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香港交易及結算所有限公司
HONG KONG EXCHANGES AND CLEARING LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 388)

(Financial figures in this announcement are expressed in Hong Kong dollar unless otherwise stated)

QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2016

The board of directors (Board) of Hong Kong Exchanges and Clearing Limited (HKEX or the Company) is pleased to present the unaudited consolidated results of the Company and its subsidiaries¹ (collectively, the Group) for the three months ended 31 March 2016 (Q1 2016).

FINANCIAL HIGHLIGHTS

Financial figures are expressed in \$million (\$m) unless otherwise stated	Q1 2016 \$m	Q1 2015 \$m	Change
Revenue and other income	2,751	2,796	(2%)
Operating expenses	854	718	19%
EBITDA ²	1,897	2,078	(9%)
Profit attributable to shareholders	1,432	1,575	(9%)
Basic earnings per share	\$1.19	\$1.35	(12%)

Key messages

- Revenue in Q1 2016 was slightly lower than the equivalent three months ended 31 March 2015 (Q1 2015), which benefited from an exceptional gain on sale of the Group's investment in LCH.Clearnet Group Limited. The significant drivers of the Group's revenue during the quarter were:
 - Subdued activity on the Cash Market in Hong Kong and Commodities Market in the United Kingdom (UK). These returned to levels similar to the fourth quarter of 2015 which were 16 per cent and 9 per cent respectively below Q1 2015.
 - Significantly increased trading of derivatives contracts on the Hong Kong Futures Exchange Limited, at levels that were higher than both the previous quarter and Q1 2015.
- Operating expenses increased by 19 per cent against Q1 2015 primarily reflecting the cost of additional headcount and higher legal and professional fees incurred to support strategic initiatives in Q1 2016. However, the comparison of operating expenses with the prior year is distorted by a one-off recovery of \$77 million from the liquidators of Lehman Brothers Securities Asia Limited (Lehman) which reduced the Q1 2015 operating expenses. Excluding this recovery, operating expenses rose by 7 per cent.
- The EBITDA margin of 69 per cent was 5 per cent lower than Q1 2015 and 6 per cent lower than the 75 per cent achieved for the year ended 31 December 2015.
- Profit attributable to shareholders decreased by 9 per cent to \$1,432 million in line with EBITDA.

1 The subsidiaries include The Stock Exchange of Hong Kong Limited (SEHK or the Stock Exchange), Hong Kong Futures Exchange Limited (HKFE or the Futures Exchange), Hong Kong Securities Clearing Company Limited (HKSCC), HKFE Clearing Corporation Limited (HKCC), The SEHK Options Clearing House Limited (SEOCH), OTC Clearing Hong Kong Limited (OTC Clear), LME Holdings Limited (LMEH), The London Metal Exchange (LME), LME Clear Limited (LME Clear) and other subsidiaries.

2 For the purposes of this announcement, EBITDA is defined as earnings before interest expenses and other finance costs, taxation, depreciation and amortisation. It excludes the Group's share of results of the joint venture.

BUSINESS REVIEW

Overview

The first quarter results reflect generally subdued market conditions, both locally and globally. Investor sentiment remained bearish during Q1 2016, which has been reflected in overall trading activity and the Group's overall Revenue³, which as shown below, has fallen marginally below that achieved in Q1 2015.

