
Pursuant to Chapter 38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Securities and Futures Commission regulates Hong Kong Exchanges and Clearing Limited (HKEX) in relation to the listing of its shares on The Stock Exchange of Hong Kong Limited. The Securities and Futures Commission takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

The financial information relating to the years ended 31 December 2025 and 2024 included in this document does not constitute the statutory annual consolidated financial statements of HKEX for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

HKEX has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2025 in due course.

HKEX's auditor has reported on the consolidated financial statements for both years. The auditor's reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.



香港交易及結算所有限公司

HONG KONG EXCHANGES AND CLEARING LIMITED

(Incorporated in Hong Kong with limited liability)

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

Consolidated Financial Statements

For the year ended 31 December 2025

As at 26 February 2026, the Board of Directors of Hong Kong Exchanges and Clearing Limited (HKEX or the Company) comprises 12 Independent Non-executive Directors, namely Mr Carlson TONG (Chairman), Mr Nicholas Charles ALLEN, Mr Peter Wilhelm Hubert BRIEN, Mr CHAN Kin Por, Mr CHEAH Cheng Hye, Ms CHEUNG Ming Ming, Anna, Mr CHIA Pun Kok, Herbert, Mrs CHOW WOO Mo Fong, Susan, Ms DING Chen, Mr LEUNG Pak Hon, Hugo, Mr YAM Chi Kwong, Joseph, and Mr ZHANG Yichen, and one Executive Director, Ms CHAN Yiting, Bonnie, who is also the Chief Executive of HKEX.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

(Financial figures are expressed in Hong Kong Dollar)

	Note	2025 \$m	2024 \$m
Trading fees and trading tariffs	5(a)	10,333	7,189
Clearing and settlement fees		7,042	4,717
Stock Exchange listing fees	5(b)	1,789	1,484
Depository, custody and nominee services fees		1,503	1,146
Market data fees		1,171	1,086
Other revenue	5(c)	1,907	1,724
Revenue	5	23,745	17,346
Investment income		9,737	10,755
Interest rebates to Participants		(4,626)	(5,828)
Net investment income	6	5,111	4,927
Donation income of HKEX Foundation	7	188	67
Sundry income	8	117	34
Revenue and other income		29,161	22,374
Less: Transaction-related expenses	9	(297)	(332)
Revenue and other income less transaction-related expenses		28,864	22,042
Operating expenses			
Staff costs and related expenses	10	(4,000)	(3,886)
Information technology and computer maintenance expenses	11	(955)	(882)
Premises expenses		(149)	(138)
Product marketing and promotion expenses		(117)	(126)
Professional fees		(202)	(199)
HKEX Foundation charitable donations		(100)	(86)
Other operating expenses	12	(545)	(444)
		(6,068)	(5,761)
EBITDA (non-HKFRS measure)		22,796	16,281
Depreciation, amortisation and impairment		(1,568)	(1,402)
Operating profit	13	21,228	14,879
Finance costs	14	(96)	(114)
Share of results of joint ventures and an associate		26	88
Profit before taxation		21,158	14,853
Taxation	17	(3,321)	(1,698)
Profit for the year		17,837	13,155
Profit attributable to:			
Shareholders of HKEX	46	17,754	13,050
Non-controlling interests	28(a)(i)	83	105
Profit for the year		17,837	13,155
Basic earnings per share	18(a)	\$14.05	\$10.32
Diluted earnings per share	18(b)	\$14.01	\$10.29

The notes on pages 8 to 98 are an integral part of these consolidated financial statements.

Details of dividends are set out in note 19 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

(Financial figures are expressed in Hong Kong Dollar)

	Note	2025 \$m	2024 \$m
Profit for the year		17,837	13,155
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences of foreign subsidiaries		62	(107)
Cash flow hedges, net of tax	44(a)	43	(48)
Financial assets measured at fair value through other comprehensive income:			
- Changes in fair value, net of tax		235	79
- Net losses on disposal reclassified to profit or loss, net of tax		29	48
Other comprehensive income/(loss)		369	(28)
Total comprehensive income		18,206	13,127
Total comprehensive income attributable to:			
Shareholders of HKEX		18,120	13,024
Non-controlling interests		86	103
Total comprehensive income		18,206	13,127

The notes on pages 8 to 98 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2025

(Financial figures are expressed in Hong Kong Dollar)

	Note	At 31 Dec 2025			At 31 Dec 2024		
		Current \$m	Non-current \$m	Total \$m	Current \$m	Non-current \$m	Total \$m
Assets							
Cash and cash equivalents	20,21	182,724	-	182,724	134,365	-	134,365
Financial assets measured at fair value through profit or loss	20,22	1,150	722	1,872	6,901	657	7,558
Financial assets measured at fair value through other comprehensive income	20,23	60,876	4,927	65,803	47,562	3,142	50,704
Financial assets measured at amortised cost	20,24	73,506	1,400	74,906	42,082	1,528	43,610
Derivative financial instruments	26	160,608	-	160,608	67,747	-	67,747
Accounts receivable, prepayments and deposits	27	67,958	733	68,691	54,478	19	54,497
Tax recoverable		399	-	399	441	-	441
Interests in joint ventures and an associate	29	-	869	869	-	415	415
Goodwill and other intangible assets	30	-	19,938	19,938	-	19,605	19,605
Fixed assets	31	-	1,822	1,822	-	1,504	1,504
Right-of-use assets	32	-	3,134	3,134	-	1,174	1,174
Deferred tax assets	41(c)	-	9	9	-	9	9
Total assets		547,221	33,554	580,775	353,576	28,053	381,629
Liabilities and equity							
Liabilities							
Derivative financial instruments	26	160,686	-	160,686	67,863	-	67,863
Margin deposits, Mainland security and settlement deposits, and cash collateral from Participants	20,33	269,243	-	269,243	188,857	-	188,857
Accounts payable, accruals and other liabilities	34	50,846	-	50,846	37,584	-	37,584
Deferred revenue	35	1,221	372	1,593	1,037	319	1,356
Taxation payable		2,229	701	2,930	1,321	-	1,321
Other financial liabilities	36	32	-	32	33	-	33
Participants' contributions to Clearing House Funds	20,37	33,991	-	33,991	27,124	-	27,124
Lease liabilities	38	214	637	851	260	1,034	1,294
Borrowings	39	343	55	398	382	70	452
Provisions	40	70	81	151	64	123	187
Deferred tax liabilities	41(c)	-	1,325	1,325	-	1,151	1,151
Total liabilities		518,875	3,171	522,046	324,525	2,697	327,222
Equity							
Share capital	42			31,955			31,955
Shares held for Share Award Scheme	42			(1,228)			(1,125)
Employee share-based compensation reserve	43			405			414
Hedging and revaluation reserves	44			242			(65)
Exchange reserve				(214)			(273)
Designated reserves	45			1,670			1,451
Reserve relating to written put options to non-controlling interests				(336)			(395)
Retained earnings	46			25,653			21,890
Equity attributable to shareholders of HKEX				58,147			53,852
Non-controlling interests	28(a)(i)			582			555
Total equity				58,729			54,407
Total liabilities and equity				580,775			381,629
Net current assets				28,346			29,051

The notes on pages 8 to 98 are an integral part of these consolidated financial statements.

Approved by the Board of Directors on 26 February 2026

Carlson TONG

Director

Bonnie Y CHAN

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

(Financial figures are expressed in Hong Kong Dollar)

	Attributable to shareholders of HKEX									Total equity \$m
	Share capital and shares held for Share Award Scheme (note 42)	Employee share-based compensation reserve (note 43)	Hedging and revaluation reserves (note 44)	Exchange reserve	Designated reserves (note 45)	Reserve relating to written put options to non-controlling interests	Retained earnings (note 46)	Total	Non- controlling interests	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
At 1 Jan 2024	30,937	373	(144)	(168)	1,018	(395)	19,723	51,344	452	51,796
Profit for the year	-	-	-	-	-	-	13,050	13,050	105	13,155
Other comprehensive income/(loss)	-	-	79	(105)	-	-	-	(26)	(2)	(28)
Total comprehensive income	-	-	79	(105)	-	-	13,050	13,024	103	13,127
Total transactions with shareholders of HKEX, recognised directly in equity:										
- 2023 second interim dividend at \$3.91 per share	-	-	-	-	-	-	(4,944)	(4,944)	-	(4,944)
- 2024 first interim dividend at \$4.36 per share	-	-	-	-	-	-	(5,513)	(5,513)	-	(5,513)
- Unclaimed HKEX dividends forfeited (note 34(a))	-	-	-	-	-	-	32	32	-	32
- Shares purchased for Share Award Scheme	(481)	-	-	-	-	-	-	(481)	-	(481)
- Vesting of shares of Share Award Scheme	374	(349)	-	-	-	-	(25)	-	-	-
- Employee share-based compensation benefits	-	390	-	-	-	-	-	390	-	390
- Transfer of reserves	-	-	-	-	433	-	(433)	-	-	-
	(107)	41	-	-	433	-	(10,883)	(10,516)	-	(10,516)
At 31 Dec 2024	30,830	414	(65)	(273)	1,451	(395)	21,890	53,852	555	54,407

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Attributable to shareholders of HKEX									
	Share capital and shares held for Share Award Scheme (note 42)	Employee share-based compensation reserve (note 43)	Hedging and revaluation reserves (note 44)	Exchange reserve	Designated reserves (note 45)	Reserve relating to written put options to non-controlling interests	Retained earnings (note 46)	Total	Non- controlling interests	Total equity
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
At 1 Jan 2025	30,830	414	(65)	(273)	1,451	(395)	21,890	53,852	555	54,407
Profit for the year	-	-	-	-	-	-	17,754	17,754	83	17,837
Other comprehensive income	-	-	307	59	-	-	-	366	3	369
Total comprehensive income	-	-	307	59	-	-	17,754	18,120	86	18,206
Total transactions with shareholders of HKEX, recognised directly in equity:										
- 2024 second interim dividend at \$4.90 per share	-	-	-	-	-	-	(6,193)	(6,193)	-	(6,193)
- 2025 first interim dividend at \$6.00 per share	-	-	-	-	-	-	(7,583)	(7,583)	-	(7,583)
- Unclaimed HKEX dividends forfeited (note 34(a))	-	-	-	-	-	-	34	34	-	34
- Shares purchased for Share Award Scheme	(512)	-	-	-	-	-	-	(512)	-	(512)
- Vesting of shares of Share Award Scheme	409	(370)	-	-	-	-	(39)	-	-	-
- Employee share-based compensation benefits	-	361	-	-	-	-	-	361	-	361
- Tax relating to Share Award Scheme	-	-	-	-	-	-	9	9	-	9
- Transfer of reserves	-	-	-	-	219	-	(219)	-	-	-
- Dividend paid to non-controlling interests of a subsidiary (note 39)	-	-	-	-	-	59	-	59	(59)	-
	(103)	(9)	-	-	219	59	(13,991)	(13,825)	(59)	(13,884)
At 31 Dec 2025	30,727	405	242	(214)	1,670	(336)	25,653	58,147	582	58,729

The notes on pages 8 to 98 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

(Financial figures are expressed in Hong Kong Dollar)

	Note	2025 \$m	2024 \$m
Cash flows from principal operating activities			
Net cash inflow from principal operating activities (non-HKFRS measure)	47(a)	19,855	12,783
Cash flows from other operating activities			
Net redemption from/(payments to) external fund managers for sales/(purchases) of financial assets measured at fair value through profit or loss		5,772	(9)
Net cash inflow from operating activities		25,627	12,774
Cash flows from investing activities			
Payments for acquisition of HKEX headquarters premises	32(a)	(3,148)	-
Payments for purchases of other fixed assets and intangible assets		(1,733)	(1,604)
Payment for acquisition of interest in an associate	29(b)	(455)	-
Net decrease/(increase) in financial assets of Corporate Funds:			
Decrease in time deposits with original maturities more than three months		2,348	11,034
Increase in debt securities with remaining maturities within twelve months upon acquisition (short-term debt securities)		(2,057)	(4,173)
Payments for purchases of debt securities with remaining maturities more than twelve months upon acquisition (long-term debt securities)		(2,824)	(3,055)
Proceeds received upon maturity of long-term debt securities		126	-
Interest received from long-term debt securities		2,151	967
Dividend received from a joint venture		27	25
Net cash (outflow)/inflow from investing activities		(5,565)	3,194
Cash flows from financing activities			
Purchases of shares for Share Award Scheme		(512)	(481)
Payments of other finance costs		(50)	(54)
Dividends paid to shareholders of HKEX		(13,722)	(10,416)
Dividends paid to non-controlling interests of a subsidiary		(59)	-
Lease payments	47(b),47(c)		
- Capital elements		(251)	(255)
- Interest elements		(41)	(55)
Net cash outflow from financing activities		(14,635)	(11,261)
Net increase in cash and cash equivalents		5,427	4,707
Cash and cash equivalents at 1 Jan		13,910	9,212
Exchange differences on cash and cash equivalents		16	(9)
Cash and cash equivalents at 31 Dec		19,353	13,910
Analysis of cash and cash equivalents			
Cash, bank balances and short-term investments of Corporate Funds	21	20,676	15,045
Less: Cash reserved for supporting Skin-in-the-Game and default fund credits for Clearing House Funds	21(b)	(1,323)	(1,135)
		19,353	13,910

The notes on pages 8 to 98 are an integral part of these consolidated financial statements.

- (a) "Cash flows from principal operating activities" is a non-Hong Kong Financial Reporting Standard (non-HKFRS) measure used by management for monitoring cash flows of the Group (defined in note 1) and represents the cash flows generated from the trading and clearing operations of the four exchanges and five clearing houses and ancillary services of the Group. This non-HKFRS measure may not be comparable to similar measures presented by other companies. Cash flows from principal operating activities and cash flows from other operating activities together represent cash flows from operating activities as defined by Hong Kong Accounting Standard (HKAS) 7 Statement of Cash Flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Financial figures are expressed in Hong Kong Dollar unless otherwise stated)

1. General Information

Hong Kong Exchanges and Clearing Limited (HKEX or the Company) and its subsidiaries (collectively, the Group) own and operate the only stock exchange and futures exchange in Hong Kong and their related clearing houses, a clearing house for clearing over-the-counter derivatives contracts in Hong Kong, an exchange and a clearing house for the trading and clearing of base and ferrous metals futures and options contracts operating in the United Kingdom (UK), and a commodity trading platform in the Chinese Mainland.

HKEX is a limited company incorporated and domiciled in Hong Kong. The address of its registered office is 8th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

These consolidated financial statements were approved for issue by the Board of Directors (Board) on 26 February 2026.

2. Material Accounting Policies

Apart from the accounting policies presented within the corresponding notes to the consolidated financial statements, other material accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board Listing Rules) and the applicable requirements of the Hong Kong Companies Ordinance (Chapter 622).

(b) Basis of preparation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries and the Group's interests in joint ventures and an associate.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities measured at fair value.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates, and requires management to exercise its judgement when applying the Group's accounting policies. Areas involving significant estimates and judgement are disclosed in note 3.

These consolidated financial statements are presented in Hong Kong Dollar (HKD), which is the Company's functional and presentation currency.

Amendments to HKFRS Accounting Standards effective for the financial year ended 31 December 2025 do not have any impact to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Material Accounting Policies (continued)

(b) Basis of preparation (continued)

New/revised HKFRS Accounting Standards issued before 31 December 2025 but not yet effective and not early adopted

The Group has not applied the following new/revised HKFRS Accounting Standards which were issued before 31 December 2025 and are pertinent to its operations but not yet effective:

Hong Kong Financial Reporting Standard (HKFRS) 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19 and Amendments to HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 7 and HKFRS 9	Amendments to the Classification and Measurement of Financial Instruments ¹
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

¹ Effective for accounting periods beginning on or after 1 January 2026

² Effective for accounting periods beginning on or after 1 January 2027

The adoption of HKFRS 19 and its Amendments, Amendments to HKFRS 7 and HKFRS 9 and Annual Improvements to HKFRS Accounting Standards – Volume 11 would not have any material impact on the Group.

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of financial performance of similar entities and provide more relevant information and transparency to users. These include:

- (i) all income and expenses in the consolidated income statement are required to be classified into one of the five categories, namely operating, investing, financing, income taxes, and discontinued operations;
- (ii) two newly-defined subtotals “operating profit” and “profit before financing and income taxes” are required to be presented in the consolidated income statement to increase comparability;
- (iii) management-defined performance measures (MPMs), which are often non-HKFRS measures (e.g., EBITDA), are required to be disclosed in a single note in the consolidated financial statements;
- (iv) enhanced guidance on the principles of aggregation and disaggregation of information is provided; and
- (v) operating profit subtotal is required to be used as the starting point for the consolidated statement of cash flows when presenting operating cash flows under the indirect method, and each of interest income, interest expense and dividend income should be classified under a single category.

The adoption of HKFRS 18 would not have any impact on the Group’s profit attributable to shareholders, but is expected to trigger certain changes in the presentation of consolidated income statement.

The Group is still in the process of assessing the impact of HKFRS 18 on the Group’s consolidated financial statements, particularly with respect to the categorisation of income and expenses in the Group’s consolidated income statement, the structure of the Group’s consolidated income statement and consolidated statement of cash flows, and the additional disclosure required for MPMs.

Initial assessment shows that HKFRS 18 will trigger certain changes in the presentation of the consolidated income statement:

- (i) Investment income of Corporate Funds will no longer be classified as part of revenue and other income, but has to be presented separately under the investing category in the consolidated income statement; and
- (ii) Interest rebates to Participants will no longer be netted against investment income and included as part of the net investment income, but have to be presented separately under the financing category in the consolidated income statement.

There are no other new/revised HKFRS Accounting Standards not yet effective that are expected to have any material impact on the Group.

2. Material Accounting Policies (continued)**(c) Impairment of non-financial assets**

Assets with an indefinite useful life, which include interests in joint ventures and an associate, goodwill and tradenames, are not subject to amortisation but are tested at least annually for impairment. Assets subject to amortisation are reviewed for impairment whenever there is any indication that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (i.e., the higher of an asset's fair value less costs to sell and value-in-use). Such impairment losses are recognised in the consolidated income statement. An impairment loss other than goodwill is reversed if the circumstances and events leading to the impairment cease to exist.

3. Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future when the consolidated financial statements are prepared. The resulting accounting estimates may differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Goodwill and tradenames

The Group tests annually whether goodwill and tradenames have suffered any impairment in accordance with the accounting policy stated in note 30.

The recoverable amounts of relevant cash generating units (CGUs) and relevant group of CGUs have been determined based on value-in-use calculations, which are disclosed in note 30. These calculations require the use of estimates and significant judgement by management, including the future cash flows expected to arise from the CGUs, discount rates for calculating the present value and growth rates used to extrapolate cash flow projections beyond the financial forecasts approved by management.

Changes in facts and circumstances may result in revisions to estimates of recoverable amounts and to the conclusion as to whether an indication of impairment exists, which could affect the consolidated income statement in future years.

(b) Valuation of investments

The Group has a significant amount of investments that are not classified as Level 1 investments under HKFRS 13 Fair Value Measurement. Except for investments in minority stakes in unlisted companies which are valued by market-based approach (note 53(d)(i)), the valuations have been determined based on quotes from market makers, alternative pricing sources supported by observable inputs, latest transaction prices or redemption prices provided by fund administrators of investment funds.

At 31 December 2025, the financial assets that were not classified as Level 1 investments (excluding derivative financial instruments) under HKFRS 13 amounted to \$26,834 million (31 December 2024: \$29,095 million) which mainly comprised \$1,376 million (31 December 2024: \$5,026 million) of investments under investment funds and \$24,962 million (31 December 2024: \$23,740 million) of debt securities.

As the valuation of investments reflects movements in their estimated fair values, fair value gains or losses may fluctuate or reverse until the investments are sold, mature or are realised upon redemption. The potential impact of the fair value change of such investments on the Group's consolidated income statement and other components of equity is disclosed in note 53(a)(iv).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Critical Accounting Estimates and Assumptions (continued)

(c) Income taxes

The Group is subject to income taxes in the countries in which the Group operates. Judgement is required in determining the provision for income taxes and deferred taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for potential tax exposures based on its estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the income tax and deferred tax provisions in the year in which such determination is made.

Since the launch of Stock Connect in 2014, Northbound trading, clearing and portfolio fees (NB Fees) have been reported by the Group's subsidiaries as offshore sourced and non-taxable, whereas the related expenses are reported as non-deductible. As at 31 December 2025, the Inland Revenue Department of Hong Kong (IRD) has issued notices of additional assessments to two subsidiaries in connection with offshore claim of the NB Fees, as set out below:

	At 31 Dec 2025		At 31 Dec 2024	
	Amount \$m	Financial years	Amount \$m	Financial years
The Stock Exchange of Hong Kong Limited (SEHK)	231	2014 - 2022	231	2014 - 2022
Hong Kong Securities Clearing Company Limited (HKSCC)	50	2014 - 2018	24	2014 - 2017

After consultation with tax advisor, the subsidiaries have lodged objections and have applied to hold over the additional tax demanded. The IRD has agreed to holdover the additional tax demanded subject to the purchase of tax reserve certificates (TRCs). The purchase of TRCs does not prejudice the subsidiaries' tax positions. Based on the advice from tax advisor, management believes the subsidiaries have strong valid grounds for an appeal, and it is not probable the subsidiaries are required to pay the tax in connection with the offshore claim of the NB Fees. Accordingly, no additional tax provision has been made in respect of the above additional assessments.

The subsidiaries have purchased TRCs of \$281 million (31 December 2024: \$255 million) and the amount is recorded under tax recoverable on the consolidated statement of financial position.

If the actual taxation charge differs from management's estimates, the additional tax payment made of \$281 million (31 December 2024: \$255 million) will be charged to the consolidated income statement in future years.

4. Operating Segments**Accounting Policy**

Operating segments are reported in a manner consistent with the internal management reports that are used to make strategic decisions provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, is the Chief Executive Officer of HKEX. Information relating to segment assets and liabilities is not disclosed as such information is not regularly reported to the chief operating decision-maker.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Taxation charge/credit is not allocated to reportable segments.

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Operating Segments (continued)

EBITDA is defined as earnings before interest expenses and other finance costs, taxation, depreciation, amortisation and impairment. It excludes the Group's share of results of the joint ventures and an associate and other non-recurring costs. EBITDA is a non-HKFRS measure used by management for monitoring business performance. It may not be comparable to similar measures presented by other companies.

An analysis by operating segment of the Group's EBITDA, profit before taxation and other selected financial information (including analysis of revenue by timing of revenue recognition) for the year, is set out as follows:

	2025					Group \$m
	Cash \$m	Equity and Financial Derivatives \$m	Commodities \$m	Data and Connectivity \$m	Corporate Items \$m	
Timing of revenue recognition:						
Point in time	12,830	3,273	2,458	119	11	18,691
Over time	1,566	887	448	2,147	6	5,054
Revenue	14,396	4,160	2,906	2,266	17	23,745
Net investment income	289	2,703	249	-	1,870	5,111
Donation income of HKEX Foundation	-	-	-	-	188	188
Sundry income	19	-	16	4	78	117
Revenue and other income	14,704	6,863	3,171	2,270	2,153	29,161
Less: Transaction-related expenses	(11)	(286)	-	-	-	(297)
Revenue and other income less transaction-related expenses	14,693	6,577	3,171	2,270	2,153	28,864
Operating expenses						
Staff costs and related expenses	(1,033)	(700)	(763)	(225)	(1,279)	(4,000)
Others	(262)	(280)	(586)	(211)	(729)	(2,068)
	(1,295)	(980)	(1,349)	(436)	(2,008)	(6,068)
Reportable segment EBITDA (non-HKFRS measure)	13,398	5,597	1,822	1,834	145	22,796
Depreciation, amortisation and impairment	(409)	(216)	(464)	(117)	(362)	(1,568)
Finance costs	(27)	(26)	(4)	(1)	(38)	(96)
Share of results of joint ventures and an associate	25	1	-	-	-	26
Reportable segment profit before taxation	12,987	5,356	1,354	1,716	(255)	21,158
Other segment information:						
Interest income	389	4,732	3,299	-	1,317	9,737
Interest rebates to Participants	(98)	(1,475)	(3,053)	-	-	(4,626)
Other material non-cash item:						
Employee share-based compensation expenses	(94)	(69)	(33)	(19)	(146)	(361)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Operating Segments (continued)

	2024					
	Cash \$m	Equity and Financial Derivatives \$m	Commodities \$m	Data and Connectivity \$m	Corporate Items \$m	Group \$m
Timing of revenue recognition:						
Point in time	7,696	2,870	2,176	110	12	12,864
Over time	1,424	653	386	2,012	7	4,482
Revenue	9,120	3,523	2,562	2,122	19	17,346
Net investment income	287	2,680	212	-	1,748	4,927
Donation income of HKEX Foundation	-	-	-	-	67	67
Sundry income	15	1	14	4	-	34
Revenue and other income	9,422	6,204	2,788	2,126	1,834	22,374
Less: Transaction-related expenses	(9)	(323)	-	-	-	(332)
Revenue and other income less transaction-related expenses	9,413	5,881	2,788	2,126	1,834	22,042
Operating expenses						
Staff costs and related expenses	(983)	(610)	(736)	(216)	(1,341)	(3,886)
Others	(261)	(281)	(478)	(218)	(637)	(1,875)
	(1,244)	(891)	(1,214)	(434)	(1,978)	(5,761)
Reportable segment EBITDA (non-HKFRS measure)	8,169	4,990	1,574	1,692	(144)	16,281
Depreciation, amortisation and impairment	(440)	(230)	(323)	(133)	(276)	(1,402)
Finance costs	(32)	(31)	(4)	(2)	(45)	(114)
Share of results of joint ventures and an associate	86	2	-	-	-	88
Reportable segment profit before taxation	7,783	4,731	1,247	1,557	(465)	14,853
Other segment information:						
Interest income	397	4,668	4,107	-	1,393	10,565
Interest rebates to Participants	(110)	(1,823)	(3,895)	-	-	(5,828)
Other material non-cash item:						
Employee share-based compensation expenses	(92)	(70)	(34)	(16)	(178)	(390)

(a) Geographical information

The Group's revenue is derived from its operations in Hong Kong, the UK and Chinese Mainland. The Group's segment revenue (based on location of the entities generating revenue) and non-current assets (based on geographical location) are detailed below:

	Revenue		Non-current assets ¹	
	2025 \$m	2024 \$m	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Hong Kong (place of domicile)	20,715	14,666	8,503	4,760
United Kingdom	2,953	2,597	17,827	17,739
Chinese Mainland	77	83	164	216
Others	-	-	2	2
	23,745	17,346	26,496	22,717

¹ Excluding financial assets and deferred tax assets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Operating Segments (continued)

(b) Information about major customers

In 2025 and 2024, the revenue from the Group's largest customer amounted to less than 10 per cent of the Group's total revenue.

5. Revenue

Accounting Policy

Revenue excludes value added tax or other sales tax, and is recognised in the consolidated income statement on the following basis:

Trading fees and trading tariffs are recognised on a trade date basis.

Stock Exchange listing fees mainly comprise annual listing fees and initial listing fees. Annual listing fees are recognised on a straight-line basis over the period covered. Initial listing fees are recognised over time when the services are transferred to the listed companies or issuers of warrants, CBBCs and other securities (i.e., throughout the periods the securities are listed).

Clearing and settlement fees arising from trades between Participants transacted on the Stock Exchange are recognised on the day following the trade day upon acceptance of the trades. Fees for clearing and settlement of trades transacted on the Shanghai Stock Exchange and Shenzhen Stock Exchange through Stock Connect (A-shares) are recognised on the trade day upon acceptance of the trades. Fees for clearing and settlement of trades in respect of base and ferrous metals futures and options contracts transacted on the LME are recognised on the trade match day. Fees for all other settlement transactions are recognised upon completion of the settlement.

Custody fees for securities held in the Central Clearing and Settlement System (CCASS) depository are calculated and accrued on a monthly basis. Portfolio fees for A-shares held or recorded in the CCASS depository, and portfolio fees for Hong Kong securities held by China Depository and Clearing Corporation Limited (ChinaClear) are calculated and accrued on a daily basis.

Income on registration and transfer fees for nominee services are calculated and accrued on the book close dates of the relevant stocks during the financial year.

Market data fees and other fees are recognised when the related services are rendered.

(a) Trading Fees and Trading Tariffs

	2025	2024
	\$m	\$m
Equity securities traded on the Stock Exchange and through Stock Connect	6,174	3,423
DWs, CBBCs and warrants traded on the Stock Exchange	647	438
Futures and options contracts traded on the Stock Exchange and the Futures Exchange	1,950	1,916
Commodities contracts traded on the LME and QME	1,562	1,412
	10,333	7,189

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Revenue (continued)

(b) Stock Exchange Listing Fees

	2025				2024			
	Equity		CBCBs, DWs & others	Total	Equity		CBCBs, DWs & others	Total
	Main Board	GEM			Main Board	GEM		
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
Annual listing fees	683	41	4	728	684	43	3	730
Initial and subsequent issue listing fees	211	6	838	1,055	135	4	610	749
Other listing fees	5	1	-	6	4	1	-	5
	899	48	842	1,789	823	48	613	1,484

(c) Other Revenue

	2025 \$m	2024 \$m
Network, terminal user, data line and software sub-license fees	922	826
Hosting services fees	424	391
Commodities stock levies and warehouse listing fees	67	67
Participants' subscription and application fees	86	84
Accommodation income (note (i))	56	67
Conversion agency fees	103	90
LME financial over-the-counter booking fees	118	70
BayConnect sales and service revenue	77	82
Miscellaneous revenue	54	47
	1,907	1,724

(i) Accommodation income mainly comprises charges on Participants for depositing securities as alternatives to cash deposits of Margin Funds, or depositing currencies whose relevant bank deposit rates are negative, and charges imposed on Participants of LME Clear for cash collateral where the investment return on the collateral is below the benchmarked interest rates stipulated in the clearing rules of LME Clear.

(d) Revenue recognised in 2025 that was included in the deferred revenue balance at the beginning of the year amounted to \$1,037 million (2024: \$1,060 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Net Investment Income

Accounting Policy

Interest income on financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, and interest rebates payable to Participants are recognised on a time apportionment basis using the effective interest method.

Gains and losses arising from changes in fair value of financial assets measured at fair value through profit or loss and derivative financial instruments are included under net investment income in the consolidated income statement.

On disposal of financial assets measured at fair value through other comprehensive income, any related balance within the revaluation reserve is reclassified to the consolidated income statement and included under net investment income.

	2025 \$m	2024 \$m
Gross interest income from financial assets measured at amortised cost	7,535	8,774
Gross interest income from financial assets measured at fair value through other comprehensive income	2,202	1,791
Interest rebates to Participants	(4,626)	(5,828)
Net interest income	5,111	4,737
Net losses on financial assets measured at fair value through other comprehensive income:		
- losses on disposal	(32)	(54)
- exchange differences	(16)	-
	(48)	(54)
Net (losses)/gains on financial assets mandatorily measured at fair value through profit or loss and derivative financial instruments:		
- investment funds	269	447
- other unlisted investments (note 53(d)(i))	167	(62)
- foreign exchange swaps (notes (a) and 26(d))	(534)	(121)
- foreign exchange forward contracts (note 26(c))	4	-
	(94)	264
Other exchange differences	142	(20)
Net investment income	5,111	4,927

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

During the year ended 31 December 2025, there was a net loss on foreign exchange swaps of \$534 million (2024: \$121 million). Such loss was more than offset by higher interest income generated from holding deposits with higher interest rates after entering foreign exchange swaps.

7. Donation Income of HKEX Foundation

Accounting Policy

HKEX Foundation Limited is a charitable foundation controlled by HKEX (note 28(b)).

Donation income of HKEX Foundation is recognised when the right to receive such donation is established.

	2025 \$m	2024 \$m
Stock Code Balloting Scheme	187	66
Others	1	1
	188	67

- (a) The amount excludes \$33 million (2024: \$23 million) donation received from HKEX, which has been eliminated on consolidation.

8. Sundry Income

	2025 \$m	2024 \$m
Gain on modification of leases (note (a))	76	-
Forfeiture of unclaimed dividends (note (b))	18	15
Others	23	19
	117	34

- (a) As part of the agreement with Hongkong Land in connection with the acquisition of properties (note 32(a)), the leases of certain existing offices were shortened or modified, and the reinstatement costs associated with the surrendered floors were waived. The carrying amounts of right-of-use assets, lease liabilities, and the provision for reinstatement costs were remeasured to reflect such revised arrangement. This resulted in a one-off gain of \$76 million from lease modification during the year ended 31 December 2025.
- (b) In accordance with CCASS Rule 1109, the Group exercised its forfeiture right to appropriate cash dividends of \$18 million (2024: \$15 million) held by HKSCC Nominees Limited, which had remained unclaimed for a period of more than seven years and recognised these as sundry income. The Group has, however, undertaken to honour all forfeited claims amounting to \$289 million at 31 December 2025 (31 December 2024: \$271 million) if adequate proof of entitlement is provided by the beneficial owner claiming any dividends forfeited.

9. Transaction-related Expenses

Accounting Policy

Transaction-related expenses comprise of license fees, bank charges and other costs which directly vary with trading and clearing transactions. They are presented below Revenue and other income to reflect the nature of such direct costs. They are expensed in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Staff Costs and Related Expenses

	2025 \$m	2024 \$m
Salaries and other short-term employee benefits	3,309	3,191
Employee share-based compensation benefits of Share Award Scheme (note 43)	361	390
Termination benefits	79	63
Retirement benefit costs (note (a)):		
- ORSO Plan	192	186
- MPF Scheme	4	4
- LME Pension Scheme	45	40
- PRC Retirement Schemes	9	11
- Other contribution plans	1	1
	4,000	3,886

(a) Retirement Benefit Costs

The Group has sponsored a defined contribution provident fund scheme (ORSO Plan) which is registered under the Occupational Retirement Schemes Ordinance (ORSO) and a Mandatory Provident Fund scheme (MPF Scheme) for the benefits of its employees in Hong Kong. The Group contributes 12.5 per cent of the employee's basic salary to the ORSO Plan if an employee contributes 5 per cent. If the employee chooses not to contribute, the Group will contribute 10 per cent of the employee's salary to the ORSO Plan. Contributions to the MPF Scheme are in accordance with the statutory limits prescribed by the MPF Ordinance. Forfeited contributions of the ORSO Plan for employees who leave before the contributions are fully vested are not used to offset existing contributions but are credited to a reserve account of that Plan, and are available for distribution to the members of the Plan at the discretion of the trustees.

For employees of LME and LME Clear, the Group has also sponsored a defined contribution pension scheme (LME Savings Plan). For employees who joined LME and LME Clear before 1 May 2014, the Group contributes 15 per cent to 17 per cent of the employee's basic salary to the LME Savings Plan. For employees who joined the LME and LME Clear on or after 1 May 2014, they are automatically enrolled into the LME Savings Plan on a matched contribution basis and may choose a personal contribution level ranging from 3 per cent to 5 per cent of their basic salaries, which is matched by the Group's contribution ranging from 6 per cent to 10 per cent of their basic salaries. Staff may choose to contribute more than 5 per cent of their basic salaries, but the Group's contribution is capped at 10 per cent, and staff may also opt-out of the LME Savings Plan if they wish. There are no forfeited contributions for the LME Savings Plan as the contributions are fully vested to the employees upon payment to the scheme.

Pursuant to the relevant laws and regulations in the Chinese Mainland (PRC), the Group has joined defined contribution retirement schemes for the employees arranged by local government labour and social security authorities (PRC Retirement Schemes). The Group makes contributions to the retirement schemes at the applicable rates based on the amounts stipulated by the local government authorities. Upon retirement, the local government labour and social security authorities are responsible for the payment of the retirement benefits to the retired employees. In addition, the Group has made contributions for employees of other offices subject to the relevant regulations in the jurisdictions in which the offices operate.

Assets of the ORSO Plan, MPF Scheme, LME Savings Plan, PRC Retirement Schemes and contribution plans of other offices are held separately from those of the Group and are independently administered and are not included in the consolidated statement of financial position.

The abolition of the Mandatory Provident Fund (MPF)-Long Service Payment (LSP) offsetting mechanism in Hong Kong does not have any financial impact to the Group as it is the Group's practice of not offsetting any MPF contribution against long service payment or severance payment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**11. Information Technology and Computer Maintenance Expenses**

	2025 \$m	2024 \$m
Costs of services and goods:		
- consumed by the Group	881	810
- directly consumed by Participants	74	72
	955	882

12. Other Operating Expenses

	2025 \$m	2024 \$m
Bank charges	19	18
Communication expenses	6	6
Custodian and fund management related fees	32	30
Financial data subscription fees	62	59
Fine paid to the UK Financial Conduct Authority	90	-
Insurance	19	20
Loss on disposal of fixed assets	1	9
Non-executive directors' fees (note 15)	25	24
Office demolition and relocation expenses	3	5
Provision for impairment losses of receivables	6	4
Repairs and maintenance expenses	74	68
Security expenses	24	24
Travel expenses	42	44
Regulatory fees	31	27
Other miscellaneous expenses	111	106
	545	444

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**13. Operating Profit**

	2025	2024
	\$m	\$m
Operating profit is stated after charging/(crediting):		
Auditor's remuneration		
- audit fees	22	20
- other non-audit fees	3	3
Loss on disposal of fixed assets	1	9
Provision for impairment losses of receivables	6	4
Net foreign exchange (gains)/losses on financial assets (excluding financial assets and financial liabilities measured at fair value through profit or loss)	(126)	20

14. Finance Costs

	2025	2024
	\$m	\$m
Interest on borrowings (notes 39 and 47(b))	5	5
Interest on lease liabilities (note 47(b))	41	55
Banking facility commitment fees (note (a))	50	51
Negative interest on Japanese Yen deposits	-	3
	96	114

- (a) Bank facility commitment fees, that relate to liquidity support provided to the Group's clearing houses, are amortised to the consolidated income statement throughout the commitment periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Directors' Emoluments and Interests of Directors

All Directors, including one Executive Director (HKEX Chief Executive Officer) (2024: two Executive Directors (HKEX Chief Executive Officer and ex-HKEX Chief Executive Officer)) received emoluments during the year. The aggregate emoluments paid and payable to the Directors during the year were as follows:

	2025 \$'000	2024 \$'000
Executive Directors:		
Salaries and other short-term employee benefits	10,636	9,349
Performance cash incentive	11,694	8,000
Retirement benefit costs	1,030	8,027
	23,360	25,376
Employee share-based compensation benefits (note (a))	14,424	51,643
	37,784	77,019
Non-executive Directors:		
Fees (note 12)	25,105	24,403
	25,105	24,403
	62,889	101,422

- (a) Employee share-based compensation benefits represent the fair value of share awards granted under the Share Award Scheme (Awarded Shares) on grant date (note 43) recognised in the consolidated income statement during the year.
- (b) The emoluments of all Directors, including HKEX Chief Executive Officer and ex-HKEX Chief Executive Officer who are ex-officio members, are set out below. The amounts represent emoluments paid or receivable in respect of their services as a director.

Name of Director	2025							
	Fees \$'000	Salary \$'000	Other benefits (note (i)) \$'000	Performance cash incentive \$'000	Retirement benefit costs (note (ii)) \$'000	Sub-total \$'000	Employee share-based compensation benefits \$'000	Total \$'000
Carlson Tong	4,755	-	-	-	-	4,755	-	4,755
Bonnie Y Chan	-	10,300	336	11,694	1,030	23,360	14,424	37,784
Nicholas C Allen	3,234	-	-	-	-	3,234	-	3,234
Apurv Bagri (note (iii))	626	-	-	-	-	626	-	626
Peter W H Brien (note (iv))	1,215	-	-	-	-	1,215	-	1,215
K P Chan	1,260	-	-	-	-	1,260	-	1,260
C H Cheah	1,680	-	-	-	-	1,680	-	1,680
Anna M M Cheung	1,748	-	-	-	-	1,748	-	1,748
Herbert P K Chia	1,571	-	-	-	-	1,571	-	1,571
Susan M F Chow Woo	1,865	-	-	-	-	1,865	-	1,865
Nisa B W Y Leung (note (iii))	318	-	-	-	-	318	-	318
Ding Chen (note (iv))	1,080	-	-	-	-	1,080	-	1,080
Hugo P H Leung	2,873	-	-	-	-	2,873	-	2,873
Joseph C K Yam	1,450	-	-	-	-	1,450	-	1,450
Y Zhang	1,430	-	-	-	-	1,430	-	1,430
Total	25,105	10,300	336	11,694	1,030	48,465	14,424	62,889

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Directors' Emoluments and Interests of Directors (continued)

(b) (continued)

Name of Director	2024							
	Fees \$'000	Salary \$'000	Other benefits (note (i)) \$'000	Performance cash incentive \$'000	Retirement benefit costs (note (ii)) \$'000	Sub-total \$'000	Employee share-based compensation benefits \$'000	Total \$'000
Carlson Tong	3,937	-	-	-	-	3,937	-	3,937
Laura M Cha	1,541	-	-	-	-	1,541	-	1,541
Bonnie Y Chan (note (v))	-	7,544	94	8,000	754	16,392	6,291	22,683
Alejandro N Aguzin	-	1,667	44	-	7,273	8,984	45,352	54,336
Nicholas C Allen	2,926	-	-	-	-	2,926	-	2,926
Apurv Bagri	1,546	-	-	-	-	1,546	-	1,546
K P Chan	945	-	-	-	-	945	-	945
C H Cheah	1,707	-	-	-	-	1,707	-	1,707
Anna M M Cheung	1,620	-	-	-	-	1,620	-	1,620
Herbert P K Chia	191	-	-	-	-	191	-	191
Susan M F Chow Woo	1,955	-	-	-	-	1,955	-	1,955
Benjamin P C Hung	315	-	-	-	-	315	-	315
Nisa B W Y Leung	1,273	-	-	-	-	1,273	-	1,273
Hugo P H Leung	2,825	-	-	-	-	2,825	-	2,825
Joseph C K Yam	1,450	-	-	-	-	1,450	-	1,450
Peter K S Yan	742	-	-	-	-	742	-	742
Y Zhang	1,430	-	-	-	-	1,430	-	1,430
Total	24,403	9,211	138	8,000	8,027	49,779	51,643	101,422

Notes:

- (i) Other benefits included leave pay, insurance premium and club membership.
- (ii) Retirement benefit costs include employer's contributions to provident fund. Employees who retire before normal retirement age are eligible for 18 per cent of the employer's contribution to the provident fund after completion of two years of service. The rate of vested benefit increases at an annual increment of 18 per cent thereafter reaching 100 per cent after completion of seven years of service. The amount in 2024 included a special payment of \$7,065,000 to Mr Aguzin on his retirement.
- (iii) Retired on 30 April 2025
- (iv) Appointment effective from 30 April 2025
- (v) Ms Chan was appointed as HKEX Chief Executive Officer and Executive Director from 1 March 2024. The amount disclosed represented her remuneration from 1 March 2024 to 31 December 2024.

(c) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to HKEX's business to which HKEX was a party and in which a director of HKEX had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Five Top-paid Employees

One (2024: two) of the five top-paid employees was HKEX Executive Director whose emoluments are disclosed in note 15. Details of the emoluments of the other four (2024: three) top-paid employees were as follows:

	2025 \$'000	2024 \$'000
Salaries and other short-term employee benefits	22,318	14,284
Inducement fee	6,933	-
Performance cash incentive	30,533	20,592
Retirement benefit costs	1,823	1,256
	61,607	36,132
Employee share-based compensation benefits (note (a))	36,606	35,513
	98,213	71,645

- (a) Employee share-based compensation benefits represent the fair value of Awarded Shares on grant date (note 43) amortised to the consolidated income statement during the year.
- (b) The emoluments of these four (2024: three) employees, including share-based compensation benefits, were within the following bands:

	2025 Number of employees	2024 Number of employees
\$14,500,001 - \$15,000,000	-	1
\$20,000,001 - \$20,500,000	1	-
\$24,000,001 - \$24,500,000	1	-
\$24,500,001 - \$25,000,000	-	1
\$25,000,001 - \$25,500,000	1	-
\$28,000,001 - \$28,500,000	1	-
\$32,000,001 - \$32,500,000	-	1
	4	3

The above employees included senior executives who were also Directors of the subsidiaries during the years. No Directors of the subsidiaries waived any emoluments.

17. Taxation

Accounting Policy

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where HKEX and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. Provisions are established where appropriate on the basis of amounts expected to be paid to tax authorities.

The Group applies the HKAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two Income Taxes.

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

	2025 \$m	2024 \$m
Current tax		
Hong Kong Profits Tax (note (a))		
- Provision for the year	2,208	1,370
- Over provision in respect of prior years	-	(3)
	2,208	1,367
Hong Kong minimum top-up tax (note (b))	701	-
Tax outside Hong Kong (note (a))		
- Provision for the year	373	331
- Over provision in respect of prior years (note (c))	(93)	(110)
	280	221
Total current tax	3,189	1,588
Deferred tax (note 41(a))		
- Under provision in respect of prior years (note (c))	93	118
- Origination and reversal of temporary differences	39	(8)
	132	110
Taxation charge	3,321	1,698

(a) The provision for Hong Kong Profits Tax is calculated at the rate of 16.5 per cent (2024: 16.5 per cent). The provision for current tax of subsidiaries outside Hong Kong is calculated at the rates of taxation prevailing in the jurisdictions in which the subsidiaries operate, with the average corporation tax rate applicable to the subsidiaries in the UK being 25 per cent (2024: 25 per cent).

(b) The Group is subject to the global minimum top-up tax under the Pillar Two tax legislation effective from 1 January 2025. Under the legislation, the Group is liable to pay a top-up tax for the difference between their Global Anti-Base Erosion (GloBE) effective tax rate per jurisdiction and the 15 per cent minimum rate. The top-up tax relates to the Group's operations in Hong Kong, where the effective tax rate for Hong Kong entities was below 15 per cent during the year ended 31 December 2025. As a result, the Group recognised a current tax charge of \$701 million related to the top-up tax in 2025 (2024: \$Nil).

No top-up tax was payable by the Group in other jurisdictions where the Group operates in 2025 (2024: \$Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**17. Taxation (continued)**

- (c) The over provision of overseas current tax mainly arose from the full expense relief claim made in respect of certain qualifying intangible assets during the finalisation of tax return by our UK subsidiaries after further analysis has been conducted. As a result of this claim, there was a corresponding deferred tax charge to the consolidated income statement, reflecting the future disallowance for amortisation in future years.
- (d) The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2025 \$m	2024 \$m
Profit before taxation	21,158	14,853
Tax calculated at domestic tax rates applicable to profits in the respective countries (note (i))	3,567	2,509
Income not subject to taxation	(1,082)	(998)
Expenses not deductible for taxation purposes	121	113
Change in deferred tax arising from unrecognised tax losses and other deferred tax adjustments	14	69
Current tax related to minimum top-up tax (note (b))	701	-
Under provision in respect of prior years	-	5
Taxation charge	3,321	1,698

- (i) The weighted average applicable tax rate was 16.9 per cent (2024: 16.9 per cent).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**18. Earnings Per Share**

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

(a) Basic earnings per share

	2025	2024
Profit attributable to shareholders (\$m)	17,754	13,050
Weighted average number of shares in issue less shares held for Share Award Scheme (in '000)	1,263,893	1,264,482
Basic earnings per share (\$)	14.05	10.32

(b) Diluted earnings per share

	2025	2024
Profit attributable to shareholders (\$m)	17,754	13,050
Weighted average number of shares in issue less shares held for Share Award Scheme (in '000)	1,263,893	1,264,482
Effect of Awarded Shares (in '000)	3,671	3,218
Weighted average number of shares for the purpose of calculating diluted earnings per share (in '000)	1,267,564	1,267,700
Diluted earnings per share (\$)	14.01	10.29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Dividends

Accounting Policy

Interim dividends declared are recognised as liabilities in the consolidated financial statements in the period in which the dividends are approved by the Board.

	2025 \$m	2024 \$m
First interim dividend paid:		
\$6.00 (2024: \$4.36) per share	7,607	5,528
Less: Dividend for shares held by Share Award Scheme (note (a))	(24)	(15)
	7,583	5,513
Second interim dividend declared (note (b)):		
\$6.52 (2024: \$4.90) per share based on issued share capital at 31 Dec	8,266	6,212
Less: Dividend for shares held by Share Award Scheme at 31 Dec (note (a))	(24)	(19)
	8,242	6,193
	15,825	11,706

- (a) The results and net assets of The HKEX Employees' Share Award Scheme (Share Award Scheme) are included in HKEX's financial statements. Therefore, dividends for shares held by the Share Award Scheme were deducted from the total dividends.
- (b) The second interim dividend declared after 31 December was not recognised as a liability at 31 December as it had not yet been approved by the Board.

20. Financial Assets

Accounting Policy

The Group classifies its financial assets in the following measurement categories:

- those measured at fair value (either through profit or loss (note 22) or through other comprehensive income (note 23)); and
- those measured at amortised cost (note 24).

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets of Clearing House Funds and Margin Funds are classified as current assets as they will be liquidated whenever liquid funds are required.

Financial assets of Corporate Funds are classified as current assets unless they are expected to mature or be disposed of after twelve months from the end of the reporting period, in which case, they are included in non-current assets. For investment funds which have no maturity date, they are included in current assets unless they cannot be redeemed within twelve months from the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents comprise cash on hand, bank balances and other short-term highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value (mainly reverse repurchase investments, time deposits and short-term debt securities), normally with original maturities of three months or less, or with remaining maturities of three months or less from the date of acquisition.

	At 31 Dec 2025				Total \$m
	Cash for A-shares (notes (a) and (c)) \$m	Corporate Funds (notes (b) and 25) \$m	Margin Funds (notes (c) and 33) \$m	Clearing House Funds (notes (c) and 37) \$m	
Cash on hand and balances and deposits with banks	2,549	18,255	32,493	19,661	72,958
Reverse repurchase investments	-	2,421	97,559	9,786	109,766
	2,549	20,676	130,052	29,447	182,724

	At 31 Dec 2024				Total \$m
	Cash for A-shares (notes (a) and (c)) \$m	Corporate Funds (notes (b) and 25) \$m	Margin Funds (notes (c) and 33) \$m	Clearing House Funds (notes (c) and 37) \$m	
Cash on hand and balances and deposits with banks	2,175	12,447	41,414	13,689	69,725
Unlisted debt securities	-	-	-	1,472	1,472
Reverse repurchase investments	-	2,598	54,675	5,895	63,168
	2,175	15,045	96,089	21,056	134,365

(a) Cash for A-shares includes:

- (i) Renminbi (RMB) cash prepayments received by HKSCC from its Clearing Participants for releasing their allocated A-shares on the trade day. Such prepayments will be used to settle HKSCC's Continuous Net Settlement (CNS) obligations payable on the next business day; and
 - (ii) Hong Kong Dollar/United States Dollar cash collateral received by HKSCC from its Clearing Participants for releasing their allocated A-shares on the trade day. Such collateral will be refunded to the Clearing Participants when they settle their RMB CNS obligations on the next business day.
- (b) At 31 December 2025, cash and cash equivalents of Corporate Funds of \$1,323 million (31 December 2024: \$1,135 million) (note 25(b)) were solely used to support Skin-in-the-Game and default fund credits of Clearing House Funds.
- (c) The cash and cash equivalents of Margin Funds, Clearing House Funds, Corporate Funds reserved for supporting Skin-in-the-Game and default fund credits of Clearing House Funds (note (b)), and Cash for A-shares are held for specific purposes and cannot be used by the Group to finance other activities. These balances are not included in cash and cash equivalents of the Group for cash flow purpose in the consolidated statement of cash flows.

22. Financial Assets Measured at Fair Value through Profit or Loss

Accounting Policy

Classification

Investments and other financial assets are classified under financial assets measured at fair value through profit or loss if they do not meet the conditions to be measured at fair value through other comprehensive income (note 23) or amortised cost (note 24). On initial recognition, the Group may irrevocably designate a financial asset as at fair value through profit or loss that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investments in equity instruments that are not held for trading are classified under financial assets measured at fair value through profit or loss unless the Group has made an irrevocable election at the time of initial recognition to account for the investment at fair value through other comprehensive income.

Recognition and measurement

Purchases and sales of financial assets measured at fair value through profit or loss are recognised on the trade date. They are initially recognised at fair value with transaction costs recognised as expenses in the consolidated income statement and subsequently carried at fair value. Gains and losses arising from changes in fair value are included in the consolidated income statement in the period in which they arise.

Interest income is included in net fair value gains/(losses) from these financial assets.

Fair values of quoted investments are based on the most representative prices within the bid-ask spreads which are currently considered as the bid-prices. The investment funds are valued based on the latest available transaction price or redemption price for each fund, as determined by the fund administrator. For unlisted securities or financial assets without an active market, the Group establishes the fair value by using valuation techniques including the use of recent arm's length transactions, reference to recent market transactions, trading multiples and financial data of other comparable companies, and other instruments that are substantially the same and discounted cash flow analysis.

	Corporate Funds (note 25)	
	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
<u>Mandatorily measured at fair value</u>		
Investment funds:		
- listed outside Hong Kong	-	2,203
- unlisted	1,376	5,026
	1,376	7,229
Unlisted equity securities	496	329
	1,872	7,558
The expected recovery dates of the financial assets are analysed as follows:		
Within twelve months	1,150	6,901
More than twelve months	722	657
	1,872	7,558

23. Financial Assets Measured at Fair Value through Other Comprehensive Income**Accounting Policy**Classification

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets measured at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the consolidated income statement. Other changes in carrying amounts are recognised in other comprehensive income. On derecognition, the cumulative gains and losses previously recognised in other comprehensive income are reclassified to the consolidated income statement.

Fair values of quoted investments or investments with an active market are based on the most representative prices within the bid-ask spreads which are currently considered as the bid-prices. For unlisted securities or financial assets without an active market, the Group establishes the fair value by using valuation techniques including the use of recent arm's length transactions and dealer quotes for similar investments.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments measured at fair value through other comprehensive income. Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

23. Financial Assets Measured at Fair Value through Other Comprehensive Income (continued)**Accounting Policy (continued)**Impairment (continued)

For financial assets measured at fair value through other comprehensive income, the Group recognised a provision for impairment losses equal to 12-month expected credit losses unless there has been a significant increase in credit risk of the financial assets since initial recognition, in which case the provision for impairment losses is measured at an amount equal to lifetime expected credit losses.

Expected credit losses are measured at each reporting date to reflect changes in the financial asset's credit risk since initial recognition.

In assessing whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the financial asset is past due by 90 days or one or more credit impaired events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial asset's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial assets are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Any change in the expected credit loss amount is recognised as an impairment loss or reversal of impairment loss in the consolidated income statement, with a corresponding adjustment to the other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Financial Assets Measured at Fair Value through Other Comprehensive Income (continued)

	At 31 Dec 2025			Total \$m
	Corporate Funds (notes (b) and 25) \$m	Margin Funds (note 33) \$m	Clearing House Funds (note 37) \$m	
Listed debt securities	3,780	8,734	-	12,514
Unlisted debt securities	7,335	39,593	6,361	53,289
	11,115	48,327	6,361	65,803

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

Within twelve months (note (c))	6,188	48,327	6,361	60,876
More than twelve months	4,927	-	-	4,927
	11,115	48,327	6,361	65,803

	At 31 Dec 2024			Total \$m
	Corporate Funds (notes (b) and 25) \$m	Margin Funds (note 33) \$m	Clearing House Funds (note 37) \$m	
Listed debt securities	1,983	5,414	-	7,397
Unlisted debt securities	3,915	31,721	7,671	43,307
	5,898	37,135	7,671	50,704

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

Within twelve months (note (c))	2,756	37,135	7,671	47,562
More than twelve months	3,142	-	-	3,142
	5,898	37,135	7,671	50,704

- (a) At 31 December 2025, debt securities held were of investment grade and had a weighted average credit rating of Aa2 (Moody's) (31 December 2024: Aa2 (Moody's)). There was no history of default, and there were no unfavourable current conditions and forecast of future economic conditions at the reporting dates. As a result, the expected credit loss of these financial assets, taking into account the probability of default, the loss given default, and the exposure at default of these assets, was determined to be minimal, and no provision for impairment loss was made on the financial assets held at 31 December 2025 and 31 December 2024.
- (b) At 31 December 2025, debt securities of Corporate Funds of \$953 million (31 December 2024: \$945 million) (note 25(b)) were solely used to support Skin-in-the-Game and default fund credits of Clearing House Funds.
- (c) Includes financial assets maturing after twelve months of \$24,398 million (31 December 2024: \$13,220 million) attributable to Margin Funds and \$Nil (31 December 2024: \$1,558 million) attributable to Clearing House Funds that could readily be liquidated to meet liquidity requirements of the Funds (note 53(b)).

24. Financial Assets Measured at Amortised Cost**Accounting Policy**Classification

Investments are classified under financial assets measured at amortised cost if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Accounts receivable and other deposits are also classified under this category (note 27).

Recognition and measurement

Financial assets measured at amortised cost are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method. The amortised cost is reduced by loss allowance for expected credit losses.

Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated income statement. Any gains and losses on derecognition is recognised in the consolidated income statement.

Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its financial assets measured at amortised cost.

For accounts receivable due from customers, the Group applies the simplified approach permitted by HKFRS 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Expected credit losses of receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial assets measured at amortised cost (including time deposits, debt securities and other deposits), the Group recognises a provision for impairment losses equal to 12-month expected credit losses unless there has been a significant increase in credit risk of the financial assets since initial recognition, in which case the provision for impairment losses is measured at an amount equal to lifetime expected credit losses.

Expected credit losses are remeasured at each reporting date to reflect changes in the financial asset's credit risk since initial recognition. Any change in the expected credit loss amount is recognised as an impairment loss or reversal of impairment loss in the consolidated income statement, with a corresponding adjustment to the carrying amount through a loss allowance account.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that has previously been written off are recognised as a reversal of impairment in the consolidated income statement in the period in which the recovery occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Financial Assets Measured at Amortised Cost (continued)

	At 31 Dec 2025		
	Corporate Funds (note 25) \$m	Margin Funds (note 33) \$m	Total \$m
	Debt securities	3,639	27,372
Time deposits with original maturities over three months	2,024	41,804	43,828
Other financial assets	67	-	67
	5,730	69,176	74,906
The expected recovery dates of the financial assets are analysed as follows:			
Within twelve months	4,330	69,176	73,506
More than twelve months	1,400	-	1,400
	5,730	69,176	74,906
	At 31 Dec 2024		
	Corporate Funds (note 25) \$m	Margin Funds (note 33) \$m	Total \$m
	Debt securities	3,929	3,290
Time deposits with original maturities over three months	4,361	31,941	36,302
Other financial assets	89	-	89
	8,379	35,231	43,610
The expected recovery dates of the financial assets are analysed as follows:			
Within twelve months	6,851	35,231	42,082
More than twelve months	1,528	-	1,528
	8,379	35,231	43,610

- (a) At 31 December 2025, debt securities held were of investment grade and had a weighted average credit rating of Aa3 (Moody's) (31 December 2024: Aa3 (Moody's)). Deposits were placed with the investment grade banks, licensed banks and restricted licence banks regulated by the Hong Kong Monetary Authority, and banks regulated by local banking regulators in the countries where the Group's subsidiaries operate. All these financial assets had no history of default and there were no unfavourable current conditions and forecast of future economic conditions at the reporting dates. As a result, the expected credit loss of these financial assets, taking into account the probability of default, the loss given default, and the exposure at default of these assets, was determined to be minimal, and no provision for impairment loss was made on the financial assets held at 31 December 2025 and 31 December 2024.
- (b) The fair values of financial assets maturing after twelve months are disclosed in note 53(d)(ii).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Corporate Funds

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Corporate Funds comprised the following instruments:		
Cash and cash equivalents (notes (b) and 21)	20,676	15,045
Financial assets measured at fair value through profit or loss (note 22)	1,872	7,558
Financial assets measured at fair value through other comprehensive income (notes (b) and 23)	11,115	5,898
Financial assets measured at amortised cost (note 24)	5,730	8,379
	39,393	36,880

- (a) Financial assets held by the Group which are funded by share capital and funds generated from operations are classified as Corporate Funds (i.e., other than financial assets of Margin Funds, Clearing House Funds, Cash for A-shares, and derivative financial instruments).
- (b) At 31 December 2025, cash and cash equivalents of Corporate Funds of \$1,323 million (31 December 2024: \$1,135 million) and debt securities of Corporate Funds of \$953 million (31 December 2024: \$945 million) were solely used to support Skin-in-the-Game and default fund credits of Clearing House Funds (note 37(a)).

26. Derivative Financial Instruments

Accounting Policy

Derivative financial instruments include outstanding derivatives contracts of LME Clear, which acts as a central counterparty to the base and ferrous metals futures and options contracts traded on the LME, forward foreign exchange contracts and foreign exchange swaps. Derivatives are initially recognised at fair value on trade date and subsequently remeasured at their fair values. Except where outstanding derivatives contracts are held in the capacity as a central counterparty and derivatives which relate to qualifying cash flow hedges (note 44(a)), derivatives are categorised as held for trading with changes in fair value recognised in the consolidated income statement.

Derivative financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Derivative Financial Instruments (continued)

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
<u>Mandatorily measured at fair value</u>		
Derivative financial assets:		
- base and ferrous metals futures and options contracts cleared through LME Clear (note (a))	160,601	67,629
- forward foreign exchange contracts held as for trading (note (c))	4	-
- foreign exchange swaps (note (d))	3	118
	160,608	67,747
<u>Mandatorily measured at fair value</u>		
Derivative financial liabilities:		
- base and ferrous metals futures and options contracts cleared through LME Clear (note (a))	160,601	67,629
- forward foreign exchange contracts held as cash flow hedging instruments (note (b))	2	60
- foreign exchange swaps (note (d))	83	174
	160,686	67,863

- (a) The amounts represent the fair value of the outstanding base and ferrous metals futures and options contracts cleared through LME Clear that do not qualify for netting under HKAS 32 Financial Instruments: Presentation, where LME Clear is acting in its capacity as a central counterparty to the contracts traded on the LME.
- (b) Forward foreign exchange contracts have been designated as cash flow hedges for hedging foreign exchange risk of certain expenditure of LME and LME Clear. Details of such contracts are set out in note 44(a).
- (c) The Group has also entered into certain forward foreign exchange contracts held for trading. At 31 December 2025, the notional amount of the outstanding contracts amounted to \$391 million (31 December 2024: \$310 million).
- (d) As part of the Group's investment strategy, the Group has entered into foreign exchange swaps for optimising foreign currency cash flows and yield enhancement while hedging the overall foreign exchange exposures of the Group. Net losses on foreign exchange swaps were recognised in the consolidated income statement under net investment income (note 6).

At 31 December 2025, total notional amount for outstanding foreign exchange swaps was \$30,893 million (31 December 2024: \$77,302 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. Accounts Receivable, Prepayments and Deposits

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Receivable from ChinaClear, SHCH and Exchange and Clearing Participants:		
- CNS money obligations receivable (note (a))	43,088	31,813
- Transaction levy, stamp duty and fees receivable	1,479	1,083
- Settlement Reserve Fund and Settlement Guarantee Fund held by ChinaClear (note 33)	20,867	19,814
- Inter-CCP margin held by SHCH (note (b)):		
- satisfied by margin deposits collected from OTC Clear Clearing Participants (note 33)	799	571
- satisfied by Corporate Funds	402	257
	1,201	828
- Others	25	25
Receivables for investment funds sold before 31 Dec	350	-
Prepayments for acquisition of HKEX headquarters premises (note 32(a))	715	-
Other receivables, prepayments and deposits	1,020	982
Less: Provision for impairment losses of receivables (notes (c) and (d))	(54)	(48)
	68,691	54,497

- (a) Upon acceptance of Stock Exchange trades for settlement in CCASS under the CNS basis, HKSCC interposes itself between the HKSCC Clearing Participants as the settlement counterparty to the trades through novation. The CNS money obligations due by/to HKSCC Clearing Participants on the Stock Exchange trades are recognised as receivables and payables (note 34) when they are confirmed and accepted on the day after the trade day.

For a trade in A-shares transacted for Stock Exchange Participants, the rights and obligations of the parties to the trade will be transferred to ChinaClear, and a market contract between HKSCC and the relevant HKSCC Clearing Participants is created through novation. The CNS money obligations due by/to HKSCC Clearing Participants and ChinaClear are recognised as receivables and payables (note 34) when the trades are confirmed on the trade day.

- (b) Under Swap Connect, OTC Clear and Shanghai Clearing House (SHCH) are required to provide inter-central counterparties (inter-CCP) margin to each other to cover the potential loss arising from the default of the other party (note 33). Part of the inter-CCP margin provided by OTC Clear to SHCH is satisfied by margin deposits collected from OTC Clear Clearing Participants and the remaining balance is satisfied by Corporate Funds of OTC Clear.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. Accounts Receivable, Prepayments and Deposits (continued)

(c) Expected credit losses

For accounts receivable, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of debtors and the corresponding historical credit losses experienced during the year. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the loss allowance for accounts receivable as at 31 December 2025 and 31 December 2024 was determined as follows:

	At 31 Dec 2025			Total
	Current or within 30 days past due	31 to 180 days past due	More than 180 days past due	
Expected loss rate	7%	14%	100%	
Gross carrying amount – accounts receivable subject to expected credit loss provision (\$m)	422	21	23	466
Loss allowance (\$m)	28	3	23	54

	At 31 Dec 2024			Total
	Current or within 30 days past due	31 to 180 days past due	More than 180 days past due	
Expected loss rate	5%	12%	100%	
Gross carrying amount – accounts receivable subject to expected credit loss provision (\$m)	500	33	21	554
Loss allowance (\$m)	23	4	21	48

For the remaining receivables and other deposits (excluding prepayments) amounting to \$67,266 million as at 31 December 2025 (31 December 2024: \$53,714 million), the expected credit loss was determined to be minimal based on the expected credit loss calculation. These receivables were mainly due from Participants which are subject to the Group's stringent financial requirements and admission criteria, compliance monitoring and risk management measures, there was no recent history of default, part of the receivables were subsequently settled, and there were no unfavourable current conditions and forecast future economic conditions at the reporting dates.

(d) The movements in provision for impairment losses of receivables were as follows:

	2025 \$m	2024 \$m
At 1 Jan	48	44
Provision for loss allowance for receivables under other operating expenses	6	4
At 31 Dec	54	48

(e) CNS money obligations receivable mature within two days after the trade date. The balance of Settlement Reserve Fund and Settlement Guarantee Fund with ChinaClear is rebalanced on a monthly basis, and the balance of inter-CCP margin held by SHCH is rebalanced on a daily basis. Fees receivable are due immediately or up to 60 days depending on the type of services rendered. The majority of the remaining accounts receivable, prepayments and deposits were due within three months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Principal Subsidiaries and Controlled Structured Entities

Accounting Policy

Subsidiaries are entities (including structured entities (note (b))) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

(a) Principal subsidiaries

HKEX had direct or indirect interests in the following principal subsidiaries:

Company	Place of incorporation and operation	Issued and fully paid up share/registered capital	Principal activities	Interest held by the Group	
				At 31 Dec 2025	At 31 Dec 2024
Direct principal subsidiaries:					
The Stock Exchange of Hong Kong Limited	Hong Kong	929 ordinary shares (\$929)	Operates the only Stock Exchange in Hong Kong	100%	100%
Hong Kong Futures Exchange Limited	Hong Kong	230 ordinary shares (\$28,750,000)	Operates a futures and options exchange in Hong Kong	100%	100%
Hong Kong Securities Clearing Company Limited	Hong Kong	4 ordinary shares (\$1,060,000,002)	Operates a clearing house for securities traded on the Stock Exchange and those traded through Stock Connect, and the central securities depository, and provides custody and nominee services for eligible securities listed in Hong Kong and Chinese Mainland	100%	100%
OTC Clearing Hong Kong Limited (OTC Clear) (note (i))	Hong Kong	24,459 ordinary shares (\$1,636,301,781) 5,117 non-voting ordinary shares (\$518,206,540)	Operates a clearing house for over-the-counter derivatives	84%	84%
HKFE Clearing Corporation Limited (HKCC)	Hong Kong	3,766,700 ordinary shares (\$831,010,000)	Operates a clearing house for derivatives contracts traded on the Futures Exchange	100%	100%
The SEHK Options Clearing House Limited (SEOCH)	Hong Kong	4,000,000 ordinary shares (\$271,000,000)	Operates a clearing house for stock options contracts traded on the Stock Exchange in Hong Kong	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Principal Subsidiaries and Controlled Structured Entities (continued)

(a) Principal subsidiaries (continued)

Company	Place of incorporation and operation	Issued and fully paid up share/registered capital	Principal activities	Interest held by the Group	
				At 31 Dec 2025	At 31 Dec 2024
Indirect principal subsidiaries:					
The London Metal Exchange	United Kingdom	100 ordinary shares of £1 each	Operates an exchange for the trading of base and ferrous metals futures and options contracts	100%	100%
LME Clear Limited	United Kingdom	107,500,001 ordinary shares of £1 each	Operates a clearing house for base and ferrous metals futures and options contracts	100%	100%
Qianhai Mercantile Exchange Co.,Ltd. (QME) (note (i))	Chinese Mainland	RMB400,000,000	Operates a commodity trading platform in Chinese Mainland	90%	90%

The above table lists the subsidiaries of the Group which, in the opinion of its directors, principally affect the results or financial position of the Group.

(i) Subsidiaries with non-controlling interests

At 31 December 2025, the Group held 84 per cent (31 December 2024: 84 per cent) interest in OTC Clear, while the remaining 16 per cent (31 December 2024: 16 per cent) interest was held by non-controlling interests. The non-controlling interests do not have voting rights at general meetings of OTC Clear.

QME is a limited company established in Chinese Mainland. At 31 December 2025, the Group held 90 per cent (31 December 2024: 90 per cent) interest in QME, while the remaining 10 per cent (31 December 2024: 10 per cent) interest was held by non-controlling interests.

BayConnect is a limited company established in Chinese Mainland. At 31 December 2025, the Group held 51 per cent (31 December 2024: 51 per cent) interest in BayConnect, while the remaining 49 per cent (31 December 2024: 49 per cent) interest was held by non-controlling interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Principal Subsidiaries and Controlled Structured Entities (continued)

(a) Principal subsidiaries (continued)

(i) Subsidiaries with non-controlling interests (continued)

Set out below is the financial information related to the non-controlling interests of each subsidiary:

	OTC Clear		QME		BayConnect	
	2025 \$m	2024 \$m	2025 \$m	2024 \$m	2025 \$m	2024 \$m
Amounts allocated to non-controlling interests:						
Profit/(loss) for the year	87	120	(8)	(13)	4	(2)
Other comprehensive income/(loss)	-	-	(4)	3	7	(5)
Total comprehensive income/(loss)	87	120	(12)	(10)	11	(7)
	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Accumulated non-controlling interests	539	511	(93)	(81)	136	125

No summarised financial information of OTC Clear, QME and BayConnect is presented as the non-controlling interests are not material to the Group.

(ii) Significant restrictions

Cash and savings deposits are held by subsidiaries in Chinese Mainland and are subject to exchange control restrictions. The carrying amount of these restricted assets in the consolidated statement of financial position at 31 December 2025 was \$150 million (31 December 2024: \$168 million).

(b) Controlled structured entities

HKEX controls two structured entities which operate in Hong Kong, particulars of which are as follows:

Structured entity	Principal activities
The HKEX Employees' Share Award Scheme (HKEX Employee Share Trust)	Purchases, administers and holds HKEX shares for the Share Award Scheme for the benefit of eligible HKEX employees (note 43)
HKEX Foundation Limited	Charitable foundation

HKEX has the power to direct the relevant activities of the HKEX Employee Share Trust and HKEX Foundation Limited and it has the ability to use its power over the entities to affect its exposure to returns. Therefore, they are considered as controlled structured entities of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. Interests in Joint Ventures and an Associate

Accounting Policy

Interests in joint ventures and an associate are accounted for in the consolidated financial statements under the equity method. They are initially recognised at cost. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of these investees, until the date on which significant influence or joint control ceases. The entire carrying amounts of the investments are tested for impairment in accordance with the accounting policy stated in note 2(c).

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Interests in joint ventures (note (a))		
- Share of net assets	414	415
Interest in an associate (note (b))		
- Goodwill	206	-
- Share of net assets	249	-
	455	-
	869	415

(a) Interests in joint ventures

Details of the joint ventures were as follows:

Name	Place of incorporation and operation	Principal activities	% of ownership interest	
			At 31 Dec 2025	At 31 Dec 2024
China Exchanges Services Company Limited (CESC)	Hong Kong	Development of index- linked and equity derivatives products	33%	33%
Bond Connect Company Limited (BCCL)	Hong Kong	Provision of support services related to Bond Connect	40%	40%

CESC is a joint venture established by HKEX, the Shanghai Stock Exchange and the Shenzhen Stock Exchange, with an aim of developing financial products and related services. CESC is a strategic investment for the Group, it is expected to enhance the competitiveness of Hong Kong, and it aims to promote the development of Chinese Mainland's capital markets and the internationalisation of the Group.

BCCL is a joint venture established by HKEX and China Foreign Exchange Trade System (CFETS), and provides support services related to Bond Connect. BCCL is a strategic investment of the Group as it provides services to facilitate the trading of Bond Connect, which enhances HKEX's position in the fixed income market and expands the mutual market programme from equity into bonds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**29. Interests in Joint Ventures and an Associate (continued)**

(a) Interests in joint ventures (continued)

Details of the joint ventures were as follows: (continued)

Set out below is the measurement method and the carrying amounts of the two joint ventures:

Name	Measurement method	Carrying amount	
		At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
CESC	Equity	43	42
BCCL	Equity	371	373
		414	415

The two joint ventures are private companies and no quoted market prices are available for their shares.

No summarised financial information of CESC and BCCL is presented as the joint ventures are not material to the Group.

(b) Interest in an associate

Details of the associate were as follows:

Name	Place of incorporation and operation	Principal activities	% of ownership interest	
			At 31 Dec 2025	At 31 Dec 2024
CMU OmniClear Holdings Limited	Hong Kong	Operates the Central Moneymarket Unit (CMU) on behalf of the Hong Kong Monetary Authority (HKMA) through its subsidiary	20%	-

In December 2025, HKEX acquired a 20 per cent equity interest in CMU OmniClear Holdings Limited for \$455 million through subscription of its new shares. The remaining 80 per cent equity interest is held by the Exchange Fund of the HKMA. Through the partnership, the HKMA and HKEX will harness the combined resources, technology, talent and market expertise to accelerate the development of Hong Kong's post-trade securities infrastructure into a major fixed-income central securities depository in Asia.

The associate is a private company and no quoted market price is available for its shares.

No summarised financial information of CMU OmniClear Holdings Limited is presented as the associate is not material to the Group.

30. Goodwill and Other Intangible Assets**Accounting Policy**Goodwill

Goodwill arising on the acquisition of subsidiaries is carried at cost as established at the date of acquisition less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each CGU, or group of CGUs, that is expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes (i.e., operating segment level).

Goodwill is not amortised but impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

The Group's accounting policy for impairment is described in note 2(c).

Tradenames

Tradenames acquired in a business combination are recognised at fair value at the acquisition date. The fair value is based on the discounted estimated royalty payments that are expected to be avoided as a result of the tradenames being owned.

Tradenames arising from the acquisition of LME entities have indefinite useful lives and are carried at cost less accumulated impairment losses, if any.

Tradenames are reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment.

Customer relationships

Customer relationships acquired in a business combination are recognised initially at fair value at the acquisition date. The fair value is determined using the multi-period excess earnings method, whereby the asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. