

24 January 2018

ANNUAL MEDIA LUNCHEON
DELIVERING
2016-18 STRATEGIC PLAN



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HKEX Achieved a Number of Strategic Milestones in 2017

EQUITY

Listing regime revamp

Reached market consensus on new Biotech & WVR chapters; secondary listing enhancements; GEM reform

Stock Connect programmes

Further Stock Connect enhancements

Products and platform

HK Leveraged & Inverse Products; enhanced stock options position limit regime; microstructure enhancements

FIC

Bond Connect

A key catalyst for our FIC derivatives

New products

CNH options

OTC Capabilities

Client clearing

COMMODITIES

LME Commercialisation

Further business optimisation

Precious Metals

*London gold;
Hong Kong gold*

QME spot market

Continue to build the platform and adapt to new onshore regulatory regime



Strategic Advances are Beginning to be Reflected in Our Financials

In the past 5 years...

+64%

*in Cash
Market ADT⁽¹⁾*

+80%

*in Derivatives
Market ADV⁽¹⁾*

+77%

in Revenue⁽²⁾

+72%

in Profits⁽²⁾

146%

*Total Shareholder
Return⁽³⁾*



- (1) 2012 vs 2017 ADT and ADV
- (2) Based on 9M 2012 and 9M 2017 results
- (3) From 31 Dec 2012 to 23 Jan 2018

And in 2017 New Records Were Set in Many Areas of Our Business



Highest number of listed companies:
2,118

Highest annual turnover of Southbound Stock Connect:
HK\$2.3tn

Highest annual volume of stock options:
106mil contracts

Highest annual volume of USD/CNH currency futures:
733K

Highest number of DWs:
6,094

Highest open interest of stock options:
12.5mil

Highest number of debt securities:
1,047

HIGHEST HK MARKET CAPITALISATION:

HK\$34TN

HIGHEST NUMBER OF NEWLY LISTED COMPANIES:

174

HIGHEST ADV IN DERIVATIVES MARKET:

873,000

HIGHEST NUMBER OF EXCHANGE PARTICIPANTS⁽¹⁾:

808

Highest annual turnover of Northbound Stock Connect:
RMB2.3tn

Highest number of CBBCs:
3,374

Highest open interest of HSI futures:
206K

Highest open interest of USD/CNH currency futures:
46,711

Highest open interest of HSCEI options:
3.5mil

Highest daily volume of mini HSCEI options:
9,246

Highest daily volume of mini HSI options:
19,094

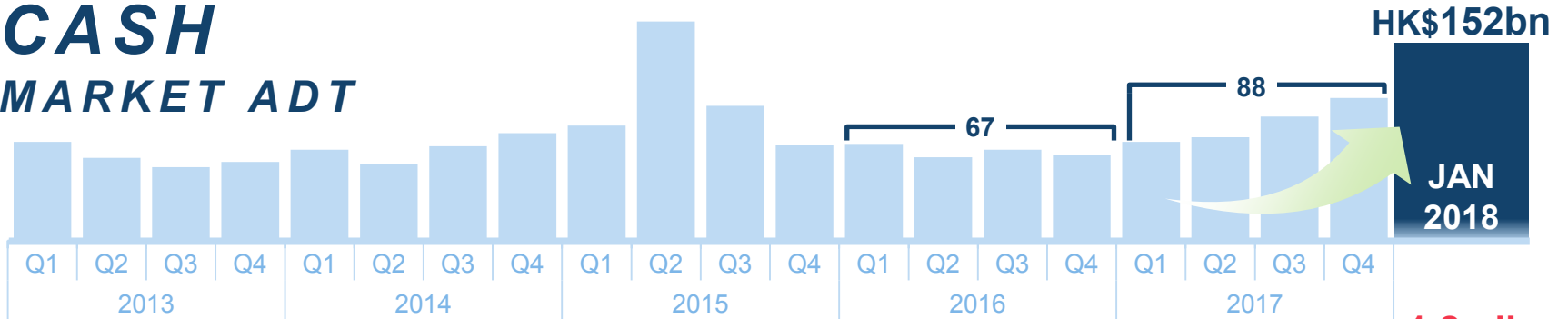
Highest funds raised through listed debt:
HK\$1.2tn