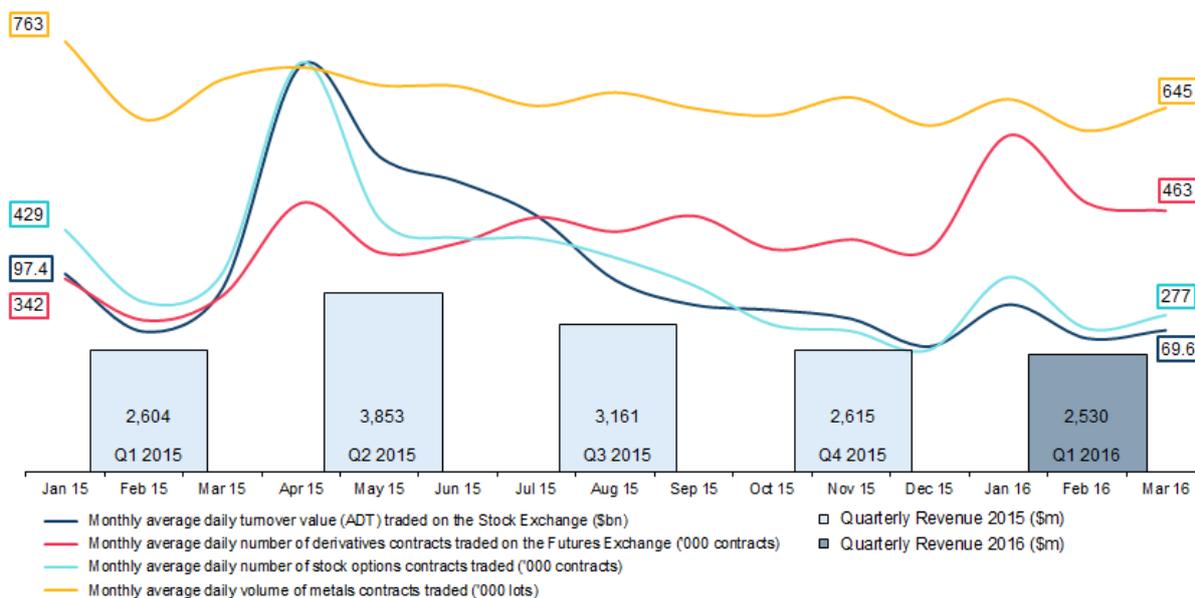


Fig. 1 – Market activity and Group Revenue

Notwithstanding the difficult conditions experienced in the various markets in which the Group operates, overall Revenue and other income has held up comparatively well, being broadly in line with Q1 2015. Primary market activity has also held up and we have retained our global leading position for IPO fund raising⁴.

A comparison of results with Q1 2015 needs to be made in the light of a recovery from Lehman's liquidators and an exceptional gain on sale of the Group's investment in LCH.Clearnet Group Limited's shares that together added \$89 million to Q1 2015 profit attributable to shareholders.

In response to continued uncertainty in market conditions the Group is adopting a prudent approach to expenditure control as we move into the second quarter of 2016 (Q2 2016). While the Group continues to move forward with strategic initiatives a more cautious approach is being taken to the timing of less critical projects. This is both a means to manage capital expenditure and also facilitates a more modest increase in headcount during 2016. These measures will be kept under review and revised in line with changes in trading conditions over the remainder of the year.

³ Excludes investment income and sundry income

⁴ Source: Dealogic

Business Update and Analysis of Results by Operating Segment

	Q1 2016		Q1 2015		Change	
	Revenue and other income \$m	EBITDA \$m	Revenue and other income \$m	EBITDA \$m	Revenue and other income %	EBITDA %
Results by segment:						
Cash	649	517	725	596	(10%)	(13%)
Equity and Financial Derivatives	559	439	464	357	20%	23%
Commodities	405	248	447	322	(9%)	(23%)
Clearing	936	757	1,001	892	(6%)	(15%)
Platform and Infrastructure	128	92	111	76	15%	21%
Corporate Items	74	(156)	48	(165)	54%	(5%)
	2,751	1,897	2,796	2,078	(2%)	(9%)

Cash Segment

Business Update

The Stock Exchange published the following guidance materials during 2016 prior to the date of this announcement:

- i. A “Review of Disclosure in Issuers’ Annual Reports to Monitor Rule Compliance – Report 2015” covering the findings and recommendations from a review of issuers’ annual reports for the financial year ended December 2014.
- ii. A “Guide on Producing Simplified Listing Documents Relating to Equity Securities for New Applications”. Three seminars were also held in March to help sponsors and market practitioners better understand and apply the Guide.
- iii. A revamped “Environmental, Social and Governance” (ESG) webpage on the HKEX website to set out practical steps, tools and reporting guidance to help issuers report under the revised ESG Reporting Guide. 12 issuer training seminars on ESG reporting were also conducted in March.
- iv. A guidance letter to set out the Stock Exchange’s revised approach to handling issuers subject to rumours or market commentaries with allegation of fraud, material accounting or corporate governance irregularities that may require a halt of trading in their securities. The revised approach has the effect of keeping any trading halt to the minimum consistent with the Stock Exchange’s general approach to trading halts.

Key Market Indicators	Q1	
	2016	2015
ADT of equity products traded on the Stock Exchange ^{1,2} (\$bn)	50.7	65.5
ADT of Northbound Trading ² (RMBbn)	3.4	5.3
Average daily number of trades of equity products traded on the Stock Exchange ^{1,2}	986,701	975,305
Number of newly listed companies on the Main Board ³	14	19
Number of newly listed companies on GEM	6	9
Total equity funds raised		
- IPOs (\$bn)	30.3	20.3
- Post-IPOs (\$bn)	60.8	63.9
Number of companies listed on the Main Board at 31 Mar	1,656	1,565
Number of companies listed on GEM at 31 Mar	227	210
Number of trading days	59	61
<small>1 Excludes derivative warrants (DWs), callable bull/bear contracts (CBBs) and warrants which are included under the Equity and Financial Derivatives segment and includes \$2.4 billion (Q1 2015: \$1.4 billion) of average daily trade value for Southbound Trading under Shanghai-Hong Kong Stock Connect</small>		
<small>2 Includes buy and sell trades under Shanghai-Hong Kong Stock Connect</small>		
<small>3 Includes 1 transfer from The Growth Enterprise Market (GEM) (Q1 2015: 3)</small>		

