



**HKEX**  
香港交易所

## Interim Report 2024

Stock codes: 388 (HKD counter)  
and 80388 (RMB counter)



怡和行  
BEACON

QUEEN'S ROAD CENTRAL

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

# Strategic and Financial Highlights

HKEX had a robust first half of the year with the second quarter seeing an upswing in market momentum and trading activity, driving record second quarter revenue and other income and profit. The Group's diversification strategy continued to deliver results, underpinned by record volumes in our Derivatives Market, and a 29 per cent year-on-year gain in LME chargeable average daily volumes in the first half. Fundraising activity remained resilient and has shown signs of warming, with the second quarter seeing a 50 per cent quarter-on-quarter increase in new listings and a 79 per cent increase in IPO funds raised.

HKEX made significant strategic progress during the period with measures to further elevate the competitiveness of our markets, including the release of a consultation paper to reduce minimum spreads in the securities market, new

enhancements to Swap Connect, as well as plans to implement Severe Weather Trading from 23 September 2024. We also announced a major investment in our technology to develop the Orion Derivatives Platform, marking an important step to own our digital destiny and part of our commitment to ensure that Hong Kong's markets are future ready.

Looking ahead, while macro-environment uncertainties persist, we remain cautiously optimistic about the outlook for the rest of the year. We are resolutely focused on driving the vibrancy, resilience and competitiveness of our markets, by continuously enhancing our market infrastructure, expanding our products and international partnerships and future-proofing our business. We look forward to continuing to work closely with our partners and other stakeholders to deliver on our strategy.

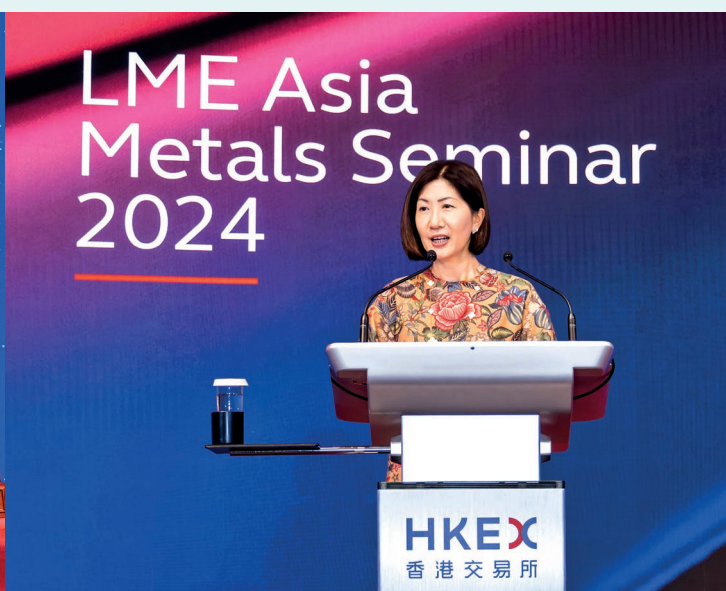


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**Bonnie Y Chan**  
Chief Executive Officer

# Strategic and Operational Highlights



## Corporate

**1 Mar**

Appointment of new Chief Executive Officer, Ms Bonnie Y Chan

**6 Mar**

Announcement of new LME organisational design

**3 May**

Appointment of new Chairman, Mr Carlson Tong

**27 Jun**

24th Anniversary of HKEX as a listed company

## Regulation

**19 Apr**

Consultation conclusions on Enhancement of Climate-related Disclosures under the Environmental, Social and Governance Framework published, with Listing Rules amendments effective on 1 January 2025

**1 May**

Consultation paper on the proposed integration of the EU Carbon Border Adjustment Mechanism requirements into the LME rules published by the LME

**11 Jun**

Revised Listing Rules relating to Treasury Shares took effect

**14 Jun**

Consultation paper on Review of Corporate Governance Code and Related Listing Rules published

## Products and Services

**29 Feb**

First batch of Covered Call ETFs listed

**29 Mar**

All currency futures and options contracts included in Derivatives Holiday Trading

**30 Apr**

Asia's first Spot Virtual Asset ETFs listed

**13 Jun**

First listing under Chapter 18C Specialist Technology Companies listing regime



## Market Operations

**1 Jan**

Average trading and clearing fee increment of 13 per cent implemented by the LME and LME Clear

**22 Jan**

New Closing Price methodology implemented by the LME in phases

**23 Mar**

Self-Match Prevention service in Cash Market introduced

**1 Apr**

New derived data licensing framework introduced by the LME

**18 Apr**

Announcement of the in-house development of the Orion Derivatives Platform

**20 May**

Introduction of new product features and services to Swap Connect

**18 Jun**

Consultation conclusions on Severe Weather Trading in Securities and Derivatives Markets published, with the arrangements to allow Hong Kong market to remain open during severe weather conditions effective from 23 September 2024, subject to regulatory approval

**28 Jun**

Consultation paper on Proposed Reduction of Minimum Spreads in Hong Kong Securities Market published

## Corporate Social Responsibility and ESG

**27 Mar**

2023 HKEX Impact Funding Scheme awardees announced

**26 Apr**

The Laura M Cha Capital Markets Scholarship Programme launched

**28 Jun**

2023 HKEX Research Funding Scheme awardees announced

# Financial Highlights

## Comparison of 1H 2024 with 1H 2023 Results

- 1H 2024 revenue and other income of \$10,621 million was comparable with 1H 2023:
  - Core business revenue was in line with 1H 2023, as lower revenue from trading and clearing activities of the Cash Market, net investment income and listing was mostly offset by higher LME trading and clearing fees driven by both volume and fee increases.
  - Net investment income from Corporate Funds was \$901 million (1H 2023: \$817 million), benefitting from the high interest rate environment.
- Operating expenses were up 7 per cent against 1H 2023, attributable to higher staff and IT costs, partly offset by the partial recovery of legal fees relating to the events in the nickel market in March 2022.
- EBITDA margin<sup>1</sup> was 73 per cent, 2 percentage points lower than 1H 2023.
- Profit attributable to shareholders was \$6,125 million, 3 per cent lower than 1H 2023.

Revenue and other income	0%	Profit attributable to shareholders	↓ 3%	Basic earnings per share	↓ 3%
<b>\$10,621</b> Million		<b>\$6,125</b> Million		<b>\$4.84</b>	

<sup>1</sup> 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 ventures. EBITDA margin is calculated based on EBITDA divided by revenue and other income less transaction-related expenses. EBITDA and EBITDA margin are non-HKFRS measures used by management for monitoring business performance and may not be comparable to similar measures presented by other companies.



## Key Financials

	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m	Change
Revenue and other income			
Core business revenue	9,690	9,729	0%
Donation income of HKEX Foundation	30	29	3%
Net investment income of Corporate Funds	901	817	10%
	10,621	10,575	0%
Operating expenses	2,794	2,622	7%
EBITDA (non-HKFRS measure)	7,661	7,859	(3%)
Profit attributable to shareholders	6,125	6,312	(3%)
Capital expenditure	612	501	22%
Basic earnings per share	\$4.84	\$4.99	(3%)
Interim dividend per share	\$4.36	\$4.50	(3%)

## Key Market Statistics

	Six months ended 30 Jun 2024	Six months ended 30 Jun 2023	Change
ADT of equity products traded on the Stock Exchange <sup>1</sup> (\$bn)	100.3	102.9	(3%)
ADT of DWs, CBBCs and warrants traded on the Stock Exchange (\$bn)	10.1	12.6	(20%)
ADT traded on the Stock Exchange <sup>1,2</sup> (Headline ADT) (\$bn)	110.4	115.5	(4%)
ADT of Northbound Trading of Stock Connect <sup>1</sup> (RMBbn)	130.2 <sup>4</sup>	109.3	19%
ADT of Southbound Trading of Stock Connect <sup>1</sup> (\$bn)	37.5	33.8	11%
ADV of derivatives contracts traded on the Futures Exchange ('000 contracts)	837 <sup>4</sup>	735	14%
ADV of stock options contracts traded on the Stock Exchange ('000 contracts)	696 <sup>4</sup>	633	10%
Chargeable ADV <sup>3</sup> of metals contracts traded on the LME ('000 lots)	694	538	29%
ADT of Northbound Bond Connect (RMBbn)	44.5 <sup>4</sup>	38.9	14%

1 Includes buy and sell trades under Stock Connect

2 ADT of Southbound Trading is included within Headline ADT.

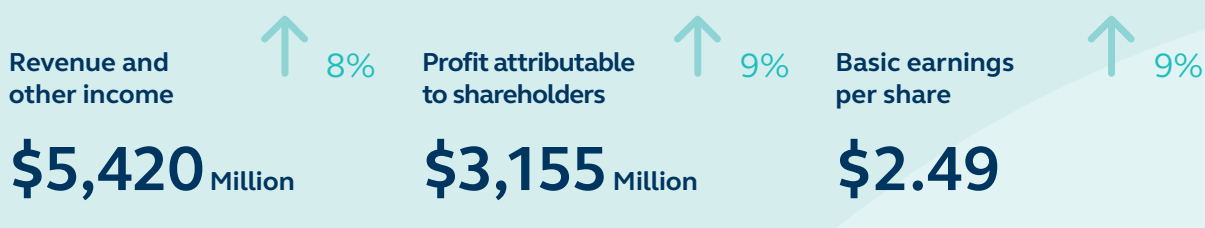
3 Chargeable ADV excludes administrative trades (Admin Trades).

4 New record half-yearly high

# Financial Highlights

## Comparison of Q2 2024 with Q2 2023 Results

- Q2 2024 revenue and other income and profit both reached record second quarter highs.
- Q2 2024 revenue and other income of \$5,420 million was 8 per cent higher than Q2 2023:
  - Core business revenue was up 7 per cent against Q2 2023, attributable to increases in trading and clearing fees from higher volumes across the Cash, Derivatives and Commodities Markets.
  - Net investment income from Corporate Funds was \$366 million (Q2 2023: \$268 million), driven by higher investment income from internally managed Corporate Funds and higher net fair value gains of the External Portfolio (Q2 2024: \$64 million; Q2 2023: \$20 million).
- Operating expenses were up 5 per cent, attributable to higher staff and IT costs, partly offset by the partial recovery of legal fees relating to the events in the nickel market in March 2022.
- EBITDA margin was 74 per cent, 1 percentage point higher than Q2 2023.
- Profit attributable to shareholders was \$3,155 million, 9 per cent higher than Q2 2023.



## Key Financials

	Three months ended 30 Jun 2024 \$m	Three months ended 30 Jun 2023 \$m	Change
Revenue and other income			
Core business revenue	5,033	4,725	7%
Donation income of HKEX Foundation	21	24	(13%)
Net investment income of Corporate Funds	366	268	37%
	5,420	5,017	8%
Operating expenses	1,383	1,319	5%
EBITDA (non-HKFRS measure)	3,956	3,650	8%
Profit attributable to shareholders	3,155	2,904	9%
Capital expenditure	334	261	28%
Basic earnings per share	\$2.49	\$2.29	9%

## Key Market Statistics

	Three months ended 30 Jun 2024	Three months ended 30 Jun 2023	Change
ADT of equity products traded on the Stock Exchange <sup>1</sup> (\$bn)	111.8	90.8	23%
ADT of DWs, CBBCs and warrants traded on the Stock Exchange (\$bn)	9.8	12.0	(18%)
ADT traded on the Stock Exchange <sup>1,2</sup> (Headline ADT) (\$bn)	121.6	102.8	18%
ADT of Northbound Trading of Stock Connect <sup>1</sup> (RMBbn)	127.3	122.5	4%
ADT of Southbound Trading of Stock Connect <sup>1</sup> (\$bn)	44.1	30.1	47%
ADV of derivatives contracts traded on the Futures Exchange ('000 contracts)	818	717	14%
ADV of stock options contracts traded on the Stock Exchange ('000 contracts)	747	599	25%
Chargeable ADV <sup>3</sup> of metals contracts traded on the LME ('000 lots)	730	574	27%
ADT of Northbound Bond Connect (RMBbn)	43.7	40.8	7%

1 Includes buy and sell trades under Stock Connect

2 ADT of Southbound Trading is included within Headline ADT.

3 Chargeable ADV excludes administrative trades (Admin Trades).

# Financial Highlights

## Comparison of Q2 2024 with Q1 2024 Results

- Q2 2024 revenue and other income was 4 per cent higher than Q1 2024:
  - Core business revenue was up 8 per cent against Q1 2024, attributable to increases in trading and clearing fees from higher Headline ADT and higher LME trading volumes, and a seasonal increase in depository fees.
  - Net investment income from Corporate Funds was \$366 million (Q1 2024: \$535 million), reflecting lower net fair value gains of the External Portfolio (Q2 2024: \$64 million; Q1 2024: \$169 million) and lower investment income from internally managed Corporate Funds.
- Operating expenses were down 2 per cent (down 6 per cent if excluding HKEX Foundation charitable donation expenses), attributable to the partial recovery of legal fees relating to the LME nickel market incident in Q2 2024, and lower staff costs due to the non-recurring retirement benefits paid to senior management in Q1 2024.
- EBITDA margin was 74 per cent, 2 percentage points higher than Q1 2024.
- Profit attributable to shareholders was \$3,155 million, 6 per cent higher than Q1 2024.



## Key Financials

	Three months ended 30 Jun 2024 \$m	Three months ended 31 Mar 2024 \$m	Change
Revenue and other income			
Core business revenue	5,033	4,657	8%
Donation income of HKEX Foundation	21	9	133%
Net investment income of Corporate Funds	366	535	(32%)
	5,420	5,201	4%
Operating expenses	1,383	1,411	(2%)
EBITDA (non-HKFRS measure)	3,956	3,705	7%
Profit attributable to shareholders	3,155	2,970	6%
Capital expenditure	334	278	20%
Basic earnings per share	\$2.49	\$2.35	6%

## Key Market Statistics

	Three months ended 30 Jun 2024	Three months ended 31 Mar 2024	Change
ADT of equity products traded on the Stock Exchange <sup>1</sup> (\$bn)	111.8	89.1	25%
ADT of DWs, CBBCs and warrants traded on the Stock Exchange (\$bn)	9.8	10.3	(5%)
ADT traded on the Stock Exchange <sup>1,2</sup> (Headline ADT) (\$bn)	121.6	99.4	22%
ADT of Northbound Trading of Stock Connect <sup>1</sup> (RMBbn)	127.3	133.0	(4%)
ADT of Southbound Trading of Stock Connect <sup>1</sup> (\$bn)	44.1	31.0	42%
ADV of derivatives contracts traded on the Futures Exchange ('000 contracts)	818	855	(4%)
ADV of stock options contracts traded on the Stock Exchange ('000 contracts)	747	645	16%
Chargeable ADV <sup>3</sup> of metals contracts traded on the LME ('000 lots)	730	659	11%
ADT of Northbound Bond Connect (RMBbn)	43.7	45.2	(3%)

1 Includes buy and sell trades under Stock Connect

2 ADT of Southbound Trading is included within Headline ADT.

3 Chargeable ADV excludes administrative trades (Admin Trades).

# Chairman's Statement

It is with great pleasure that I present my first Interim Results statement as Chairman of HKEX. I am honoured to have been elected by my fellow Board members as the Chairman following HKEX's 2024 Annual General Meeting and the subsequent approval by the Chief Executive of the Hong Kong SAR Government. I would like to take this opportunity to pay tribute to my predecessor, Mrs Laura M Cha, who provided remarkable leadership to the Board, with unwavering commitment and dedication, and steered HKEX to build strong purpose-led foundations underpinning its continued growth and success. The transition of the management to our new CEO, Ms Bonnie Y Chan over these past six months has also gone very smoothly.

## Performance

The first half of 2024 saw signs of improving global economic prospects. Market sentiment remained cautiously optimistic amidst global fragility and ongoing uncertainty over the interest rate outlook, continuing geopolitical tensions and other macro challenges.

Set against this backdrop, HKEX continued to demonstrate strength and resilience. Hong Kong's securities market has experienced a notable uplift in trading volume since March 2024, despite a year-on-year decline of 4 per cent in the average daily turnover during the first six months of 2024. Hong Kong's derivatives market continued to go from strength to strength, with the average daily volume of futures and options contracts traded up 12 per cent year-on-year.

Stock Connect trading remained resilient, with Northbound average daily turnover reaching record half-yearly high of RMB130.2 billion. Northbound Bond Connect trading continued its strong growth path, with average daily turnover (RMB44.5 billion) up 14 per cent year-on-year.

The Hong Kong IPO market also saw gradual signs of recovery with an IPO pipeline of 107 active applications as at 30 June 2024. We received a total of 81 IPO applications in the first six months of 2024, up 69 per cent from the second half of 2023. We were pleased to welcome the first specialist technology company listing under our Chapter 18C framework and the first two GEM listings following the GEM listing reforms implemented in January 2024.



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**Carlson Tong**  
Chairman

Metals trading volumes on the LME continued the growth trajectory from 2023, driven by macro sentiment and the LME's focused efforts in rebuilding liquidity in its nickel contracts. The chargeable average daily volume of metals contracts traded on the LME increased by 29 per cent year-on-year.

For the six months up to 30 June 2024, the Group recorded total revenue and other income of \$10,621 million, which was broadly in line with the comparable 2023 period, and profit attributable to shareholders of \$6,125 million, down 3 per cent from prior year. The Board declared an interim dividend of \$4.36 per share, payable in cash.

## Market Enhancements

During the first half of 2024, we continued to work closely with our stakeholders to implement initiatives that promote the quality and attractiveness of our markets. In particular, we have been collaborating with the SFC to study and roll out the recommendations of the Task Force on Enhancing Stock Market Liquidity which HKEX participated in as a member. This important initiative aims to further improve market efficiency and trading dynamics, which will ultimately benefit both institutional and retail investors, as well as market participants. We are committed to ensuring that HKEX remains at the forefront of global financial markets, offering a transparent, well-regulated and highly liquid platform for companies and investors alike.

We made good progress in expanding our Connect programme to deepen our mutual market connectivity, supporting the long-term sustainable development of Hong Kong and Mainland China's capital markets. A new set of enhancements to Swap Connect was launched in May 2024 to provide more flexibility for international investors to manage RMB interest rate risk through China's onshore interbank markets. As part of the supportive initiatives announced by the CSRC in April 2024, the scope of eligible ETFs under Stock Connect was expanded on 22 July 2024, which has further broadened the investment choices for Stock Connect investors and expanded the diversity of our ETF product ecosystem. We will continue to take forward other announced CSRC initiatives, including incorporating REITs into Stock Connect and adding RMB-denominated stocks to Southbound Stock Connect.

We will also make further enhancements to our Connect program, working with relevant regulators and our exchange partners, to further strengthen the role of Hong Kong as a leading international financial centre. We aim to build on our strength as the superconnector between the markets of Mainland China and the rest of the world.

On the listing front, we continued our efforts to promote high standards of governance and disclosure practices among listed issuers in Hong Kong and ensure the competitiveness of our listing framework. Following market consultation, we announced in April 2024 enhancements of climate-related disclosure requirements under HKEX's ESG framework that would take effect from 1 January 2025. The enhancements, referencing the ISSB Climate Standard, aimed to promote consistent and comparable climate disclosures in line with global standards. Building on the tremendous progress of our efforts to end single-gender boards among listed issuers by end of this year, we issued a consultation paper in June 2024 setting out proposals which require issuers to create a more diverse boardroom, to improve board effectiveness and independence, and to strengthen risk management and internal controls. In view of strong market support, we introduced a new treasury share regime in June 2024 to provide issuers with greater flexibility in managing their capital structures through share buy-backs and resale of treasury shares, while providing appropriate safeguards to maintain a fair and orderly market.

Having published consultation conclusions on Severe Weather Trading proposals in the first half of 2024 we plan to implement, with support and valuable feedback from the Hong Kong SAR Government, financial regulators, market participants and other stakeholders, Severe Weather Trading in the Hong Kong securities and derivatives markets on 23 September 2024, with specific measures and necessary support being offered to market participants to ensure their readiness. This is an important step enabling HKEX's markets to remain open, operational and available to all local, regional and international investors during severe weather conditions, reinforcing the continued resilience and attractiveness of Hong Kong as a world-class international financial centre.



In line with our diversification strategy, we continued to expand our product portfolio in our Hong Kong markets in the first half of 2024 by introducing new products, including Asia's first Spot Virtual Asset ETFs and the first batch of Covered Call ETFs, to offer Hong Kong and international investors more choice and opportunities, further supporting Hong Kong as the region's leading ETF marketplace.

In support of our commitment to driving innovation and efficiency in our markets, we announced in April 2024 our plan to develop a proprietary derivatives platform – the Orion Derivatives Platform (ODP) – which we expect to launch in 2028. This new platform will adopt the best-in-class, future-ready technology, aiming to offer enhanced trading, clearing and risk management capabilities to address rapidly evolving client needs and give us a unique competitive advantage in the global derivatives space.

The LME also continued to modernise and strengthen its markets and advance sustainability practices across the metals industry. In the first quarter of 2024, the LME introduced a new closing price methodology to its five major contracts, aiming to bring greater determinism, transparency and standardisation to the closing price discovery process. In May 2024, the LME launched a market consultation on proposals to integrate the EU Carbon Border Adjustment Mechanism requirements into the LME rules to support the aluminium market and value chain in implementing this pivotal environmental policy. Additionally, the LME issued a discussion paper to seek market feedback on various sustainability topics, including sustainability-related pricing; potential expansion of its digital sustainability credentials register, LMEpassport; and advancement of supply chain traceability.

Details of our progress across these and various other initiatives are set out in the Business Review section of this Interim Report.

The English High Court had on 29 November 2023 ruled in favour of LME and LME Clear in connection with the judicial review claims filed against them regarding the cancellation of trades in nickel contracts on 8 March 2022. One of the claimants had appealed the decision of the English High Court (Appeal) and the Appeal hearing took place from 9 to 11 July 2024. Judgment was not delivered at the end of the Appeal hearing but was reserved by the Court of Appeal, to be issued at a later date.

No indication has been given by the Court of Appeal as to the timing of when it expects to issue the judgment. Details are set out in note 25(d) to the condensed consolidated financial statements of this Interim Report.

## Corporate Social Responsibility

Following our announcement of the Group's 2024 carbon neutrality and 2040 net-zero commitments in November 2023, we continued to enhance our strategy on using renewable energy, improving energy efficiency and adopting other measures to reduce our emissions. Through the work of the HKEX Foundation, we also continued to play an active role in advocating meaningful and positive change to our communities through a range of impactful programmes, charitable partnerships and projects, progressing financial literacy, diversity and inclusion, poverty relief, and environmental sustainability. The Foundation donated a total of \$74 million to those in need in the first half of 2024.

As a leading international exchange group sitting at the heart of Asia's capital markets, HKEX has the privilege and responsibility to lead from the front and shape long-term sustainability and development across the region and globally. We will continue to work collaboratively with our clients, partners, regulators and other stakeholders to further deepen our value proposition as the gateway between China and the world; diversify our product ecosystem; and enhance our infrastructure and listing framework, further enhancing liquidity, vibrancy and attractiveness of our markets. With our resilient business and robust ecosystem, we are well positioned to capitalise on growth opportunities and navigate challenges amid an ever-changing environment.

## Acknowledgements

Finally, I would like to thank our shareholders and other valued stakeholders for their ongoing trust and confidence. I also take this opportunity to offer my heartfelt gratitude to my fellow Directors for their support and guidance and to our dedicated staff for their hard work and contributions in writing our next chapter of growth and success.

**Carlson TONG**

Chairman

Hong Kong, 21 August 2024



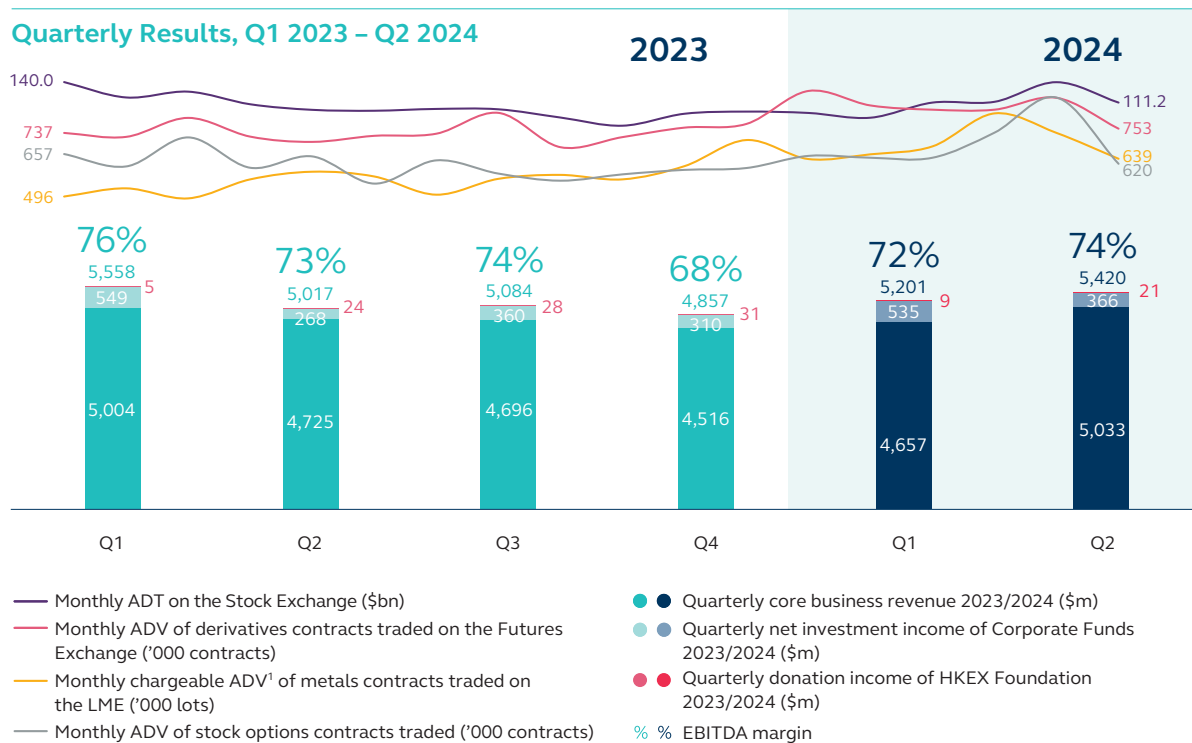


# Management Discussion and Analysis

**Business Review | Financial Review**

# Business Review

## Overview



1 Chargeable ADV excludes administrative trades (Admin Trades).

Fig. 1 – Market activity and Group's revenue and other income

HKEX continued to show strength and resiliency during 1H 2024, against a challenging macroeconomic backdrop and sustained high interest rate environment.

Trading activities improved considerably in Q2 2024, with Headline ADT 22 per cent higher than Q1 2024, and LME chargeable ADV reaching a 10-year quarterly high. As a result, Q2 2024 revenue and other income of \$5.4 billion and profit of \$3.2 billion both reached record second quarter highs. Revenue and other income was up 4 per cent as compared with Q1 2024, attributable to higher

trading and clearing fees from higher Cash Market and Commodities Market volumes, and the seasonal increase in depository fees, but was partly offset by lower net investment income due to lower fair value gains of the External Portfolio. As operating expenses dropped by 2 per cent due to the partial recovery of legal fees in Q2 and the non-recurring retirement benefits paid to senior management in Q1, profit was 6 per cent higher than Q1 2024. Comparing Q2 2024 results with the same quarter last year, revenue and other income was up 8 per cent, and profit was up 9 per cent, reflecting higher trading and clearing fees from higher volumes across the Cash, Derivatives and Commodities Markets.

For 1H 2024, Headline ADT was 4 per cent lower than 1H 2023 due to a strong Cash Market in Q1 2023, but the Group's Derivatives Market and Commodities Market continued to grow and perform strongly. The ADV of derivatives contracts traded reached a record half-yearly high, up 12 per cent compared with 1H 2023, while LME volumes registered healthy growth, with chargeable ADV of 1H 2024 up 29 per cent against 1H 2023. The ADT of Northbound Stock Connect also reached a new record half-yearly high in 1H 2024, driven by the expansion of eligible stocks and the more favourable environment in Mainland China's capital markets.

Revenue and other income for 1H 2024 of \$10.6 billion was comparable with 1H 2023. Higher trading and clearing fees generated from LME volume and fee increases, and record Derivatives Market volumes, were mostly offset by the lower fees from the decrease in Headline ADT and lower net investment income of the Margin Funds. Operating expenses were \$2.8 billion, up 7 per cent against 1H 2023, due to higher staff costs arising from an increase in headcount, payroll adjustments and non-recurring retirement benefits paid to senior management, and an increase in IT costs due to new or upgraded systems and inflationary adjustments on contract renewals. The increase was partly offset by the lower professional fees incurred for, and the partial recovery of legal fees from claimants of, the 2022 nickel market incident.

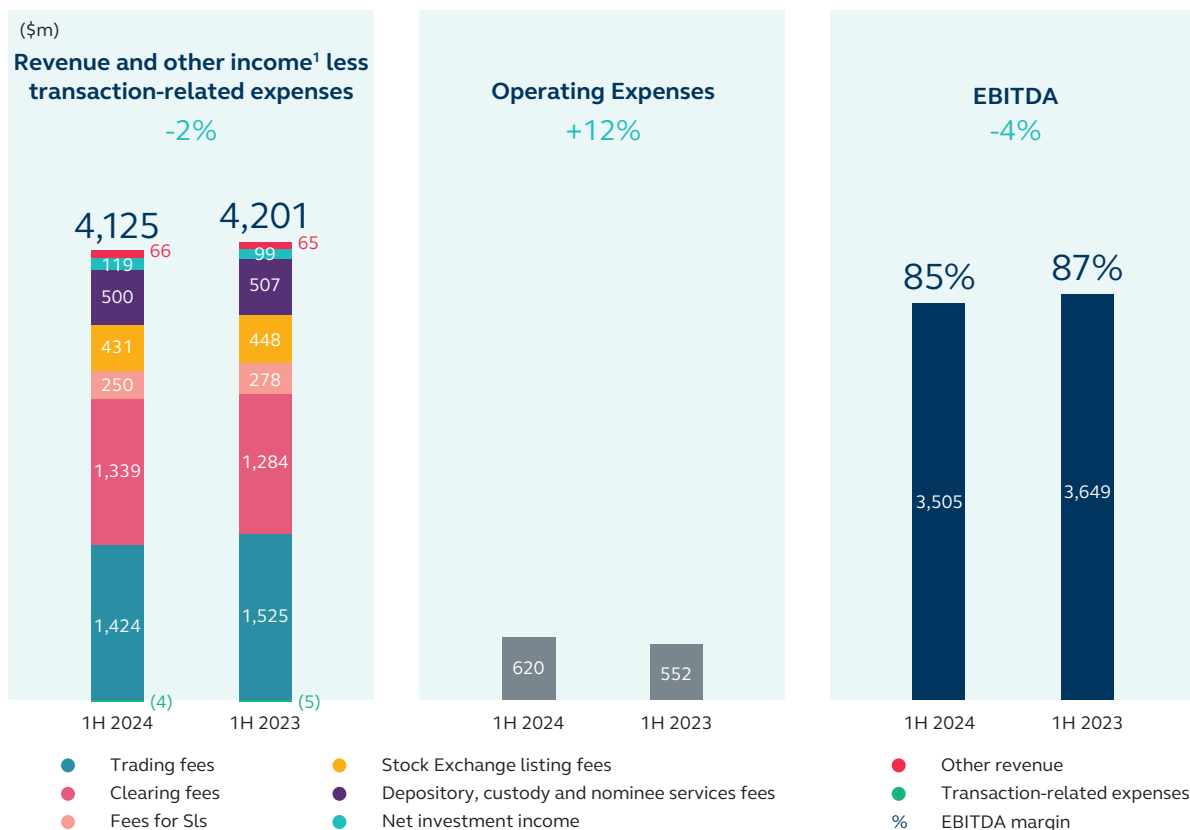
## Analysis of Results and Business Update by Operating Segment

	Six months ended 30 Jun 2024				Six months ended 30 Jun 2023			
	Revenue and other income \$m	Transaction-related expenses \$m	Revenue and other income less transaction-related expenses \$m	EBITDA \$m	Revenue and other income \$m	Transaction-related expenses \$m	Revenue and other income less transaction-related expenses \$m	EBITDA \$m
Results by segment:								
Cash	4,129	(4)	4,125	3,505	4,206	(5)	4,201	3,649
Equity and Financial Derivatives	3,099	(162)	2,937	2,494	3,453	(89)	3,364	2,938
Commodities	1,405	-	1,405	816	1,039	-	1,039	448
Data and Connectivity	1,048	-	1,048	840	1,022	-	1,022	809
Corporate Items	940	-	940	6	855	-	855	15
	<b>10,621</b>	<b>(166)</b>	<b>10,455</b>	<b>7,661</b>	<b>10,575</b>	<b>(94)</b>	<b>10,481</b>	<b>7,859</b>

## Cash Segment

### Analysis of Results

#### 1H 2024 vs 1H 2023



<sup>1</sup> Excludes DWs, CBBCs and warrants (which are included under the Equity and Financial Derivatives segment)

Revenue and other income, less transaction-related expenses, was down 2 per cent and EBITDA was down 4 per cent compared with 1H 2023, mainly due to the decrease in ADT of equity products traded.

Trading fees of equity products for 1H 2024 were \$1,424 million, a 7 per cent decrease compared with 1H 2023, attributable to the decrease in ADT of equity products traded and lower Northbound Stock Connect fees. Included in the trading fees were Northbound Stock Connect fees of \$217 million (1H 2023: \$271 million) and Southbound Stock Connect fees of \$113 million (1H 2023: \$102 million). Northbound Stock Connect fees decreased by \$54 million, despite a 19 per cent increase in ADT, due to a 30 per cent reduction in A-share trading fees effective 28 August 2023, and the depreciation of the RMB. Southbound Stock Connect fees increased by 11 per cent, in line with the increase in trading volume.

Clearing fees increased by 4 per cent, primarily due to higher Northbound Stock Connect clearing fees of \$433 million (1H 2023: \$386 million) from the higher Northbound ADT. Fees for Settlement Instructions (SIs) for equity products decreased by 10 per cent mainly due to lower number of transactions.

Operating expenses increased by 12 per cent mainly due to higher staff costs from increases in headcount and payroll adjustments, and higher allocated costs of the Listing Division: this reflected a lower percentage decrease in listing fees of the Cash segment (4 per cent) from fewer forfeitures of IPOs, compared with the decrease in listing fees of the Equity and Financial Derivatives segment (13 per cent) resulting from lower number of newly-listed DWs and CBBCs.

## Business Update

Despite the challenging macroeconomic backdrop with sustained high interest rate environment, the Hong Kong Cash Market continued to demonstrate its strength and resilience, with Headline ADT of \$110.4 billion in 1H 2024, 17 per cent higher than 2H 2023, though 4 per cent lower than 1H 2023. Trading activities improved considerably in Q2 2024, with Headline ADT of \$121.6 billion, 22 per cent higher than Q1 2024.

### Stock Connect

Stock Connect trading recorded solid growth in 1H 2024, with Northbound and Southbound ADT at RMB130.2 billion and \$37.5 billion respectively, up 19 per cent and 11 per cent respectively against 1H 2023. Driven by the expansion of eligible stocks under the Stock Connect programme, with over 1,000 additional stocks eligible for Northbound Trading since March 2023, Northbound ADT set a new record half-yearly high in 1H 2024. As a result, revenue and other income from Stock Connect increased by \$47 million to \$1,199 million (1H 2023: \$1,152 million), of which \$871 million (1H 2023: \$846 million) arose from trading and clearing activities.

### Market Structure

HKEX introduced the Self-Match Prevention (SMP) service in the Securities Market in March 2024, which can be used by market participants to avoid unintentional self-trades. This demonstrates HKEX's commitment to enhancing market integrity and to encouraging the use of diverse trading strategies to build a more resilient ecosystem.

On 18 June 2024, HKEX published consultation conclusions on the Proposal on Severe Weather Trading of Hong Kong Securities and Derivatives Markets and announced the operational model and arrangements to allow Hong Kong's Securities and Derivatives Markets (Hong Kong market) to remain open during severe weather conditions. HKEX received 133 responses from a wide range of market participants that showed strong support for the proposal. Subject to regulatory approval, the initiative will be implemented with effect from 23 September 2024, with specific measures and necessary support being offered to qualifying market participants. The initiative will allow the Hong Kong market to maintain normal operations during Hong Kong trading hours regardless of the weather conditions, allowing investors to better manage their risks and respond to changing market conditions. It aligns the Hong Kong market with global market practices and underscores HKEX's commitment to supporting the resilience and competitiveness of Hong Kong as a world-class international financial centre.

## Key Market Indicators

	Six months ended 30 Jun 2024	Six months ended 30 Jun 2023
ADT of equity products traded on the Stock Exchange <sup>1,2</sup> (\$bn)	100.3	102.9
ADT of Northbound Trading – Shanghai-Hong Kong Stock Connect <sup>2</sup> (RMBbn)	64.4 <sup>4</sup>	50.7
ADT of Northbound Trading – Shenzhen-Hong Kong Stock Connect <sup>2</sup> (RMBbn)	65.8	58.6
ADT of Southbound Trading – Shanghai-Hong Kong Stock Connect <sup>2</sup> (\$bn)	21.5	16.9
ADT of Southbound Trading – Shenzhen-Hong Kong Stock Connect <sup>2</sup> (\$bn)	16.0	16.9
ADT of Northbound Bond Connect (RMBbn)	44.5 <sup>4</sup>	38.9
Average daily number of trades of equity products traded on the Stock Exchange <sup>1,2</sup> ('000)	1,809	1,720
Average value per trade of equity products traded on the Stock Exchange (\$'000)	55.5	59.9
Average daily value of SIs for Stock Exchange trades (\$bn)	232.9	268.5
Average daily number of SIs for Stock Exchange trades ('000)	98	105
Average value per SI for Stock Exchange trades (\$'000)	2,377	2,568
Average daily value of SIs for Northbound Trading of Stock Connect (RMBbn)	25.1	29.3
Number of newly listed companies on the Main Board <sup>3</sup>	29	33
Number of newly listed companies on GEM	1	–
Total equity funds raised		
– IPOs (\$bn)	13.4	17.9
– Post-IPO (\$bn)	53.1	57.1
Portfolio values of Northbound Trading of Stock Connect at 30 Jun (RMBbn)	2,058	2,377
Portfolio values of Southbound Trading of Stock Connect at 30 Jun (\$bn)	2,865	2,253
Number of companies listed on the Main Board at 30 Jun	2,293	2,271
Number of companies listed on GEM at 30 Jun	324	333
Number of trading days	121	120

1 Excludes DWs, CBBCs and warrants (which are included under the Equity and Financial Derivatives segment) and includes ADT of Southbound Trading under Stock Connect

2 Includes buy and sell trades under Stock Connect

3 No transfers from GEM during 1H 2024 (1H 2023: 2)

4 New record half-yearly high in 1H 2024

On 28 June 2024, HKEX published a consultation paper on the Proposed Reduction of Minimum Spreads in the Hong Kong Securities Market. The proposal aims to improve market liquidity and the competitiveness of the Hong Kong market by reducing bid-ask spread and transaction costs. The consultation will end on 20 September 2024.

### Clearing and Settlement

On 22 April 2024, the four clearing houses in Hong Kong successfully implemented the new ISO<sup>1</sup> 2022 standard in money settlement with banks. The adoption of the new standard ensures that the clearing houses adhere to international standards and practices and strengthens HKEX's global position as an international exchange group.

On 30 May 2024, HKSCC announced the enhancement of the settlement arrangement for Multi-counter Eligible Securities in the Central Clearing and Settlement System (CCASS). The enhancement aims to improve the scalability of trading Multi-counter Eligible Securities such as Dual Counter Securities and ETPs, and eliminate the need for inter-counter transfer of Multi-counter Eligible Securities in CCASS. To facilitate the market familiarisation of the enhancement and CPs' assessment of their operations and systems, webinar sessions and additional information have been made available to CPs. The enhancement is scheduled to launch in 1H 2025, subject to regulatory approval.

On 24 June 2024, HKEX enhanced the Third Party Clearing arrangements in both the Hong Kong securities market and stock options market, allowing Non-Clearing Participants to appoint multiple General Clearing Participants for clearing and settlement services. This enhancement gives market participants more operational flexibility in managing their clearing and settlement needs, reduces overall concentration risk and increases the competitiveness of the clearing industry. By providing more choice, opportunity, and convenience for market participants, HKEX aims to foster a more robust and resilient clearing and settlement mechanism in Hong Kong.

### Issuer Business

In 1H 2024, HKEX welcomed 30 new listings, raising \$13.4 billion, with the fundraising down 25 per cent compared with 1H 2023. After a subdued Q1, the IPO market showed signs of improvement in Q2 2024, with 18 new listings raising a total of \$8.6 billion, representing a 50 per cent increase in the number of listings and a 79 per cent increase in funds raised compared with Q1 2024. HKEX welcomed the first Chapter 18C<sup>2</sup> listing in 1H 2024, and listings in 1H 2024 include issuers from a wide range of sectors ranging from traditional consumer to Biotech related industries, highlighting the continued strength of Hong Kong's capital markets. The IPO pipeline remained healthy with 107 active applications as at 30 June 2024.