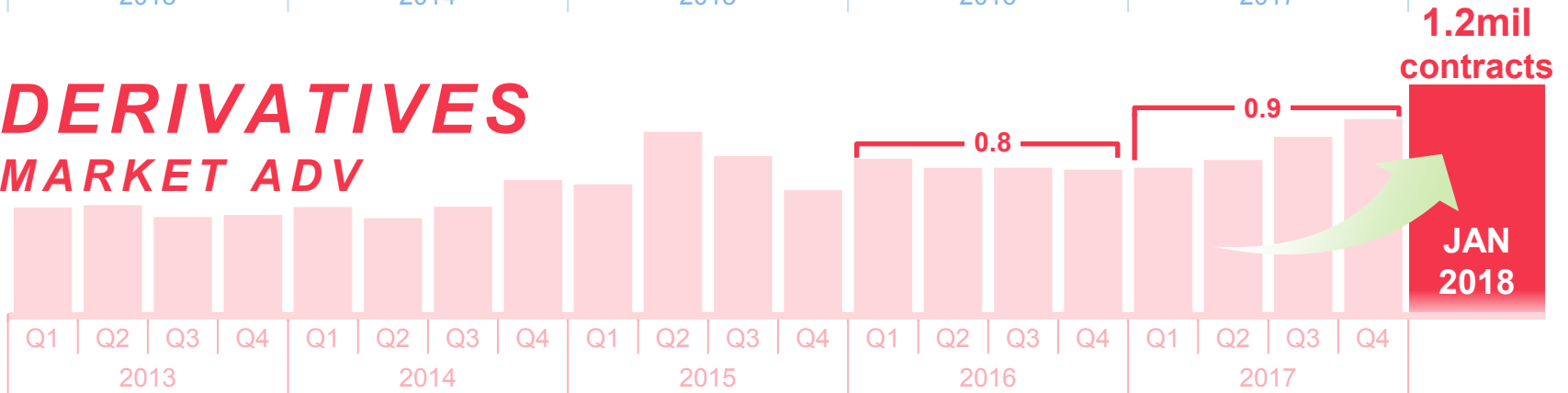
(1) Exchange participants of SEHK and HKFE combined (excluding trading right holders and non-trading exchange participants)

Last Year's Strong Momentum Has Carried Through to 2018

CASH MARKET ADT



DERIVATIVES MARKET ADV





WHAT'S BEHIND OUR ACHIEVEMENTS?



The Green Shoots of Success We Witnessed Last Year Were Not Only Because of Work We Did in 2017

It was only possible because of our earlier investments:



The Green Shoots of Success We Witnessed Last Year Were Not Only Because of Work We Did in 2017

It required:

PERSISTENCE

in developing Hong Kong as the venue of choice for both our Chinese and international clients

INVESTMENT

for multiple years before and after the launch of major strategic breakthroughs

PATIENCE

for market participants to get onboard and a new programme to gain traction





2018

IMPLEMENTATION FOCUS



2018 Focus

EQUITY

- *Make IPO market more relevant* → Launch New Listing Regime
- *Make cash market more connected* → Enhance Stock Connect
- *Make derivatives market more competitive* → Launch A-share derivatives & reform trading regimes

FIC

- **Enhance Bond Connect** - *Broaden access platform choice and explore Southbound model*
- **Launch RMB interest rate derivatives product suite** - *Meet growing risk management needs*

COMMODITIES

- **Optimise LME** - *Complete new fee regime and upgrade systems*
- **Prepare to launch QME spot market** - *Serve China's real economy*

PLATFORM / TECHNOLOGY

- **Launch OTP-C** (on 5th Feb)
- **Kickoff Next Gen Post-trade Platform**
- **Implement new margining model** - *Bring efficiency and savings to our market*
- **Build Innovation Lab** - *Advance deployment of Fintech at HKEX*





WHAT REMAINS TO BE DONE?



We Have Chosen to Embark on a Challenging Path to Diversify Our Market into New Asset Classes

NATURALLY, WE DO FACE **CHALLENGES** IN SOME REMAINING INITIATIVES...



... BUT WE UNDERSTAND THAT THESE GOALS ARE AMBITIOUS AND
WON'T BE REALISED OVERNIGHT

In Summary



TO CONTINUE OUR
PATH TO SUCCESS



We will continue to build on our unique leadership position in connecting Chinese and international markets

We will continue to plant the seeds of growth for tomorrow & make our business even more diverse & resilient

We will not be complacent when we succeed, and we will not easily withdraw when we encounter challenges

In Summary



TO CONTINUE OUR
PATH TO SUCCESS

GROWING HONG KONG INTO
WEALTH MANAGEMENT CENTRE,
RISK MANAGEMENT CENTRE,
RMB PRICING CENTRE