- v. Two listing decisions to enhance transparency and market understanding of how the Stock Exchange interprets and applies the Listing Rules' eligibility and suitability requirements for new listings, and how it decides whether to return new listing applications. The Stock Exchange continues to focus considerable attention on the substantive issues of an application and reject applicants on the grounds of eligibility and/or suitability in order to maintain market quality.
- vi. A guidance letter on bonus issues of shares by listed companies to remind them to properly plan their bonus issues to avoid disorderly trading.

The launch of the previously announced Closing Auction Session and Volatility Control Mechanism in the securities market is planned for the third quarter of 2016. To increase market awareness of the initiatives, HKEX will conduct a series of market education programmes starting in Q2 2016.

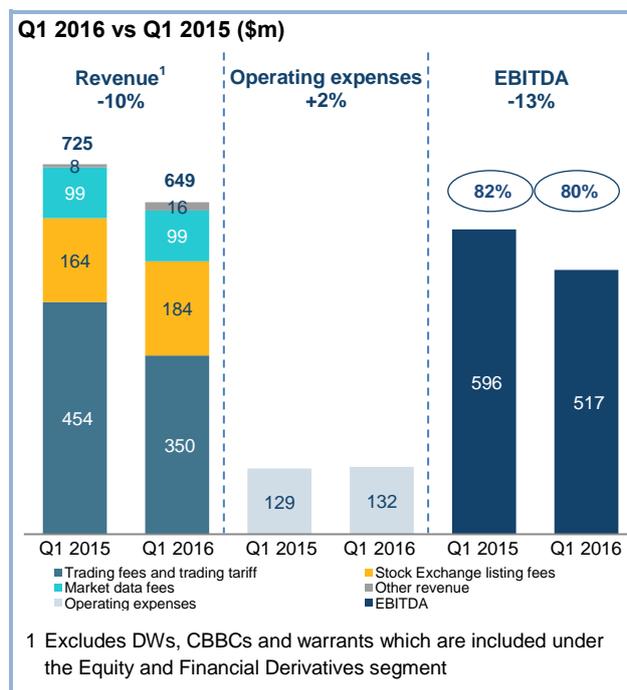
Shanghai-Hong Kong Stock Connect continues to operate smoothly notwithstanding continued volatility in Mainland markets. The total revenue and other income generated by Stock Connect was approximately \$35 million for Q1 2016.

HKEX has continued efforts to promote Hong Kong as the preferred offshore listing venue for Mainland enterprises and organised four listing promotion events in Q1 2016 with the help of government authorities and industry associations in Henan, Jiangsu and Guangdong provinces. HKEX also hosted a training workshop with Xiamen University to equip Mainland market professionals with the appropriate knowledge to respond to potential issuers.

Analysis of Results

Overall revenue dropped by 10 per cent reflecting a 23 per cent fall in ADT. However, lower trading fees from decreased ADT and fewer trading days, were partly offset by higher listing fee income, which rose by 12 per cent due to annual listing fees from a higher number of listed companies.

Operating expenses increased by 2 per cent mainly due to increased headcount for strategic initiatives, and annual payroll adjustments.



Equity and Financial Derivatives Segment

Business Update

In contrast to a decline in market activity on the Cash Market, the number of derivatives contracts traded on the Futures Exchange and the number of contracts traded during After-Hours Futures Trading (AHFT) have both increased over prior year and prior quarter and reached a quarterly record in Q1 2016.

The following record single day volumes and open interest of various contracts were achieved during Q1 2016:

Single Day Volume	Record High Date	Number of Contracts
HSCEI Dividend Point Index Futures	7 Jan	25,553
Hang Seng Index Futures (during AHFT)	21 Jan	25,171
USD/CNH Futures (during AHFT)	11 Feb	1,311
Open interest	Record High Date	Number of Contracts
H-shares Index Options	29 Mar	2,811,533
HSCEI Dividend Point Index Futures	30 Mar	162,052
USD/CNH Futures	5 Feb	32,009

Key Market Indicators	Q1	
	2016	2015
ADT of DWs, CBBCs and warrants traded on the Stock Exchange (\$bn)	22.0	20.9
Average daily number of trades of DWs, CBBCs and warrants traded on the Stock Exchange	210,654	229,100
Average daily number of derivatives contracts traded on the Futures Exchange ¹	512,153	309,054
Average daily number of stock options contracts traded on the Stock Exchange	293,047	363,322
Number of newly listed DWs	1,276	1,498
Number of newly listed CBBCs	2,421	2,287
Average daily number of contracts traded during AHFT ^{1,2}	40,859	16,350
Number of trading days	59	61
	At 31 Mar 2016	At 31 Mar 2015
Open interest of futures and options contracts ¹	8,539,132	8,402,485
¹ Excludes London Metal Mini Futures contracts which are included under the Commodities segment ² Equivalent to 12 per cent of the total number of the same contracts traded during the day session (Q1 2015: 7 per cent)		

Seven Sector Index Futures were launched on 9 May 2016. These new contracts cover the following major business sectors listed on the Stock Exchange: CES Gaming Top 10 Index, Hang Seng Mainland Oil & Gas Index, Hang Seng Mainland Banks Index, Hang Seng Mainland Healthcare Index, Hang Seng Mainland Properties Index, Hang Seng IT Hardware Index, and Hang Seng Software & Services Index. These new products will allow investors to efficiently manage their equity exposure to these key sectors.

With increased volatility of the Renminbi (RMB), the average daily volume of HKEX's USD/CNH Futures increased to 3,128 contracts (notional value of USD313 million) in Q1 2016, more than three times the volume in Q1 2015. Two new market makers for the USD/CNH Futures have been added, bringing the total number of market makers to eight and a block trade incentive programme was also launched to encourage Exchange Participants to move OTC trades onto the Futures Exchange.

A cash settled USD/CNH Futures contract and additional RMB currency futures - against the Euro, Japanese Yen and Australian Dollar - will be launched in Q2 2016. These will complement the existing physically settled USD/CNH Futures contract and provide additional trading and risk management tools for Participants.

A Derivatives Market Data Distribution Partnership Programme (the Partnership Programme) was introduced in January 2016 to promote visibility of market data of HKEX's new derivatives products in the Mainland. Six major Mainland information vendors have joined the Partnership Programme.

After discussion with the Securities and Futures Commission (SFC), HKEX issued a consultation paper on changes to stock option position limits in April 2016. Market feedback and a policy paper published by the Financial Services Development Council on the need for revising the current position limit regime, are supportive of the consultation. HKEX has also discussed the introduction of a hedge exemption regime in Hong Kong with the SFC and other regulatory bodies.

The Pre-Trade Risk Management System for the Derivatives Market was launched on 11 April 2016. This will assist Exchange Participants with pre-trade controls and enhance protection for Clearing Participants by preventing the unintended build-up of excessive positions. HKEX held more than 60 practice sessions for Exchange Participants ahead of the launch.

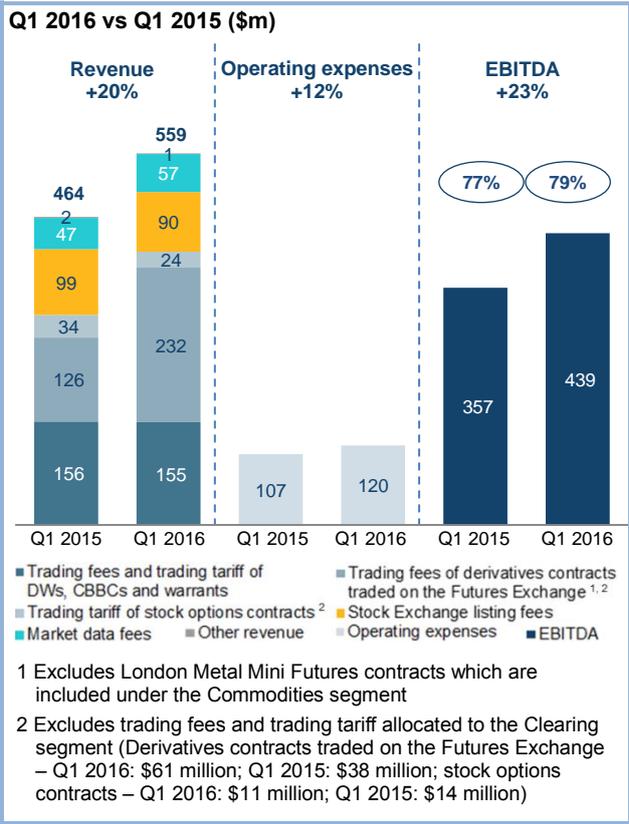
Software development for the Volatility Control Mechanism in Derivatives Market has been completed and acceptance tests are in progress. HKEX will conduct a series of market education programmes in the coming months with the launch expected in the fourth quarter of 2016 (Q4 2016).

Analysis of Results

The increase in trading fees and trading tariff over Q1 2015 reflected the record high average daily number of derivatives contracts traded on the Futures Exchange and an increased proportion of higher fee products in Q1 2016. The growth was partly offset by the lower average daily number of stock options contracts traded and fewer trading days.

Listing fees dropped by 9 per cent due to lower numbers of newly listed DWs but was partly offset by a higher number of newly listed CBBCs.

Operating expenses increased by 12 per cent due to higher index license fees from increased trading volume of derivatives contracts and higher staff costs attributable to increased headcount for strategic initiatives and annual payroll adjustments.



Commodities Segment

Business Update

The average daily volume of metals contracts traded on the LME in Q1 2016 decreased by 9 per cent against Q1 2015. This reflected the unfavourable global macro-economic environment and depressed commodity prices. The total futures Market Open Interest (MOI) at the end of the quarter also decreased by 6 per cent compared with 31 March 2015.

During Q1 2016, the LME continued with development of LMEshield, a secure and robust approach to managing warehouse receipts in multiple countries. An announcement was made in March of a strategic alliance with Henry Bath & Son Ltd, CMST Development Co Ltd and Mercuria Energy Trading to list warehouses for the LMEshield repository in regions along the Mainland's "Belt and Road" routes.

In March 2016, HKEX and Shanghai Gold Exchange signed a non-binding Memorandum of Understanding to consider various areas of potential mutual interest, including joint development of precious metals products and cross-market connectivity.

HKEX continues to explore the possibility of establishing a commodity trading platform on the Mainland supported by warehousing and financing facilities. Progress has been made during the quarter on developing business models and technical requirements, as well as onboarding relevant personnel.

HKEX and the LME continue to sponsor events that enhance market awareness and attract Mainland investors to trade both HKEX and LME products. These included co-hosting a series of Mainland seminars and briefings during Q1 2016. From April 2016, HKEX will deliver a series of training workshops covering developments in the global financial markets for students from approximately 10 Mainland and Hong Kong universities. HKEX and the LME are also sponsors of the third Global Derivatives Trading competition organised by the China Futures Daily which will run from 1 April to 30 September 2016.

In Q1 2016 the LME moved its administrative offices and the Ring, to 10 Finsbury Square, London after spending approximately 24 years at 56 Leadenhall Street, London.

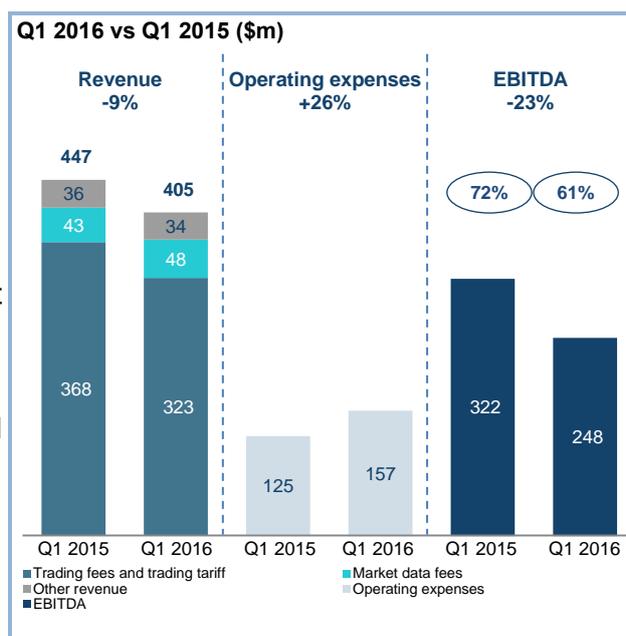
The annual "LME Week Asia 2016" event will be held on 14 June 2016 in Hong Kong – more details are available at <http://www.hkexgroup.com/eng/events/lmeweekasia/index.htm>.

Key Market Indicators	Q1	
	2016	2015
Average daily volume of metals contracts traded on the LME (lots)		
Aluminium	240,383	260,026
Copper	155,392	180,351
Zinc	105,185	114,037
Nickel	80,984	77,951
Lead	46,585	53,777
Others	7,989	9,629
Total	636,518	695,771
Number of trading days	62	63
	At	At
	31 Mar	31 Mar
	2016	2015
Total futures MOI (lots)	2,277,596	2,410,181

Analysis of Results

Trading fees fell by 12 per cent, which was more than the 9 per cent drop in average daily volume of metals contracts traded. This was due to a combination of incentive rebates that were introduced in the third quarter of 2015 and fewer trading days in Q1 2016.

