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

(Incorporated in Hong Kong with limited liability)
(Stock Code: 388)

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

QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

The Board submits the unaudited consolidated results of the Group for the nine months ended 30 September 2013 as follows:

FINANCIAL HIGHLIGHTS

	Nine months ended 30 Sept 2013	Nine months ended 30 Sept 2012	Change	**Three months ended 30 Sept 2013**	Three months ended 30 Sept 2012	Change
KEY MARKET STATISTICS						
Average daily turnover value on the Stock Exchange ($bn)	**63.8**	53.1	20%	**55.2**	46.4	19%
Average daily number of derivatives contracts traded on the Futures Exchange	**289,429**	257,973	12%	**286,136**	243,303	18%
Average daily number of stock options contracts traded on the Stock Exchange	**249,781**	224,880	11%	**217,169**	211,479	3%
Average daily volume of metals contracts traded on LME (lots)	**680,234**	633,702*	7%	**642,790**	618,311*	4%

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

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	Change	**Three months ended 30 Sept 2013 $m**	Three months ended 30 Sept 2012 $m	Change
RESULTS						
Revenue and other income	**6,574**	5,463	20%	**2,134**	1,693	26%
Operating expenses	**(2,018)**	(1,434)	41%	**(677)**	(458)	48%
EBITDA [1]	**4,556**	4,029	13%	**1,457**	1,235	18%
Depreciation and amortisation	**(352)**	(91)	287%	**(119)**	(35)	240%
Operating profit	**4,204**	3,938	7%	**1,338**	1,200	12%
Costs relating to acquisition of LME Group	**–**	(128)	(100%)	**–**	(18)	(100%)
Finance costs	**(137)**	–	N/A	**(45)**	–	N/A
Share of loss of a joint venture	**(7)**	(1)	600%	**(3)**	(1)	200%
Profit before taxation	**4,060**	3,809	7%	**1,290**	1,181	9%
Taxation	**(532)**	(589)	(10%)	**(90)**	(177)	(49%)
Profit attributable to shareholders	**3,528**	3,220	10%	**1,200**	1,004	20%
Basic earnings per share	**$3.07**	$2.97	3%	**$1.04**	$0.93	12%
Diluted earnings per share	**$3.06**	$2.97	3%	**$1.04**	$0.92	13%

	At 30 Sept 2013	At 31 Dec 2012	Change
KEY ITEMS IN CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Shareholders' funds ($m)	**19,019**	17,764	7%
Total assets [2] ($m)	**74,294**	80,837	(8%)
Net assets per share [3] ($)	**16.40**	15.48	6%

Notes:

1 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 and non-recurring costs arising from the acquisition of the LME Group.

2 The Group's total assets include the Margin Funds and cash collateral received from Participants.

3 Based on 1,159,433,538 shares as at 30 September 2013, being 1,161,493,053 shares issued and fully paid less 2,059,515 shares held for the Share Award Scheme (31 December 2012: 1,147,408,233 shares, being 1,149,808,087 shares issued and fully paid less 2,399,854 shares held for the Share Award Scheme)

CHAIRMAN'S STATEMENT

The speculation on the timing of the US Federal Reserve's decision to taper its quantitative easing measures has created uncertainties for the world's financial markets. In the East, Mainland China's economy remains strong and is likely to grow by more than 7 per cent again this year, which has provided some positive momentum. Benefitting from improved activity in our securities and derivatives markets and LME's contribution, the Group's profit attributable to shareholders for the nine months ended 30 September 2013 was $3.5 billion, an increase of 10 per cent against the corresponding period of 2012.

As the gateway to the Mainland, Hong Kong has always shared the benefits from the progressive opening and steady growth of Mainland China's economy. We welcome the establishment of the Shanghai Free Trade Zone, which signifies another step in economic liberalisation and further opening up of the Mainland. We are committed to working closely with our market participants to reinforce Hong Kong's position as the premier offshore RMB centre.

As a result of the determined effort in pursuing our strategic goals and close collaboration with the regulatory authorities, substantial progress has been made in broadening our client base and expanding our range of products and services. The Chief Executive's Review and Business Review sections cover this area in some detail.

Apart from the pursuit of our strategic goals, the maintenance of quality markets is also a high priority. As a recognised exchange controller in Hong Kong, we have continued to work with various policymakers, and regulatory and industry bodies to deliver orderly, informed and fair markets. Recent examples include the imminent launch of OTC Clear in line with the proposed regulatory framework for the OTC derivatives market, our Joint Policy Statement with the SFC regarding the listing of overseas companies in Hong Kong, and changes in the Listing Rules to support the SFC's new IPO sponsor regulations.

In October, I attended the LME Week in London with my fellow Directors and took the opportunity to meet with base metals professionals from across the globe. We gained valuable insights and new perspectives with respect to the opportunities and challenges facing the metals industry, which will be instrumental in the further development of our commodities business.

This year is approaching its end. We have been working hard towards the goal of placing our exchanges at the forefront of global exchanges in terms of quality products and services and investment returns. I would like to pay tribute to my fellow Directors and all employees within the Group for their dedication at a time of great change and increased responsibilities.

CHOW Chung Kong
Chairman

CHIEF EXECUTIVE'S REVIEW

With our goal of transforming HKEx into a leading global vertically-integrated and multi-asset class exchange, we remain on track in executing various strategic initiatives under the 2013-2015 Group Strategic Plan set out in the beginning of the year. I am pleased to provide a review of our business during this period.

Cash Equity

In the first three quarters of 2013, we had a total of 42 IPOs raising $59.9 billion, a 34 per cent increase from the same period last year.

This year marks the 20th anniversary of H-share listings and we have held a series of events since early August to celebrate the achievements since the first H-share company listed on our market in 1993. These events include a market opening ceremony, promotional roadshows and training seminars in Hong Kong and Mainland China. The celebration will continue into the fourth quarter of this year.

In terms of the performance of our cash equity segment, trading activity continued to improve, with average daily turnover value standing at $63.8 billion, an increase of 20 per cent from the same period last year.

Our ETF market, in particular, showed a strong surge in the first nine months of this year. The average daily turnover reached $4.0 billion, more than doubling the figure from the same period last year. Along with the celebration of CESC's 1st anniversary and its many achievements since launch, 3 new ETFs linked to the CESC Index Series have also been introduced, namely the ChinaAMC CES China A80 Index ETF, the CSOP CES China A80 ETF and the E Fund CES China 120 Index ETF. They are new key drivers for our ETF market and demonstrate the great potential for further cooperation with Mainland exchanges.

Equity Derivatives

The average daily turnover of futures and options for the first nine months of the year was 539,210 contracts, an increase of 12 per cent when compared to the same period last year. In the AHFT session, the average daily volume of HSI Futures and H-shares Index Futures remained at about 4 per cent and 3 per cent of that in the day-time session respectively.

On 12 August, we introduced CES 120 Futures as part of our Mainland China-related product expansion. CES 120, together with HSI Volatility Index Futures, have been certified by the Commodity Futures Trading Commission to be directly offered to investors in the US. With these 2 additions, we now have a total of 6 index futures being directly traded by investors in the US.

We also witnessed the development of our stock options business following a revamp in May. Trading volume was up 9 per cent in the first nine months of this year from a year ago, accounting for nearly half (46 per cent) of all futures and options trading during the period. We also introduced 5 new classes of stock options in August, bringing the total to 70 stock options classes as of the end of September 2013.

Fixed Income and Currency

The average daily turnover of RMB Currency Futures grew by 86 per cent to 539 contracts in the first three quarters of 2013 compared to 2012, and period-end open interest reached a record high of 9,515 contracts (up 159 per cent from the end of 2012).

OTC Clear was granted approval to become a recognised clearing house by the SFC on 25 October 2013, and subsequently completed the founding shareholders programme on 31 October 2013. OTC Clear is planning to start offering its clearing services in November 2013.

Commodities

The LME's core business in the first nine months of this year remained strong, with the average daily volume up 7 per cent from the same period last year to 680,234 lots. Nickel volume experienced the largest growth, with volume in the first nine months rising 19 per cent, followed by tin (up 16 per cent), copper (up 10 per cent) and aluminium (up 9 per cent).

LME published a consultation paper on 1 July with proposals to tackle the issue of warehouse queues. The 3-month consultation on the proposal ended on 30 September; the LME's board have discussed the results and other ideas that were raised through the consultation process. An announcement of the consultation results will be made in due course.

In the second week of October, we welcomed guests from around the world to LME Week in London. The annual flagship events, the Metals Seminar and Annual Dinner, provided a great forum for participants to obtain insights into all aspects of the ever-changing market including the global economy, market trends and issues facing the metals industry today.

As disclosed in our 2013 Interim Report, a number of class action lawsuits have been filed in the US against LME and LMEH alleging anti-competitive and monopolistic behaviour in the warehousing industry in connection with aluminium prices. As of the date of this announcement, 18 actions have been filed against LME, of which 9 named LMEH as a co-defendant. All the claims are similar in nature. Based on legal advice, an increase in the number of similar class actions filed since the first lawsuit surfaced in August 2013 does not increase the extent of the companies' liability, if any. A petition to consolidate all the actions has been filed with the relevant US judicial panel to facilitate defence and minimise costs. LME management continues to take the view that the lawsuits are without merit and that both companies will contest them vigorously.

I am happy to inform you that Mr Garry Jones officially joined LME on 30 September as the Chief Executive and Director of LME. He succeeds Mr Martin Abbot, whose resignation was announced in June. I would like to thank Martin for his great contributions to LME and wish him every success in the future, while also extending a warm welcome to Garry. I am confident that under Garry's leadership, LME will continue to preserve its core competitiveness while developing new businesses for its long-term growth.