### ETP Market

The ADT of ETPs, which include ETFs and L&I Products, reached a record half-yearly high of \$14.4 billion in 1H 2024, up 4 per cent from \$13.9 billion in 1H 2023. In addition, HKEX welcomed 20 new ETP listings during 1H 2024, including the first batch of Covered Call ETFs and Asia's first Spot Virtual Asset ETFs. These additions provide investors with more investment options and further reinforce Hong Kong's position as the regional leading ETF marketplace.

In 1H 2024, ADT for Southbound and Northbound ETFs were \$1.5 billion and RMB1.1 billion respectively. On 14 June 2024, HKEX announced the expansion of eligible ETFs under Stock Connect, effective 22 July 2024. The eligibility criteria for ETFs under the Stock Connect was further relaxed, with the addition of six ETFs for Southbound Trading and 85 ETFs for Northbound Trading on that day. This enhancement reflects HKEX's ongoing commitment to broaden the Connect product ecosystem for its global investors, further enhancing the competitiveness of Hong Kong as a leading global financial centre.

### Bond Connect

Northbound Bond Connect trading activity continued its overall growth momentum in 1H 2024, with ADT reaching a record half-yearly high of RMB44.5 billion, up 14 per cent compared with 1H 2023. In 1H 2024, Northbound Bond Connect continued to record net inflows, with June 2024 being the 11th consecutive month of net inflow under the scheme.

<sup>1</sup> International Organization for Standardization

<sup>2</sup> Listing Regime for Specialist Technology Companies



## Listed Bond Market and Sustainable Finance

In 1H 2024, 153 bonds were listed on the Stock Exchange, raising more than \$327 billion. Among these were 48 new ESG-related bond listings, raising a total of \$92 billion. As at 30 June 2024, the total number of listed bonds reached 1,587, with their total amount outstanding exceeding \$5.1 trillion; and there were a total of 156 sustainable-focused products displayed on HKEX's Sustainable and Green Exchange (STAGE).

## Market Surveillance and Compliance

During 1H 2024, HKEX continued to promote transparency and a strong compliance culture across its business and markets, including the following key initiatives:

### Key initiatives on promoting market surveillance and compliance in 1H 2024

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- Completed the 2023 Annual Attestation and Inspection Programme (Annual Programme) and shared the results and findings with the market in April 2024; commenced the 2024 Annual Programme with focus on three areas: (1) China Connect rules; (2) HKIDR requirements; and (3) risk management
- Maintained close communication with various stakeholders to facilitate the smooth launch of the Self-Match Prevention initiative in the Cash Market and strengthened HKEX's surveillance capabilities to support the initiative
- Enforcement actions were taken against an EP and its clients for inappropriate trading activities identified during the course of HKEX's market surveillance work

## Listing Regulation

On 12 April 2024, the Stock Exchange published consultation conclusions on Proposed Amendments to Listing Rules Relating to Treasury Shares to introduce a new treasury share regime giving issuers greater flexibility in managing capital structure through share buy-back and resale of treasury shares. The Rule amendments came into effect on 11 June 2024.

On 19 April 2024, the Stock Exchange published consultation conclusions on Enhancement of Climate-related Disclosures under the Environmental, Social and Governance Framework to enhance climate disclosure requirements based on ISSB Climate Standard. In addition, the Stock Exchange published implementation guidance containing references to IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information<sup>3</sup>. The Rule amendments will take effect on 1 January 2025 with a phased approach.

On 14 June 2024, the Stock Exchange published a consultation paper on Review of Corporate Governance Code and Related Listing Rules to help issuers create a diverse boardroom and strengthen risk management and internal controls. The consultation period ended on 16 August 2024.

In addition, the Stock Exchange published the following guidance materials during 1H 2024:

### Guidance materials

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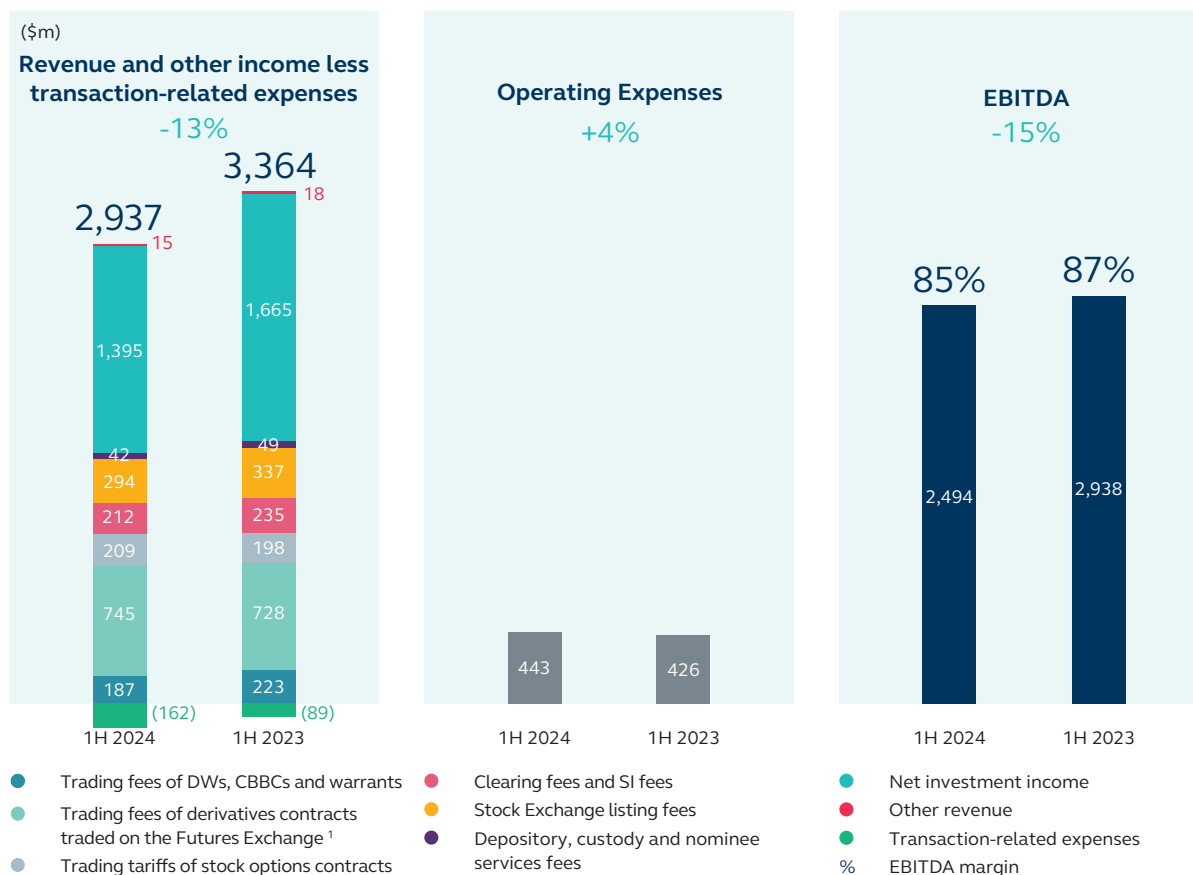
- Semi-annual (i) Listed Issuer Regulation Newsletter and (ii) Enforcement Bulletin
- A "Review of Issuers' Annual Reports 2023" on the findings and recommendations from the review of issuers' annual reports for the 2022 financial year end
- Streamlined and revamped guidance materials to enhance accessibility of the Listing Rules and guidance
- New e-learning modules on (i) share repurchase and treasury shares and (ii) new climate requirements as part of e-learning series on ongoing compliance requirements under the Listing Rules

<sup>3</sup> Published by the International Sustainability Standards Board of the IFRS Foundation

## Equity and Financial Derivatives Segment

### Analysis of Results

#### 1H 2024 vs 1H 2023



<sup>1</sup> Excludes London Metal Mini Futures, Gold Futures, Silver Futures and Iron Ore Futures contracts (which are included under the Commodities segment)

Revenue and other income, less transaction-related expenses, was down 13 per cent; and EBITDA was down 15 per cent compared with 1H 2023, mainly attributable to the decrease in the net investment income of Margin Funds, and the increase in transaction-related expenses.

Trading fees of DWs, CBBCs and warrants were down 16 per cent compared with 1H 2023. The decrease was lower than the 20 per cent drop in ADT, due to a smaller percentage decrease in total notional values of newly listed DWs and CBBCs.

Futures Exchange derivatives trading fees<sup>4</sup> increased by \$17 million, or 2 per cent, mainly due to a higher number of derivatives contracts traded. This was partly offset by a lower average fee per contract in 1H 2024, attributable to higher discounts and rebates offered for certain contracts to attract volumes, and the increased popularity of lower-fee products such as Hang Seng TECH Index Futures.

Stock Exchange listing fees decreased by 13 per cent due to a decrease in the number of newly listed DWs and CBBCs compared with 1H 2023.

<sup>4</sup> Excludes London Metal Mini Futures, Gold Futures, Silver Futures and Iron Ore Futures contracts (which are included under the Commodities segment)

Net investment income decreased by \$270 million compared with 1H 2023, mainly attributable to a lower average Margin Fund size from lower margin requirements, and an increase in proportion of JPY collateral posted by CPs in 1H 2024, which generated lower returns.

Transaction-related expenses increased by \$73 million or 82 per cent, as higher incentives were paid for certain contracts to attract volume.

## Business Update

ADV of derivatives contracts traded<sup>4</sup> (i.e., all futures and options contracts including stock options) reached a new record half-yearly high of 1,532,608 contracts in 1H 2024, an increase of 12 per cent from 1H 2023. Stock options, RMB Currency Futures and Hang Seng TECH Index Futures were major contributors for the growth.

A number of futures and options contracts reached single-day record highs in volume and open interest (OI) during 1H 2024:

	Single-day Trading Volume	
	Date (2024)	Number of contracts
Hang Seng TECH Index Options	3 May	31,577
Weekly HSCEI Options	26 Apr	13,440
RMB Currency Futures – USD/ CNH Futures	20 Jun	224,938
MSCI India (USD) Index Futures	23 Jan	14,973

	Open Interest	
	Date (2024)	Number of contracts
Hang Seng TECH Index Futures Options	19 Jun	132,650
Hang Seng TECH Index Options	29 May	120,959
Weekly HSCEI Options	31 May	33,106
Weekly HSI Options	17 May	21,376
Mini HSI Futures	23 Jan	35,820
Mini HSI Options	29 May	88,636
MSCI India Net Total Return (USD) Index Futures	15 Mar	12,042
MSCI Indonesia Net Total Return (USD) Index Futures	13 Mar	15,505
Stock Futures	30 May	63,720

Operating expenses increased by 4 per cent due to higher IT maintenance costs on extended support service, and higher staff costs from payroll adjustments, but partly offset by the lower allocated costs of the Listing Division, arising from a higher percentage decrease in listing fees (13 per cent) compared with the Cash segment (4 per cent).

## Key Market Indicators

	Six months ended 30 Jun 2024	Six months ended 30 Jun 2023
ADV of DWs, CBBCs and warrants traded on the Stock Exchange (\$bn)	10.1	12.6
Average daily number of trades of DWs, CBBCs and warrants traded on the Stock Exchange ('000)	237	318
ADV of derivatives contracts traded on the Futures Exchange <sup>1</sup> ('000 contracts)	837 <sup>3</sup>	735
ADV of stock options contracts traded on the Stock Exchange ('000 contracts)	696 <sup>3</sup>	633
Number of newly listed DWs	3,404	4,334
Number of newly listed CBBCs	11,556	11,995
Total notional values of newly listed securities:		
– DWs (\$bn)	54.7	72.6
– CBBCs (\$bn)	438.7	453.5
ADV of contracts traded during After-Hours Trading (AHT) <sup>1</sup> ('000 contracts)	96	84
Number of trading days <sup>2</sup>	129	129

	At 30 Jun 2024	At 30 Jun 2023
Open interest of futures and options contracts <sup>1</sup> ('000 contracts)	13,163	12,702

1 Excludes London Metal Mini Futures, Gold Futures, Silver Futures and Iron Ore Futures contracts (which are included under the Commodities segment)

2 Includes 8 holiday trading days (1H 2023: 9)

3 New record half-yearly high in 1H 2024

## Equity Futures and Options Market

Hang Seng TECH Index Futures and Options continued to see active volumes in 1H 2024, with an aggregate ADV of 121,695 contracts, up 15 per cent on 1H 2023. Notably, Hang Seng TECH Index Options reached a daily record high volume of 31,577 contracts on 3 May 2024, and the OI of the contract hit a daily record high of 120,959 contracts on 29 May 2024.

Physically settled Options on Futures contracts continued their growth momentum in 1H 2024. The aggregate ADV of the three products in the suite, namely HSI Futures Options, HSCEI Futures Options and Hang Seng TECH Index Futures Options, was 47,482 contracts in 1H 2024, up 19 per cent on 1H 2023. The aggregate OI of the three products was 894,708 contracts as at 30 June 2024, an increase of 12 per cent from 31 December 2023. In particular, the OI of Hang Seng TECH Index Futures Options reached a daily record high of 132,650 contracts on 19 June 2024.

MSCI index derivatives maintained their growth momentum in 1H 2024: (i) the aggregate OI of MSCI Net Total Return Suite reached a record high of 129,732 contracts on 21 June 2024, (ii) ADV of MSCI China A 50 Connect (USD) Index Futures reached 15,830 contracts in 1H 2024, up 68 per cent on 1H 2023, (iii) MSCI India (USD) Index Futures reached daily record high of 14,973 contracts on 23 January 2024, and (iv) MSCI Indonesia Net Total Return (USD) Index Futures attained daily record high OI with 15,505 contracts on 13 March 2024.

Short-dated index options, namely Weekly Hang Seng Index Options and Weekly HSCEI Options continued to gain traction in 1H 2024. The aggregate ADV of the two Weekly index options products was 19,787 contracts, up 22 per cent compared with 1H 2023.

The stock options market experienced robust growth in 1H 2024. Following the implementation of position limit enhancements in December 2023, the ADV of stock options hit a record half-yearly high of 695,757 contracts, up 10 per cent compared with 1H 2023. The OI of stock options reached 10,536,477 contracts as at 30 June 2024, an increase of 18 per cent from 31 December 2023.

## Fixed Income and Currency (FIC) Development

USD/CNH Futures contract reached an ADV of 79,173 contracts, nearly six times that of 1H 2023. In particular, the contract reached a monthly record high in May 2024 (ADV of 86,403 contracts) and reached a daily record high of 224,938 contracts on

20 June 2024. The OI of the contract was 41,850 contracts as at 30 June 2024, up 41 per cent compared with 31 December 2023. Starting from 29 March 2024, all currency futures and options contracts have been included in Derivatives Holiday Trading, supporting investors' foreign exchange risk management needs during Hong Kong holidays.

## Structured Products

In 1H 2024, HKEX welcomed the 19th issuer joining Hong Kong's structured products market, providing a wider selection of products and brands for investors to manage their risk exposures. In addition, there was a new issuer on US single stock DWs, and the underlying coverage of US single stock DWs has further diversified. HKEX is committed to continue enhancing the structured product regime, with a number of measures being considered to create a more efficient and liquid market. HKEX is actively expanding the eligible list to cover more overseas assets, allowing investors to participate in overseas investment on HKEX's trading platform.

## OTC Clear

Since the launch of Swap Connect in May 2023, clearing volumes have grown significantly. Effective 20 May 2024, new product features and services have been introduced to Swap Connect, supporting International Monetary Market trades, backdated trades and solo compression services, providing market participants with a wider range of risk management tools.

With the significant contribution from Swap Connect, OTC Clear's clearing volume reached a record half-yearly high of US\$483.9 billion, up 188 per cent compared with 1H 2023. The average daily turnover traded under Swap Connect more than quadrupled from RMB3 billion when it was launched in May 2023 to RMB13 billion in June 2024. To further promote the central clearing of Cross Currency Swaps, an interest rebate programme was launched in July 2024 to lower the funding costs of the Clearing Members. In addition, OTC Clear announced the extension of China Interbank Bond Market bond as collateral for Swap Connect on 9 July 2024, which will improve the capital efficiency of investors who participate in Swap Connect.

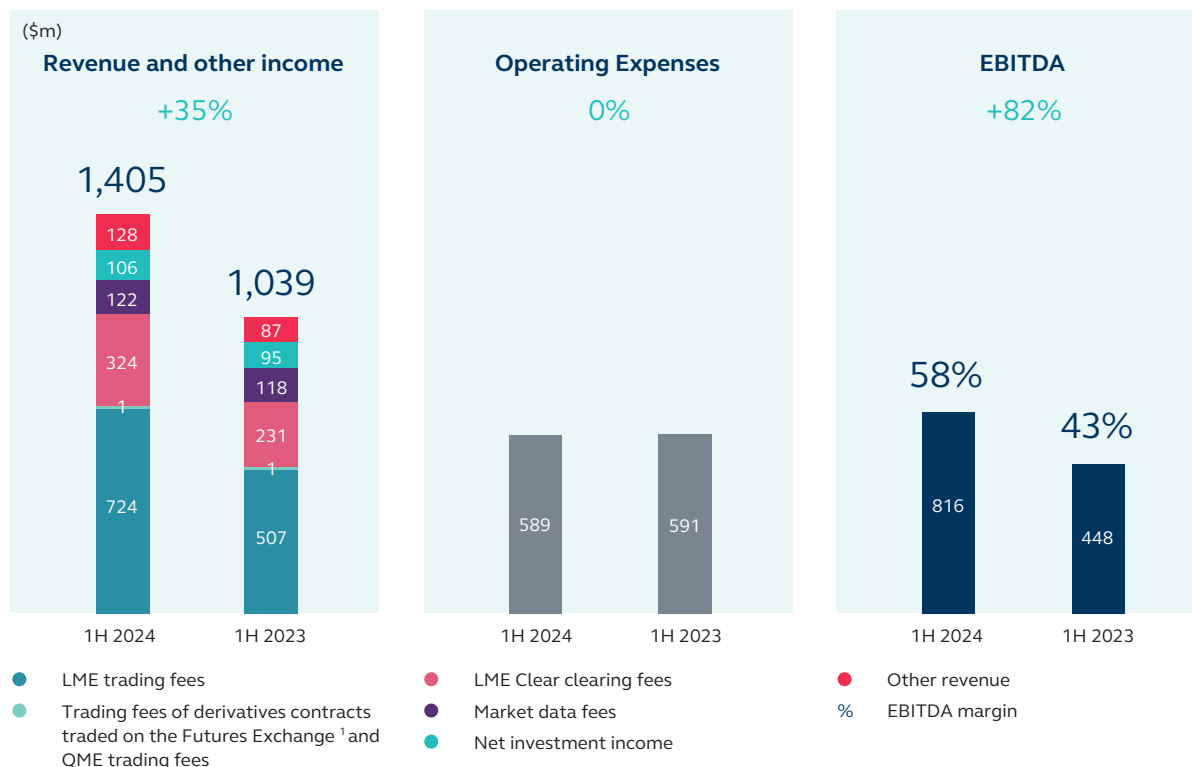
## Market Structure

To allow market makers and other participants to better execute their trading strategies, an enhanced SMP service in Derivatives Market was launched on 20 July 2024. Similar to the SMP service of the Securities Market launched in March 2024, this new SMP service will enable EPs and their clients to avoid inadvertent self-matching of their own proprietary orders (including orders placed across multiple EPs).

## Commodities Segment

### Analysis of Results

#### 1H 2024 vs 1H 2023



<sup>1</sup> Includes London Metal Mini Futures, Gold Futures, Silver Futures and Iron Ore Futures contracts only

Revenue and other income was up 35 per cent and EBITDA was up 82 per cent compared with 1H 2023, due to higher LME trading and clearing fees.

LME trading fees and LME Clear clearing fees increased by 43 per cent and 40 per cent respectively, attributable to a 30 per cent increase in total number of chargeable metal contracts traded, and the increase in trading and clearing fee tariff effective 1 January 2024.

Other revenue increased by \$41 million, mainly due to higher LME financial OTC booking fees from fee increments, and higher accommodation income collected from LME Clear CPs on non-cash collateral.

Operating expenses declined marginally by \$2 million, attributable to lower legal and professional fees incurred for the temporary trading suspension of the nickel market in March 2022, and the partial recovery of legal fees from the claimants, mostly offset by higher staff costs from increased headcount and inflationary adjustments.

## Business Update

### LME

LME trading volumes have seen healthy growth since Q4 2023 and remained strong in 1H 2024, with price volatility continuing across the base metal complex. LME chargeable ADV in 1H 2024 was up 29 per cent compared to 1H 2023, with nickel registering the highest percentage increase of 73 per cent.

In 1H 2024, four new nickel brands were approved for listing on the LME through the fast-track listing approach, bringing the total number of nickel brands approved for listing under the fast-track process to six as at 30 June 2024. Such listings further facilitate the building of liquidity in nickel contracts and make the contracts even more representative of global nickel production.

In Q1 2024, the LME implemented a new Closing Price methodology for five major contracts, bringing greater determinism, transparency and standardisation to the process. Following the change, volumes during the closing price window remained robust with increased participation.

On 6 March 2024, the LME announced a new organisational design, introducing three focused business lines – Market Data, Sustainability & Physical Markets and Trading. The changes aim to enhance LME's transparency, accountability, operational resilience and effectiveness. The LME and LME Clear are now working on a target operating model which will be implemented during 2024.

Effective 1 April 2024, the LME introduced a new derived data licensing framework to ensure all LME market data licensing policies are aligned with industry best practices. The new framework supports the LME's broader strategic aims of growing participation from the financial investment community and expands the scope of third-party products and services that become licensable.

On 12 April 2024, the UK and US Governments announced sanctions which imposed restrictions on the acquisition of Russian metals produced on or after 13 April 2024. In response to this, the LME imposed an immediate suspension on the warranting of the relevant sanctioned metals. The LME also set out the restrictions relating to the ability of its members and clients to cancel Russian Warrants and withdraw the underlying relevant metals from LME-listed warehouses.

### Key Market Indicators

	Six months ended 30 Jun 2024 '000 lots	Six months ended 30 Jun 2023 '000 lots
ADV of metals contracts traded on the LME		
– Aluminium	276	222
– Copper	163	135
– Zinc	107	83
– Lead	72	52
– Nickel	64	37
– Others	12	9
Total chargeable ADV excluding Admin Trades <sup>1</sup>	694	538
Chargeable Admin Trades <sup>1</sup>	38	29
Total ADV	732	567
Number of trading days	125	124
	At 30 Jun 2024 '000 lots	At 30 Jun 2023 '000 lots
Total futures market open interest	1,900	1,672

<sup>1</sup> Admin Trades are chargeable at a lower trading fee rate of US\$0.04 and clearing fee rate of US\$0.02 per contract

On 1 May 2024, the LME launched a consultation on the proposed integration of the EU Carbon Border Adjustment Mechanism requirements into the LME rules in order to support the aluminium market and value chain on implementing this pivotal environmental policy. In addition, the LME issued a discussion paper, which sought to further develop the LME's existing sustainability agenda by seeking views on the LME's proposals to drive forward initiatives that underpin the global transition to a sustainable economy.

On 28 June 2024, the LME went live with its new Daily Price Limit Multiple Day Framework, which outlines the actions the LME will take where the daily price limits are hit on multiple days. The new framework provides market participants with greater clarity around the LME's decision making in the unlikely event of a material price movement on consecutive trading days.

## QME

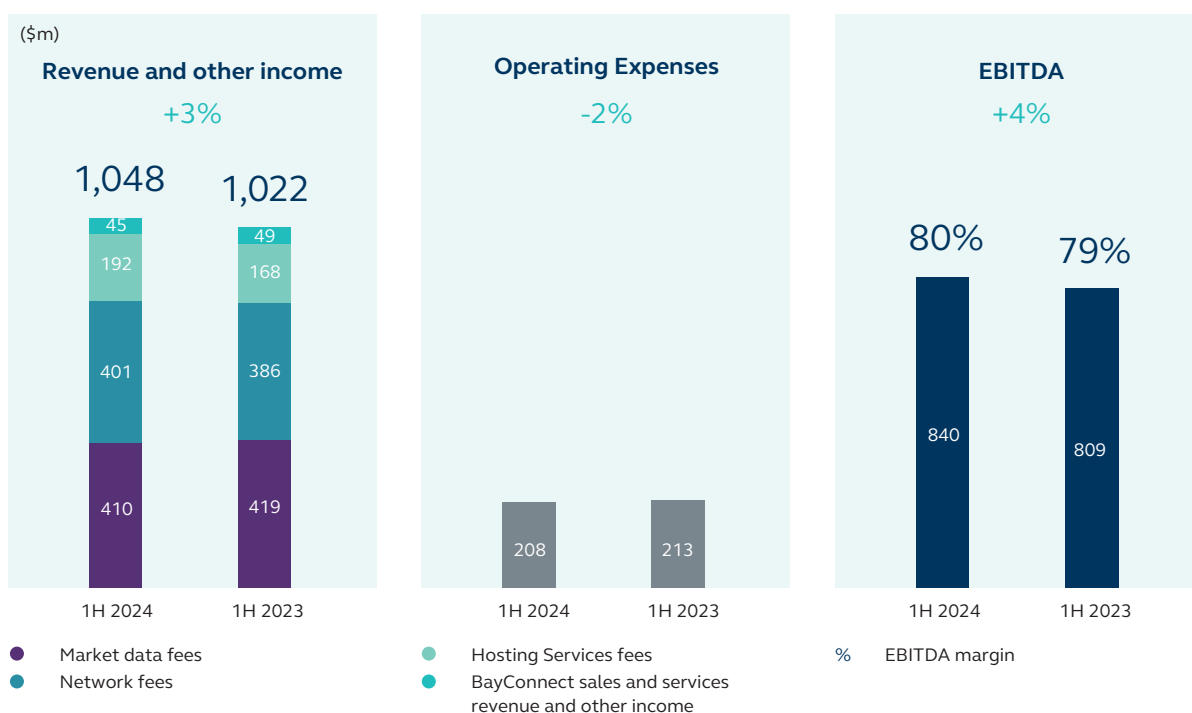
QME continued its market expansion and its trading turnover reached RMB75.9 billion in 1H 2024, up 79 per cent compared with 1H 2023. Supported by favourable policies from various Chinese ministries, soybean trading at QME was particularly robust, contributing approximately 55 per cent of the trading turnover.

Significant progress has also been made in futures and physical market collaboration. As a collaborative effort between QME and Dalian Commodity Exchange (DCE), the first exchange-for-physical DCE No. 2 soybeans transaction was concluded on QME's trading platform and successfully loaded out from QME's bonded trading warehouse in June 2024.

## Data and Connectivity Segment

### Analysis of Results

#### 1H 2024 vs 1H 2023



Revenue and other income was up 3 per cent and EBITDA was up 4 per cent compared with 1H 2023, mainly due to increases in network fees and hosting services fees.

Network fees rose by 4 per cent due to increased fees from the sale of new throttles for the Cash Market and increased usage of the China Connect Central Gateway by EPs.

Hosting Services fees increased by 14 per cent due to increased usage by customers. As at 30 June 2024, there were 95 EPs using HKEX's Hosting Services. These EPs generated, in aggregate, approximately 66 per cent of the Cash Market turnover and 68 per cent of the Derivatives Market trading volume in 1H 2024.

### Business Update

The Enterprise data package rolled out in December 2023 has been well received by the market and served about 1 million market data subscribers for the Securities Market as of June 2024.

In April 2024, HKEX announced the plan to develop a derivatives platform – the Orion Derivatives Platform, which is expected to offer enhanced trading, clearing and risk management capabilities to address rapidly evolving client needs. This demonstrates our ongoing strategic commitment to drive innovation and efficiency in our markets.

During 1H 2024, all HKEX's major trading, clearing, settlement and market data dissemination systems for the Cash, Derivatives, Commodities and OTC Markets continued to perform robustly.

## Corporate Items

### Analysis of Results

	<b>Six months ended 30 Jun 2024 \$m</b>	Six months ended 30 Jun 2023 \$m
Net investment income	901	817
Donation income of HKEX Foundation	30	29
Others	9	9
Total revenue and other income	940	855
Operating expenses:		
– HKEX Foundation charitable donations	(74)	(77)
– Others	(860)	(763)
EBITDA	6	15

The analysis of net investment income/(loss) of Corporate Funds is as follows:

	<b>Six months ended 30 Jun 2024 \$m</b>	Six months ended 30 Jun 2023 \$m
Net investment income/(loss) from:		
– External Portfolio	233	215
– Cash and bank deposits <sup>1</sup>	622	584
– Equity securities <sup>2</sup>	(32)	(11)
– Debt securities	75	18
– Exchange gains	3	11
Total net investment income	901	817
Average fund size (\$bn)	33.8	34.1
Annualised net investment return	5.33%	4.80%

1 Including foreign exchange swaps

2 Investments in minority stakes of unlisted companies

Net investment income from Corporate Funds increased by \$84 million compared with 1H 2023 due to higher investment income from internally managed Corporate Funds, reflecting higher investment return in 1H 2024.



The fair value gains/(losses) on the External Portfolio came from funds invested in the following strategies:

Strategy	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m
Public Equities	100	89
Diversifiers	151	101
Government Bonds and Mortgage-backed Securities	(18)	25
<b>Total</b>	<b>233</b>	<b>215</b>

Excluding HKEX Foundation charitable donation expenses, operating expenses increased by 13 per cent against 1H 2023, attributable to higher staff costs from payroll adjustments, increased headcount for strategic initiatives and non-recurring retirement benefits paid to senior management, and higher IT maintenance costs on new or upgraded systems, and inflationary adjustments on contract renewals.

## Business Update

In 1H 2024, HKEX remained at the forefront of driving the long-term sustainability of global financial markets and the communities they serve. As a market regulator, exchange operator and corporate citizen, HKEX continued to promote good corporate governance and ESG stewardship through market education and industry knowledge sharing, enabling a sustainable finance ecosystem through its platforms, and exemplifying best practices in its own operations. In June 2024, the Exchange launched a new e-Learning course under the ESG Academy to help issuers and the business community understand the latest climate-related disclosure requirements under the Exchange's enhanced ESG reporting framework.

As a purpose-driven company, HKEX is committed to supporting its employees and embedding sustainability into its operations. To foster an engaging, diverse and inclusive workplace, HKEX initiated various activities such as the HKEX Networks Fairs, which introduced new employee

networks promoting fitness and music appreciation. In addition, a new HKEX Dragon Boat team was formed and participated in the Stanley International Dragon Boat Championship in June 2024. To demonstrate its commitment to combating climate change, HKEX continued to enhance its strategy on using renewable energy, improving energy efficiency and adopting other measures to reduce emissions. It also ran the annual HKEX Goes Green campaign to raise environmental awareness and encourage eco-friendly actions among its employees.

HKEX Foundation, HKEX's dedicated charitable foundation, continued to bring positive change to the community through a range of impactful programmes. During 1H 2024, HKEX Foundation announced new projects funded under its HKEX Impact Funding Scheme and HKEX Research Funding Scheme, supporting local charities and universities with focuses on financial literacy, diversity and inclusion, poverty relief and environmental sustainability.

## Expenses, Other Costs and Taxation

### Operating Expenses

	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m	Change
Staff costs and related expenses	1,937	1,711	13%
IT and computer maintenance expenses	421	381	10%
Premises expenses	67	64	5%
Product marketing and promotion expenses	53	51	4%
Professional fees	46	137	(66%)
HKEX Foundation charitable donations	74	77	(4%)
Other operating expenses	196	201	(2%)
<b>Total</b>	<b>2,794</b>	<b>2,622</b>	<b>7%</b>

Staff costs and related expenses increased by \$226 million (13 per cent) mainly due to payroll adjustments, increased headcount for strategic initiatives and one-off retirement benefits paid to senior management.

IT and computer maintenance expenses increased by \$40 million (10 per cent), attributable to increase in maintenance expenses on new or upgraded systems, and inflationary adjustments on contract renewals.

Professional fees decreased by \$91 million (66 per cent), due to partial recovery of legal fees and lower legal and professional fees relating to the events in the nickel market in March 2022.

### Depreciation and Amortisation

	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m	Change
Depreciation and amortisation	698	719	(3%)

Depreciation and amortisation decreased by \$21 million (3 per cent), as a result of a decrease in depreciation of right-of-use assets resulting from lower rent on renewal of certain office leases, and certain assets being fully depreciated in 2023. The decrease was partly offset by new IT systems and upgrades in 2H 2023.

During 1H 2024, the Group incurred capital expenditure<sup>5</sup> of \$612 million, an increase of 22 per cent from 1H 2023, mainly attributable to the development of the derivatives and commodities trading and clearing systems.

<sup>5</sup> Exclude right-of-use assets recognised under HKFRS 16: Leases

## Finance Costs

	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m	Change
Finance costs	59	70	(16%)

Finance costs decreased due to lower interest expense on lease liabilities.

## Taxation

	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m	Change
Taxation	766	741	3%

Taxation increased by \$25 million, due to lower non-taxable income in 1H 2024, partly offset by lower profit before taxation.

# Financial Review

## Quarterly Results

	Q1 2024 \$m	Q2 2024 \$m	1H 2024 \$m
Trading fees and trading tariffs	1,579	1,711	3,290
Clearing and settlement fees	1,021	1,104	2,125
Stock Exchange listing fees	365	360	725
Depository, custody and nominee services fees	184	358	542
Market data fees	265	267	532
Other revenue and sundry income	436	420	856
Net investment income	1,342	1,179	2,521
Donation income of HKEX Foundation	9	21	30
<b>Revenue and other income</b>	<b>5,201</b>	<b>5,420</b>	<b>10,621</b>
Less: Transaction-related expenses	(85)	(81)	(166)
<b>Revenue and other income less transaction-related expenses</b>	<b>5,116</b>	<b>5,339</b>	<b>10,455</b>
<b>Operating expenses</b>			
Staff costs and related expenses	(1,008)	(929)	(1,937)
IT and computer maintenance expenses	(205)	(216)	(421)
Premises expenses	(30)	(37)	(67)
Product marketing and promotion expenses	(27)	(26)	(53)
Professional fees	(45)	(1)	(46)
HKEX Foundation charitable donations	(6)	(68)	(74)
Other operating expenses	(90)	(106)	(196)
	<b>(1,411)</b>	<b>(1,383)</b>	<b>(2,794)</b>
<b>EBITDA (non-HKFRS measure)</b>	<b>3,705</b>	<b>3,956</b>	<b>7,661</b>
Depreciation and amortisation	(345)	(353)	(698)
<b>Operating profit</b>	<b>3,360</b>	<b>3,603</b>	<b>6,963</b>
Finance costs	(30)	(29)	(59)
Share of profits of joint ventures	26	22	48
<b>Profit before taxation</b>	<b>3,356</b>	<b>3,596</b>	<b>6,952</b>
<b>Taxation</b>	<b>(355)</b>	<b>(411)</b>	<b>(766)</b>
<b>Profit for the period</b>	<b>3,001</b>	<b>3,185</b>	<b>6,186</b>
Profit attributable to non-controlling interests	(31)	(30)	(61)
<b>Profit attributable to shareholders</b>	<b>2,970</b>	<b>3,155</b>	<b>6,125</b>
	Q1 2023 \$m	Q2 2023 \$m	1H 2023 \$m
Revenue and other income	5,558	5,017	10,575
Profit attributable to shareholders	3,408	2,904	6,312

## Net Investment Income of Margin Funds and Clearing House Funds

Net investment income of Margin Funds and Clearing House Funds decreased by \$239 million compared with 1H 2023, reflecting the lower fund sizes, and an increase in the proportion of JPY collateral posted by HKCC CPs in 1H 2024, which generated lower return. Further analysis on net investment income of Margin Funds and Clearing House Funds is set out below:

	Six months ended 30 Jun 2024				
	HK Clearing Houses		LME Clear		Total \$m
	Margin Funds \$m	Clearing House Funds \$m	Margin Funds \$m	Clearing House Funds \$m	
Net investment income/(loss) from:					
– Cash and bank deposits (including foreign exchange swaps)	1,135	160	85	10	1,390
– Debt securities	166	54	10	1	231
– Exchange losses	(1)	–	–	–	(1)
Total net investment income	1,300	214	95	11	1,620
Average fund size (\$bn)	100.2	13.9	74.7	9.0	197.8
Annualised net investment return	2.60%	3.08%	0.25%	0.24%	1.64%

	Six months ended 30 Jun 2023				
	HK Clearing Houses		LME Clear		Total \$m
	Margin Funds \$m	Clearing House Funds \$m	Margin Funds \$m	Clearing House Funds \$m	
Net investment income from:					
– Cash and bank deposits (including foreign exchange swaps)	1,525	112	79	10	1,726
– Debt securities	83	38	5	1	127
– Exchange gains	6	–	–	–	6
Total net investment income	1,614	150	84	11	1,859
Average fund size (\$bn)	119.4	11.1	93.1	11.5	235.1
Annualised net investment return	2.70%	2.70%	0.18%	0.19%	1.58%

Net investment income of Margin Funds and Clearing House Funds are allocated to the following segments:

	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m	Change
Cash	119	99	20%
Equity and Financial Derivatives	1,395	1,665	(16%)
Commodities	106	95	12%
Total	1,620	1,859	(13%)

## Significant Financial Assets and Financial Liabilities by Funds

	At 30 Jun 2024 \$m	At 31 Dec 2023 \$m	Change
<b>Financial assets</b>			
Cash and cash equivalents	153,987	125,107	23%
Financial assets measured at fair value through profit or loss	7,372	6,961	6%
Financial assets measured at fair value through other comprehensive income	45,621	18,250	150%
Financial assets measured at amortised cost	45,663	76,649	(40%)
Derivative financial instruments	91,462	58,127	57%
<b>Total</b>	<b>344,105</b>	<b>285,094</b>	<b>21%</b>

The Group's financial assets comprised financial assets of Corporate Funds, Margin Funds, Clearing House Funds, derivative financial instruments (including base and ferrous metals derivatives contracts, and foreign exchange derivative contracts), and cash prepayments and collateral for A-shares traded under Stock Connect, as follows:

	At 30 Jun 2024 \$m	At 31 Dec 2023 \$m	Change
<b>Financial assets</b>			
Corporate Funds <sup>1</sup>	35,951	34,812	3%
Margin Funds <sup>2</sup>	181,155	166,300	9%
Clearing House Funds	26,781	23,122	16%
Derivative financial instruments	91,462	58,127	57%
Cash prepayments and collateral for A-shares	8,756	2,733	220%
<b>Total</b>	<b>344,105</b>	<b>285,094</b>	<b>21%</b>

<sup>1</sup> Includes \$1,569 million (31 December 2023: \$1,571 million) solely used for supporting contributions to default funds (Skin-in-the-Game), and default fund credits for Clearing House Funds

<sup>2</sup> Excludes Settlement Reserve Fund and Settlement Guarantee Fund paid to ChinaClear under Stock Connect, inter-central counterparties (inter-CCP) margin paid to Shanghai Clearing House (SHCH) under Swap Connect, and margin receivable from CPs of \$10,892 million (31 December 2023: \$9,865 million), which are included in accounts receivable, prepayments and deposits

	At 30 Jun 2024 \$m	At 31 Dec 2023 \$m	Change
<b>Financial liabilities</b>			
Derivative financial instruments	91,514	58,100	58%
Margin deposits, Mainland security and settlement deposits, and cash collateral from Participants	187,448	176,165	6%
CPs' contributions to Clearing House Funds	25,398	21,955	16%
<b>Total</b>	<b>304,360</b>	<b>256,220</b>	<b>19%</b>

The increase in financial assets and financial liabilities of Margin Funds at 30 June 2024 compared with 31 December 2023 was attributable to increased contributions from LME Clear members, SEOCH CPs, HKCC CPs and OTC Clearing members, driven by higher margin requirements from higher metal contract prices, higher open positions of stock options, increase in excess collateral posted by HKCC CPs, and increased OTC Clear clearing activities respectively.

The increase in financial assets and financial liabilities of Clearing House Funds at 30 June 2024 compared with 31 December 2023 was mainly due to higher contributions required from LME Clear members and HKSCC CPs partly offset by lower contributions from HKCC CPs, in response to changes in risk exposures.

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.

A portion of the Corporate Funds is invested in a diversified portfolio of investment funds which are designed to enhance returns and mitigate portfolio volatility and asset class concentration risk. Further details of investments in the External Portfolio are as follows:

Strategy	At 30 Jun 2024 \$m	At 31 Dec 2023 \$m	Change
Diversifiers	4,234	4,096	3%
Government Bonds and Mortgage-backed Securities	1,581	1,401	13%
Public Equities	1,198	1,071	12%
Total	7,013	6,568	7%

## Working Capital, Financial Resources and Gearing

Working capital decreased by \$1,525 million to \$28,166 million at 30 June 2024 (31 December 2023: \$29,691 million). The decrease was primarily due to 2023 second interim dividend of \$4,944 million and the increase of long-term financial assets held under Corporate Funds of \$2,867 million; partly offset by profit of \$6,125 million generated during 1H 2024, and share-based compensation expenses directly credited to reserve during 1H 2024 of \$206 million.

At 30 June 2024, the Group's outstanding borrowings represented written put options to non-controlling interests of \$449 million (31 December 2023: \$447 million). As a result, the Group had

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 is kept overnight to meet withdrawal requests from CPs (approximately 34 per cent at 30 June 2024), a certain proportion is invested in long-term investment grade debt securities (approximately 24 per cent at 30 June 2024) and the remaining funds are invested in time deposits with maturity of up to 12 months (weighted original maturity of ten months as at 30 June 2024).

Financial assets of Corporate Funds at 30 June 2024 increased by 3 per cent compared with 31 December 2023 as cash generated by the business over the past six months and the net increase in fair values of the Group's investments (including the External Portfolio and unlisted equity investments) were partly offset by the cash paid for the 2023 second interim dividend.

a gross gearing ratio (i.e., gross debt divided by adjusted capital) of 1 per cent (31 December 2023: 1 per cent), and a net gearing ratio (i.e., net debt divided by adjusted capital) of zero per cent (31 December 2023: zero per cent). For this purpose, gross debt is defined as total borrowings (excluding lease liabilities) and net debt<sup>1</sup> is defined as gross debt less cash and cash equivalents of Corporate Funds (excluding those reserved for supporting contributions to default funds and default fund credits for Clearing House Funds), and adjusted capital as all components of equity attributable to shareholders of HKEX other than designated reserves.

<sup>1</sup> Net debt is zero when the amount of cash and cash equivalents of Corporate Funds (excluding those reserved for supporting contributions to default funds and default fund credits for Clearing House Funds) is higher than gross debt.

Banking facilities have been put in place for contingency purposes. At 30 June 2024, the Group's total available banking facilities for its daily operations amounted to \$25,835 million (31 December 2023: \$25,912 million), which included \$18,906 million (31 December 2023: \$18,972 million) of committed banking facilities and \$6,500 million (31 December 2023: \$6,500 million) of repurchase facilities. In addition, the Group has arranged a new committed banking facility of \$5,000 million for certain periods of the year which needs higher liquidity requirements to cover operational needs and stress testing.

The Group has also put in place foreign exchange facilities for its daily clearing operations and for the RMB Equity Trading Support Facility to support the trading of RMB stocks listed on the Stock Exchange. At 30 June 2024, the total amount of the facilities was HK\$33,011 million (31 December 2023: HK\$33,852 million).

In addition, the Group has arranged contingency banking facilities amounting to RMB13,000 million (31 December 2023: RMB13,000 million) for settling payment obligations to ChinaClear should there be events that disrupt normal settlement arrangements for Stock Connect.

At 30 June 2024, 76 per cent (31 December 2023: 83 per cent) of the Group's cash and cash equivalents were denominated in HKD or USD.

## Capital Expenditure and Commitments

During 1H 2024, the Group incurred capital expenditure<sup>2</sup> of \$612 million (1H 2023: \$501 million) mainly related to the development and upgrade of various trading and clearing systems (notably trading and clearing systems for Commodities Market and Derivatives Market).

The Group's capital expenditure commitments at 30 June 2024, including those authorised by the Board but not yet contracted for, amounted to \$1,572 million (31 December 2023: \$1,555 million). They were mainly related to the development and upgrade of IT systems including the cash, derivatives and commodities trading and clearing systems (notably the new trading and clearing systems for the Derivatives Market).

## 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 were no material investments or additions of capital assets authorised by the Board at the date of this Interim Report.

## Pledges of Assets

Details of pledges of assets are included in note 27 to the Unaudited Condensed Consolidated Financial Statements of this Interim Report.

## Exposure to Fluctuations in Exchange Rates and Related Hedges

The functional currencies of the Hong Kong and PRC entities are either HKD or RMB and the functional currency of the LME entities is USD. Foreign exchange risks arise mainly from the Group's investments and bank deposits in currencies other than HKD and USD and the GBP expenditure of the LME entities.

Forward foreign exchange contracts and foreign currency bank deposits may be used to hedge the currency exposure of the Group's non-HKD and non-USD assets and liabilities and highly probable forecast transactions to mitigate risks arising from fluctuations in exchange rates, and foreign exchange swaps may be used for optimising foreign currency cash flows and yield enhancement while hedging the overall foreign exchange exposures of the Group.

Margin deposits received by the Group in Hong Kong are mainly denominated in HKD (approximately 67 per cent at 30 June 2024), and foreign currency margin deposits received are generally hedged by investments in the same currencies. For LME Clear, investments of Margin Fund and Default Fund will generally be in the currency in which cash was received.

<sup>2</sup> Exclude right-of-use assets recognised under HKFRS 16: Leases



The aggregate net open foreign currency positions (excluding the External Portfolio and equity securities) at 30 June 2024 amounted to HK\$386 million, of which HK\$278 million were non-USD exposures (31 December 2023: HK\$620 million, of which HK\$347 million were non-USD exposures).

## **Contingent Liabilities**

Details of contingent liabilities are included in note 25 to the Unaudited Condensed Consolidated Financial Statements of this Interim Report.

## **Changes since 31 December 2023**

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 2023.

## **Review of Financial Statements**

The Audit Committee has reviewed the Group's Unaudited Condensed Consolidated Financial Statements for the six months ended 30 June 2024 in conjunction with HKEX's external auditor. Based on this review and discussions with the management, the Audit Committee was satisfied that the Unaudited 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 2024.

# Corporate Governance and Other Information

(As of 21 August 2024)

## Board and Committees

### Board

#### Independent Non-executive Directors

Carlson TONG \* GBS, JP (Chairman)  
Nicholas Charles ALLEN  
Apurv BAGRI BBS  
CHAN Kin Por \* GBS, JP  
CHEAH Cheng Hye  
CHEUNG Ming Ming, Anna  
CHOW WOO Mo Fong, Susan \*  
LEUNG Nisa Bernice Wing-Yu \* MH, JP  
LEUNG Pak Hon, Hugo  
YAM Chi Kwong, Joseph \* GBM, GBS, JP  
YAN King Shun, Peter \* JP  
ZHANG Yichen

#### Executive Director

CHAN Yiting, Bonnie (Chief Executive Officer)

#### Group Company Secretary

Timothy TSANG

### Committees

#### Audit Committee

Nicholas Charles ALLEN (Chairman)  
CHEUNG Ming Ming, Anna  
CHOW WOO Mo Fong, Susan  
LEUNG Pak Hon, Hugo  
YAN King Shun, Peter

#### Board Executive Committee

Carlson TONG <sup>1</sup> (Chairman)  
CHAN Yiting, Bonnie  
CHEAH Cheng Hye  
CHEUNG Ming Ming, Anna  
LEUNG Pak Hon, Hugo

#### Corporate Responsibility Committee

(formerly known as Corporate Social Responsibility Committee)  
Carlson TONG (Chairman)  
CHAN Kin Por  
CHAN Yiting, Bonnie  
CHEUNG Ming Ming, Anna  
CHOW WOO Mo Fong, Susan  
ZHANG Yichen

#### Investment Committee

CHEAH Cheng Hye (Chairman)  
CHAN Kin Por  
LEUNG Pak Hon, Hugo  
YAM Chi Kwong, Joseph  
ZHANG Yichen

#### Listing Operation Governance Committee

CHOW WOO Mo Fong, Susan (Chairman)  
Renu BHATIA <sup>2</sup>  
CHEAH Cheng Hye  
Terence Francois KEYES <sup>3</sup>  
LEUNG Pak Hon, Hugo

#### Nomination and Governance Committee

Carlson TONG (Chairman)  
Apurv BAGRI  
CHEAH Cheng Hye  
LEUNG Nisa Bernice Wing-Yu  
YAN King Shun, Peter  
ZHANG Yichen

#### Remuneration Committee

Carlson TONG (Chairman)  
Apurv BAGRI  
CHEUNG Ming Ming, Anna  
CHOW WOO Mo Fong, Susan  
YAM Chi Kwong, Joseph  
YAN King Shun, Peter

#### Risk Committee

CHOW WOO Mo Fong, Susan (Chairman)  
Nicholas Charles ALLEN  
LEUNG Nisa Bernice Wing-Yu  
LEUNG Pak Hon, Hugo  
YAM Chi Kwong, Joseph

#### Risk Management Committee (statutory) <sup>Δ</sup>

Carlson TONG <sup>1</sup> (Chairman)  
CHOW WOO Mo Fong, Susan  
HO Hon Kit, Daryl \*\* <sup>4</sup>  
KWOK Pui Fong, Miranda \*\*  
LEUNG Chung Yin, Rico \*\* <sup>5</sup>  
LEUNG Pak Hon, Hugo  
SUN Yu \*\*  
XING Guiwei \*\* <sup>6</sup>

\* Government Appointed Director

\*\* Appointed by the Financial Secretary

Δ Established under Section 65 of the SFO

<sup>1</sup> Chairman by virtue of being HKEX's Chairman

<sup>2</sup> Member by virtue of being chairman of the Listing Committee of the Stock Exchange

<sup>3</sup> Member by virtue of being deputy chairman of the Listing Committee of the Stock Exchange

<sup>4</sup> Member by virtue of being Executive Director (Monetary Management) of the Hong Kong Monetary Authority

<sup>5</sup> Member by virtue of being Executive Director (Supervision of Markets) of the SFC

<sup>6</sup> Member by virtue of being the Chairman of Hong Kong Interbank Clearing Limited

## International Advisory Council

HKEX has established an International Advisory Council (“Advisory Council”) to provide the Board with insight and expertise from around the world, on business, economics, technology, and finance, drawing on the extensive skills and experience of its members.

The Advisory Council now comprises eight members and is chaired by Mrs Laura M Cha, former HKEX Chairman.

### Members of International Advisory Council

- Laura M CHA (Chairman)
- Bonnie Y CHAN
- Rona FAIRHEAD
- Stuart GULLIVER
- Weijian SHAN
- Neil SHEN
- Carlson TONG
- Joseph TSAI

## Mainland China Advisory Group

HKEX has established a Mainland China Advisory Group (“Advisory Group”) to advise the Board on the development of China’s financial markets and economy.

Following the appointment of Professor Huang Yiping and Mr Chang Sun to the Advisory Group in the second quarter of 2024 and the expiry of Mr Zhang Lei’s membership with the Advisory Group in June 2024, the Advisory Group now comprises eight members and is chaired by Mrs Laura M Cha.

### Members of Mainland China Advisory Group

- Laura M CHA (Chairman)
- Bonnie Y CHAN
- Fred HU
- HUANG Yiping
- MA Weihua
- Chang SUN
- Carlson TONG
- ZHANG Yichen

## Changes in Information

Changes in Directors’ other major offices which are required to be disclosed under Rule 13.51B(1) of the Main Board Listing Rules are set out below.

	Appointment (effective)	Cessation (effective)
<b>Nicholas Allen</b>		
• Link Asset Management Limited (as manager of Link Real Estate Investment Trust *) – chairman and independent non-executive director	–	2 Aug 2024
<b>Apurv Bagri</b>		
• HKEX – member of Remuneration Committee <sup>1</sup>	24 Apr 2024	–
• HKEX Global Commodities Limited <sup>2</sup> – chairman and director	6 Mar 2024	–
<b>Chan Kin Por</b>		
• HKEX – member of Corporate Responsibility Committee <sup>3</sup> and Investment Committee	24 Apr 2024	–
• HKEX Foundation – director	24 Apr 2024	–
<b>Bonnie Y Chan</b>		
• HKEX – member of International Advisory Council	24 Apr 2024	–
• LME Clear – member of Audit Committee	–	4 Jul 2024
<b>Cheah Cheng Hye</b>		
• HKEX – member of Corporate Responsibility Committee <sup>3,4</sup>	24 Apr 2024	21 Jun 2024
• HKEX Foundation – director <sup>4</sup>	24 Apr 2024	21 Jun 2024

	Appointment (effective)	Cessation (effective)
<b>Susan Chow</b>		
• HKEX – member of Audit Committee	24 Apr 2024	–
• SEHK – member of Listing Nominating Committee	24 Apr 2024	–
<b>Hugo Leung</b>		
• LME Clear – non-executive director	5 Jul 2024	–
<b>Nisa Leung</b>		
• HKEX		
– member of Audit Committee	–	24 Apr 2024
– member of Nomination and Governance Committee	24 Apr 2024	–
• CanSino Biologics Inc * (also listed on Shanghai Stock Exchange)	–	30 May 2024
– non-executive director		
<b>Carlson Tong</b>		
• HKEX		
– chairman of the Board <sup>5</sup> , chairman of Board Executive Committee <sup>6</sup> and Risk Management Committee (statutory) <sup>6</sup>	3 May 2024	–
– chairman of Corporate Responsibility Committee <sup>3,7</sup> , Nomination and Governance Committee <sup>7</sup> , and Remuneration Committee	24 Apr 2024	–
– member of Audit Committee	–	24 Apr 2024
– member of International Advisory Council and Mainland China Advisory Group	24 Apr 2024	–
• HKEX Foundation – chairman	24 Apr 2024	–
• HKEX Global Commodities Limited <sup>2</sup> – director	6 Mar 2024	–
• Listing Policy Panel – member	24 Apr 2024	–
• SEHK – member of Listing Nominating Committee	24 Apr 2024	–
• Standard Chartered PLC * – independent non-executive director	–	9 May 2024
• World Federation of Exchanges – director	4 Jun 2024	–
• Cathay Pacific Airways Limited * – observer on behalf of the HKSAR Government	–	1 Aug 2024
• Standard Chartered Bank (Hong Kong) Limited – independent non-executive director	15 Aug 2024	–
<b>Joseph Yam</b>		
• UnionPay International Co Ltd – independent non-executive director	–	27 Jun 2024
• Johnson Electric Holdings Limited * – independent non-executive director	–	12 Jul 2024
<b>Peter Yan</b>		
• HKEX – member of Audit Committee, Nomination and Governance Committee, and Remuneration Committee	24 Apr 2024	–
• Hong Kong Cyberport Management Company Limited – chief executive officer	–	2 Apr 2024
• Advisory Committee on the Northern Metropolis – member	–	1 May 2024

\* Listed on the Stock Exchange

1 Redesignation from chairman to member of Remuneration Committee effective 24 April 2024

2 Formerly named HKEX Investment (UK) Limited

3 Formerly known as Corporate Social Responsibility Committee

4 Mr Cheah served on Corporate Responsibility Committee and the board of HKEX Foundation during the period from 24 April to 21 June 2024.

5 Appointment as Chairman of HKEX's Board effective 3 May 2024 pursuant to the written approval given by the Chief Executive of the HKSAR on the same day under Section 69 of the SFO

6 Appointment by virtue of being HKEX's Chairman effective 3 May 2024

7 Redesignation from member to chairman of the relevant Committees effective 24 April 2024

HKEX Independent Non-executive Directors may also serve as the chairman, the deputy chairman, or members of hearing(s) held by the appeal committee(s) of the regulated entities within the Group from time to time.

The biographies of the current Directors are available in the About HKEX (Our Structure) section of the HKEX Group website.

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

## Compliance with Corporate Governance Code

Throughout the six months ended 30 June 2024, HKEX complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code, with the exception of Code Provision B.2.2 (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 the SFO. The Chief Executive Officer in her capacity as a Director is not subject to retirement by rotation, as her term on the Board is coterminous with her employment as the Chief Executive Officer with HKEX under HKEX's Articles of Association.

## 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 2024.

## Directors' Interests and Short Positions in Shares and Underlying Shares of HKEX

The interests and short positions of Directors, including the Chief Executive Officer, in the shares and underlying shares of HKEX (within the meaning of Part XV of the SFO) as at 30 June 2024 as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to HKEX and the SFC under the Model Code, are set out below.

### Long Positions in Shares and Underlying Shares of HKEX

Name of Director	Number of shares/underlying shares held				Total	% of HKEX <sup>1</sup> shares in issue
	Personal interests	Family interests	Corporate interests	Other interests		
Bonnie Y Chan	84,251 <sup>2</sup>	–	–	–	84,251	0.01
Anna Cheung	300	–	–	–	300	0.00

1 Based on 1,267,836,895 HKEX shares in issue as at 30 June 2024

2 It included Ms Chan's interest in Awarded Shares and shares acquired out of the dividends from the Awarded Shares, in an aggregate of 60,758 shares which remained unvested under the Share Award Scheme. Details of Ms Chan's interest in Awarded Shares are set out in "Share Award Scheme" below.

Save as disclosed above, 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 at 30 June 2024 as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to HKEX and the SFC under the Model Code.

Apart from the Share Award Scheme, during the six months ended 30 June 2024, neither HKEX nor any of its subsidiary undertakings was 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 as disclosed above and note 20 to the Unaudited Condensed Consolidated Financial Statements, during the six months ended 30 June 2024, none of the Directors (including their spouses and children under the age of 18) had 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

As at the date of this Interim Report, other than the Government which has been a Minority Controller since 7 September 2007, 13 entities have been approved by the SFC as Minority Controllers. According to the Participant Shareholding Report as at 30 June 2024, these 13 Minority Controllers and their relevant associated person(s) in aggregate held approximately 73 per cent of HKEX shares in issue. More information about Minority Controllers is set out in the Corporate Governance section of the HKEX Group website.

Other persons' interests and short positions in the shares and underlying shares of HKEX (within the meaning of Part XV of the SFO) as at 30 June 2024 as recorded in the register required to be kept under Section 336 of the SFO are set out below.

### Long Positions in Shares and Underlying Shares of HKEX

Name	Capacity	Number of shares/ underlying shares held	Total	% of HKEX <sup>1</sup> shares in issue
JPMorgan Chase & Co. (JPMC)	Interest of corporation controlled by JPMC	10,845,351	70,890,611 <sup>2</sup>	5.59
	Investment manager	32,103,811		
	Person having a security interest in shares	207,469		
	Trustee	46,731		
	Approved lending agent	27,687,249		
HKSAR Government (for the account of the Exchange Fund)	Beneficial owner	74,840,961 <sup>3</sup>	74,840,961	5.90

### Short Positions in Shares and Underlying Shares of HKEX

Name	Capacity	Number of shares/ underlying shares held	Total	% of HKEX <sup>1</sup> shares in issue
JPMC	Interest of corporation controlled by JPMC	12,439,583	12,452,885 <sup>4</sup>	0.98
	Investment manager	13,302		

1 Based on 1,267,836,895 shares in issue as at 30 June 2024

2 It included an aggregate interest in 7,663,396 underlying shares through JPMC's holding of certain listed derivatives (physically settled: 2,783,800 shares; cash settled: 437,250 shares) and unlisted derivatives (physically settled: 945,446 shares; cash settled: 3,496,900 shares).

3 Based on Hong Kong Monetary Authority's notification to HKEX on 4 June 2018

4 It included an aggregate interest in 10,901,303 underlying shares through JPMC's holding of certain listed derivatives (physically settled: 1,334,300 shares; cash settled: 5,003,962 shares; convertible instruments: 3 shares) and unlisted derivatives (physically settled: 3,436,077 shares; cash settled: 1,126,961 shares).

Save as disclosed above, no other persons had any interests or short positions in the shares or underlying shares of HKEX as at 30 June 2024 as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to HKEX and the Stock Exchange.

## Share Award Scheme

HKEX has adopted the Share Award Scheme to attract and retain high calibre employees; to incentivise and recognise their contributions to the Group's continuous operations and further development; and to promote prudent risk behaviour among them as part of the Group's risk management mechanism. The Scheme was initially adopted by the Board on 14 September 2005 (Adoption Date), with subsequent amendments thereafter. Under the Scheme rules, the Scheme shall be valid until termination as determined by the Board, or otherwise as required under any applicable legal and/or regulatory requirements. The Scheme rules are available in the Corporate Governance section of the HKEX Group website.

The maximum number of HKEX shares which may be awarded under the Scheme is 3 per cent (i.e., 31,871,575 shares) of HKEX shares in issue as at the Adoption Date, and the maximum number of shares

which may be awarded to an employee selected under the Scheme is 1 per cent (i.e., 10,623,858 shares).

Since the Adoption Date and up to 30 June 2024, a total of 18,223,863 shares had been awarded under the Scheme, representing about 1.7 per cent of the number of HKEX shares in issue on the Adoption Date.

As at 30 June 2024, taking into account the shares acquired out of the dividends from the shares held under the trust, there were 3,330,741 shares held in trust under the Scheme (excluding shares vested but not yet transferred to awardees). Further details of the Scheme are set out in note 21 to the Unaudited Condensed Consolidated Financial Statements.

Non-executive Directors are not entitled to participate in the Share Award Scheme. Details of the interests of the Chief Executive Officer in the Awarded Shares are set out below.

	Date of <sup>2</sup> award	Number of Awarded Shares	As at 1 Jan 2024	Number of shares <sup>1</sup>			As at 30 Jun 2024	Vesting <sup>3</sup> period
				Shares acquired during the six months ended 30 Jun 2024	out of the dividends	Vested during the six months ended 30 Jun 2024		
Bonnie Y Chan	9 Mar 2022	12,086	6,345	108	–	–	6,453	7 Dec 2023 – 7 Dec 2024
	27 Feb 2023	18,873	19,373	330	–	–	19,703	8 Dec 2024 – 8 Dec 2025
	4 Mar 2024	34,023	–	579	–	–	34,602	8 Dec 2025 – 8 Dec 2026

1 Includes share acquired out of the dividends from the Awarded Shares according to the Scheme

2 Refers to the date on which the trustee allocated the Awarded Shares to Ms Chan

3 The Awarded Shares and the related income are vested in two equal tranches in the second and third year after the grant.

## **Purchase, Sale or Redemption of HKEX's Listed Securities**

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any HKEX shares, except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 121,922 HKEX shares at a total consideration of \$31 million.

## **Sustainable Workplace**

During the six months ended 30 June 2024, the Group organised 43 in-house courses for employees to enhance their job knowledge, skills and well-being. Moreover, the Group sponsored a total of 38 employees to attend external training.

As at 30 June 2024, the Group had 2,441 permanent employees and 127 temporary employees. HKEX's remuneration policy has remained unchanged since the date of the 2023 Annual Report. Information regarding employees' remuneration and benefits for the six months ended 30 June 2024 is set out in note 7 to the Unaudited Condensed Consolidated Financial Statements of this Interim Report.

Details of HKEX's principles and practices related to governance and sustainability are set out in the Corporate Governance and Corporate Social Responsibility sections of the HKEX Group website.



# Shareholder Information

## Interim Dividend

The Board has declared an interim dividend of \$4.36 per share for the year ending 31 December 2024, payable in cash in Hong Kong dollars.

### Key Dates for 2024 Interim Dividend

Ex-dividend date	3 September 2024
Latest time to lodge transfer documents for registration with HKEX's registrar	At 4:30 pm on 4 September 2024
Closure of HKEX's Register of Members	5 to 6 September 2024 (both dates inclusive)
Record date	6 September 2024
Despatch of dividend warrants	17 September 2024

## RMB Counter

HKEX has launched a RMB counter for trading of HKEX shares under the HKD-RMB Dual Counter Model.

As the RMB counter is offered for secondary market trading and settlement of Shares only, no physical certificate deposit or withdrawal service is provided for RMB-traded Shares.

RMB-traded Shares and HKD-traded Shares are of the same class of shares in the share capital of HKEX and are interchangeable from one counter to another. They rank equally in all respects, including in relation to dividends, distributions and voting. Shareholders holding HKD-traded Shares and Shareholders holding RMB-traded Shares have identical shareholders' rights and enjoy the same treatment under all corporate actions of HKEX.

More information about trading and settlement of RMB-traded Shares and HKD-traded Shares under the HKD-RMB Dual Counter Model is available in the Our Services (Trading) section of the HKEX Market website ([www.hkex.com.hk](http://www.hkex.com.hk)).

	HKD counter	RMB counter
Stock code	388	80388
English stock short name	HKEX	HKEX-R
Chinese stock short name	香港交易所	香港交易所-R
Bloomberg	388 HK Equity	80388 HK Equity
Reuters	0388.HK	80388.HK
ISIN	HK0388045442	HK0000931664
SEDOL1	6267359 HK	-
Board lot size	100 shares	100 shares

## Electronic Communication

This Interim Report is printed in English and Chinese, and is available in the Investor Relations (Regulatory Disclosure) section of the HKEX Group website ([www.hkexgroup.com](http://www.hkexgroup.com)) and HKEXnews website ([www.hkexnews.hk](http://www.hkexnews.hk)).

The Investor Relations (Shareholder Services) section of the HKEX Group website sets out details of HKEX's arrangements for dissemination of Corporate Communications of HKEX.

### HKEX's Registrar – Hong Kong Registrars Limited

#### For corporate communications:

By post: 17M Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

By email: [hkex.ecom@computershare.com.hk](mailto:hkex.ecom@computershare.com.hk)

#### For transfer of shares:

Address: Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

Tel: +852 2862 8555

Fax: +852 2865 0990/+852 2529 6087

Shareholders are encouraged to access HKEX's corporate communications by electronic means through the HKEX Group website to help protect the environment. Shareholders may at any time change their choice of language or means of receipt of HKEX's corporate communications with not less than seven days' notice in writing to HKEX's registrar by completing and submitting the relevant Request Form(s) which is/are available for download from the Investor Relations (Shareholder Services) section of the HKEX Group website or completing and submitting the online request form by scanning the QR Code below.



QR code of online request form for Shareholders

## Registration for News Alerts

Shareholders who would like to be notified when HKEX publishes its corporate communications on the HKEXnews website can register for the News Alerts service in the Market Data section of the HKEX Market website ([www.hkex.com.hk](http://www.hkex.com.hk)).

The Investor Relations section of the HKEX Group website contains further information which may be of interest to Shareholders.

# 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 52 to 74, which comprises the interim condensed consolidated statement of financial position of Hong Kong Exchanges and Clearing Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2024 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising material accounting policy information and other explanatory information. 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 of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, 21 August 2024



# Condensed Consolidated Financial Statements

(Unaudited)



# Condensed Consolidated Income Statement

(Unaudited)

	Note	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m
Trading fees and trading tariffs	4	3,290	3,182
Clearing and settlement fees		2,125	2,028
Stock Exchange listing fees		725	785
Depository, custody and nominee services fees		542	556
Market data fees		532	537
Other revenue		848	770
<b>Revenue</b>		<b>8,062</b>	<b>7,858</b>
Investment income		5,536	5,774
Interest rebates to Participants		(3,015)	(3,098)
Net investment income	5	2,521	2,676
Donation income of HKEX Foundation		30	29
Sundry income		8	12
<b>Revenue and other income</b>		<b>10,621</b>	<b>10,575</b>
Less: Transaction-related expenses	6	(166)	(94)
<b>Revenue and other income less transaction-related expenses</b>		<b>10,455</b>	<b>10,481</b>
<b>Operating expenses</b>			
Staff costs and related expenses	7	(1,937)	(1,711)
Information technology and computer maintenance expenses		(421)	(381)
Premises expenses		(67)	(64)
Product marketing and promotion expenses		(53)	(51)
Professional fees		(46)	(137)
HKEX Foundation charitable donations		(74)	(77)
Other operating expenses		(196)	(201)
		<b>(2,794)</b>	<b>(2,622)</b>
<b>EBITDA (non-HKFRS measure)*</b>		<b>7,661</b>	<b>7,859</b>
Depreciation and amortisation		(698)	(719)
<b>Operating profit</b>		<b>6,963</b>	<b>7,140</b>
Finance costs	8	(59)	(70)
Share of profits of joint ventures		48	39
<b>Profit before taxation</b>		<b>6,952</b>	<b>7,109</b>
<b>Taxation</b>	9	<b>(766)</b>	<b>(741)</b>
<b>Profit for the period</b>		<b>6,186</b>	<b>6,368</b>
<b>Profit attributable to:</b>			
Shareholders of HKEX		6,125	6,312
Non-controlling interests		61	56
<b>Profit for the period</b>		<b>6,186</b>	<b>6,368</b>
<b>Basic earnings per share</b>	10(a)	<b>\$4.84</b>	\$4.99
<b>Diluted earnings per share</b>	10(b)	<b>\$4.83</b>	\$4.98

\* 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 ventures. EBITDA is a non-HKFRS measure used by management for monitoring business performance and may not be comparable to similar measures presented by other companies.

# Condensed Consolidated Statement of Comprehensive Income

(Unaudited)

	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m
<b>Profit for the period</b>	<b>6,186</b>	6,368
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Currency translation differences of foreign subsidiaries	(18)	29
Cash flow hedges, net of tax	(3)	14
Changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	14	56
<b>Other comprehensive (loss)/income</b>	<b>(7)</b>	99
<b>Total comprehensive income</b>	<b>6,179</b>	6,467
<b>Total comprehensive income attributable to:</b>		
Shareholders of HKEX	6,119	6,415
Non-controlling interests	60	52
<b>Total comprehensive income</b>	<b>6,179</b>	6,467

# Condensed Consolidated Statement of Financial Position

(Unaudited)

	Note	At 30 Jun 2024			At 31 Dec 2023		
		Current \$m	Non-current \$m	Total \$m	Current \$m	Non-current \$m	Total \$m
<b>Assets</b>							
Cash and cash equivalents	12	153,987	-	153,987	125,107	-	125,107
Financial assets measured at fair value through profit or loss	12	6,797	575	7,372	6,357	604	6,961
Financial assets measured at fair value through other comprehensive income	12	42,696	2,925	45,621	18,250	-	18,250
Financial assets measured at amortised cost	12	44,027	1,636	45,663	74,984	1,665	76,649
Derivative financial instruments	12,13	91,462	-	91,462	58,127	-	58,127
Accounts receivable, prepayments and deposits	14	26,413	19	26,432	33,313	19	33,332
Tax recoverable	9(c)	279	-	279	64	-	64
Interests in joint ventures		-	400	400	-	352	352
Goodwill and other intangible assets		-	19,413	19,413	-	19,279	19,279
Fixed assets		-	1,463	1,463	-	1,553	1,553
Right-of-use assets		-	1,289	1,289	-	1,484	1,484
Deferred tax assets		-	15	15	-	21	21
<b>Total assets</b>		<b>365,661</b>	<b>27,735</b>	<b>393,396</b>	<b>316,202</b>	<b>24,977</b>	<b>341,179</b>
<b>Liabilities and equity</b>							
<b>Liabilities</b>							
Derivative financial instruments	13	91,514	-	91,514	58,100	-	58,100
Margin deposits, Mainland security and settlement deposits, and cash collateral from Participants	15	187,448	-	187,448	176,165	-	176,165
Accounts payable, accruals and other liabilities	16	26,237	-	26,237	27,849	-	27,849
Deferred revenue		703	307	1,010	1,060	307	1,367
Taxation payable		839	-	839	639	-	639
Other financial liabilities	17	4,643	-	4,643	29	-	29
Participants' contributions to Clearing House Funds	18	25,398	-	25,398	21,955	-	21,955
Lease liabilities		250	1,162	1,412	270	1,334	1,604
Borrowings	19	382	67	449	382	65	447
Provisions		81	114	195	62	113	175
Deferred tax liabilities		-	1,031	1,031	-	1,053	1,053
<b>Total liabilities</b>		<b>337,495</b>	<b>2,681</b>	<b>340,176</b>	<b>286,511</b>	<b>2,872</b>	<b>289,383</b>
<b>Equity</b>							
Share capital	20			31,946			31,946
Shares held for Share Award Scheme	20			(1,010)			(1,009)
Employee share-based compensation reserve	21			550			373
Hedging and revaluation reserves				(133)			(144)
Exchange reserve				(185)			(168)
Designated reserves	22			1,219			1,018
Reserve relating to written put options to non-controlling interests				(395)			(395)
Retained earnings				20,716			19,723
<b>Equity attributable to shareholders of HKEX</b>				<b>52,708</b>			<b>51,344</b>
Non-controlling interests				512			452
<b>Total equity</b>				<b>53,220</b>			<b>51,796</b>
<b>Total liabilities and equity</b>				<b>393,396</b>			<b>341,179</b>
<b>Net current assets</b>				<b>28,166</b>			<b>29,691</b>



# Condensed Consolidated Statement of Changes in Equity

(Unaudited)

	Attributable to shareholders of HKEX									
	Share capital and shares held for Share Award Scheme (note 20) \$m	Employee share-based compensation reserve (note 21) \$m	Hedging and revaluation reserves \$m	Exchange reserve \$m	Designated reserves (note 22) \$m	Reserve relating to written put options to non-controlling interests \$m	Retained earnings \$m	Total \$m	Non-controlling interests \$m	Total equity \$m
At 1 Jan 2024	30,937	373	(144)	(168)	1,018	(395)	19,723	51,344	452	51,796
Profit for the period	-	-	-	-	-	-	6,125	6,125	61	6,186
Other comprehensive income/(loss)	-	-	11	(17)	-	-	-	(6)	(1)	(7)
Total comprehensive income	-	-	11	(17)	-	-	6,125	6,119	60	6,179
Total transactions with shareholders of HKEX, recognised directly in equity:										
- 2023 second interim dividend at \$3.91 per share	-	-	-	-	-	-	(4,944)	(4,944)	-	(4,944)
- Unclaimed HKEX dividends forfeited	-	-	-	-	-	-	14	14	-	14
- Shares purchased for Share Award Scheme	(31)	-	-	-	-	-	-	(31)	-	(31)
- Vesting of shares of Share Award Scheme	30	(29)	-	-	-	-	(1)	-	-	-
- Employee share-based compensation benefits	-	206	-	-	-	-	-	206	-	206
- Transfer of reserves	-	-	-	-	201	-	(201)	-	-	-
	(1)	177	-	-	201	-	(5,132)	(4,755)	-	(4,755)
At 30 Jun 2024	30,936	550	(133)	(185)	1,219	(395)	20,716	52,708	512	53,220

	Attributable to shareholders of HKEX									
	Share capital and shares held for Share Award Scheme \$m	Employee share-based compensation reserve \$m	Hedging and revaluation reserves \$m	Exchange reserve \$m	Designated reserves \$m	Reserve relating to written put options to non-controlling interests \$m	Retained earnings \$m	Total \$m	Non-controlling interests \$m	Total equity \$m
At 1 Jan 2023	31,000	346	(266)	(155)	686	(430)	18,547	49,728	371	50,099
Profit for the period	-	-	-	-	-	-	6,312	6,312	56	6,368
Other comprehensive income/(loss)	-	-	70	33	-	-	-	103	(4)	99
Total comprehensive income	-	-	70	33	-	-	6,312	6,415	52	6,467
Total transactions with shareholders of HKEX, recognised directly in equity:										
- 2022 second interim dividend at \$3.69 per share	-	-	-	-	-	-	(4,669)	(4,669)	-	(4,669)
- Unclaimed HKEX dividends forfeited	-	-	-	-	-	-	10	10	-	10
- Shares purchased for Share Award Scheme	(9)	-	-	-	-	-	-	(9)	-	(9)
- Vesting of shares of Share Award Scheme	68	(66)	-	-	-	-	(2)	-	-	-
- Employee share-based compensation benefits	-	175	-	-	-	-	-	175	-	175
- Transfer of reserves	-	-	-	-	141	-	(141)	-	-	-
	59	109	-	-	141	-	(4,802)	(4,493)	-	(4,493)
At 30 Jun 2023	31,059	455	(196)	(122)	827	(430)	20,057	51,650	423	52,073

# Condensed Consolidated Statement of Cash Flows

(Unaudited)

	Note	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m
<b>Cash flows from principal operating activities</b>			
Net cash inflow from principal operating activities (non-HKFRS measure)	23	5,852	5,395
<b>Cash flows from other operating activities</b>			
Net (payments to)/redemption from external fund managers for (purchases)/sales of financial assets measured at fair value through profit or loss		(155)	186
Net cash inflow from operating activities		5,697	5,581
<b>Cash flows from investing activities</b>			
Payments for purchases of fixed assets and intangible assets		(784)	(630)
Net decrease/(increase) in financial assets of Corporate Funds:			
Decrease/(increase) in time deposits with original maturities more than three months		8,117	(1,918)
Proceeds received upon maturity of financial assets measured at amortised cost (excluding time deposits)		-	1,108
Payments for purchases of financial assets measured at amortised cost (excluding time deposits)		-	(2,115)
Payments for purchases of financial assets measured at fair value through other comprehensive income		(4,417)	-
Interest received from long-term debt securities classified as financial assets measured at amortised cost		69	-
Interest received from debt securities measured at fair value through other comprehensive income		587	328
Dividend received from a joint venture		-	21
Net cash inflow/(outflow) from investing activities		3,572	(3,206)
<b>Cash flows from financing activities</b>			
Purchases of shares for Share Award Scheme		(31)	(9)
Payments of other finance costs		(29)	(36)
Dividends paid to shareholders of HKEX		(4,923)	(4,649)
Lease payments			
– Capital elements		(130)	(155)
– Interest elements		(28)	(30)
Net cash outflow from financing activities		(5,141)	(4,879)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,128</b>	<b>(2,504)</b>
Cash and cash equivalents at 1 Jan		9,212	15,258
Exchange differences on cash and cash equivalents		(6)	(9)
<b>Cash and cash equivalents at 30 Jun</b>		<b>13,334</b>	<b>12,745</b>
<b>Analysis of cash and cash equivalents</b>			
Cash, bank balances and short-term investments of Corporate Funds	12	14,538	13,621
Less: Cash reserved for supporting Skin-in-the-Game and default fund credits of clearing houses	12(b)	(1,204)	(876)
		<b>13,334</b>	<b>12,745</b>

(a) “Cash flows from principal operating activities” is a non-Hong Kong Financial Reporting Standard (non-HKFRS) measure used by management for monitoring cash flows of the Group (defined in note 2) and represents the cash flows generated from the trading and clearing operations of the four exchanges and five clearing houses and ancillary services of the Group. This non-HKFRS measure may not be comparable to similar measures presented by other companies. Cash flows from principal operating activities and cash flows from other operating activities together represent cash flows from operating activities as defined by Hong Kong Accounting Standard (HKAS) 7: Statement of Cash Flows.

# Notes to the Condensed Consolidated Financial Statements

(Unaudited)

## 1. Basis of Preparation

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

The financial information relating to the year ended 31 December 2023 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 June 2024 as comparative information does not constitute the statutory annual consolidated financial statements of Hong Kong Exchanges and Clearing Limited (HKEX or the Company) for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Chapter 622).

## 2. Accounting Policies

These unaudited condensed consolidated financial statements should be read in conjunction with the 2023 annual consolidated financial statements. Except as described below, the accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2023.

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

In 2024, the Company and its subsidiaries (collectively, the Group) have adopted the following amendments to HKFRSs which are pertinent to the Group's operations and effective for accounting periods beginning on or after 1 January 2024:

Amendments to HKAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Presentation of Financial Statements: Non-current Liabilities with Covenants

The adoption of these amendments to HKFRSs did not have any financial impact on the Group during the six months ended 30 June 2024.

### (b) Change in accounting estimates

From 1 January 2024, the estimated useful lives of computer trading and clearing software were revised from "three to five years" to "three to ten years" to better reflect the useful life of the assets. The financial impact of such change in accounting estimate was insignificant during the six months ended 30 June 2024.

### 3. Operating Segments

The Group determines its operating segments based on the internal management reports that are used to make strategic decisions reviewed by the chief operating decision-maker.

The operations in each of the Group's reportable segments are as follows:

The **Cash** segment covers all equity products traded on the Cash Market platforms of The Stock Exchange of Hong Kong Limited (Stock Exchange) and those traded through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (Stock Connect), the clearing, settlement and custodian activities relating to these products and any other related activities. The major sources of revenue of the segment are trading fees, clearing and settlement fees, listing fees, depository, custody and nominee services fees and net investment income earned on the Margin Funds and Clearing House Funds relating to these products.

The **Equity and Financial Derivatives** segment refers to derivatives products traded on the Stock Exchange and Hong Kong Futures Exchange Limited (Futures Exchange); the clearing, settlement and custodian activities relating to these products and over-the-counter (OTC) derivatives contracts and other related activities. These include the provision and maintenance of trading and clearing platforms for a range of equity and financial derivatives products, such as stock and equity index futures and options, derivative warrants (DWs), callable bull/bear contracts (CBBCs) and warrants, and OTC derivatives contracts. The major sources of revenue are trading fees and trading tariffs, clearing and settlement fees, listing fees, depository, custody and nominee services fees and net investment income earned on the Margin Funds and Clearing House Funds relating to these products.

The **Commodities** segment refers to the operations of The London Metal Exchange (LME), which operates a global exchange in the UK, for the trading of base and ferrous metals futures and options contracts and the operations of its clearing house, LME Clear Limited (LME Clear); it also covers the operations of Qianhai Mercantile Exchange Co., Ltd. (QME), the commodity trading platform in Mainland China, and the commodities contracts traded on the Futures Exchange. The major sources of revenue of the segment are trading fees and clearing and settlement fees of commodity products, commodity market data fees, net investment income earned on the Margin Funds and Clearing House Funds relating to these products, and fees for ancillary operations.

The **Data and Connectivity** segment covers sales of market data relating to the Hong Kong Cash and Derivatives Markets, all services in connection with providing users with access to the platform and infrastructure of the Group and services provided by BayConnect Technology Company Limited (BayConnect). Its major sources of revenue are market data fees, network, terminal user, data line and software sub-license fees and hosting services fees.

"Corporate Items" is not a business segment but comprises central income (including net investment income of Corporate Funds and donation income of HKEX Foundation Limited (HKEX Foundation)) and central costs (including costs of central support functions that provide services to all operating segments, HKEX Foundation charitable donations and other costs not directly related to any operating segments).

The chief operating decision-maker assesses the performance of the operating segments principally based on their EBITDA.

### 3. Operating Segments (continued)

An analysis by operating segment of the Group's EBITDA, profit before taxation and analysis of revenue by timing of revenue recognition for the period, is set out as follows:

	Six months ended 30 Jun 2024					
	Cash \$m	Equity and Financial Derivatives \$m	Commodities \$m	Data and Connectivity \$m	Corporate Items \$m	Group \$m
Timing of revenue recognition:						
Point in time	3,316	1,376	1,117	52	5	5,866
Over time	689	328	182	993	4	2,196
Revenue	4,005	1,704	1,299	1,045	9	8,062
Net investment income	119	1,395	106	-	901	2,521
Donation income of HKEX Foundation	-	-	-	-	30	30
Sundry income	5	-	-	3	-	8
Revenue and other income	4,129	3,099	1,405	1,048	940	10,621
Less: Transaction-related expenses	(4)	(162)	-	-	-	(166)
Revenue and other income less transaction-related expenses	4,125	2,937	1,405	1,048	940	10,455
Operating expenses	(620)	(443)	(589)	(208)	(934)	(2,794)
Reportable segment EBITDA (non-HKFRS measure)	3,505	2,494	816	840	6	7,661
Depreciation and amortisation	(219)	(121)	(156)	(64)	(138)	(698)
Finance costs	(16)	(17)	(2)	(1)	(23)	(59)
Share of profits of joint ventures	47	1	-	-	-	48
Reportable segment profit before taxation	3,317	2,357	658	775	(155)	6,952
	Six months ended 30 Jun 2023					
	Cash \$m	Equity and Financial Derivatives \$m	Commodities \$m	Data and Connectivity \$m	Corporate Items \$m	Group \$m
Timing of revenue recognition:						
Point in time	3,387	1,414	780	49	5	5,635
Over time	713	374	164	969	3	2,223
Revenue	4,100	1,788	944	1,018	8	7,858
Net investment income	99	1,665	95	-	817	2,676
Donation income of HKEX Foundation	-	-	-	-	29	29
Sundry income	7	-	-	4	1	12
Revenue and other income	4,206	3,453	1,039	1,022	855	10,575
Less: Transaction-related expenses	(5)	(89)	-	-	-	(94)
Revenue and other income less transaction-related expenses	4,201	3,364	1,039	1,022	855	10,481
Operating expenses	(552)	(426)	(591)	(213)	(840)	(2,622)
Reportable segment EBITDA (non-HKFRS measure)	3,649	2,938	448	809	15	7,859
Depreciation and amortisation	(179)	(124)	(165)	(74)	(177)	(719)
Finance costs	(17)	(24)	(2)	(1)	(26)	(70)
Share of profits of joint ventures	38	1	-	-	-	39
Reportable segment profit before taxation	3,491	2,791	281	734	(188)	7,109

## 4. Trading Fees and Trading Tariffs

	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m
Equity securities traded on the Stock Exchange and through Stock Connect	1,424	1,525
DWs, CBBCs and warrants traded on the Stock Exchange	187	223
Futures and options contracts traded on the Stock Exchange and the Futures Exchange	954	926
Commodities contracts traded on the LME and QME	725	508
	<b>3,290</b>	<b>3,182</b>

## 5. Net Investment Income

	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m
Gross interest income from financial assets measured at amortised cost	4,800	5,225
Gross interest income from financial assets measured at fair value through other comprehensive income	613	328
Interest rebates to Participants	(3,015)	(3,098)
Net interest income	2,398	2,455
Net gains/(losses) on financial assets mandatorily measured at fair value through profit or loss and derivative financial instruments:		
– investment funds	233	215
– other unlisted investments (note 29(a))	(32)	(11)
– foreign exchange swaps (notes (a) and 13(c))	(81)	(3)
	120	201
Others	3	20
Net investment income	<b>2,521</b>	<b>2,676</b>

- (a) As part of the Group's investment strategy, the Group enters into foreign exchange swaps for optimising foreign currency cash flows and yield enhancement while hedging the overall foreign exchange exposures.

During the six months ended 30 June 2024, there was a net loss on foreign exchange swaps of \$81 million. Such loss was more than offset by higher interest income generated and savings in negative interest on Japanese Yen deposits.

## 6. Transaction-related Expenses

Transaction-related expenses comprise of license fees, bank charges and other costs which directly vary with trading and clearing transactions.

## 7. Staff Costs and Related Expenses

	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m
Salaries and other short-term employee benefits	1,592	1,426
Employee share-based compensation benefits of HKEX Share Award Scheme (Share Award Scheme)	206	175
Termination benefits	18	1
Retirement benefit costs (note (a))	121	109
	<b>1,937</b>	<b>1,711</b>

- (a) 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 and LME Clear (LME Savings Plan). In addition, the Group has made contributions for employees of other overseas subsidiaries subject to the relevant regulations in the countries in which the overseas subsidiaries operate. 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, the LME Savings Plan, contribution plans of other overseas subsidiaries and related fees.

## 8. Finance Costs

	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m
Interest on borrowings	2	4
Interest on lease liabilities	28	30
Banking facility commitment fees	26	26
Negative interest on Japanese Yen deposits	3	10
	<b>59</b>	<b>70</b>

## 9. Taxation

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

	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m
Current tax – Hong Kong Profits Tax	611	703
Current tax – Overseas Tax	179	76
Total current tax	<b>790</b>	<b>779</b>
Deferred tax	<b>(24)</b>	<b>(38)</b>
Taxation charge	<b>766</b>	<b>741</b>

- (a) Hong Kong Profits Tax has been provided at the rate of 16.5 per cent (2023: 16.5 per cent) and overseas profits tax at the rates of taxation prevailing in the countries in which the Group operates, with the average corporation tax rate applicable to the subsidiaries in the UK being 25 per cent (2023: 23.5 per cent).

## 9. Taxation (continued)

### (b) OECD Pillar Two model rules

The Group is within the scope of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). Under the rules, the Group is liable to pay a top-up tax for the difference between their Global Anti-Base Erosion (GloBE) effective tax rate per jurisdiction and the 15 per cent minimum rate. Of the various jurisdictions where the Group operates, Pillar Two legislation became applicable to UK entities from 1 January 2024.

The top-up tax for the Group's UK entities was negligible as they were able to take advantage of the Country-by-Country Reporting Transitional Safe Harbour given that the simplified effective tax rate of the UK entities was higher than 15 per cent during the six months ended 30 June 2024.

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in Amendments to HKAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules.

### (c) As at 30 June 2024, two subsidiaries of the Group have lodged objections on notices of additional assessments issued by the Hong Kong Inland Revenue Department in connection with the offshore claim of the trading, clearing and portfolio fees under Northbound Stock Connect.

The subsidiaries have purchased tax reserve certificates of \$255 million and the amount is recorded under tax recoverable on the condensed consolidated statement of financial position.

## 10. Earnings Per Share

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

### (a) Basic earnings per share

	<b>Six months ended 30 Jun 2024</b>	Six months ended 30 Jun 2023
Profit attributable to shareholders (\$m)	6,125	6,312
Weighted average number of shares in issue less shares held for Share Award Scheme (in '000)	1,264,558	1,265,477
Basic earnings per share (\$)	<b>4.84</b>	4.99

### (b) Diluted earnings per share

	<b>Six months ended 30 Jun 2024</b>	Six months ended 30 Jun 2023
Profit attributable to shareholders (\$m)	6,125	6,312
Weighted average number of shares in issue less shares held for Share Award Scheme (in '000)	1,264,558	1,265,477
Effect of shares awarded under Share Award Scheme (in '000)	3,184	2,337
Weighted average number of shares for the purpose of calculating diluted earnings per share (in '000)	<b>1,267,742</b>	1,267,814
Diluted earnings per share (\$)	<b>4.83</b>	4.98



## 11. Dividends

	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m
Interim dividend declared of \$4.36 (2023: \$4.50) per share at 30 Jun	5,528	5,705
Less: Dividend for shares held by Share Award Scheme at 30 Jun	(15)	(10)
	<b>5,513</b>	<b>5,695</b>

## 12. Financial Assets

	At 30 Jun 2024 \$m	At 31 Dec 2023 \$m
Cash and cash equivalents	153,987	125,107
Financial assets measured at fair value through profit or loss	7,372	6,961
Financial assets measured at fair value through other comprehensive income	45,621	18,250
Financial assets measured at amortised cost	45,663	76,649
Derivative financial instruments	91,462	58,127
	<b>344,105</b>	<b>285,094</b>

The Group's financial assets comprised financial assets of cash prepayments and collateral for A-shares (Cash for A-shares), Margin Funds, Clearing House Funds, Corporate Funds and derivative financial instruments as follows:

	At 30 Jun 2024 \$m	At 31 Dec 2023 \$m
<u>Cash for A-shares</u> (note (a))		
Cash and cash equivalents	8,756	2,733
<u>Margin Funds</u> <sup>1</sup> (note 15)		
Cash and cash equivalents	109,272	91,369
Financial assets measured at fair value through other comprehensive income	35,501	15,847
Financial assets measured at amortised cost	36,382	59,084
	<b>181,155</b>	<b>166,300</b>
<u>Clearing House Funds</u> (note 18)		
Cash and cash equivalents	21,421	20,719
Financial assets measured at fair value through other comprehensive income	5,360	2,403
	<b>26,781</b>	<b>23,122</b>
<u>Corporate Funds</u>		
Cash and cash equivalents (note (b))	14,538	10,286
Financial assets measured at fair value through profit or loss	7,372	6,961
Financial assets measured at fair value through other comprehensive income	4,760	-
Financial assets measured at amortised cost (note (b))	9,281	17,565
	<b>35,951</b>	<b>34,812</b>
Derivative financial instruments (note 13)	91,462	58,127
	<b>344,105</b>	<b>285,094</b>

1 Excludes Settlement Reserve Fund and Settlement Guarantee Fund paid to China Securities Depository and Clearing Corporation Limited (ChinaClear) under Stock Connect, inter-central counterparties (inter-CCP) margin paid to Shanghai Clearing House (SHCH) under Swap Connect, and margin receivable from Clearing Participants of \$10,892 million (31 December 2023: \$9,865 million), which are included in accounts receivable, prepayments and deposits.

## 12. Financial Assets (continued)

The expected maturity dates of the financial assets are analysed as follows:

	At 30 Jun 2024						At 31 Dec 2023					
	Cash for A-shares \$m	Margin Funds \$m	Clearing House Funds \$m	Corporate Funds \$m	Derivative financial instruments \$m	Total \$m	Cash for A-shares \$m	Margin Funds \$m	Clearing House Funds \$m	Corporate Funds \$m	Derivative financial instruments \$m	Total \$m
Within twelve months	8,756	181,155	26,781	30,815	91,462	338,969	2,733	166,300	23,122	32,543	58,127	282,825
Over twelve months	-	-	-	5,136	-	5,136	-	-	-	2,269	-	2,269
	<b>8,756</b>	<b>181,155</b>	<b>26,781</b>	<b>35,951</b>	<b>91,462</b>	<b>344,105</b>	<b>2,733</b>	<b>166,300</b>	<b>23,122</b>	<b>34,812</b>	<b>58,127</b>	<b>285,094</b>

- (a) Cash for A-shares includes:
- Renminbi (RMB) cash prepayments received by HKSCC from its Clearing Participants for releasing their allocated A-shares on the trade day. Such prepayments will be used to settle HKSCC's Continuous Net Settlement (CNS) obligations payable on the next business day; and
  - Hong Kong Dollar/United States Dollar cash collateral received by HKSCC from its Clearing Participants for releasing their allocated A-shares on the trade day. Such collateral will be refunded to the Clearing Participants when they settle their RMB CNS obligations on the next business day.
- (b) At 30 June 2024, cash and cash equivalents of Corporate Funds of \$1,204 million (31 December 2023: \$1,074 million) and financial assets measured at amortised cost of Corporate Funds of \$365 million (31 December 2023: \$497 million) were solely used to support Skin-in-the-Game and default fund credits for Clearing House Funds (note 18(a)).
- (c) The cash and cash equivalents of Margin Funds, Clearing House Funds, Corporate Funds reserved for supporting Skin-in-the-Game and default fund credits of Clearing House Funds (note (b)), and Cash for A-shares are held for specific purposes and cannot be used by the Group to finance other activities. These balances are not included in cash and cash equivalents of the Group for cash flow purposes in the condensed consolidated statement of cash flows.

## 13. Derivative Financial Instruments

	At 30 Jun 2024 \$m	At 31 Dec 2023 \$m
<u>Mandatorily measured at fair value</u>		
Derivative financial assets:		
- base and ferrous metals futures and options contracts cleared through LME Clear (note (a))	91,436	58,097
- forward foreign exchange contracts held as cash flow hedging instruments (note (b))	-	4
- foreign exchange swaps (note (c))	26	26
	<b>91,462</b>	<b>58,127</b>
<u>Mandatorily measured at fair value</u>		
Derivative financial liabilities:		
- base and ferrous metals futures and options contracts cleared through LME Clear (note (a))	91,436	58,097
- forward foreign exchange contracts held as cash flow hedging instruments (note (b))	1	-
- foreign exchange swaps (note (c))	77	3
	<b>91,514</b>	<b>58,100</b>

### 13. Derivative Financial Instruments (continued)

- (a) The amounts represent the fair value of the outstanding base and ferrous metals futures and options contracts cleared through LME Clear that do not qualify for netting under HKAS 32 – Financial Instruments: Presentation, where LME Clear is acting in its capacity as a central counterparty to the contracts traded on the LME.
- (b) Forward foreign exchange contracts have been designated as cash flow hedges for hedging foreign exchange risk of certain expenditure of LME and LME Clear.

At 30 June 2024, the notional amount of the outstanding forward foreign exchange contracts amounted to GBP75 million (31 December 2023: GBP113 million).

In addition, the Group has entered into certain forward foreign exchange contracts which have not been designated as cash flow hedges. At 30 June 2024, the fair value of such outstanding contracts was less than \$1 million and the notional amount of the outstanding contracts amounted to \$78 million (31 December 2023: \$Nil).

- (c) As part of the Group's investment strategy, the Group has entered into foreign exchange swaps for optimising foreign currency cash flows and yield enhancement while hedging the overall foreign exchange exposures. Net losses on foreign exchange swaps were recognised in the condensed consolidated income statement under net investment income (note 5).

At 30 June 2024, the notional amount of the outstanding foreign exchange swaps was \$18,429 million (31 December 2023: \$10,722 million).

### 14. Accounts Receivable, Prepayments and Deposits

	At 30 Jun 2024 \$m	At 31 Dec 2023 \$m
CNS money obligations receivable (note (a))	13,743	21,430
Settlement Reserve Fund and Settlement Guarantee Fund held by ChinaClear (note 15)	10,402	9,734
Inter-CCP margin held by SHCH (note (b)):		
– satisfied by margin deposits collected from OTC Clear Clearing Participants (note 15)	484	130
– satisfied by Corporate Funds	151	113
	635	243
Prepayments for investment funds traded after 30 Jun 2024	148	–
Receivables for investment funds sold before 31 Dec 2023	–	205
Other receivables, prepayments and deposits, net of provision for impairment losses	1,504	1,720
	<b>26,432</b>	<b>33,332</b>

- (a) CNS money obligations receivable mature within two days after the trade date. The balance of Settlement Reserve Fund and Settlement Guarantee Fund with ChinaClear is rebalanced on a monthly basis, and the balance of inter-CCP margin held by SHCH is rebalanced on a daily basis. 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.
- (b) Under Swap Connect, OTC Clear and SHCH are required to provide inter-CCP margin to each other to cover the potential loss arising from the default of the other party. Part of the inter-CCP margin provided by OTC Clear to SHCH is satisfied by margin deposits collected from OTC Clear Clearing Participants and the remaining balance is satisfied by Corporate Funds of OTC Clear.

## 15. Margin Deposits, Mainland Security and Settlement Deposits, and Cash Collateral from Participants

	At 30 Jun 2024 \$m	At 31 Dec 2023 \$m
Margin deposits, Mainland security and settlement deposits, and cash collateral from Participants comprised:		
HKCC Clearing Participants' margin deposits	63,952	62,513
HKSCC Clearing Participants' margin deposits, Mainland security and settlement deposits, and cash collateral	19,268	18,227
LME Clear Clearing Participants' margin deposits	73,609	67,905
OTC Clear Clearing Participants' margin deposits	16,003	14,914
OTC Clear's inter-CCP margin from SHCH (note 14(b))	495	237
SEOCH Clearing Participants' margin deposits	14,121	12,369
	<b>187,448</b>	<b>176,165</b>
The margin deposits, Mainland security and settlement deposits, and cash collateral were invested in the following instruments for managing the obligations of the Margin Funds:		
Financial assets of Margin Funds (note 12)	181,155	166,300
Settlement Reserve Fund and Settlement Guarantee Fund held by ChinaClear (note 14)	10,402	9,734
Inter-CCP margin held by SHCH (note 14)	484	130
Margin receivable from Participants	6	1
Less: Other financial liabilities of Margin Funds (notes (a) and 17)	(4,599)	–
	<b>187,448</b>	<b>176,165</b>

(a) Other financial liabilities of Margin Funds represent payable for debt securities traded before 30 June 2024.

## 16. Accounts Payable, Accruals and Other Liabilities

The Group's accounts payable, accruals and other liabilities mainly represent the Group's CNS money obligations payable, which accounted for 86 per cent (31 December 2023: 87 per cent) of the total accounts payable, accruals and other liabilities. CNS 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.

## 17. Other Financial Liabilities

	At 30 Jun 2024 \$m	At 31 Dec 2023 \$m
Financial liabilities of Margin Funds (note 15)	4,599	–
Financial liabilities of Clearing House Funds (note 18)	24	9
Financial liabilities of Corporate Funds:		
Financial guarantee contract (note 25(b))	20	20
	<b>4,643</b>	<b>29</b>

## 18. Clearing House Funds

	At 30 Jun 2024 \$m	At 31 Dec 2023 \$m
The Clearing House Funds comprised:		
Clearing Participants' cash contributions	25,398	21,955
Contribution to OTC Clear Rates and FX Guarantee Resources	156	156
Clearing House Funds reserves (note 22)	1,203	1,002
	<b>26,757</b>	<b>23,113</b>
The Clearing House Funds were invested in the following instruments for managing the obligations of the Funds:		
Financial assets of Clearing House Funds (note 12)	26,781	23,122
Less: Other financial liabilities of Clearing House Funds (note 17)	(24)	(9)
	<b>26,757</b>	<b>23,113</b>
The Clearing House Funds comprised the following Funds:		
HKCC Reserve Fund	3,339	4,779
HKSCC Guarantee Fund	4,884	3,262
LME Clear Default Fund	11,798	7,814
OTC Clear Rates and FX Guarantee Fund	5,452	5,588
OTC Clear Rates and FX Guarantee Resources	187	183
SEOCH Reserve Fund	1,097	1,487
	<b>26,757</b>	<b>23,113</b>

- (a) At 30 June 2024, the Skin-in-the-Game, together with default fund credits granted to HKSCC and HKCC Participants, amounted to \$1,569 million (31 December 2023: \$1,571 million), and were included in Corporate Funds (note 12(b)).

## 19. Borrowings

	At 30 Jun 2024 \$m	At 31 Dec 2023 \$m
Written put options to non-controlling interests	449	447
Analysed as:		
Non-current liabilities	67	65
Current liabilities	382	382
	<b>449</b>	<b>447</b>

During the six months ended 30 June 2024, none of the written put options was exercised.

## 20. Share Capital and Shares Held for Share Award Scheme

Issued and fully paid – ordinary shares with no par:

	Number of shares '000	Number of shares held for Share Award Scheme '000	Share capital \$m	Shares held for Share Award Scheme \$m	Total \$m
At 1 Jan 2023	1,267,837	(2,406)	31,918	(918)	31,000
Shares purchased for Share Award Scheme (note (a))	–	(1,764)	–	(448)	(448)
Vesting of shares of Share Award Scheme (note (b))	–	878	28	357	385
At 31 Dec 2023	1,267,837	(3,292)	31,946	(1,009)	30,937
At 1 Jan 2024	<b>1,267,837</b>	<b>(3,292)</b>	<b>31,946</b>	<b>(1,009)</b>	<b>30,937</b>
Shares purchased for Share Award Scheme (note (a))	–	(122)	–	(31)	(31)
Vesting of shares of Share Award Scheme (note (b))	–	83	–	30	30
At 30 Jun 2024	<b>1,267,837</b>	<b>(3,331)</b>	<b>31,946</b>	<b>(1,010)</b>	<b>30,936</b>

- (a) During the six months ended 30 June 2024, the Share Award Scheme acquired 121,922 HKEX shares (year ended 31 December 2023: 1,763,793 shares) through purchases on the open market. The total amount paid to acquire the shares during the period was \$31 million (year ended 31 December 2023: \$448 million).
- (b) During the six months ended 30 June 2024, a total of 82,901 HKEX shares (year ended 31 December 2023: 878,256 shares) were vested. The total cost of the vested shares was \$30 million (year ended 31 December 2023: \$357 million). During the year ended 31 December 2023, \$28 million was credited to share capital in respect of vesting of certain shares whose fair values were higher than the costs.

## 21. Employee Share-based Arrangements

The Group operates the Share Award Scheme as part of the benefits of its employees. It allows shares to be granted to employees of the Group, including the Executive Director (Employee Share Awards).

The employee share-based compensation expenses in relation to the share awards are charged to the condensed consolidated income statement under staff costs over the relevant vesting periods with a corresponding increase in employee share-based compensation reserve.

During the six months ended 30 June 2024, details of Employee Share Awards awarded are set out below:

Date of award	Number of shares awarded	Average fair value per share \$	Vesting period ends
4 Mar 2024	1,681,512 <sup>1</sup>	251.39	8 Dec 2025 – 8 Dec 2026
8 Mar 2024	4,731	236.60	15 Jan 2026 – 15 Jan 2027
21 May 2024	1,576	284.65	21 May 2024 – 10 Mar 2027
30 May 2024	60,215	274.93	24 May 2026 – 24 May 2027

<sup>1</sup> 34,023 shares were awarded to HKEX's Chief Executive Officer.

## 22. Designated Reserves

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

	At 30 Jun 2024 \$m	At 31 Dec 2023 \$m
Clearing House Funds reserves (notes (a) and 18)	1,203	1,002
PRC statutory reserve	16	16
	<b>1,219</b>	<b>1,018</b>

### (a) Clearing House Funds reserves

	At 30 Jun 2024 \$m	At 31 Dec 2023 \$m
HKCC Reserve Fund reserve	286	273
HKSCC Guarantee Fund reserve	320	268
OTC Clear Rates and FX Guarantee Fund reserve	428	304
OTC Clear Rates and FX Guarantee Resources reserve	31	27
SEOCH Reserve Fund reserve	138	130
	<b>1,203</b>	<b>1,002</b>

## 23. Notes to the Condensed Consolidated Statement of Cash Flows

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

	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m
Profit before taxation	6,952	7,109
Adjustments for:		
Net interest income	(2,398)	(2,455)
Net fair value gains on financial assets mandatorily measured at fair value through profit or loss and derivative financial instruments	(120)	(201)
Finance costs	59	70
Depreciation and amortisation	698	719
Employee share-based compensation benefits	206	175
Share of profits of joint ventures	(48)	(39)
Other non-cash adjustments	20	26
Net (increase)/decrease in financial assets of Margin Funds	(15,877)	40,080
Net increase/(decrease) in financial liabilities of Margin Funds	15,882	(40,003)
Net increase in Clearing House Fund financial assets	(3,659)	(2,075)
Net increase in Clearing House Fund financial liabilities	3,458	1,927
Increase in cash prepayments and collateral for A-shares	(6,023)	(4,396)
Decrease/(increase) in Corporate Funds used for supporting Skin-in-the-Game and default fund credits	2	(182)
Net increase in Corporate Funds transferred to SHCH as inter-CCP margin	(38)	(120)
Decrease in accounts receivable, prepayments and deposits	7,898	3,986
(Decrease)/increase in other liabilities	(2,022)	586
Net cash inflow from principal operations	4,990	5,207
Interest received from financial assets measured at amortised cost and cash and cash equivalents	4,763	5,225
Interest paid to Participants	(3,015)	(3,098)
Losses on foreign exchange swaps	(81)	-
Income tax paid	(805)	(1,939)
Net cash inflow from principal operating activities (non-HKFRS measure)	<b>5,852</b>	<b>5,395</b>

## 24. Capital Expenditures and Commitments

During the six months ended 30 June 2024, the Group incurred capital expenditures of \$612 million (2023: \$501 million).

At 30 June 2024, the Group's commitments in respect of capital expenditure were as follows:

	At 30 Jun 2024 \$m	At 31 Dec 2023 \$m
Contracted but not provided for:		
– fixed assets	21	14
– intangible assets	222	157
Authorised but not contracted for:		
– fixed assets	478	505
– intangible assets	851	879
	<b>1,572</b>	<b>1,555</b>

## 25. Contingent Liabilities

At 30 June 2024, 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 repealed Securities Ordinance up to an amount not exceeding \$71 million (31 December 2023: \$71 million). Up to 30 June 2024, 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 556 trading Participants (31 December 2023: 574) covered by the indemnity at 30 June 2024 defaulted, the maximum liability of the Group under the indemnity would amount to \$111 million (31 December 2023: \$115 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.
- (d) Material litigation

The LME and LME Clear were named as defendants in two judicial review claims filed in the English High Court (the Court) in 2022 (the Proceedings) and three related claims filed in the Court in 2023. The total claims amount to approximately US\$600 million.

The Proceedings sought to challenge the LME's decision to cancel the claimants' alleged trades in nickel contracts executed on or after 00:00 UK time on 8 March 2022. The claimants have alleged that this was unlawful on public law grounds and/or constituted a violation of their human rights.

On 29 November 2023, the Court gave judgment in the LME and LME Clear's favour on all grounds, and ordered the claimants to pay the LME and LME Clear's costs of the Proceedings, which are to be assessed by the Court if not agreed with the claimants.

One of the claimants has sought and been granted permission to appeal. The appeal was heard by the Court of Appeal during 9 to 11 July 2024. Judgment was not delivered at the end of the hearing but was "reserved" by the Court of Appeal, to be issued at a later date. No indication has been given by the Court of Appeal as to the timing of when it expects to issue the judgment. The LME management is of the view that the appeal is without merit and LME and LME Clear will continue to contest it vigorously.

The three related claims issued in March 2023 remain stayed, pending the final determination of the Proceedings. The limitation period for similar damages claims under the Human Rights Act has now expired.

In light of the judgment of the Court, no provision has been made in the condensed consolidated financial statements of the Group.



## 25. Contingent Liabilities (continued)

### (d) Material litigation (continued)

The claimants have made an interim payment of GBP 5 million to the LME and LME Clear to cover part of their costs of the Proceedings. The final amount with respect to recovery of costs will be assessed by the Court if not agreed with the claimants following the conclusion of the appeal. The Group has not recognised any further recovery of costs of the Proceedings as receivables in the condensed consolidated financial statements as the amount is still subject to negotiation with the claimants or assessment by the Court.

## 26. Material Related Party Transactions

### (a) Key management personnel compensation

	Six months ended 30 Jun 2024 \$m	Six months ended 30 Jun 2023 \$m
Salaries and other short-term employee benefits	87	78
Employee share-based compensation benefits	87	60
Retirement benefit costs	5	5
	<b>179</b>	<b>143</b>

### (b) Post-retirement benefit plans

The Group has sponsored an ORSO Plan and the LME Savings Plan as its post-retirement benefit plans (note 7(a)).

## 27. Pledges of Assets

LME Clear receives securities and gold bullion as non-cash collateral for margins posted by its Clearing Participants. The total fair value of this non-cash collateral was US\$2,824 million (HK\$22,048 million) at 30 June 2024 (31 December 2023: US\$3,748 million (HK\$29,266 million)). LME Clear is obliged to return this non-cash collateral upon request when the Clearing Participants' collateral obligations have been substituted with cash collateral or otherwise discharged. LME Clear is permitted to sell or pledge such collateral in the event of the default of a Clearing Participant. Any non-cash collateral lodged at central securities depositories or custodians is subject to a lien or pledge for the services they provide in respect of the collateral held.

LME Clear also holds securities as collateral in respect of its investments in overnight triparty reverse repurchase agreements under which it is obliged to return equivalent securities to the counterparties at maturity of the reverse repurchase agreements. The fair value of this collateral was US\$10,000 million (HK\$78,073 million) at 30 June 2024 (31 December 2023: US\$9,095 million (HK\$71,019 million)). Such non-cash collateral, together with certain financial assets amounting to US\$1,567 million (HK\$12,236 million) at 30 June 2024 (31 December 2023: US\$1,102 million (HK\$8,604 million)), have been pledged to LME Clear's investment agents and custodian banks under security arrangements for the settlement and depository services they provide in respect of the collateral and investments held.

Non-cash collateral is not recorded on the condensed consolidated statement of financial position of the Group.

## 28. Capital Management

At 30 June 2024, the Group had set aside \$4,000 million (31 December 2023: \$4,000 million) of shareholders' funds for the purpose of supporting the risk management regime of the clearing houses in their roles as central counterparties, of which \$2,160 million (31 December 2023: \$2,160 million) had been injected into HKSCC, SECOH and HKCC as share capital.

## 29. Fair Value of Financial Assets and Financial Liabilities

### (a) Financial assets and financial liabilities carried at fair value

The following tables present the carrying values of financial assets and financial 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 financial asset and financial 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 2024				At 31 Dec 2023			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Recurring fair value measurements:</b>								
<b>Financial assets</b>								
Financial assets measured at fair value through profit or loss:								
– investment funds	1,076	5,937	–	7,013	870	5,698	–	6,568
– equity securities	–	–	359	359	–	–	393	393
Financial assets measured at fair value through other comprehensive income:								
– debt securities	23,471	22,150	–	45,621	16,296	1,954	–	18,250
Derivative financial instruments:								
– base and ferrous metals futures and options contracts cleared through LME Clear	–	91,436	–	91,436	–	58,097	–	58,097
– forward foreign exchange contracts	–	–	–	–	–	4	–	4
– foreign exchange swaps	–	26	–	26	–	26	–	26
	<b>24,547</b>	<b>119,549</b>	<b>359</b>	<b>144,455</b>	<b>17,166</b>	<b>65,779</b>	<b>393</b>	<b>83,338</b>
<b>Financial liabilities</b>								
Derivative financial instruments:								
– base and ferrous metals futures and options contracts cleared through LME Clear	–	91,436	–	91,436	–	58,097	–	58,097
– forward foreign exchange contracts	–	1	–	1	–	–	–	–
– foreign exchange swaps	–	77	–	77	–	3	–	3
	<b>–</b>	<b>91,514</b>	<b>–</b>	<b>91,514</b>	<b>–</b>	<b>58,100</b>	<b>–</b>	<b>58,100</b>

During the six months ended 30 June 2024 and 30 June 2023, there were no transfers of instruments between Level 1 and Level 2 or transfer into or out of Level 3.

Level 2 fair values of investment funds, debt securities, base and ferrous metals futures and options contracts, and foreign exchange derivative contracts have been determined based on quotes from market makers, funds administrators or alternative pricing sources supported by observable inputs. The most significant input are market interest rates, market prices of metals, market foreign exchange rates, net asset values and latest redemption prices or transaction prices of the respective investment funds.

## 29. Fair Value of Financial Assets and Financial Liabilities (continued)

### (a) Financial assets and financial liabilities carried at fair value (continued)

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

#### Fair value measurements using significant unobservable inputs (Level 3)

	2024 \$m	2023 \$m
At 1 Jan	393	654
Losses recognised in consolidated income statement under net investment income (note 5)	(32)	(253)
Losses recognised in other comprehensive income	(2)	(8)
At 30 Jun 2024/31 Dec 2023	359	393
Total losses recognised for the period/year in the consolidated income statement for assets held at 30 Jun 2024/31 Dec 2023	(32)	(253)

At 30 June 2024, the Group held minority stakes in three unlisted investments – Fusion Bank Limited, Huakong TsingJiao Information Science (Beijing) Limited, and Guangzhou Futures Exchange.

Fusion Bank Limited is a virtual bank in Hong Kong with a license granted by the Hong Kong Monetary Authority. The company offers a variety of banking services including savings, time deposits, loans, local fund transfers and foreign exchange.

Huakong TsingJiao Information Science (Beijing) Limited is a data technology company, which specialises in the research and development of multi-party computation technologies, allowing collaborative data analysis without revealing private data during the computation and analysis process.

Guangzhou Futures Exchange is an exchange in the Greater Bay Area focusing on serving the real economy and green development initiatives. Since its set up in 2021, the exchange has successfully launched its first two products, industrial silicon and lithium carbonate futures and options, and will continue to develop more products related to green development in the future.

As these investments are not traded in an active market, these investments are classified as Level 3 investments. Valuations are prepared on a bi-annual basis, at each interim and annual reporting date. The assumptions and inputs to the valuation model, valuation techniques and valuation results are reviewed and approved by management.

At 30 June 2024, the total fair value of the three investments was \$359 million (31 December 2023: \$393 million). Market-based approach and asset-based approach have been adopted to determine their fair values, which are estimated based on the analysis of the investments' financial position, operating results and prospects, and by reference to trading multiples and financial data of other comparable companies.

## 29. Fair Value of Financial Assets and Financial Liabilities (continued)

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

Summarised in the following table are the carrying amounts and fair values of long-term financial assets and financial liabilities not presented in the condensed consolidated statement of financial position at their fair values, except for lease liabilities where disclosure of fair values is not required. These assets and liabilities were classified under Level 2 in the fair value hierarchy.

	At 30 Jun 2024		At 31 Dec 2023	
	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
<b>Assets</b>				
Financial assets measured at amortised cost:				
– debt securities maturing over one year <sup>1</sup>	1,535	1,556	1,570	1,593
– other financial assets maturing over one year <sup>2</sup>	101	80	95	74
<b>Liabilities</b>				
Borrowings:				
– written put options to non-controlling interests <sup>3</sup>	449	453	447	452
Financial guarantee to the Collector of Stamp Revenue <sup>4</sup>	20	28	20	30

1 The fair values are provided by a reputable independent financial institution.

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, adjusted by an estimated credit spread. The discount rates used ranged from 3.84 per cent to 4.74 per cent at 30 June 2024 (31 December 2023: 3.61 per cent to 4.61 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 respective loans. The discount rate used was 4.77 per cent at 30 June 2024 (31 December 2023: 4.26 per cent).

4 The fair values are based on the fees charged by financial institutions for granting such guarantees discounted to perpetuity using a ten-year Hong Kong Government bond rate, adjusted by an estimated credit spread, but capped at the maximum exposure of the financial guarantee. The discount rate used was 4.95 per cent at 30 June 2024 (31 December 2023: 4.80 per cent).

The carrying amounts of short-term financial assets and receivables (e.g., accounts receivable, financial assets measured at amortised cost and cash and cash equivalents) and short-term payables (e.g., accounts payable and other liabilities) approximated their fair values, and accordingly no disclosure of the fair values of these items is presented.

# Glossary

**2024 Annual General Meeting** • HKEX's annual general meeting held on 24 April 2024 at 4:30 pm at the HKEX Connect Hall on the 1st Floor, One and Two Exchange Square, Central, Hong Kong

**ADT** • Average daily turnover value

**ADV** • Average daily volume (in number of contracts/lots)

**Awarded Shares** • Shares awarded under the Share Award Scheme

**BayConnect** • BayConnect Technology Company Limited

**BBS** • Bronze Bauhinia Star

**Board** • HKEX's board of directors

**Bond Connect** • A mutual bond market access programme between Hong Kong and Mainland China, under which Northbound trading enables overseas investors to invest in the China Interbank Bond Market, and Southbound trading enables Mainland institutional investors to invest in offshore bonds through the Hong Kong bond market

**Cash Market** • HKEX's securities related business excluding stock options

**CBBCs** • Callable Bull/Bear Contracts

**Chief Executive Officer or CEO** • HKEX's Chief Executive

**ChinaClear** • China Securities Depository and Clearing Corporation Limited

**CNH** • Offshore RMB traded outside Mainland China

**CNS** • Continuous Net Settlement

**Commodities Market** • Commodities related business of Futures Exchange, the LME Group and QME

**Corporate Governance Code** • Refers to Appendix C1 to the Main Board Listing Rules

**CPs** • Clearing Participants

**CSRC** • China Securities Regulatory Commission

**Derivatives Market** • HKEX's derivatives related business including stock options

**Director(s)** • HKEX's director(s)

**DWs** • Derivative warrants

**EP(s)** • Exchange Participant(s)

**ESG** • Environmental, Social and Governance

**ETF(s)** • Exchange Traded Fund(s)

**ETP(s)** • Exchange Traded Product(s), which include(s) ETFs and L&I Products

**EU** • The European Union

**Exchange or SEHK or Stock Exchange** • The Stock Exchange of Hong Kong Limited

**External Portfolio** • Externally-managed investment funds

**Financial Secretary** • Financial Secretary of the HKSAR

**Futures Exchange** • Hong Kong Futures Exchange Limited

**GBM** • Grand Bauhinia Medal

**GBS** • Gold Bauhinia Star

**GEM Listing Rules** • Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited

**Government** • HKSAR Government

**Government Appointed Director(s)** • Director(s) appointed by the Financial Secretary pursuant to Section 77 of the SFO

**Group or HKEX Group** • HKEX and its subsidiaries

**Headline ADT** • ADT of equity products, DWs, CBBCs and warrants traded on the Stock Exchange

**HKCC** • HKFE Clearing Corporation Limited

**HKD-traded Shares** • Shares of HKEX, which are traded under the HKD counter

**HKEX Foundation or the Foundation** • HKEX Foundation Limited

**HKEX or the Company** • Hong Kong Exchanges and Clearing Limited

**HKEX Group website** • [www.hkexgroup.com](http://www.hkexgroup.com)

**HKEX Market website** • [www.hkex.com.hk](http://www.hkex.com.hk)

**HKFRS(s)** • Hong Kong Financial Reporting Standard(s)

**HKIDR** • Hong Kong Investor Identification Regime

**HKSAR or Hong Kong SAR** • Hong Kong Special Administrative Region of PRC

**HKSCC** • Hong Kong Securities Clearing Company Limited

**HSCEI** • Hang Seng China Enterprises Index

**HSI** • Hang Seng Index

**IPO(s)** • Initial Public Offering(s)

**Iron Ore Futures** • TSI Iron Ore Fines 62 per cent Fe CFR China Futures

**IFRS** • International Financial Reporting Standards

- ISIN** • International Securities Identification Number
- IT** • Information Technology
- ISSB Climate Standard** • IFRS S2 Climate - related Disclosures published by the International Sustainability Standards Board (ISSB) in June 2023
- JP** • Justice of the Peace
- JPY** • Japanese Yen
- L&I Products** • Leveraged and Inverse Products
- Listing Committee** • Listing Committee of the Main Board and GEM
- Listing Rule(s)** • Main Board Listing Rules and GEM Listing Rules
- LME** • The London Metal Exchange
- LME Clear** • LME Clear Limited
- LME Group** • HKEX Global Commodities Limited (formerly named HKEX Investment (UK) Limited), LME Holdings Limited, LME and LME Clear
- London Metal Mini Futures** • London Aluminium/ Zinc/Copper/Nickel/Tin/Lead Mini Futures
- Main Board Listing Rules** • Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
- MH** • Medal of Honour
- Model Code** • Model Code for Securities Transactions by Directors of Listed Issuers, Appendix C3 to the Main Board Listing Rules
- MSCI** • MSCI Inc.
- Northbound Trading or Stock Connect**
- Northbound** • Hong Kong and overseas investors trading in eligible securities that are listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange through Stock Connect
- OTC** • Over-the-counter
- OTC Clear** • OTC Clearing Hong Kong Limited
- PRC** • The People's Republic of China
- QME** • Qianhai Mercantile Exchange Co., Ltd.
- REITs** • Real Estate Investment Trusts
- RMB** • Renminbi
- RMB-traded Shares** • Shares of HKEX, which are traded under the RMB counter
- SECH** • The SEHK Options Clearing House Limited
- SFC** • Securities and Futures Commission
- SFO** • Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
- Shanghai-Hong Kong Stock Connect** • A mutual market access programme that links the stock markets in Shanghai and Hong Kong, enabling investors in Hong Kong and Mainland China to trade and settle shares listed on the other market via the exchange and clearing house in their home market
- Shareholder(s)** • HKEX's shareholder(s)
- Share Award Scheme or the Scheme** • The HKEX Employees' Share Award Scheme and the HKEX Employees' Share Award 2023 Scheme
- Shenzhen-Hong Kong Stock Connect** • A mutual market access programme that links the stock markets in Shenzhen and Hong Kong, enabling investors in Hong Kong and Mainland China to trade and settle shares listed on the other market via the exchange and clearing house in their home market
- Southbound Trading or Stock Connect**
- Southbound** • Mainland investors trading in eligible securities that are listed on the Stock Exchange through Stock Connect
- Stock Connect** • Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
- Swap Connect** • A mutual market access programme that provides Hong Kong and international investors access to the onshore interest rate swap market through a Northbound channel launched in May 2023
- UK** • United Kingdom
- US** • United States of America
- US\$/USD** • United States dollar
- \$/HK\$/HKD** • Hong Kong dollar
- \$bn/bn** • Hong Kong dollar in billion/billion
- \$m** • Hong Kong dollar in million
- £/GBP** • Pound sterling
- 1H, 2H** • First half, second half (of the year)
- Q1, Q2, Q3, Q4** • First quarter, second quarter, third quarter, fourth quarter (of the year)



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