Operating expenses increased by 26 per cent due to annual payroll adjustments, increased headcount and legal and professional fees for strategic initiatives in Q1 2016 (Q1 2015: benefited from a reversal of \$7 million of legal fees in respect of litigation in the UK and the United States).



Clearing Segment

Business Update

HKSCC continues to enhance the Shanghai-Hong Kong Stock Connect clearing facility. In April 2016 an additional evening RMB money settlement run was added for payments related to Stock Connect Settlement Instructions (SIs).

This enhancement offered Stock Connect

SIs same-day stock delivery against RMB payments, thereby reducing overnight counterparty risk between Clearing Participants, custodians and investors. The electronic submission of cash prepayment instructions for Stock Connect and enhancements to voting instructions processing were introduced at the same time.

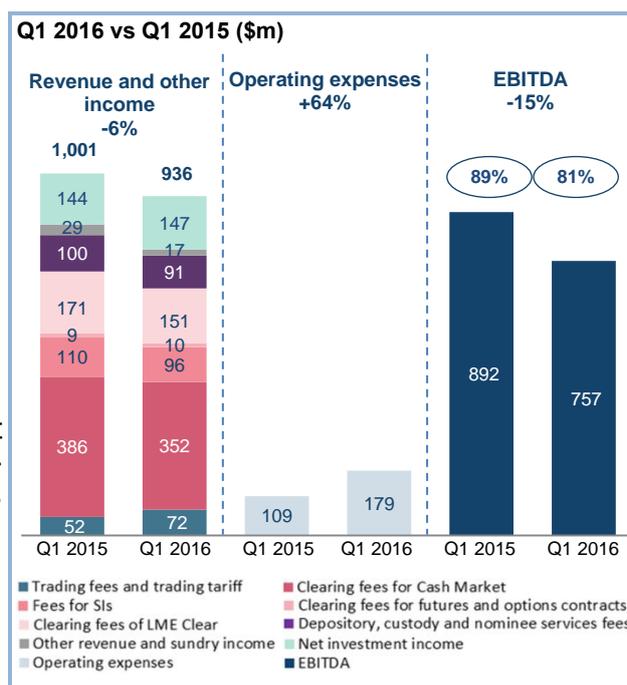
During Q1 2016, OTC Clear broadened its membership base to include HK-incorporated licensed corporations in addition to Hong Kong branches of PRC-incorporated, UK-incorporated and US-incorporated banks, with one corporation joining from that sector during the quarter.

Key Market Indicators	Q1	
	2016 \$bn	2015 \$bn
ADT traded on the Stock Exchange	72.7	86.4
Average daily value of SIs	170.7	209.8

Analysis of Results

The 6 per cent drop in revenue and other income reflects a decrease in Hong Kong clearing fees (arising from the 16 per cent decline in ADT and 19 per cent drop in volume of SIs), and lower LME Clear fees on lower average daily volume of metals contracts traded on the LME. The overall reduction in activity was partly offset by a decrease in transaction size in Hong Kong trades that resulted in more transactions being subject to the minimum clearing fee.

Operating expenses increased by 64 per cent compared to Q1 2015 due entirely to the one-off recovery of \$77 million from the liquidators of Lehman Brothers Securities Asia Limited that reduced operating expenses in Q1 2015.



Platform and Infrastructure Segment

Business Update

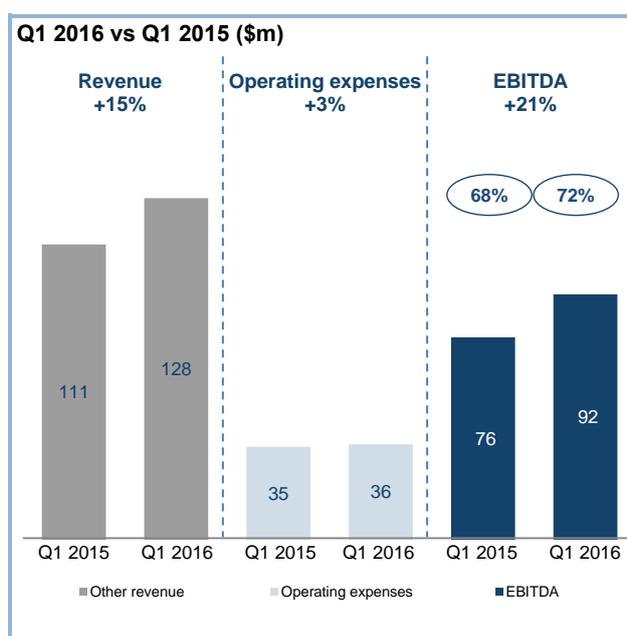
The detailed design phase for the implementation of Orion Trading Platform – Securities Market (OTP-C) was completed in March 2016. System development has now commenced and is expected to be completed by the end of 2016. Testing and other market readiness activities will be carried out in 2017.