Platform and Infrastructure

We rolled out the first phase of the OMD – part of our HKEx Orion technology initiatives – on 30 September. OMD allows us to disseminate a range of data feed products with different content and other features to meet the varying needs of the market. The next phases of OMD, scheduled for rollout in the first half of 2014, will extend direct distribution of HKEx market data to Mainland China through MMDH and then use OMD for Derivatives Market data.

As another milestone in our Orion technology initiatives, we successfully upgraded the derivatives trading (HKATS) and clearing system (DCASS) to Genium INET in the middle of October. The upgrade equipped HKATS with ultra-low order trade processing latency, improved DCASS's clearing processing, and provided new Central Gateway and other new functionalities for market participants. Not only does it deliver world-class performance, it also paves the way for further development of the Derivatives Market.

Since the extension of Hosting Services to the Derivatives Market in June, the service has performed well. As of the end of September 2013, its participants contributed about 25 per cent of the daily turnover value on the Stock Exchange and about 45 per cent of daily contract volume on the Futures Exchange.

On the development side, as part of our mutual market access strategy, we continued our efforts with Mainland exchanges and authorities.

We are in a transformative moment in which changes are fast and opportunities are great for those that stay alert and are proactive. By focusing on implementing various strategic initiatives, we continue to strive to maintain the competitiveness of HKEx and lay the groundwork for the long-term development of the Hong Kong financial market. I thank you, our staff and market participants for your efforts, and I look forward to your continued support.

LI Xiaojia, Charles
Director and Chief Executive

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Listing and Regulatory Affairs

Listing

On 6 September 2013, the Exchange published a guidance letter on long suspended companies which sets out the current practice and rationale for the continued suspension of companies and discusses the criteria for resumption of these long suspended companies. In conjunction with the guidance letter, the Exchange revised its monthly prolonged suspension status report to summarise, for each long suspended company, the conditions imposed by the Exchange for resumption, major developments and outstanding issues.

On 13 September 2013, the Exchange published a new statement on its approach to enforcement of the Listing Rules (Enforcement Statement), and implemented new procedures for disciplinary matters involving breaches of the Listing Rules (New Procedures). The Enforcement Statement and New Procedures are the results of a review conducted by the Exchange with a view towards expediting the resolution of enforcement matters and increasing market transparency.

On 27 September 2013, the Exchange published jointly with the SFC a revised Joint Policy Statement (JPS) regarding the listing of overseas companies on the Exchange to replace the JPS issued in March 2007. The objective of the revised JPS is to promote transparency in the listing process, provide regulatory certainty for overseas companies seeking either primary or secondary listing in Hong Kong, and maintain the quality of Hong Kong's financial market which is recognised for its high standards of regulation, investor protection and corporate governance. The Exchange aims to publish a Country Guide for each acceptable jurisdiction by the end of 2013 setting out, among other things, comprehensive and user friendly guidance on how companies incorporated in the jurisdiction can meet the requirement for equivalent shareholder protection standards in the Listing Rules.

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

The SFC's new sponsor regulations took effect on 1 October 2013. The Exchange organised seminars in August and September 2013 to assist sponsor firms and other market practitioners in understanding the related Listing Rule changes and streamlined regulatory commenting process.

During September and October 2013, the Exchange also organised a series of 12 half-day seminars. Each seminar had 2 sessions: (i) a presentation on the Environmental, Social and Governance Reporting Guide given by an external consultant; and (ii) a listing compliance update. The former session was designed to help issuers better equip themselves for ESG reporting while the latter one focused on recent compliance issues, using case studies and examples.

Enterprise Risk Management and Surveillance

The HKEx Group Risk Report for 2013 was completed based on the results of the HKEx risk assessment conducted in June and July 2013 according to the HKEx Enterprise Risk Management Framework, and the top risks reported by LME in October 2013.

To further improve surveillance efficiency in the Cash and Derivatives Markets, the surveillance systems were enhanced during the third quarter of 2013 to facilitate the monitoring of position limits and reporting of large open position for CES 120 Futures and to align the real-time market monitoring with the implementation of OMD.

Global Markets

Cash Trading

In the nine months ended 30 September 2013, 34 companies were newly listed on the Main Board (including 3 transfers from GEM), and 11 on GEM. Total capital raised, including post-listing funds, during the nine-month period was $191.0 billion. As at 30 September 2013, 1,399 and 186 companies were listed on the Main Board and GEM respectively with a total market capitalisation of $22,816.5 billion. In addition, there were 4,696 DWs, 1,596 CBBCs, 113 ETFs, 10 REITs, and 367 debt securities listed as at 30 September 2013. The average daily turnover value in the first nine months of 2013 was $63.5 billion on the Main Board and $254 million on GEM, an increase of 20 per cent and 93 per cent respectively compared with the corresponding period in 2012.

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

Equity securities [1]	1
Debt securities	73
ETFs [2]	10
DWs	8
REITs	1

Notes:

1 Traded under the Dual Counter model

2 Including 9 ETFs traded under the Dual Counter model

Derivatives Trading

In the nine months ended 30 September 2013, 98,136,191 contracts were traded in the Derivatives Market, comprising 39,155,477 futures contracts and 58,980,714 options contracts. The average daily volumes were 215,140 contracts for futures and 324,070 contracts for options. The total open interest as of 30 September 2013 was 6,822,588 contracts, comprising 471,505 futures contracts and 6,351,083 options contracts.

Record High Volume and Open Interest for Major Derivatives in the Third Quarter of 2013

	Volume		Open interest	
	Date	Number of contracts	Date	Number of contracts
Mini H-shares Index Futures	–	–	23 Sept	6,951
HSCEI Dividend Point Index Futures	–	–	12 Sept	88,987
CES 120 Futures *	26 Aug	2,086	28 Aug	306
USD/CNH Futures	–	–	30 Sept	9,515
H-shares Index Options	–	–	26 Sept	1,395,315
Flexible H-shares Index Options	–	–	18 Sept	27,591

* Launched on 12 August 2013

As of the end of September, there were 70 stock option classes, including 5 new stock option classes introduced on 5 August 2013. As part of the market education programme, a podcast channel with 8 videos was launched to enable investors to access stock options information on Apple and Android platforms.

At the end of September, a total of 755,447 HSI Futures and H-shares Index Futures contracts had been traded during the AHFT session since its introduction in April 2013. The average daily volume of the 2 products in the AHFT session continued to be about 4 per cent and 3 per cent of that in the day session respectively. HKEx plans to extend block trading from the day session to the AHFT session, subject to the SFC's approval of the proposed rule amendments. HKEx also plans to offer after-hours trading of more of its futures contracts, beginning with Mini-HSI Futures, Mini H-shares Index Futures and USD/CNH Futures in early 2014, and will consider extending AHFT to around midnight because its overlap with US trading hours is reduced by 1 hour from the initial overlap when the US is on Standard Time instead of Daylight Saving Time.

The CES 120 Futures contract commenced trading on HKFE on 12 August 2013. It is the world's first exchange-listed futures contract on a cross-border China stock index. The CES 120 includes both Mainland A shares and shares of Mainland enterprises listed in Hong Kong. The CES 120 Futures received good market response during the initial month of trading, with an average daily volume of 980 contracts (average daily notional value was over $180 million) and month-end open interest reaching 191 contracts. Four liquidity providers have been appointed to provide continuous two-way liquidity and 40 EPs have participated in this market. The Commodity Futures Trading Commission of the US has certified the CES 120 Futures contract for offering and selling to persons in the US. To increase investor awareness of the product, HKEx and CESC jointly arranged seminars for retail and institutional investors in Hong Kong and Singapore during the third quarter of 2013, and are planning a series of educational and product promotion activities in the Asia region in the fourth quarter of this year.

Following the upgrade of HKATS to the new Genium INET platform on 15 October 2013, the Tailor-Made Combination, a new trading function provided by Genium platform, was introduced for investors to conduct combination trades more efficiently by executing option strategies with multiple legs at one net price.

Market Data

In September 2013, HKEx introduced a new marketing programme in Mainland China, Japan, Korea, Singapore and Taiwan to promote data from the Derivatives Market, in particular USD/CNH Futures, CESC index futures and commodities futures data. As part of the programme, Redistribution Fee and Subscriber Fees for real-time Level 1 have been waived for IVs who provide derivatives data services to clients in these places until the end of 2015.

LME

During the nine months ended 30 September 2013, the average daily volume was 680,234 lots, an increase of 7 per cent from the corresponding period last year. Aluminium and copper, the LME's 2 largest contracts by turnover, grew 9 per cent and 10 per cent respectively year-on-year. The smallest LME contracts by turnover, tin and nickel, experienced the greatest increase, 16 per cent and 19 per cent respectively year-on-year. The zinc contract grew 2 per cent year-on-year. Lead is the only principal contract to experience a decline in turnover, 6 per cent, even though trading increased month-on-month by 21 per cent.

The total futures MOI at the end of September 2013 was 2,505,358 lots, a 7 per cent increase from the MOI reported at the end of 2012. Nickel experienced the strongest growth, with MOI 24 per cent above the level reported at the end of last year. The MOI of tin at the end of September 2013 was down over 7 per cent from the end of last year and MOI of lead was down 15 per cent.

In the nine months ended 30 September 2013, an average of 148,665 lots per day traded across LMEselect (ticker value), up 9 per cent year-on-year. On 24 September 2013, LMEselect experienced a controlled halt for about 3.5 hours due to technical issues and resumed continuous trading in the afternoon. LME collaborated with key system providers and communicated with market participants throughout the incident to ensure that the recovery was controlled and orderly. Telephone and Ring trading were unaffected and operated as normal.

