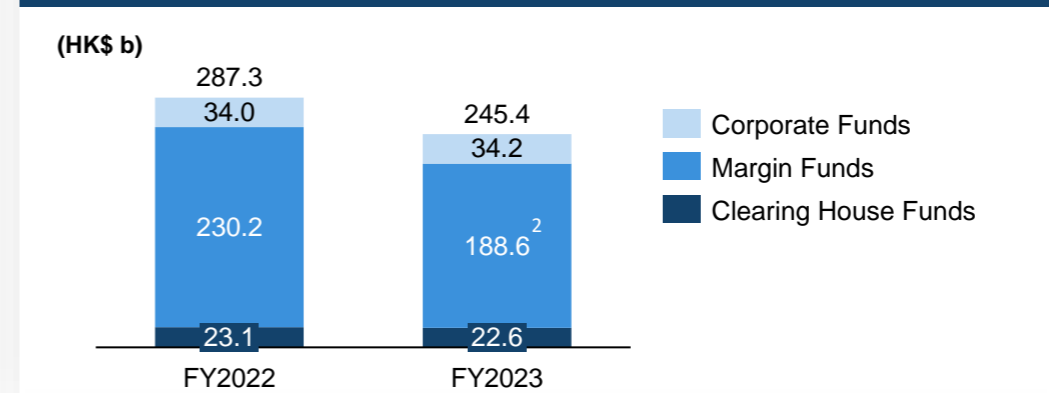
NII benefited from higher interest rates and External Portfolio gains

FY2023: HK\$4,959m (FY2022: HK\$1,356m)

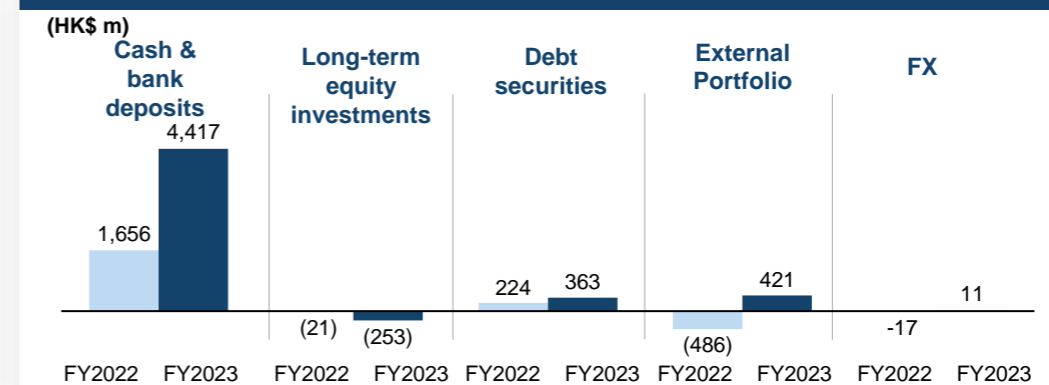
Net investment income by funds



Average fund size



Net investment income by category of investments



FY2023 External Portfolio gains HK\$421m (FY2022: losses HK\$486m).

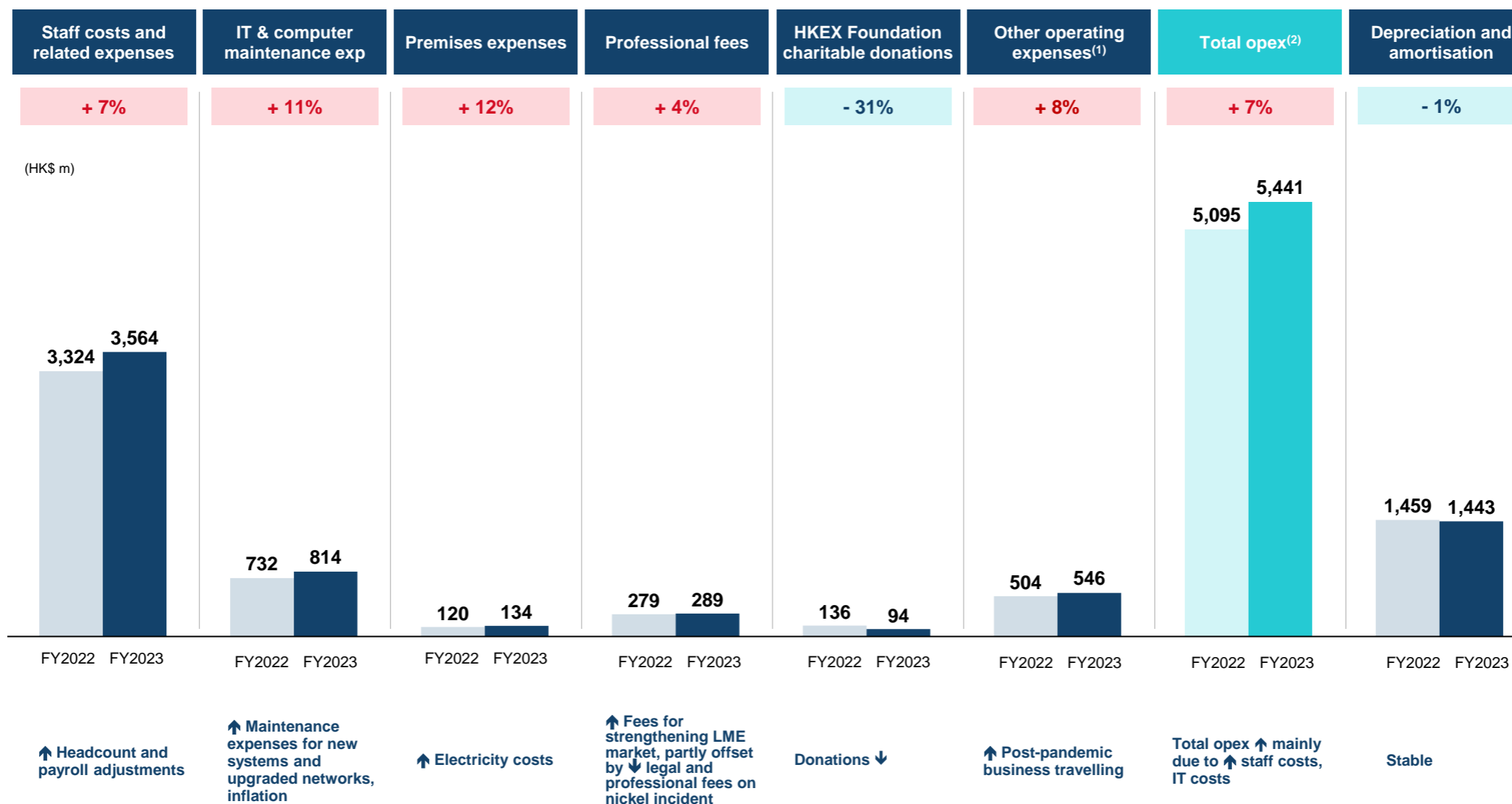
Margin Funds NII up 138%YoY in FY2023 due to higher interest rates

1. Margin Funds and Clearing House Funds of LME Clear are mainly invested in overnight reverse repurchase investments, where high quality assets are held against such investments as collateral. In Hong Kong, Clearing House Funds are predominantly kept overnight or invested in Exchange Fund Bills issued by the Hong Kong Monetary Authority due to regulatory requirements. For Margin Funds, a certain proportion of the funds are kept overnight to meet withdrawal requests from Clearing Participants (approximately 20% at 31 Dec 2023), a certain proportion is invested in long-term investment grade debt securities (approximately 8% at 31 Dec 2023) and the remaining funds are invested in time deposits with maturity of up to 12 months (weighted original maturity of 10 months as at 31 Dec 2023).
2. FY2023 Margin Funds dropped mainly due to LME Clear Margin Funds, reflecting lower margin requirements from lower contract prices.



Operating expenses and depreciation & amortisation – FY2023 vs FY2022

Prudent investment in talent, infrastructure and operational excellence



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





03 | Key Strategic Imperatives

Three Key Strategic Imperatives Support our Vision

VISION

**Build
the Marketplace
of the Future**

Connecting China and the World

**Build on our
China Strength**

Connecting Today with Tomorrow

**Position
for the
Future**

**Enhance
Market
Vibrancy**

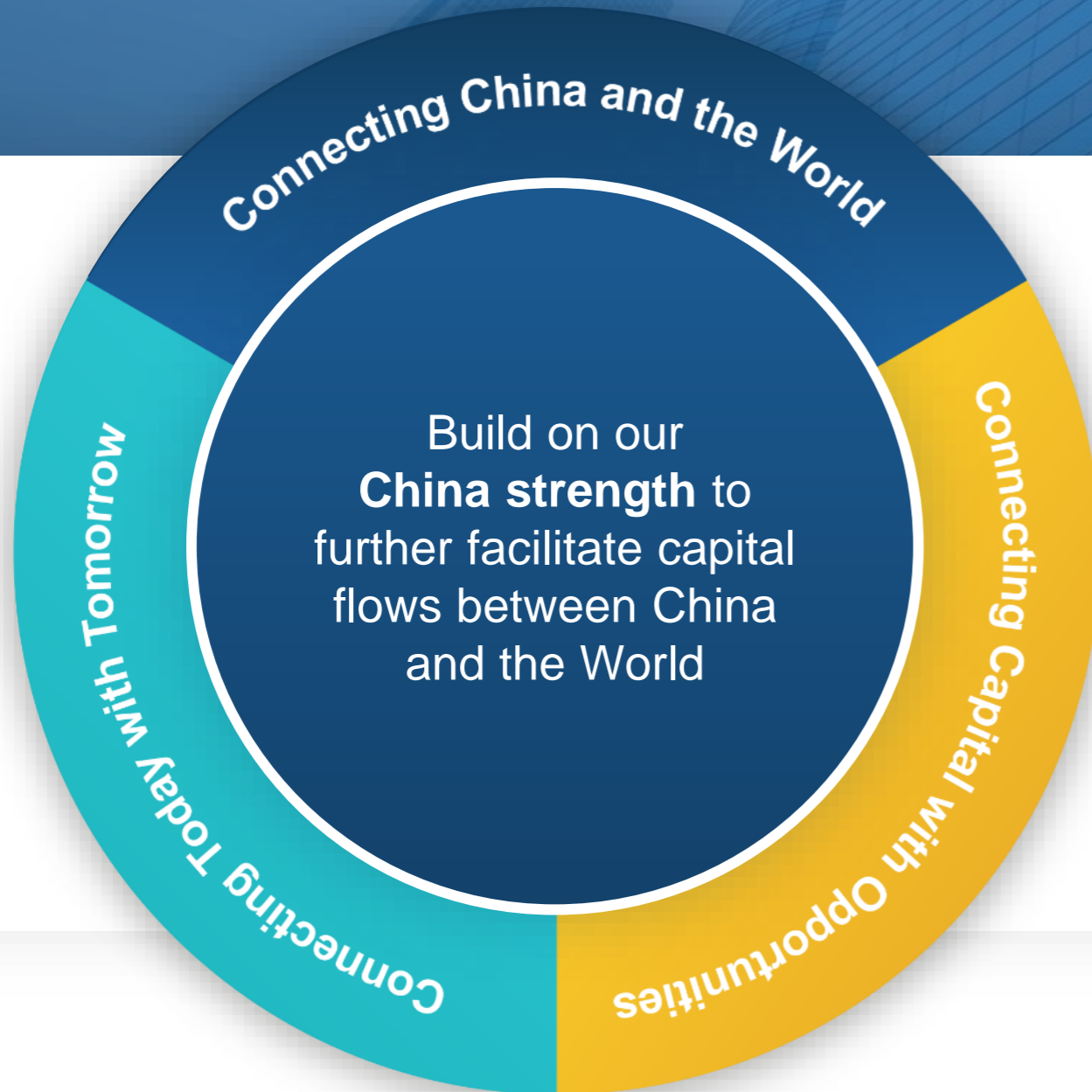
Connecting Capital with Opportunities

PURPOSE

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



Build on our China Strength



Expand and enhance our “Connect” programmes

Become China’s go-to offshore risk management centre

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

Grow our portfolio of China-related product offerings

Enhance Market Vibrancy



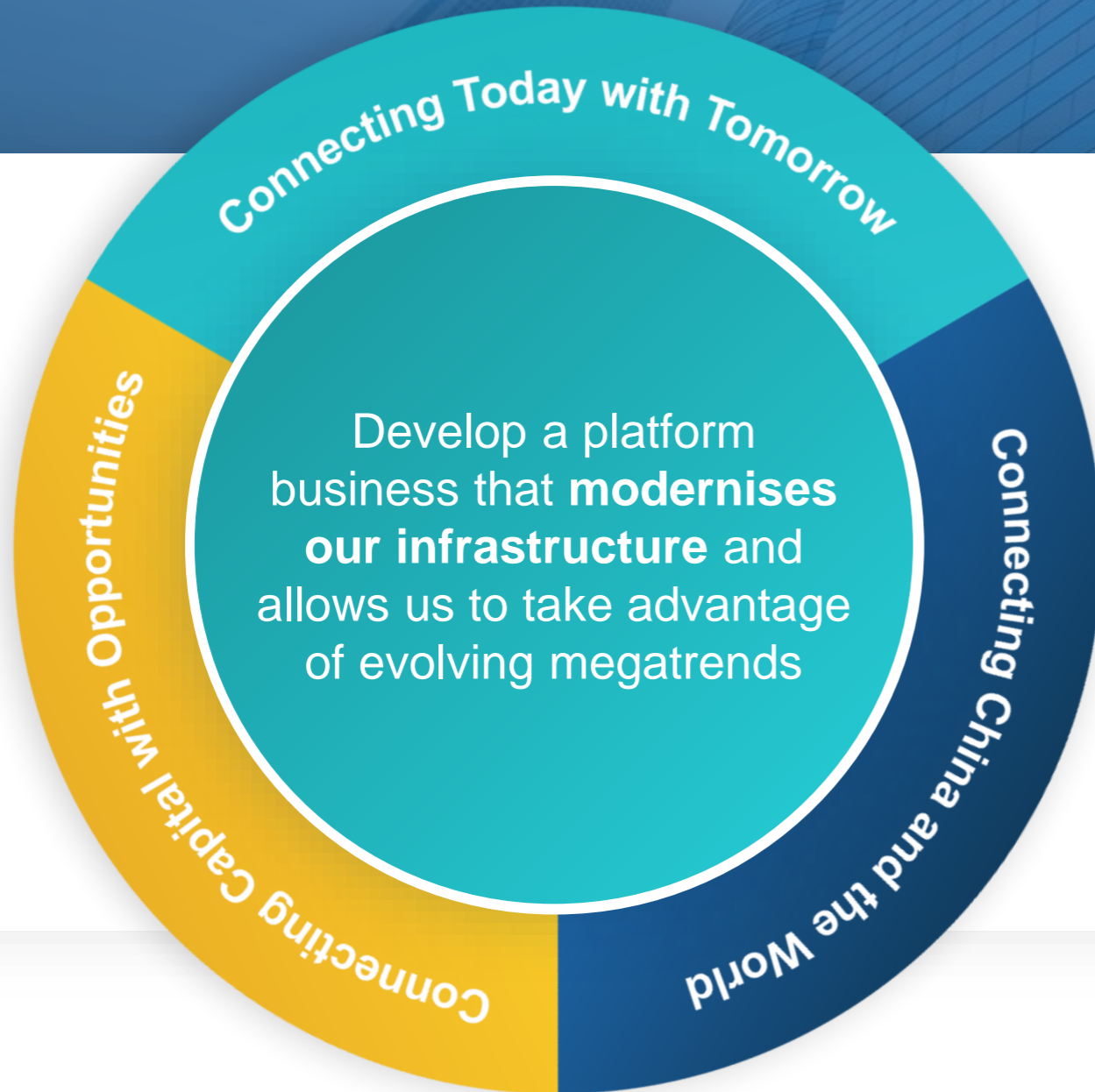
Improve our primary market's attractiveness