Enhancements to both the HKEX Group website and the HKEX Market website, designed to improve user experience, are in progress. The launch of the revamped HKEX Group website is expected in Q4 2016 and the HKEX Market website next year.

Analysis of Results

Revenue rose as a result of an increase in Cash Market trading system line rental income, as more Participants migrated their Open Gateway to HKEX Orion Central Gateway, and higher hosting services fees due to an increase in the number of racks taken up by the customers.

Operating expenses increased due to higher costs of IT services and goods consumed by Participants.



Corporate Items

“Corporate Items” is not a business segment but comprises central income (including net investment income of Corporate Funds), costs of central support functions that provide services to all operating segments and other costs not directly related to any operating segments.

Net investment income increased due to higher fair value gains on investments, and lower foreign exchange losses on LME Group’s GBP holding for payment of operating costs in Q1 2016. The extent of this increase was offset by the exceptional gain of \$31 million on sale of the investment in shares of LCH.Clearnet Group Limited recorded in Q1 2015.

	Q1	
	2016	2015
	\$m	\$m
Net investment income	64	46
Others	10	2
Total	74	48

FINANCIAL REVIEW

Financial Assets and Financial Liabilities of Margin Funds and Clearing House Funds

Margin Fund deposits of \$118.6 billion at 31 March 2016 were \$3.4 billion higher than at 31 December 2015 due to an increase in open interest in futures and options contracts cleared through HKCC at 31 March 2016. Clearing House Fund contributions dropped from \$7.5 billion at 31 December 2015 to \$6.0 billion at 31 March 2016 due to lower contributions required from Participants in response to changes in market volatility and risk exposures. Funds received were invested in cash and cash equivalents, financial assets measured at amortised costs and financial assets measured at fair value through profit or loss.

Borrowings

No new borrowings nor repayments were made in Q1 2016.

Capital Expenditure and Commitments

During Q1 2016, the Group incurred capital expenditure of \$111 million (Q1 2015: \$89 million) on the development and upgrade of various trading and clearing systems including the commodities trading and clearing systems, a cash trading system, a pre-trade risk management system for Derivatives Market, and trading and clearing systems to facilitate mutual stock market access between Mainland China and Hong Kong. The Group’s capital expenditure commitments at 31 March 2016, including those authorised by the Board but not yet contracted for, amounted to \$969 million (31 December 2015: \$961 million).

Contingent Liabilities

At 31 March 2016, there were no significant changes in the Group’s contingent liabilities compared to 31 December 2015.

Charges on Assets

Securities held by one of the Group's subsidiaries, LME Clear, as non-cash collateral for margins posted by its Clearing Participants totalling \$81,676 million at 31 March 2016 (31 December 2015: \$76,928 million). This non-cash collateral, which was not recorded on the consolidated statement of financial position of the Group, together with certain financial assets amounting to \$7,718 million at 31 March 2016 (31 December 2015: \$4,953 million) have been repledged to LME Clear's investment agent and custodian banks under first floating charge and security arrangements for the settlement and depository services they provide in respect of the collateral and investments held. The first floating charge could convert to a fixed charge in the event of contract termination, or default or insolvency of LME Clear.

Changes since 31 December 2015

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 2015.

It is the Group's practice to declare a dividend only at the half-year and year-end and no dividend will be proposed for Q1 2016 (Q1 2015: \$Nil).

Review of Financial Statements

The Audit Committee has reviewed the Group's Unaudited Condensed Consolidated Financial Statements for Q1 2016.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Three months ended 31 Mar 2016 \$m	Three months ended 31 Mar 2015 \$m
Trading fees and trading tariff	1,156	1,190
Stock Exchange listing fees	274	263
Clearing and settlement fees	609	676
Depository, custody and nominee services fees	91	100
Market data fees	204	189
Other revenue	196	186
REVENUE	2,530	2,604
Investment income and sundry income	221	192
REVENUE AND OTHER INCOME	2,751	2,796
OPERATING EXPENSES		
Staff costs and related expenses	(526)	(494)
Information technology and computer maintenance expenses	(130)	(128)
Premises expenses	(74)	(69)
Product marketing and promotion expenses	(6)	(7)
Legal and professional fees	(21)	(12)
Other operating expenses:		
Reversal of provision for impairment losses arising from Participants' default on market contracts	-	77
Others	(97)	(85)
	(854)	(718)
EBITDA	1,897	2,078
Depreciation and amortisation	(188)	(163)
OPERATING PROFIT	1,709	1,915
Finance costs	(23)	(46)
Share of loss of a joint venture	(2)	(2)
PROFIT BEFORE TAXATION	1,684	1,867
TAXATION	(259)	(298)
PROFIT FOR THE PERIOD	1,425	1,569
PROFIT/(LOSS) ATTRIBUTABLE TO:		
- Shareholders of HKEX	1,432	1,575
- Non-controlling interests	(7)	(6)
PROFIT FOR THE PERIOD	1,425	1,569
Basic earnings per share	\$1.19	\$1.35
Diluted earnings per share	\$1.18	\$1.34

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended 31 Mar 2016 \$m	Three months ended 31 Mar 2015 \$m
PROFIT FOR THE PERIOD	1,425	1,569
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences of foreign subsidiaries recorded in exchange reserve	9	(2)
OTHER COMPREHENSIVE INCOME	9	(2)
TOTAL COMPREHENSIVE INCOME	1,434	1,567
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
- Shareholders of HKEX	1,441	1,573
- Non-controlling interests	(7)	(6)
TOTAL COMPREHENSIVE INCOME	1,434	1,567

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	At 31 Mar 2016			At 31 Dec 2015		
	Current \$m	Non-current \$m	Total \$m	Current \$m	Non-current \$m	Total \$m
ASSETS						
Cash and cash equivalents	102,033	–	102,033	110,890	–	110,890
Financial assets measured at fair value through profit or loss	62,488	–	62,488	72,705	–	72,705
Financial assets measured at amortised cost	30,086	69	30,155	19,439	57	19,496
Accounts receivable, prepayments and deposits	10,088	21	10,109	15,535	21	15,556
Taxation recoverable	2	–	2	2	–	2
Interest in a joint venture	–	66	66	–	68	68
Goodwill and other intangible assets	–	17,858	17,858	–	17,872	17,872
Fixed assets	–	1,511	1,511	–	1,560	1,560
Lease premium for land	–	22	22	–	22	22
Deferred tax assets	–	24	24	–	22	22
Total assets	204,697	19,571	224,268	218,571	19,622	238,193
LIABILITIES AND EQUITY						
Liabilities						
Financial liabilities at fair value through profit or loss	50,965	–	50,965	64,486	–	64,486
Margin deposits, Mainland security and settlement deposits, and cash collateral from Clearing Participants	118,599	–	118,599	115,213	–	115,213
Accounts payable, accruals and other liabilities	11,607	20	11,627	15,270	15	15,285
Deferred revenue	659	–	659	773	–	773
Taxation payable	636	–	636	653	–	653
Other financial liabilities	37	–	37	42	–	42
Participants' contributions to Clearing House Funds	5,977	–	5,977	7,474	–	7,474
Borrowings	–	3,415	3,415	–	3,409	3,409
Provisions	72	70	142	65	70	135
Deferred tax liabilities	–	755	755	–	761	761
Total liabilities	188,552	4,260	192,812	203,976	4,255	208,231
Equity						
Share capital			19,285			19,285
Shares held for Share Award Scheme			(582)			(590)
Employee share-based compensation reserve			252			199
Exchange reserve			(245)			(254)
Designated reserves			777			778
Reserve relating to written put options to non-controlling interests			(293)			(293)
Retained earnings			12,123			10,691
Equity attributable to shareholders of HKEX			31,317			29,816
Non-controlling interests			139			146
Total equity			31,456			29,962
Total liabilities and equity			224,268			238,193
Net current assets			16,145			14,595

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Preparation and Accounting Policies

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2015.

The financial information relating to the year ended 31 December 2015 that is included in this Quarterly Results Announcement as comparative information does not constitute the statutory annual consolidated financial statements of 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 will deliver the consolidated financial statements for the year ended 31 December 2015 to the Registrar of Companies in due course 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).

By Order of the Board
Hong Kong Exchanges and Clearing Limited
Joseph MAU
Company Secretary

Hong Kong, 11 May 2016

At the date of this announcement, the Board comprises 12 Independent Non-executive Directors, namely Mr CHOW Chung Kong (Chairman), Mr Apurv BAGRI, Mr CHAN Tze Ching, Ignatius, Mr Timothy George FRESHWATER, Ms FUNG Yuen Mei, Anita, Mr Rafael GIL-TIENDA, Mr John Barrie HARRISON, Dr HU Zulu, Fred, Dr KWOK Chi Piu, Bill, Mr LEE Kwan Ho, Vincent Marshall, Mrs LEUNG KO May Yee, Margaret and Mr John Mackay McCulloch WILLIAMSON, and one Executive Director, Mr LI Xiaojia, Charles, who is also HKEX's Chief Executive.