In September 2013, LME visited Mexico, Colombia, Chile, Peru and Brazil to host a series of seminars in partnership with the Center for Copper and Mining Studies, or CESCO. Representatives from LME were joined by industry experts to deliver day-long seminars on key issues facing the Latin American metals and mining industries. The roadshow received positive feedback and similar roadshows are planned to take place in 2014 for India.

LME held its LME Week, which included the Metals Seminar and Annual Dinner for the global metals community, in the second week of October. The event offered a platform for international guests and clients of LME members to exchange information about the metals industry and share their views on different aspects of the ever-changing metals market.

LME has, at the date of this announcement, been named as a co-defendant in 18 class action lawsuits filed in 5 US District Courts. LMEH, the direct holding company of LME, is named as a co-defendant in 9 of these actions. The claims are all similar in nature and seek damages and injunctive relief with respect to alleged anti-competitive and monopolistic behaviour in the warehousing industry in connection with aluminium prices. Based on legal advice, an increase in the number of similar class actions filed since the first lawsuit surfaced in August 2013 does not increase the extent of the companies' liability, if any. A petition to consolidate all the actions has been filed with the relevant US judicial panel to facilitate defence and minimise costs. LME management continues to take the view that the lawsuits are without merit and that both companies will contest them vigorously.

In light of the class action nature of the complaints, it is expected that additional follow-up or "copycat" suits of a similar nature may be filed against LME and LMEH in the US. The Company does not intend to make announcements each time it becomes aware of similar lawsuits unless new information emerges which should be the subject of an announcement. The Company will continue to monitor the situation and update Shareholders and investors on material developments in compliance with the SFO and the Main Board Listing Rules.

CESC

The CES 120 Futures contract commenced trading on HKFE on 12 August 2013, as described in Derivatives Trading above.

The first ETF linked to a CESC index, the ChinaAMC CES China A80 Index ETF, was listed on SEHK on 26 August 2013, and the second one, the CSOP CES China A80 ETF, was listed on 23 September 2013. In addition, the first ETF tracking the cross-border CES 120, the E Fund CES China 120 Index ETF, was listed on SEHK on 21 October 2013.

Mainland Development

Activities to mark the 20th anniversary of H-share listings in Hong Kong kicked off on 6 August 2013 with a ceremony which included the former chairmen of the China Securities Regulatory Commission and SEHK, as well as representatives of the 6 H-share companies listed in 1993. There were also the "train-the-trainer" workshops for key officials from 25 provincial and municipal financial services offices in Mainland China to broaden their knowledge of the Hong Kong securities market, and a number of roadshows in Henan and Guangzhou to promote H-share listings. The activities will continue until the end of 2013.

To strengthen the Group's working relationships, Memorandums of Understanding on cooperation and exchange of information were signed with the Financial Services Offices of Hubei and Henan provinces in July and September 2013 respectively.

In August 2013, various LME product and service training programmes were organised in Shanghai for the commodities community in the region.

Issuer and Client Services

During the third quarter of 2013, HKEx continued to organise activities to promote its products and services, which included 11 seminars and visits by delegations from the Hochiminh Stock Exchange and the Taiwan Stock Exchange. HKEx also participated in the 9th Asia-Pacific New Markets Forum, the ETF Asia conference and other events, with the aim of promoting its new business initiatives and gathering market feedback and intelligence.

Global Clearing

Cash and Derivatives Clearing

In the past, creation and redemption of ETFs could only be processed by participating dealers who must be Participants of SEHK and CCASS. To further align ETF-related services with third party clearing arrangements, a participating dealer who is not a CCASS Participant, can now appoint a CCASS Participant to access CCASS on its behalf for ETF-related services.

On 12 September 2013, HKSCC applied to the European Securities and Markets Authority (ESMA) to be recognised as a third country central counterparty (CCP) under the European Market Infrastructure Regulation (EMIR) in order to continue to provide clearing services to the CCASS Clearing Participants established in the European Union (EU) in accordance with the transitional provisions. Currently, HKCC and SEOCH do not have any Clearing Participants established in the EU. However, they intend to submit applications to ESMA for recognition as a third country CCP in due course to allow their Clearing Participants which are subsidiaries of EU credit institutions and investment firms to benefit from a lower capital requirement under the upcoming EU Capital Requirements Regulation, or CRR.

OTC Clear

On 25 October 2013, the SFC approved OTC Clear's application to become a recognised clearing house. All of the system checks and tests with the initial batch of clearing members have been completed. OTC Clear is now preparing for the migration of OCASS to the production environment. It expects to launch its services in November 2013 with clearing of inter-dealer trades involving interest rate swaps and non-deliverable forwards. More information about the launch of OTC Clear is set out in the News Release dated 31 October 2013 under the News & Consultations section of the HKEx website. OTC Clear intends to apply for recognition to ESMA as a third country CCP shortly after the launch.

A Risk Management Committee and a User Committee have been established to deal with risk management matters and to provide advice on products, market development and strategic issues respectively. A Default Management Group will also be established for the purpose of handling the default management process.

In response to the request of the Legislative Council's Bills Committee, HKEx has submitted its comments on the proposed regulatory framework for Hong Kong's OTC derivatives market.

LME Clear

The establishment of LME Clear is on schedule. LME Clear will be fully compliant with the EMIR. LME Clear is expected to be officially launched in September 2014.

Clearing Risk Management

On 17 September 2013, a multilateral default management drill was held for the first batch of clearing members of OTC Clear and the results were satisfactory.

On 20 September 2013, HKEx's representative participated in the CCP 12 conference in Dubai on developments in clearing and settlement regulations and models around the world.

Information Technology

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

The final stage of consolidation of data centres into the Data Centre will take place in the fourth quarter of 2013.

HKEx Orion Programme

The SDNet/2 network upgrade was concluded after completion of the final part of the SDNet/2 rollout (the circuit migration for CCASS and CCMS) in August 2013.

On 30 September 2013, HKEx launched the OMD system for the Cash Market. HKEx aims to introduce the market data system for the Derivatives Market in the second quarter of 2014. On the Mainland, HKEx is working to provide a Cash Market data feed via the MMDH scheduled for launch in the first quarter of 2014.

Simulation tests for the OCG were completed at the end of August 2013 and HKEx has enrolled the first batch of EPs that will use the market access system. The OCG is being prepared for end-to-end testing by EPs. HKEx plans to implement the system for the Cash Market in the second quarter of 2014.

In October 2013, HKEx upgraded HKATS/DCASS to the new Genium INET technology platform which significantly improved latency and transaction capacity for further development of the Derivatives Market.

Hosting Services

Following their launch for the Derivatives Market in June 2013, Hosting Services had stable operations and steady growth in the number of subscribers, including EPs, IVs, buy-side firms, technology vendors, and telecommunication service providers. As at the end of September 2013, there were over 75 companies, mostly SEHK and HKFE Participants, using Hosting Services. The EPs in the group contributed about 25 per cent of daily securities turnover value and about 45 per cent of the daily derivatives trading volume at the end of the third quarter of 2013.

Treasury

The Group's funds available for investment comprise Corporate Funds, Margin Funds and cash collateral and Clearing House Funds, totalling $55.7 billion on average for the nine months ended 30 September 2013 (nine months ended 30 September 2012: $44.3 billion).

As compared with 30 June 2013, the overall size of funds available for investment as at 30 September 2013 decreased by 14 per cent or $7.7 billion to $48.9 billion (30 June 2013: $56.6 billion). Details of the asset allocation of the investments as at 30 September 2013 against those as at 30 June 2013 are set out below.

	Investment Fund Size $bn		**Bonds**		**Cash or Bank Deposits**		**Global Equities**	
	Sept	Jun	**Sept**	Jun*	**Sept**	Jun	**Sept**	Jun
Corporate Funds	**9.3**	8.9	**19%**	21%	**77%**	75%	**4%**	4%
Margin Funds and cash collateral	**36.4**	43.2	**5%**	4%	**95%**	96%	**0%**	0%
Clearing House Funds	**3.2**	4.5	**0%**	0%	**100%**	100%	**0%**	0%
Total	**48.9**	56.6	**7%**	6%	**92%**	93%	**1%**	1%

* Including certain principal-guaranteed structured notes

Investments are kept sufficiently liquid to meet the Group's operating needs and liquidity requirements of the Margin Funds and cash collateral and Clearing House Funds. Excluding equities held under the Corporate Funds ($0.4 billion as at 30 September 2013 and $0.3 billion as at 30 June 2013), which have no maturity date, the maturity profiles of the remaining investments as at 30 September 2013 ($48.5 billion) and 30 June 2013 ($56.3 billion) were as follows:

	Investment Fund Size $bn		**Overnight to 3 months**		**>3 months to 1 year**		**>1 year to 3 years**		**> 3 years**	
	Sept	Jun	**Sept**	Jun	**Sept**	Jun	**Sept**	Jun	**Sept**	Jun
Corporate Funds	**8.9**	8.6	**80%**	79%	**5%**	5%	**7%**	8%	**8%**	8%
Margin Funds and cash collateral	**36.4**	43.2	**86%**	84%	**11%**	12%	**1%**	2%	**2%**	2%
Clearing House Funds	**3.2**	4.5	**99%**	97%	**1%**	3%	**0%**	0%	**0%**	0%
Total	**48.5**	56.3	**86%**	84%	**10%**	10%	**2%**	3%	**2%**	3%

Note: The maturity profiles are based on contractual maturity.