Enhance market structure

Expand product ecosystem

Grow client ecosystem

Position for the Future



Modernise our infrastructure

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

Develop digital capabilities

Leverage our data

Execution Pillars and Our Values



Place our clients at the centre of everything we do

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

Modernise our operations, systems, and infrastructure

Build the right risk and control infrastructure

Strong strategic progress in 2023

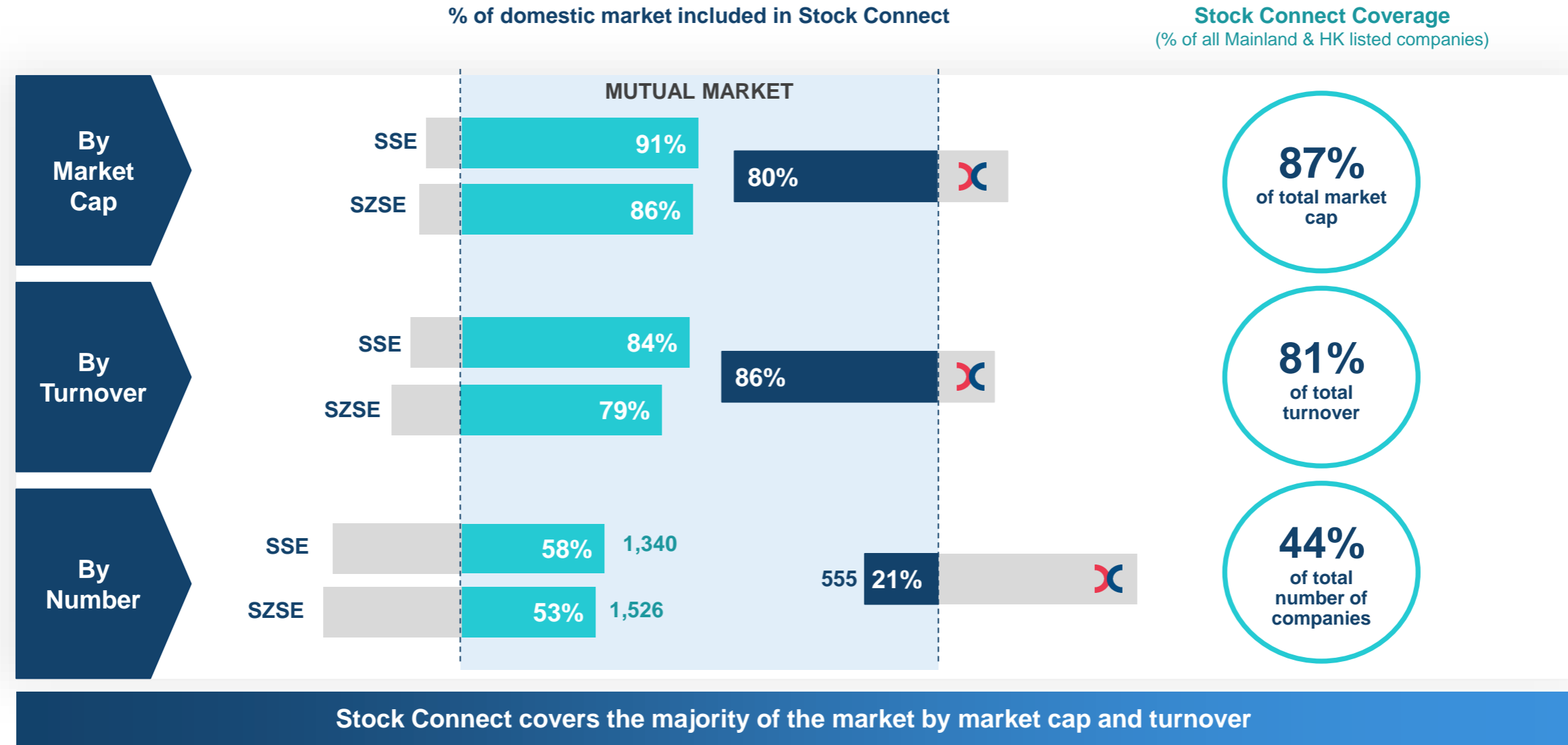
	Connecting China and the World <i>- Leverage our China Advantage</i>	Connecting Capital with Opportunities <i>- Enhancing market liquidity and ecosystem</i>	Connecting Today with Tomorrow <i>- Prepare our organisation for the future</i>
Focus areas	<ul style="list-style-type: none"> • Enhance “Connect” programmes • Become China’s go-to offshore risk management centre • Solidify role as China’s preferred offshore fund raising centre • Grow China-related products 	<ul style="list-style-type: none"> • Further build attractiveness of primary market • Enhance market structure • Expand product ecosystem • Grow client ecosystem 	<ul style="list-style-type: none"> • Modernise infrastructure • Evolve from infrastructure-led to client-led model • Develop strong digital capabilities • Leverage data
Highlights in 2023	<p>Enhancing connectivity: Expansion of eligible stocks under Stock Connect went live (Mar)</p> <hr/> <p>Enhancing trading structure: Stock Connect trading calendar enhancements effective (Apr), block trading under Stock Connect announced (Aug)</p> <hr/> <p>Enhancing product offerings: Swap Connect launched (May), proposed launch of China Treasury Bond Futures (Nov)</p>	<p>HKD-RMB Dual Counter Model and Dual Counter Market Making Programme launched (Jun)</p> <hr/> <p>Opening of New York / London offices (Jun / Sep)</p> <hr/> <p>Consultation on Severe Weather Trading published (Nov)</p> <hr/> <p>Enhancements to Derivatives Market position limits took effect (Dec)</p> <hr/> <p>GEM Listing Reform concluded, implemented effective from Jan 24 (Dec)</p>	<p>HKEX Synapse, a new settlement acceleration platform for NB Stock Connect, launched (Oct)</p> <hr/> <p>Launch of FINI, a new digitalised IPO settlement platform (Nov)</p> <hr/> <p>Committed to achieve carbon neutrality by 2024, net zero by 2040 (Nov)</p> <hr/> <p>LME responsible sourcing requirements fully adopted by all of its listed brands (Dec)</p>



04 | China Connectivity



The penetration level of equity market through Stock Connect



Source: Wind, HKEX

1. Data as at 31 Dec 2023
2. Eligible Stocks for Northbound Trading: Constituent stocks of SSE A Share Index and SZSE Composite Index which both are with a market capitalization of at least RMB5bn and daily average turnover of at least RMB30m; A-listed stocks (both in SSE and SZSE) that are not included in the former indices but are dual listed in H-share market
3. Eligible Stocks for Southbound Trading: Constituent stocks of the Hang Seng Composite LargeCap Index ("HSLI") and Hang Seng Composite MidCap Index ("HSMI") and Hang Seng Composite SmallCap Index ("HSSI") which with a market capitalization of at least HKD 5b



Index futures on China underlying

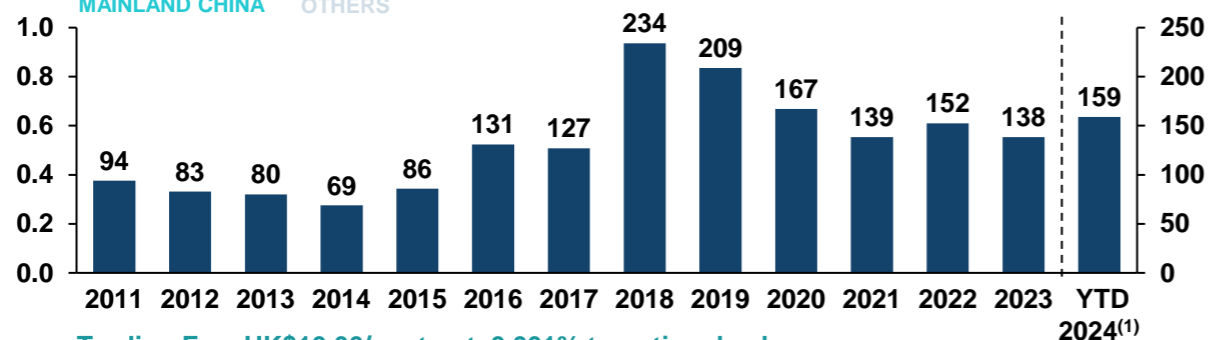
ADV ('000 contracts)

Hang Seng Index Futures (82)⁽⁴⁾

WEIGHTING COMPOSITION



MAINLAND CHINA OTHERS

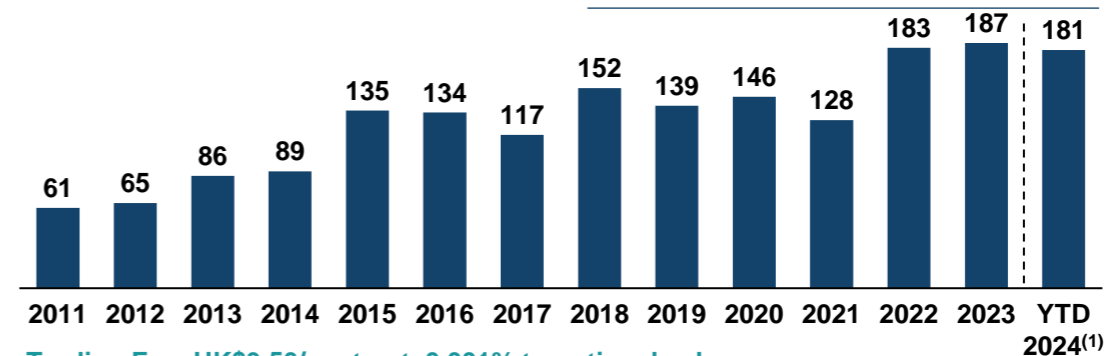


Trading Fee: HK\$10.00/contract, 0.001% to notional value

Notional Value ⁽¹⁾ (US\$ k)	102
Notional Trading Value ⁽¹⁾ (US\$ bn)	16.2

HSCEI Futures (50)⁽⁴⁾

Notional Value ⁽¹⁾ (US\$ k)	34
Notional Trading Value ⁽¹⁾ (US\$ bn)	6.2

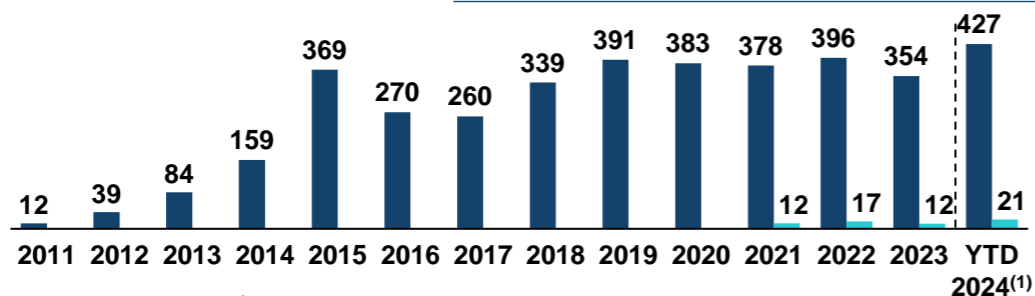


Trading Fee: HK\$3.50/contract, 0.001% to notional value

MSCI China A50 Index Futures vs FTSE (SGX)⁽²⁾ (50)⁽⁴⁾

HKEX SGX

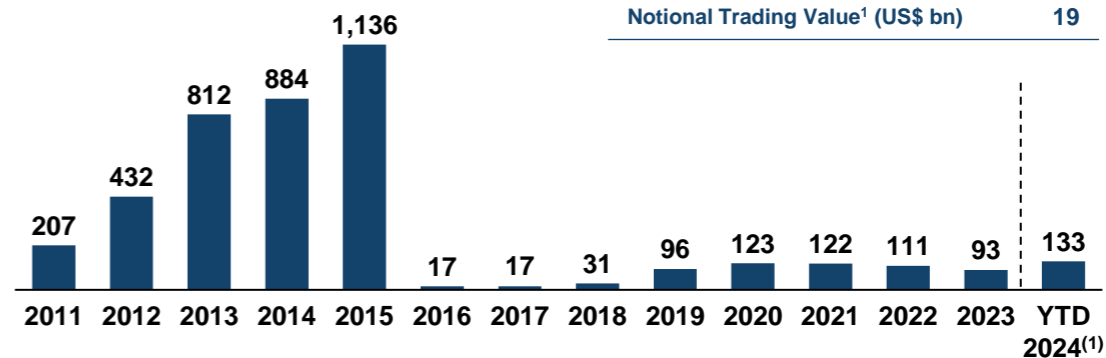
	HKEX	SGX
Notional Value ⁽¹⁾ (US\$ k)	43	11
Notional Trading Value ¹ (US\$ bn)	0.9	4.8



SGX Trading Fee: US\$1.10/contract, 0.0098% to notional value
 HKEX Trading Fee: US\$1.00/contract, 0.0022% to notional value

CSI 300 Index Futures (CFFEX)⁽³⁾ (300)⁽⁴⁾

Notional Value ⁽¹⁾ (US\$ k)	139
Notional Trading Value ¹ (US\$ bn)	19



Trading Fee: RMB23.7/contract, 0.0023% to notional value

Source: HKEX, SGX, CFFEX, FIA, HSI, BBG

1. Data as at 31 Jan 2024
2. Considering the differences in contract size, MSCI China A50 Index Futures achieved c. 16% market share in notional trading value as at Jan 2024. Notional trading value is calculated based on ADV multiplied by notional value per contract
3. CSI 300 Index Futures was launched in Apr 2010
4. Numbers in brackets represent the number of constituents within the underlying index



HKEX: A superconnector between China and the world

Stock Connect

RMB108bn

Northbound ADT

HK\$31bn

Southbound ADT

RMB2.0tn

Northbound CCASS holdings

HK\$2.3tn

Southbound holdings

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

Bond Connect

RMB40bn

Northbound ADT

822

Registered investors

RMB3.7tn

Northbound holdings⁽¹⁾

69% Turnover as % of total foreign turnover in cash bond⁽³⁾

Chinese Partners

Partners



Joint Venture



Source: HKEX; 31 Dec 2023 data unless stated otherwise

1. Northbound holdings refer to total foreign holdings including but not limited to holdings through Bond Connect
2. Source: PBOC, 30 Jun 2023
3. Source: CCDC, 31 Dec 2023



05 | Appendix



Financial highlights – Income Statement

(HK\$ m, unless stated otherwise)	FY2023	% of Revenue & Other Income	FY2022	% of Revenue & Other Income	YoY Change
Results					
Revenue and other income	20,516	100%	18,456	100%	11%
Less: Transaction-related expenses	(247)	(1%)	(176)	(1%)	40%
Revenue and other income less transaction-related expenses	20,269	99%	18,280	99%	11%
Operating expenses	(5,441)	(27%)	(5,095)	(28%)	7%
EBITDA	14,828	72%	13,185	71%	12%
Depreciation and amortisation	(1,443)	(7%)	(1,459)	(8%)	(1%)
Operating profit	13,385	65%	11,726	64%	14%
Finance costs and share of results of joint ventures	(53)	(0%)	(67)	(0%)	(21%)
Profit before taxation	13,332	65%	11,659	63%	14%
Taxation	(1,351)	(7%)	(1,564)	(8%)	(14%)
Profit attributable to non-controlling interests	(119)	(1%)	(17)	(0%)	600%
Profit attributable to HKEX shareholders	11,862	58%	10,078	55%	18%
Capex	1,381		1,184		17%
Basic earnings per share	HK\$9.37		HK\$7.96		18%
Headline ADT on the Stock Exchange	HK\$105.0b		HK\$124.9b		(16%)

1. % may not add up due to rounding



Performance by operating segment

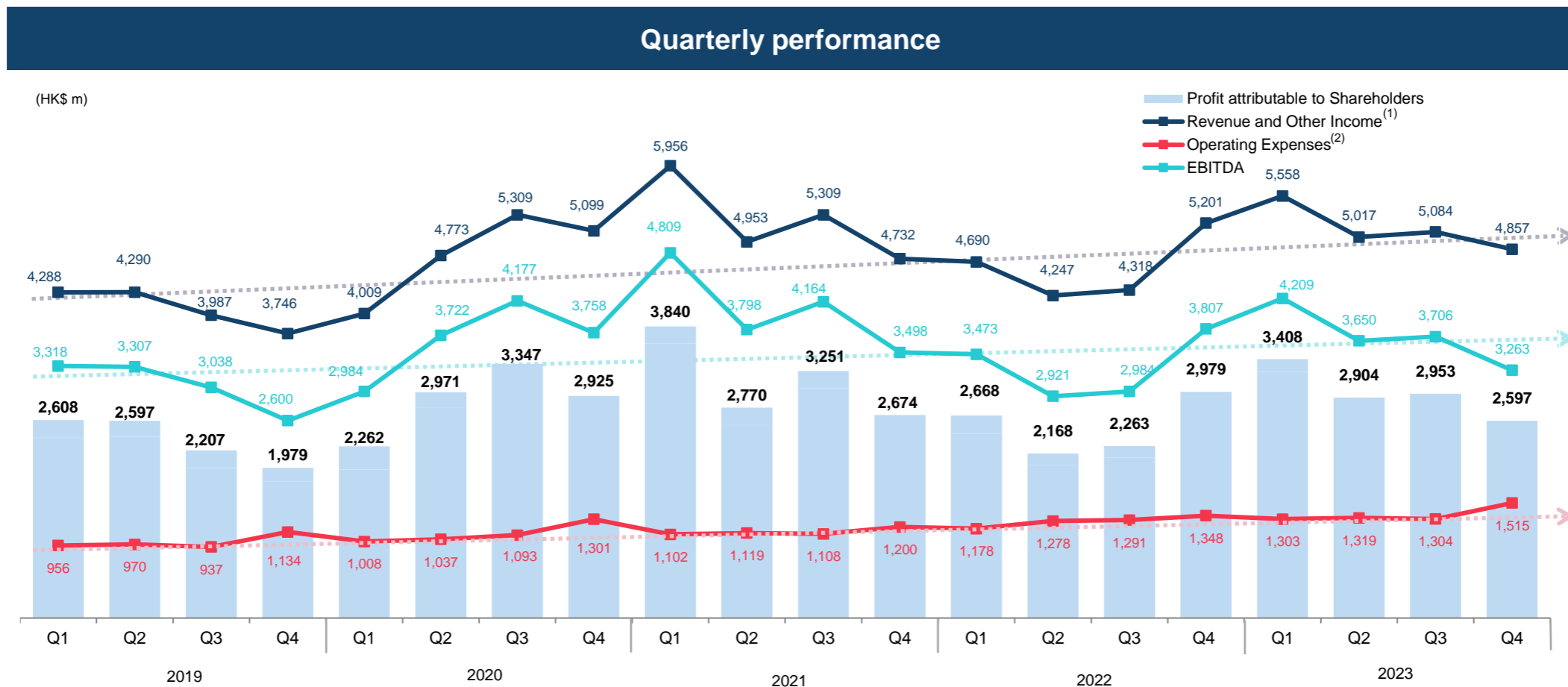
HK\$ m	Cash	Derivatives	Commodities	Data and Connectivity	Corporate Items	Group FY2023	Group FY2022
Revenue and other income	8,164	6,502	2,188	2,073	1,589	20,516	18,456
<i>% of Group Total</i>	<i>40%</i>	<i>32%</i>	<i>11%</i>	<i>10%</i>	<i>8%</i>	<i>100%</i>	<i>100%</i>
Less: Transaction-related expenses	(10)	(237)	-	-	-	(247)	(176)
Revenue and other income less transaction-related expenses	8,154	6,265	2,188	2,073	1,589	20,269	18,280
Operating expenses	(1,127)	(862)	(1,208)	(438)	(1,806)	(5,441)	(5,095)
EBITDA	7,027	5,403	980	1,635	(217)	14,828	13,185
<i>% of Group Total</i>	<i>47%</i>	<i>36%</i>	<i>7%</i>	<i>11%</i>	<i>(1%)</i>	<i>100%</i>	<i>100%</i>
<i>EBITDA margin⁽¹⁾</i>	<i>86%</i>	<i>86%</i>	<i>45%</i>	<i>79%</i>	<i>N/A</i>	<i>73%</i>	<i>72%</i>
Depreciation and amortisation						(1,443)	(1,459)
Finance costs						(135)	(138)
Share of results of joint ventures						82	71
Profit before taxation						13,332	11,659

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



Quarterly performance

FY2023 results in line with long-term historical upward trendline



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



Market microstructure enhancements at HKEX

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

Areas of Focus

Key Achievements in recent years

Improve Ease
of Access

- Upgraded Electronic Communication Platform for clients to exchange file with HKEX
- Listing Rules enhancement for overseas issuers came into effect
- HKD-RMB Dual Counter Model and Dual Counter Market Making Programme launched
- GEM Listing Reforms took effect
- New Listing Chapter (18C) on Specialist Technology Companies

Reduce Frictional
Trading Costs

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

Improve
Capital Efficiency

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

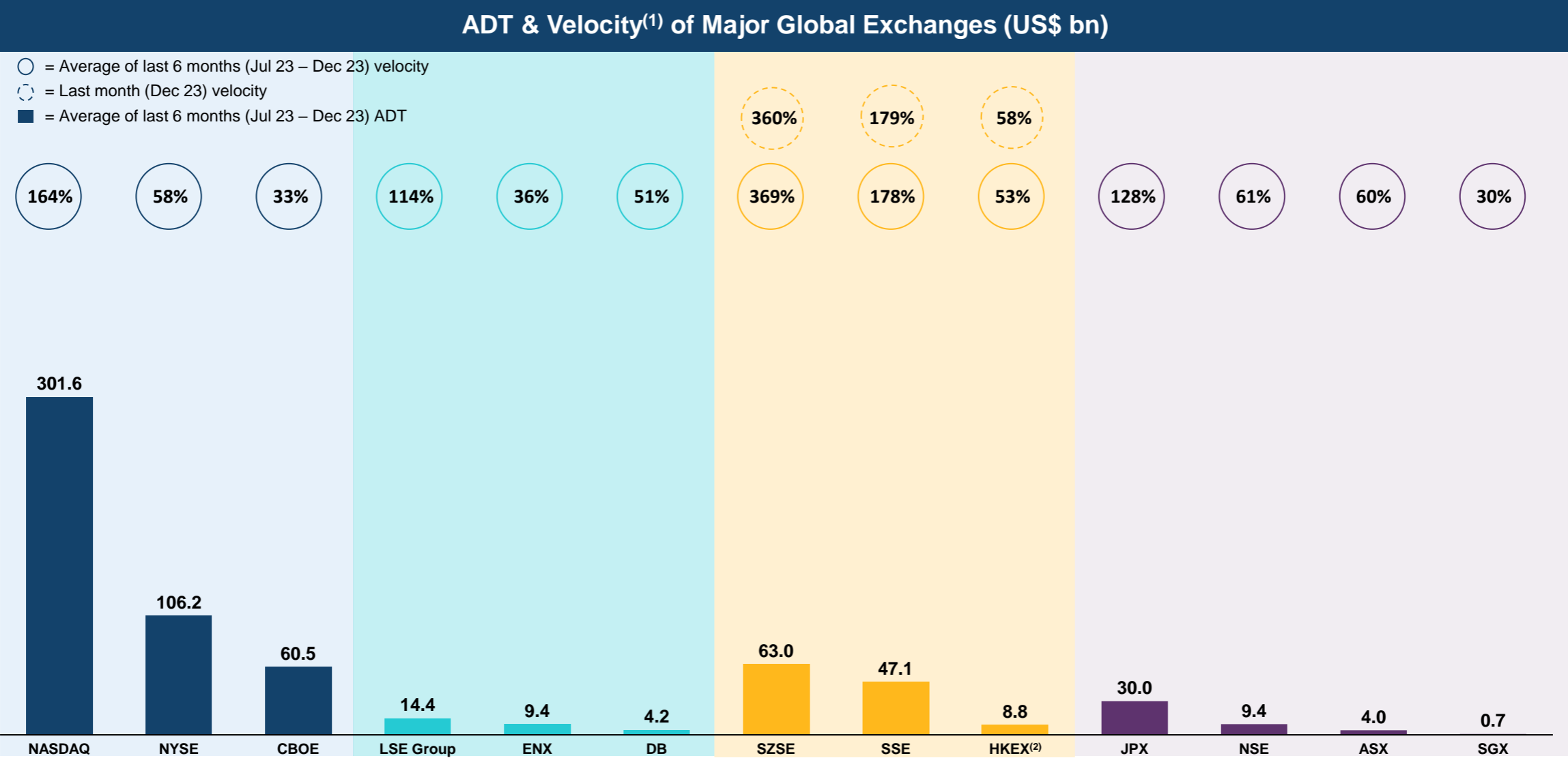
Enhance Risk
Management & Market Integrity

- Revamp Pre-Opening Session and Volatility Control Mechanism (Cash & Derivatives)
- Self-Match Prevention (Derivatives)
- HKIDR (Hong Kong Investor Identification Regime)
- HKEX Synapse to complement existing post-trade infrastructure for Northbound Connect
- Committed to achieve carbon neutrality by 2024, and net zero by 2040

We continuously introduce enhancements to ensure competitiveness and efficiency of our markets



Comparison of trading activity across global exchanges



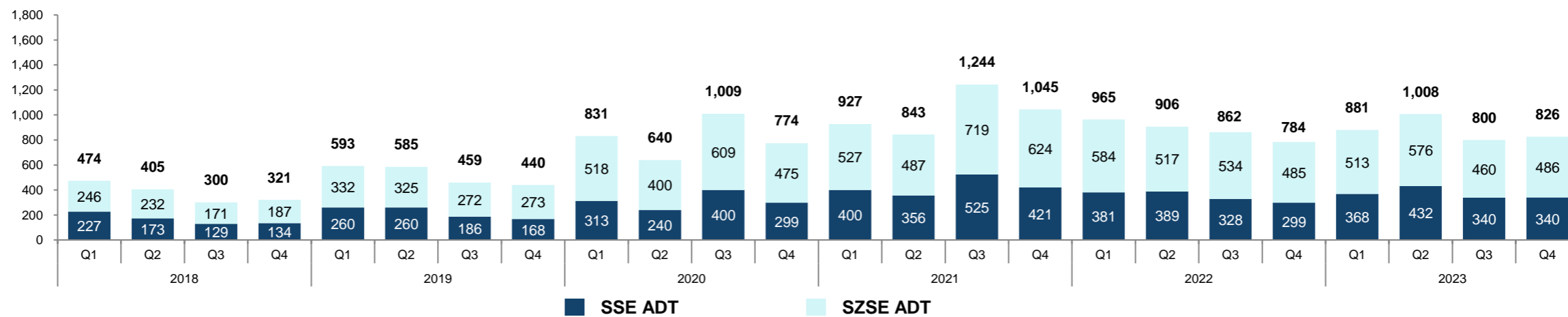
*Source: WFE (Dec 2023)

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

Market activities in Mainland and Hong Kong markets

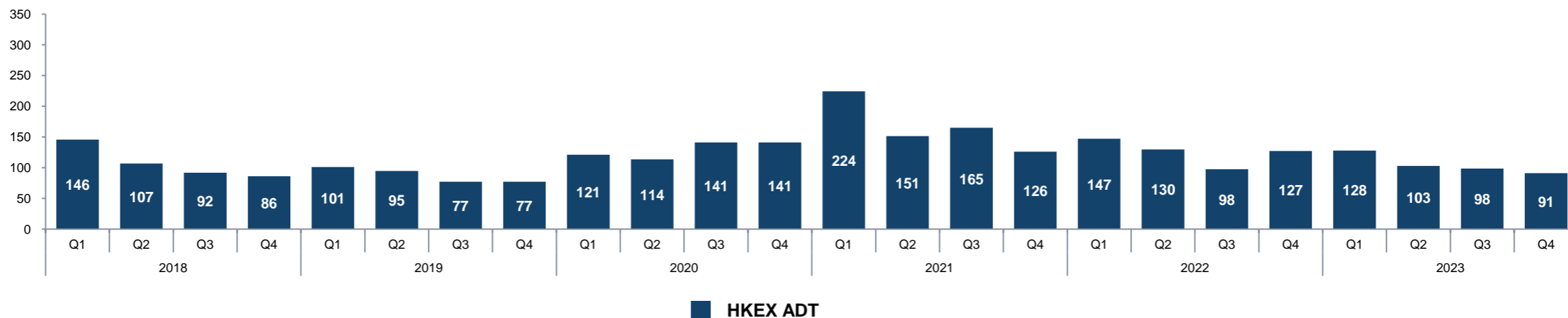
Average Daily Turnover in Value – Mainland Market (RMB bn)

ADT RMB bn



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

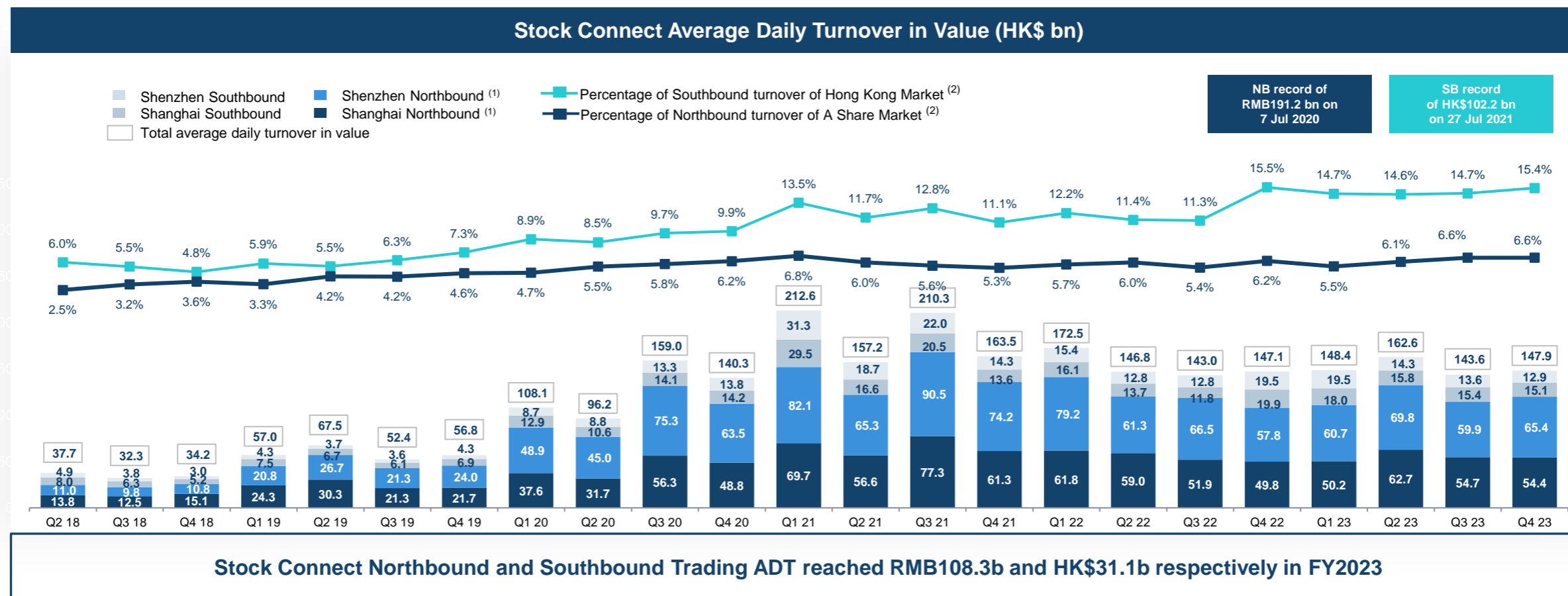
ADT HKD bn



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

Stock Connect – trading trends

Stock Connect generated revenue of HK\$2,207m in FY2023 (down 3% YoY)



Stock Connect revenue reached 11% of the Group's total revenue and other income in FY2023 (FY2022: 12%)

Source: HKEX, SSE and SZSE data
 1. Northbound (NB) trading is conducted in RMB; the NB figures in the chart are converted to HKD based on the month-end exchange rate
 2. May not add up due to rounding