Credit exposure is well diversified. The Group's bond portfolio held is of investment grade and, as at 30 September 2013, had a weighted average credit rating of Aa3 (30 June 2013: Aa3) and a weighted average maturity of 2.5 years (30 June 2013: 2.7 years). Deposits are placed only with the note-issuing banks in Hong Kong, investment grade licensed banks and restricted licence banks approved by the Board from time to time.

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

	Average VaR $m		**Highest VaR** $m		**Lowest VaR** $m	
	Jul-Sept	Apr-Jun	**Jul-Sept**	Apr-Jun	**Jul-Sept**	Apr-Jun
Corporate Funds	**9.2**	8.2	**10.7**	9.2	**8.1**	6.8
Margin Funds and cash collateral	**0.6**	0.7	**0.8**	1.0	**0.5**	0.5
Clearing House Funds	**<0.1**	<0.1	**<0.1**	0.1	**<0.1**	<0.1

Details of the Group's net investment income are set out in the Revenue and Other Income section under the Financial Review.

FINANCIAL REVIEW

Overall Performance

	Note	**Nine months ended 30 Sept 2013 $m**	Nine months ended 30 Sept 2012 $m	Change
RESULTS				
Revenue and other income:				
Revenue affected by market turnover	(A)	**4,397**	3,395	30%
Stock Exchange listing fees	(B)	**737**	682	8%
Market data fees	(C)	**551**	423	30%
Other revenue	(D)	**448**	339	32%
Net investment income	(E)	**433**	613	(29%)
Sundry income		**8**	11	(27%)
		6,574	5,463	20%
Operating expenses	(F)	**(2,018)**	(1,434)	41%
EBITDA		**4,556**	4,029	13%
Depreciation and amortisation	(G)	**(352)**	(91)	287%
Operating profit		**4,204**	3,938	7%
Costs relating to acquisition of LME Group	(H)	**–**	(128)	(100%)
Finance costs	(I)	**(137)**	–	N/A
Share of loss of a joint venture		**(7)**	(1)	600%
Profit before taxation		**4,060**	3,809	7%
Taxation	(J)	**(532)**	(589)	(10%)
Profit attributable to shareholders		**3,528**	3,220	10%

Profit attributable to shareholders increased by 10 per cent or $308 million to $3,528 million in the first nine months of 2013 against $3,220 million for the same period in 2012. The increase was mainly due to $318 million of profit contributed by the LME business (2012: $Nil as the LME Group was acquired in December 2012). Increased trading fees from higher trading volumes on the Stock Exchange and the Futures Exchange were offset by weaker net investment income, higher depreciation and amortisation, and finance costs incurred for funding the acquisition of the LME Group.

The positive investor sentiment and market momentum of the first quarter of 2013 have been undermined by uncertainties created by the possible tapering of quantitative easing by the US Federal Reserve. Nevertheless, in the first nine months of 2013, the average daily turnover value on the Stock Exchange rose by 20 per cent and the average daily number of futures and options contracts traded in the Derivatives Market rose by 12 per cent compared to the same period in 2012. Including LME trading fees of $645 million (2012: $Nil), market turnover related revenues increased by 30 per cent, or $1,002 million, to $4,397 million.

Net investment income declined by 29 per cent or $180 million due to lower fair value gains on investments and a drop in interest income from lower bank deposit rates, which were partially offset by a $106 million fair value gain on investment in LCH.Clearnet shares held by LME.

Operating expenses increased by 41 per cent or $584 million over the same period last year, to $2,018 million mainly due to the inclusion of $535 million of operating expenses of the LME business (2012: $Nil).

Depreciation and amortisation increased from $91 million in 2012 to $352 million in 2013. Of the $261 million increase, $104 million was related to the fixed assets and IT systems of the LME business, $96 million was attributable to amortisation of customer relationship intangibles arising from the acquisition of the LME Group, and the remainder was mainly due to the Data Centre, where phase one of the construction was completed in September 2012.

During the nine months ended 30 September 2013, the Group incurred $137 million of finance costs for funding the acquisition of the LME Group (2012: $Nil).

Revenue and Other Income

(A) Revenue Affected by Market Turnover

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	Change
Trading fees and trading tariff	**2,649**	1,790	48%
Clearing and settlement fees	**1,225**	1,045	17%
Depository, custody and nominee services fees	**523**	560	(7%)
Total	**4,397**	3,395	30%

The increase in trading fees and trading tariff of $859 million was mainly attributable to the inclusion of the trading fees of the LME business of $645 million for the nine months ended 30 September 2013 (2012: $Nil). The revenue from products traded on the Stock Exchange (excluding stock options) increased by 16 per cent or $190 million during the period to $1,367 million (2012: $1,177 million). The increase was less than the 20 per cent increase in average daily turnover value on the Stock Exchange as the number of trading days was 2 per cent lower than that in the corresponding period in 2012 and there were more exempt ETF trades from market makers. The revenue from derivatives contracts traded on the Futures Exchange and stock options only increased by 4 per cent to $637 million (2012: $613 million) compared to a 12 per cent higher average daily number of contracts traded mainly due to a higher proportion of trading in lower fee products such as H-shares Index futures and options during the first nine months of 2013.

Clearing and settlement fees are derived predominantly from Stock Exchange transactions. Compared with the corresponding period in 2012, the 17 per cent increase in clearing and settlement fees was lower than the 20 per cent increase in average daily turnover value on the Stock Exchange due mainly to the number of trading days being 2 per cent lower than the corresponding period in 2012.

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

Key Market Indicators

	Nine months ended 30 Sept 2013	Nine months ended 30 Sept 2012	Change
Average daily turnover value on the Stock Exchange ($bn)	**63.8**	53.1	20%
Average daily number of derivatives contracts traded on the Futures Exchange	**289,429**	257,973	12%
Average daily number of stock options contracts traded on the Stock Exchange	**249,781**	224,880	11%
Average daily volume of metals contracts traded on LME (lots)	**680,234**	633,702*	7%

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

(B) Stock Exchange Listing Fees

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	Change
Annual listing fees	**355**	349	2%
Initial and subsequent issue listing fees	**379**	330	15%
Others	**3**	3	0%
Total	**737**	682	8%

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

Key Drivers for Annual Listing Fees

	At 30 Sept 2013	At 30 Sept 2012	Change
Number of companies listed on Main Board	**1,399**	1,355	3%
Number of companies listed on GEM	**186**	178	4%
Total	**1,585**	1,533	3%

Key Drivers for Initial and Subsequent Issue Listing Fees

	Nine months ended 30 Sept 2013	Nine months ended 30 Sept 2012	Change
Number of newly listed DWs	**5,218**	4,281	22%
Number of newly listed CBBCs	**6,792**	4,605	47%
Number of newly listed companies on Main Board *	**34**	39	(13%)
Number of newly listed companies on GEM	**11**	10	10%
Total equity funds raised on Main Board			
– IPOs ($bn)	**58.6**	43.7	34%
– Post-IPO ($bn)	**127.2**	148.9	(15%)
Total equity funds raised on GEM			
– IPOs ($bn)	**1.3**	1.0	30%
– Post-IPO ($bn)	**3.9**	2.2	77%

* Including 3 transfers from GEM (2012: 2)

(C) Market Data Fees

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	Change
Market data fees	**551**	423	30%

Market data fees increased due to the inclusion of $131 million of market data fees of the LME business.

(D) Other Revenue

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	Change
Network, terminal user, dataline and software sub-license fees	**194**	270	(28%)
Commodities stock levies and warehouse listing fees	**93**	–	N/A
Hosting services	**54**	–	N/A
Participants' subscription and application fees	**49**	27	81%
Trading booth user fees	**8**	8	0%
Brokerage on direct IPO allotments	**6**	1	500%
Sales of Trading Rights	**6**	15	(60%)
Miscellaneous revenue	**38**	18	111%
Total	**448**	339	32%

Other revenue increased in the first nine months of 2013 compared to the same period in 2012 mainly due to $129 million (2012: $Nil) of revenue generated by the LME business and $54 million (2012: $Nil) of Hosting Services revenue that were offset by a decrease in network, terminal user, dataline and software sub-license fees.

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

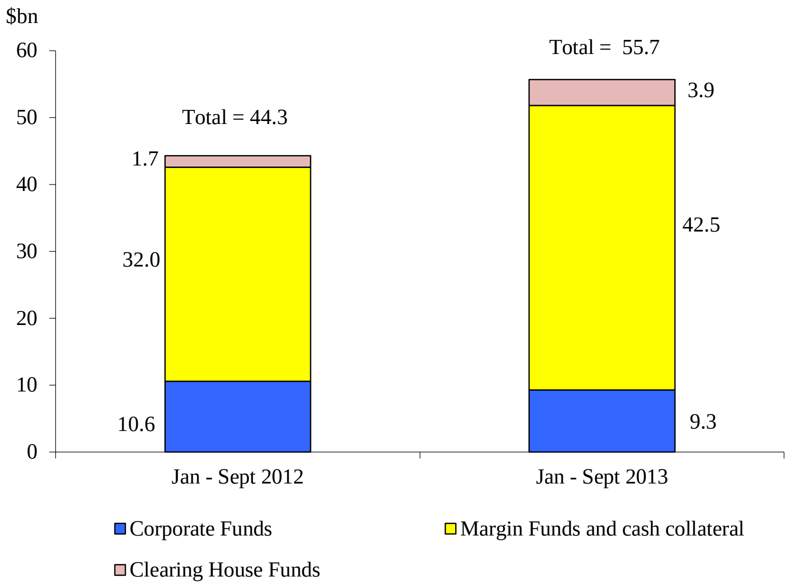
(E) Net Investment Income

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	Change
Gross investment income	**436**	615	(29%)
Interest rebates to Participants	**(3)**	(2)	50%
Net investment income	**433**	613	(29%)

Net investment income declined overall by 29 per cent due to lower fair value gains on investments, reflecting market movements, and a drop in interest income from lower bank deposit rates. This was partly offset by a $106 million fair value gain on LME's investment in LCH.Clearnet shares.

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

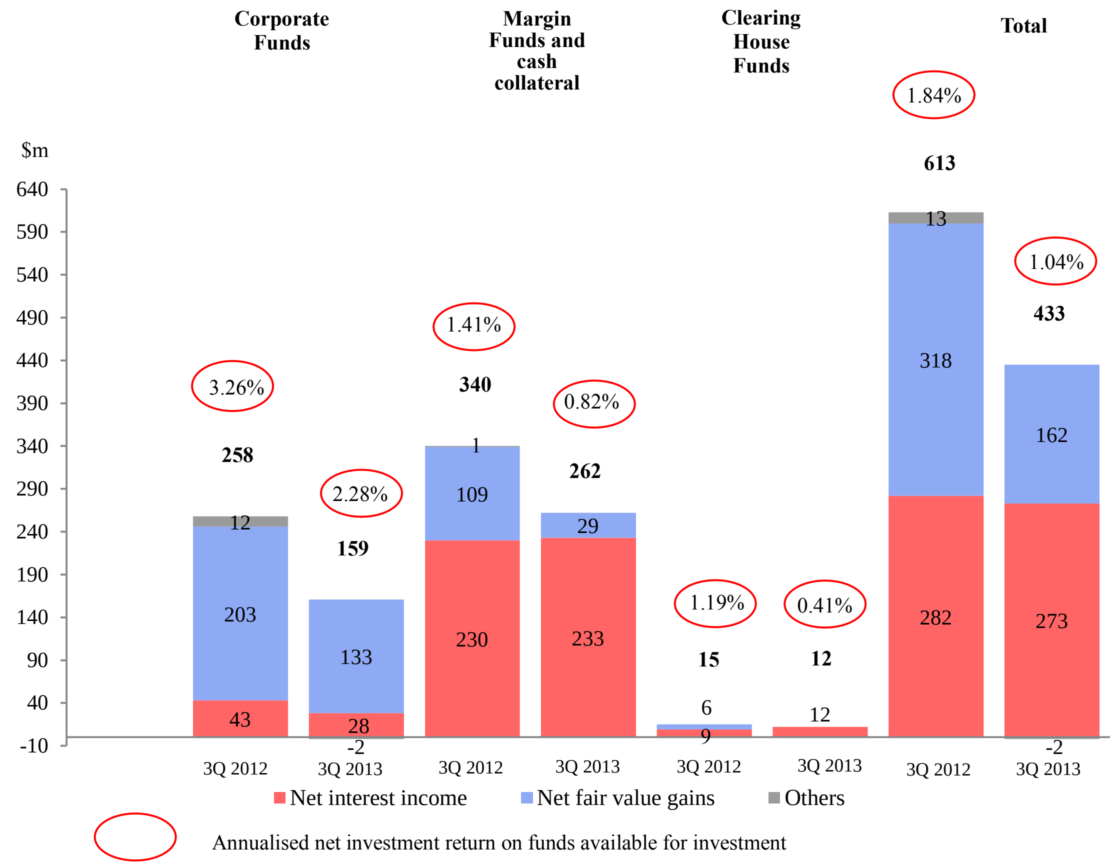
Average Amount of Funds Available for Investment



The increase in the average amount of funds available for investment was due to higher margin deposits from Clearing Participants arising from increases in margin rates and open interest as well as an increase in Clearing House Funds following the introduction of a dynamic guarantee fund for HKSCC. The average balance of Corporate Funds has reduced as the acquisition of the LME Group in December 2012 was partly funded by Corporate Funds.

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

Net Investment Income by Funds



The lower net investment income and return on Corporate Funds in 2013 was attributable to lower fair value gains on equities, fixed income and structured investments and a drop in interest income from lower bank deposit rates and reduced fund size. This was partly offset by a fair value gain of $106 million on LME's investment in LCH.Clearnet shares.

The lower net income on the Margin Funds and cash collateral in 2013 was mainly due to a decrease in net fair value gains on investments (including certain principal-guaranteed structured notes). Despite lower interest rates during the period, interest income was similar to the same period in 2012 due to an increase in the margin funds available for investment.

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

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

Expenses, Other Costs and Taxation

(F) Operating Expenses

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	Change
Staff costs and related expenses	**1,119**	884	27%
IT and computer maintenance expenses	**386**	219	76%
Premises expenses	**224**	185	21%
Product marketing and promotion expenses	**19**	14	36%
Legal and professional fees	**96**	32	200%
Other operating expenses	**174**	100	74%
Total	**2,018**	1,434	41%

Staff costs and related expenses increased by $235 million to $1,119 million, of which $206 million (2012: $Nil) was attributable to the LME business. The remainder of the increase was mainly due to payroll adjustments to keep up with the market trend.

IT and computer maintenance expenses consumed by the Group, excluding costs of services and goods directly consumed by the Participants of $54 million (2012: $105 million), was $332 million (2012: $114 million), of which $206 million (2012: $Nil) was related to the LME business. The decrease in costs of services and goods directly consumed by the Participants was mainly due to lower Stock Exchange trading network line rental costs following the migration of the Group's network services in Hong Kong to SDNet/2 in the second half of 2012. Following the migration, Participants can directly contract with accredited vendors for the Stock Exchange trading network line rental services instead of HKEx. There was a corresponding drop in Stock Exchange trading network line rental income under Other Revenue in section (D).

Premises expenses rose by $39 million to $224 million, of which $20 million (2012: $Nil) was attributable to the LME business. The rest of the increase was mainly due to higher rent upon the renewal of certain leases, the lease of additional office premises to accommodate increased headcount and higher utility costs of the Data Centre.

Legal and professional fees increased by $64 million to $96 million, of which $57 million was incurred by the LME business for implementing strategic projects and seeking legal advice ($4 million) in relation to the class action lawsuits in the US with respect to alleged anti-competitive and monopolistic behaviour in the warehousing market.

Other operating expenses rose by $74 million to $174 million. The increase was mainly due to the inclusion of $41 million of expenses incurred by the LME business in 2013 (2012: $Nil), operations of the Data Centre, where phase one of the construction was completed in September 2012, and higher bank facility fees. The higher facility fees related to an increase in the amount of committed facilities, from $4,000 million at 30 September 2012 to $8,000 million at 30 September 2013, to further enhance the Group's liquidity.

(G) Depreciation and Amortisation

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	Change
Depreciation and amortisation	**352**	91	287%

Depreciation and amortisation increased by $261 million to $352 million mainly due to depreciation of the Data Centre, where phase one of the construction was completed in September 2012, depreciation and amortisation of LME's fixed assets and IT systems of $104 million (2012: $Nil), and amortisation of customer relationship intangibles arising from the acquisition of the LME Group of $96 million (2012: $Nil).

(H) Costs relating to Acquisition of LME Group

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	Change
Costs relating to acquisition of LME Group	**–**	128	(100%)

During the first nine months of 2012, the Group incurred legal and professional fees of $121 million and other costs of $7 million for the acquisition of the LME Group. No such costs were incurred by the Group in 2013.

(I) Finance Costs

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	Change
Finance costs	**137**	–	N/A

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

(J) Taxation

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	Change
Taxation	**532**	589	(10%)

Taxation dropped mainly due to a one-off deferred tax credit arising from a reduction of corporate tax rate in the UK, but was partially offset by a higher profit before taxation and a higher tax rate on LME's profit.

Comparison of 2013 Third Quarter Performance with 2013 Second Quarter Performance

	Three months ended 30 Sept 2013 $m	Three months ended 30 Jun 2013 $m	Change
Revenue and other income:			
Revenue affected by market turnover:			
Trading fees and trading tariff	**833**	894	(7%)
Clearing and settlement fees	**386**	408	(5%)
Depository, custody and nominee services fees	**178**	276	(36%)
	1,397	1,578	(11%)
Stock Exchange listing fees	**241**	241	0%
Market data fees	**181**	182	(1%)
Other revenue	**151**	157	(4%)
Net investment income	**161**	56	188%
Sundry income	**3**	4	(25%)
	2,134	2,218	(4%)
Operating expenses	**(677)**	(672)	1%
EBITDA	**1,457**	1,546	(6%)
Depreciation and amortisation	**(119)**	(117)	2%
Operating profit	**1,338**	1,429	(6%)
Finance costs	**(45)**	(43)	5%
Share of loss of a joint venture	**(3)**	(2)	50%
Profit before taxation	**1,290**	1,384	(7%)
Taxation	**(90)**	(214)	(58%)
Profit attributable to shareholders	**1,200**	1,170	3%

Profit attributable to shareholders rose from $1,170 million in the second quarter of 2013 to $1,200 million in the third quarter. The increase was mainly driven by higher net investment income and lower taxation charges, which were partly offset by a decline in market turnover related revenues.

Market turnover related revenues dropped by 11 per cent for the third quarter of 2013 compared to the second quarter primarily due to lower turnover in the Cash and Derivatives Markets, a lower number of metals contracts traded on LME, and a decrease in scrip fees due to seasonal fluctuations.

Net investment income rose significantly in the third quarter mainly due to net fair value gains on equities and fixed income investments in the third quarter of 2013 following the US Federal Reserve's announcement that it would delay the tapering of the quantitative easing measures.

Key Market Indicators

	Three months ended 30 Sept 2013	Three months ended 30 Jun 2013	Change
Average daily turnover value on the Stock Exchange ($bn)	**55.2**	62.3	(11%)
Average daily number of derivatives contracts traded on the Futures Exchange	**286,136**	307,496	(7%)
Average daily number of stock options contracts traded on the Stock Exchange	**217,169**	256,162	(15%)
Average daily volume of metals contracts traded on LME (lots)	**642,790**	732,811	(12%)

Taxation dropped due to a one-off deferred tax credit arising from a reduction of corporate tax rate in the UK and lower profit before taxation.

Working Capital

Working capital rose by $1,178 million or 22 per cent to $6,418 million as of 30 September 2013 (31 December 2012: $5,240 million). The increase was primarily due to the profit of $3,528 million generated during the nine months ended 30 September 2013, which was partly offset by the 2012 final dividend and the 2013 interim dividend, net of scrip dividend, of $2,339 million.

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

Capital Expenditures and Commitments

During the first nine months of 2013, the Group had capital expenditure of $443 million (2012: $889 million) which was mainly related to the Data Centre, development of a new market data system, a commodities clearing system, and the upgrade and enhancement of various IT systems.

The Group's capital expenditure commitments at 30 September 2013, including those authorised by the Board but not yet contracted for, amounted to $997 million (31 December 2012: $832 million) and were mainly related to the development of IT systems including a new market data system, clearing systems for OTC derivatives and commodities, and the OCG for the Cash Market. The Group has adequate resources to fund its capital expenditure commitments.

Exposure to Fluctuations in Exchange Rates and Related Hedges

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

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

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

In respect of the investment in the LME Group in the UK (including goodwill and other intangible assets arising from its acquisition) totalling HK$18,112 million as at 30 September 2013 (31 December 2012: HK$17,499 million), movements in the GBP exchange rate do not impact profit attributable to shareholders but are recorded as movements on the exchange reserve, which is a component of equity.

The remaining aggregate net open foreign currency positions at 30 September 2013 amounted to HK$1,845 million, of which HK$571 million was non-USD exposure (31 December 2012: HK$2,702 million, of which HK$1,112 million was non-USD exposure) and the maximum gross nominal value of outstanding forward foreign exchange contracts amounted to HK$1,104 million (31 December 2012: HK$1,114 million). All forward foreign exchange contracts will mature within 2 months (31 December 2012: 3 months).

Contingent Liabilities

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

(a) The Group had a contingent liability in respect of potential calls to be made by the SFC to replenish all or part of compensation less recoveries paid by the Unified Exchange Compensation Fund established under the Securities Ordinance up to an amount not exceeding $71 million (31 December 2012: $71 million). Up to 30 September 2013, no calls had been made by the SFC in this connection.

(b) The Group had undertaken to indemnify the Collector of Stamp Revenue against any underpayment of stamp duty by its Participants of up to $200,000 for each Participant. In the unlikely event that all of its 506 trading Participants covered by the indemnity at 30 September 2013 (31 December 2012: 511) defaulted, the maximum contingent liability of the Group under the indemnity would amount to $101 million (31 December 2012: $102 million).

(c) HKEx had given an undertaking in favour of HKSCC to contribute up to $50 million in the event of HKSCC being wound up while it is a wholly-owned subsidiary of HKEx or within one year after HKSCC ceases to be a wholly-owned subsidiary of HKEx, for payment of the liabilities of HKSCC contracted before HKSCC ceases to be a wholly-owned subsidiary of HKEx, and for the costs of winding up.

(d) A number of class action lawsuits have been filed in the US against LME and its direct holding company, LMEH, alleging anti-competitive and monopolistic behaviour in the warehousing industry in connection with aluminium prices. As at the date of this announcement, 18 actions have been filed against LME, of which 9 named LMEH as a co-defendant. The claims are all similar in nature and seek damages and injunctive relief with respect to alleged anti-competitive and monopolistic behaviour. Based on legal advice, an increase in the number of similar class actions filed since the first lawsuit surfaced in August 2013 does not increase the extent of the companies' liability, if any. A petition to consolidate all the actions has been filed with the relevant US judicial panel to facilitate defence and minimise costs. In light of the class action nature of the complaints, it is expected that additional follow-up or "copycat" suits of a similar nature may be filed against LME and LMEH in the US.

Due to the preliminary nature of the proceedings, LME does not currently have sufficient information to estimate the financial effect (if any) relating to the class actions, the timing of the ultimate resolution of the actions, or what the eventual outcomes might be. However, LME management continues to take the view that the suits are without merit, and that both LME and LMEH will contest them vigorously. Accordingly, no provision has been made in the Group's Unaudited Condensed Consolidated Financial Statements for the nine months ended 30 September 2013.

Changes since 31 December 2012

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

It is the Group's plan to declare a dividend only at the half-year and year-end. Therefore, no dividend will be proposed for the third quarter of 2013 (third quarter of 2012: $Nil). Due to fluctuations in market conditions and changes in the operating environment, certain categories of income and operating expenses may vary substantially from quarter to quarter. Therefore, quarterly results should not be extrapolated to project the Group's full-year performance.

Review of Financial Statements

The Audit Committee has reviewed the Group's Unaudited Condensed Consolidated Financial Statements for the nine months ended 30 September 2013 in conjunction with HKEx's external auditor.

The external auditor has carried out certain agreed-upon procedures on the Unaudited Condensed Consolidated Financial Statements for the nine months ended 30 September 2013 in accordance with the Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE HIGHLIGHTS

Throughout the nine months ended 30 September 2013, HKEx complied with all Code Provisions and, where appropriate, adopted the Recommended Best Practices set out in the Corporate Governance Code, with the exceptions of Code Provisions A.4.1 (re-election of non-executive directors) and A.4.2 (retirement by rotation of directors).

The Government Appointed Directors, all being non-executive Directors, are not subject to election or re-election by Shareholders as their appointments are governed by Section 77 of the SFO. The term of office of HKEx's Chief Executive in his capacity as a Director is, pursuant to Article 90(4) of HKEx's Articles of Association, coterminous with his employment with HKEx, and he is not subject to retirement by rotation.

In recognition of its commitment to best sustainability practices and disclosure, HKEx continues to be included in the Hang Seng Corporate Sustainability Index Series, the Dow Jones Sustainability Asia Pacific Index, and the STOXX® Global ESG Leaders Indices.

Details of HKEx's ESG principles and practices are set out under the About HKEx (Corporate Governance and Corporate Social Responsibility) section of the HKEx website.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	**Nine months ended 30 Sept 2013 $m**	Nine months ended 30 Sept 2012 $m	**Three months ended 30 Sept 2013 $m**	Three months ended 30 Sept 2012 $m
Trading fees and trading tariff		**2,649**	1,790	**833**	551
Stock Exchange listing fees		**737**	682	**241**	220
Clearing and settlement fees		**1,225**	1,045	**386**	322
Depository, custody and nominee services fees		**523**	560	**178**	141
Market data fees		**551**	423	**181**	137
Other revenue	3	**448**	339	**151**	95
REVENUE AND TURNOVER	2	**6,133**	4,839	**1,970**	1,466
Investment income		**436**	615	**162**	222
Interest rebates to Participants		**(3)**	(2)	**(1)**	(1)
Net investment income	4	**433**	613	**161**	221
Sundry income		**8**	11	**3**	6
REVENUE AND OTHER INCOME		**6,574**	5,463	**2,134**	1,693
OPERATING EXPENSES					
Staff costs and related expenses		**(1,119)**	(884)	**(364)**	(291)
IT and computer maintenance expenses		**(386)**	(219)	**(136)**	(61)
Premises expenses		**(224)**	(185)	**(75)**	(65)
Product marketing and promotion expenses		**(19)**	(14)	**(5)**	(1)
Legal and professional fees		**(96)**	(32)	**(41)**	(9)
Other operating expenses		**(174)**	(100)	**(56)**	(31)
		(2,018)	(1,434)	**(677)**	(458)
EBITDA *		**4,556**	4,029	**1,457**	1,235
Depreciation and amortisation		**(352)**	(91)	**(119)**	(35)
OPERATING PROFIT		**4,204**	3,938	**1,338**	1,200
Costs relating to acquisition of LME Group		**–**	(128)	**–**	(18)
Finance costs	5	**(137)**	–	**(45)**	–
Share of loss of a joint venture		**(7)**	(1)	**(3)**	(1)
PROFIT BEFORE TAXATION	2	**4,060**	3,809	**1,290**	1,181
TAXATION	6	**(532)**	(589)	**(90)**	(177)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		**3,528**	3,220	**1,200**	1,004
Basic earnings per share #	7(a)	**$3.07**	$2.97	**$1.04**	$0.93
Diluted earnings per share #	7(b)	**$3.06**	$2.97	**$1.04**	$0.92

* EBITDA has been added in 2013 as a new non-HKFRS measure for monitoring business performance.

\# Earnings per share have been restated for the effect of the bonus element of the share placement in 2012 (note 7(c)).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	**Three months ended 30 Sept 2013 $m**	Three months ended 30 Sept 2012 $m
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	**3,528**	3,220	**1,200**	1,004
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences of foreign subsidiaries recorded in exchange reserve	**(28)**	–	**1,150**	–
Fair value gain of cash flow hedges	**–**	35	**–**	35
OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS	**(28)**	35	**1,150**	35
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS	**3,500**	3,255	**2,350**	1,039

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

		At 30 Sept 2013			At 31 Dec 2012		
	Note	**Current $m**	**Non-current $m**	**Total $m**	Current $m	Non-current $m	Total $m
ASSETS							
Cash and cash equivalents	9	**36,794**	**–**	**36,794**	34,077	–	34,077
Financial assets measured at fair value through profit or loss	9	**3,772**	**138**	**3,910**	4,369	123	4,492
Financial assets measured at amortised cost	9	**8,186**	**62**	**8,248**	8,442	131	8,573
Accounts receivable, prepayments and deposits	9, 10	**5,294**	**7**	**5,301**	13,689	7	13,696
Interest in a joint venture		**–**	**90**	**90**	–	97	97
Goodwill and other intangible assets		**–**	**18,230**	**18,230**	–	18,183	18,183
Fixed assets		**–**	**1,661**	**1,661**	–	1,675	1,675
Lease premium for land		**–**	**23**	**23**	–	24	24
Deferred tax assets		**–**	**37**	**37**	–	20	20
Total assets		**54,046**	**20,248**	**74,294**	60,577	20,260	80,837
LIABILITIES AND EQUITY							
Liabilities							
Margin deposits and cash collateral from Clearing Participants	9	**36,370**	**–**	**36,370**	36,786	–	36,786
Accounts payable, accruals and other liabilities	11	**7,597**	**19**	**7,616**	15,818	20	15,838
Deferred revenue		**277**	**–**	**277**	530	–	530
Taxation payable		**683**	**–**	**683**	178	–	178
Other financial liabilities		**113**	**–**	**113**	57	–	57
Participants' contributions to Clearing House Funds	9	**2,540**	**–**	**2,540**	1,924	–	1,924
Borrowings	12	**–**	**6,692**	**6,692**	–	6,615	6,615
Provisions		**48**	**47**	**95**	44	45	89
Deferred tax liabilities		**–**	**889**	**889**	–	1,056	1,056
Total liabilities		**47,628**	**7,647**	**55,275**	55,337	7,736	63,073
Equity							
Share capital				**1,161**			1,150
Share premium				**10,162**			8,731
Shares held for Share Award Scheme				**(264)**			(305)
Employee share-based compensation reserve				**156**			122
Exchange reserve				**161**			189
Convertible bond reserve				**409**			409
Designated reserves				**585**			587
Retained earnings	13			**6,649**			6,881
Shareholders' funds				**19,019**			17,764
Total liabilities and equity				**74,294**			80,837
Net current assets				**6,418**			5,240
Total assets less current liabilities				**26,666**			25,500

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Preparation and Accounting Policies

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

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

In 2013, the Group has adopted the following new/revised HKFRSs:

Amendments to HKFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

Annual Improvements to HKFRSs 2009 – 2011 Cycle

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

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. Of these, the following 3 amendments to Hong Kong Accounting Standards (HKASs) are pertinent to the Group's operations:

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

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

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

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

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

Change in presentation of the condensed consolidated statement of comprehensive income

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

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

2. Operating Segments

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

In 2012, the Group had 5 reportable segments:

The **Cash Market** segment mainly referred to the operations of the Stock Exchange, which cover all products traded on the Cash Market platforms, such as equities, CBBCs and DWs. The major sources of revenue of the segment were trading fees, trading tariff and listing fees. Results of the Listing Function were included in the Cash Market.

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

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

The **Clearing** segment referred to the operations of the 3 clearing houses, namely HKSCC, SEOCH and HKCC, which are responsible for clearing, settlement and custodian activities of the Cash and Derivatives Markets operated by the Group. Its revenue and other income were derived primarily from providing clearing, settlement, depository, custody and nominee services and net investment income earned on the Clearing House Funds and Margin Funds and cash collateral from HKSCC Clearing Participants.

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

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

Following the acquisition of the LME Group in December 2012, the Group underwent an internal reorganisation to better align its business activities to its strategic objective of becoming a vertically and horizontally integrated multi-asset class exchange. As a result, the reportable segments have been reorganised. After the reorganisation, effective from January 2013, the Group has 5 reportable segments ("Corporate Items" is not a reportable segment). The segments are managed separately as each segment offers different products and services and requires different IT systems and marketing strategies. The operations in each of the Group's new reportable segments are as follows:

The **Cash** segment covers all equity products traded on the Cash Market platforms, sales of Cash Market data and other related activities. Currently, the Group operates 2 Cash Market platforms, the Main Board and the GEM. The major sources of revenue of the segment are trading fees, trading tariff, listing fees of equity products and Cash Market data fees.

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

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

The **Clearing** segment refers to the operations of the 3 clearing houses, namely HKSCC, SEOCH and HKCC, which are responsible for clearing, settlement and custodian activities of the Stock Exchange and the Futures Exchange, and the development and operations of the new clearing houses for clearing OTC derivatives contracts (OTC Clear) and clearing base metals futures and options contracts traded on LME (LME Clear). Its revenue and other income are derived primarily from providing clearing, settlement, depository, custody and nominee services and net investment income earned on the Margin Funds and cash collateral and Clearing House Funds.

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

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

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

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

	Nine months ended 30 Sept 2013						
	Cash $m	Equity and Financial Derivatives $m	Commodities $m	Clearing $m	Platform and Infrastructure $m	Corporate Items $m	Group $m
Revenue from external customers	**1,804**	**1,271**	**905**	**1,893**	**256**	**4**	**6,133**
Net investment income	–	–	–	**275**	–	**158**	**433**
Sundry income	–	–	–	**8**	–	–	**8**
Revenue and other income	**1,804**	**1,271**	**905**	**2,176**	**256**	**162**	**6,574**
Operating expenses	**(337)**	**(322)**	**(349)**	**(417)**	**(97)**	**(496)**	**(2,018)**
Reportable segment EBITDA	**1,467**	**949**	**556**	**1,759**	**159**	**(334)**	**4,556**
Depreciation and amortisation	**(37)**	**(33)**	**(198)**	**(44)**	**(28)**	**(12)**	**(352)**
Finance costs	–	–	–	–	–	**(137)**	**(137)**
Share of loss of a joint venture	–	**(7)**	–	–	–	–	**(7)**
Reportable segment profit before taxation	**1,430**	**909**	**358**	**1,715**	**131**	**(483)**	**4,060**

	As restated Nine months ended 30 Sept 2012						
	Cash $m	Equity and Financial Derivatives $m	Commodities $m	Clearing $m	Platform and Infrastructure $m	Corporate Items $m	Group $m
Revenue from external customers	1,628	1,222	–	1,711	278	–	4,839
Net investment income	–	–	–	355	–	258	613
Sundry income	–	–	–	11	–	–	11
Revenue and other income	1,628	1,222	–	2,077	278	258	5,463
Operating expenses	(349)	(302)	–	(301)	(138)	(344)	(1,434)
Reportable segment EBITDA	1,279	920	–	1,776	140	(86)	4,029
Depreciation and amortisation	(27)	(20)	–	(34)	(3)	(7)	(91)
Costs relating to acquisition of LME Group	–	–	–	–	–	(128)	(128)
Share of loss of a joint venture	–	(1)	–	–	–	–	(1)
Reportable segment profit before taxation	1,252	899	–	1,742	137	(221)	3,809

3. Other Revenue

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	**Three months ended 30 Sept 2013 $m**	Three months ended 30 Sept 2012 $m
Network, terminal user, dataline and software sub-license fees	**194**	270	**65**	72
Commodities stock levies and warehouse listing fees	**93**	–	**33**	–
Hosting services	**54**	–	**20**	–
Participants' subscription and application fees	**49**	27	**17**	9
Trading booth user fees	**8**	8	**2**	2
Brokerage on direct IPO allotments	**6**	1	**–**	1
Sales of Trading Rights	**6**	15	**2**	6
Miscellaneous revenue	**38**	18	**12**	5
	448	339	**151**	95

4. Net Investment Income

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	**Three months ended 30 Sept 2013 $m**	Three months ended 30 Sept 2012 $m
Gross interest income	**276**	284	**111**	102
Interest rebates to Participants	**(3)**	(2)	**(1)**	(1)
Net interest income	**273**	282	**110**	101
Net fair value gains including interest income on financial assets measured at fair value through profit or loss and financial liabilities at fair value through profit or loss	**162**	318	**45**	115
Gains on disposal of financial assets measured at amortised costs	**–**	1	**–**	1
Others	**(2)**	12	**6**	4
Net investment income	**433**	613	**161**	221

5. Finance Costs

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	**Three months ended 30 Sept 2013 $m**	Three months ended 30 Sept 2012 $m
Interest expenses on borrowings	**135**	–	**45**	–
Net foreign exchange losses on financing activities	**2**	–	**–**	–
	137	–	**45**	–

6. Taxation

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

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	**Three months ended 30 Sept 2013 $m**	Three months ended 30 Sept 2012 $m
Current tax - Hong Kong Profits Tax	**581**	580	**180**	168
Current tax - Overseas Tax	**121**	–	**21**	–
	702	580	**201**	168
Deferred taxation	**(170)**	9	**(111)**	9
	532	589	**90**	177

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

The corporation tax rates applicable to the subsidiaries in the UK are 24 per cent effective from 1 April 2012 and 23 per cent effective from 1 April 2013. Through the enactment of the 2013 Finance Act in July 2013, the UK corporation tax rate will be further reduced to 21 per cent effective from 1 April 2014 and to 20 per cent effective from 1 April 2015. As a result of the reduction in UK corporation tax rates, the Group's net deferred tax liabilities decreased by approximately $108 million, with a corresponding credit to deferred taxation during the period.

7. Earnings Per Share

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

(a) Basic earnings per share

	Nine months ended 30 Sept 2013	As restated Nine months ended 30 Sept 2012	**Three months ended 30 Sept 2013**	As restated Three months ended 30 Sept 2012
Profit attributable to shareholders ($m)	**3,528**	3,220	**1,200**	1,004
Weighted average number of shares in issue less shares held for Share Award Scheme (in '000)	**1,149,534**	1,082,936	**1,152,030**	1,083,805
Basic earnings per share ($)	**3.07**	2.97	**1.04**	0.93

(b) Diluted earnings per share

	Nine months ended 30 Sept 2013	As restated Nine months ended 30 Sept 2012	**Three months ended 30 Sept 2013**	As restated Three months ended 30 Sept 2012
Profit attributable to shareholders ($m)	**3,528**	3,220	**1,200**	1,004
Weighted average number of shares in issue less shares held for Share Award Scheme (in ’000)	**1,149,534**	1,082,936	**1,152,030**	1,083,805
Effect of employee share options (in ’000)	**724**	815	**704**	768
Effect of Awarded Shares (in ’000)	**2,131**	2,008	**1,954**	1,859
Weighted average number of shares for the purpose of calculating diluted earnings per share (in ’000)	**1,152,389**	1,085,759	**1,154,688**	1,086,432
Diluted earnings per share ($)	**3.06**	2.97	**1.04**	0.92

(i) The effects of the outstanding convertible bonds were not included in the computation of diluted earnings per share for the nine months and three months ended 30 September 2013 as they were anti-dilutive.

(c) In December 2012, 65,705,000 HKEx shares were issued upon placement at a discount. The effects of the bonus element of the share placement have been included within the calculation of basic and diluted earnings per share for the nine months and three months ended 30 September 2012 retrospectively, which increased the weighted average number of ordinary shares for the nine months and three months ended 30 September 2012 by 4,566,000 and 4,570,000 respectively.

8. Dividends

	Nine months ended 30 Sept 2013 $m	Nine months ended 30 Sept 2012 $m	**Three months ended 30 Sept 2013 $m**	Three months ended 30 Sept 2012 $m
Interim dividend paid of $1.82 (2012: $1.85) per share	**2,101**	2,000	**–**	–
Less: Dividend for shares held by Share Award Scheme	**(4)**	(4)	**–**	–
	2,097	1,996	**–**	–

9. Financial Assets

The Group's financial assets comprised financial assets of the Clearing House Funds, Margin Funds and cash collateral, and Corporate Funds. The amounts attributable to the respective Funds were as follows:

	At 30 Sept 2013 $m	At 31 Dec 2012 $m
Clearing House Funds		
Cash and cash equivalents	**3,080**	2,325
Financial assets measured at amortised cost	**125**	217
	3,205	2,542
Margin Funds and cash collateral		
Cash and cash equivalents	**26,652**	27,717
Financial assets measured at fair value through profit or loss	**1,802**	2,186
Financial assets measured at amortised cost	**7,912**	6,880
Accounts receivable, prepayments and deposits	**4**	3
	36,370	36,786
Corporate Funds		
Cash and cash equivalents	**7,062**	4,035
Financial assets measured at fair value through profit or loss	**2,108**	2,306
Financial assets measured at amortised cost	**211**	1,476
	9,381	7,817
	48,956	47,145

10. Accounts Receivable, Prepayments and Deposits

The Group's accounts receivable, prepayments and deposits mainly represented the Group's Continuous Net Settlement (CNS) money obligations receivable under the T+2 settlement cycle, which accounted for 84 per cent (31 December 2012: 93 per cent) of the total accounts receivable, prepayments and deposits. CNS money obligations receivable mature within 2 days after the trade date. Fees receivable are due immediately or up to 60 days depending on the type of services rendered. The majority of the remaining accounts receivable, prepayments and deposits were due within 3 months.

11. Accounts Payable, Accruals and Other Liabilities

The Group's accounts payable, accruals and other liabilities mainly represented the Group's CNS money obligations payable, which accounted for 59 per cent (31 December 2012: 80 per cent) of the total accounts payable, accruals and other liabilities. CNS money obligations payable mature within 2 days after the trade date. The majority of the remaining accounts payable, accruals and other liabilities would mature within 3 months.

12. Borrowings

	At 30 Sept 2013 $m	At 31 Dec 2012 $m
Bank borrowings	**3,103**	3,100
Convertible bonds	**3,589**	3,515
Total borrowings	**6,692**	6,615

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

13. Retained Earnings (Including Proposed Dividend)

	2013 $m	2012 $m
At 1 Jan	**6,881**	7,053
Profit attributable to shareholders	**3,528**	4,084
Transfer from/(to) Clearing House Funds reserves	**2**	(10)
Dividends:		
2012/2011 final dividend	**(1,675)**	(2,252)
2013/2012 interim dividend	**(2,097)**	(1,996)
Unclaimed HKEx dividends forfeited	**14**	7
Vesting of shares of Share Award Scheme	**(4)**	(5)
At 30 Sept 2013/31 Dec 2012	**6,649**	6,881
Representing:		
Retained earnings	**6,649**	5,206
Proposed dividend	**–**	1,675
At 30 Sept 2013/31 Dec 2012	**6,649**	6,881

PURCHASE, SALE OR REDEMPTION OF HKEx'S LISTED SECURITIES

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

PUBLICATION OF QUARTERLY RESULTS AND QUARTERLY REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

This announcement is published on the HKExnews website at www.hkexnews.hk and the HKEx website at www.hkex.com.hk/eng/exchange/invest/results/2013Results.htm. The Quarterly Report for the nine months ended 30 September 2013 will be available on the HKExnews and HKEx websites, and despatched to Shareholders on or about Thursday, 21 November 2013.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises 12 Independent Non-executive Directors, namely Mr CHOW Chung Kong (Chairman), Mr CHAN Tze Ching, Ignatius, Mr Timothy George FRESHWATER, Mr John Barrie HARRISON, Mr HUI Chiu Chung, Stephen, Dr KWOK Chi Piu, Bill, Mr LEE Kwan Ho, Vincent Marshall, Mr LEE Tze Hau, Michael, Mrs LEUNG KO May Yee, Margaret, Mr John Estmond STRICKLAND, Mr John Mackay McCulloch WILLIAMSON and Mr WONG Sai Hung, Oscar, and one Executive Director, Mr LI Xiaojia, Charles, who is also HKEx's Chief Executive.

By Order of the Board
Hong Kong Exchanges and Clearing Limited
CHOW Chung Kong
Chairman

Hong Kong, 6 November 2013

GLOSSARY

AHFT	After-Hours Futures Trading
Awarded Shares	Shares awarded under the Share Award Scheme
Board	HKEx's board of directors
Cash Market	HKEx's securities related business excluding stock options
CBBCs	Callable Bull/Bear Contracts
CCASS	The Central Clearing and Settlement System
CCMS	The Common Collateral Management System
CES 120	CES China 120 Index
CESC	China Exchanges Services Company Limited
CNH	RMB traded in Hong Kong
Corporate Governance Code	Refers to Appendix 14 to the Main Board Listing Rules
Data Centre	HKEx's data centre in Tseung Kwan O, Hong Kong
DCASS	The Derivatives Clearing and Settlement System
Derivatives Market	HKEx's derivatives related business including stock options
Director(s)	HKEx's director(s)
Dual Counter	Two counters (one RMB counter and one HKD counter) for trading and settlement purposes
DWs	Derivative Warrants
EPs or Participants	Exchange Participants
ESG	Environmental, Social and Governance
ETF(s)	Exchange Traded Fund(s)
Euro	The official currency of the Eurozone
GBP	Pound sterling
GEM	The Growth Enterprise Market
Government Appointed Directors	Directors appointed by the Financial Secretary of the Hong Kong Special Administrative Region of the People's Republic of China pursuant to Section 77 of the SFO
Group	HKEx and its subsidiaries
HKATS	The Hong Kong Futures Automated Trading System
HKCC	HKFE Clearing Corporation Limited
HKEx or the Company	Hong Kong Exchanges and Clearing Limited
HKFE or the Futures Exchange	Hong Kong Futures Exchange Limited
HKSCC	Hong Kong Securities Clearing Company Limited
H-shares Index or HSCEI	Hang Seng China Enterprises Index
HSI	Hang Seng Index
IPO(s)	Initial Public Offering(s)
IT	Information Technology
IVs	Information Vendors
LCH.Clearnet	LCH.Clearnet Group Limited
Listing Rule(s)	Main Board Listing Rules and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
LME	The London Metal Exchange
LME Clear	LME Clear Limited
LME Group	LMEH and its subsidiaries
LMEH	LME Holdings Limited
LMEselect	The electronic platform for the trading of all LME contracts

Main Board Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
MMDH	Mainland Market Data Hub
MOI	Market open interest
OCASS	OTC clearing and settlement system
OCG	HKEx Orion Central Gateway
OMD	HKEx Orion Market Data Platform
OTC	Over-the-counter
OTC Clear	OTC Clearing Hong Kong Limited
REITs	Real Estate Investment Trusts
RMB	Renminbi
SDNet	The Securities and Derivatives Network
SEHK or the Exchange or the Stock Exchange	The Stock Exchange of Hong Kong Limited
SEOCH	The SEHK Options Clearing House Limited
SFC	Securities and Futures Commission
SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Shareholders	HKEx's shareholders
Share Award Scheme or the Scheme	The Employees' Share Award Scheme adopted by the Board on 14 September 2005 which was subsequently amended on 16 August 2006 and 13 May 2010
UK	United Kingdom
US	United States of America
USD	United States dollar
$/HK$/HKD	Hong Kong dollar
$bn	Hong Kong dollar in billion
$m	Hong Kong dollar in million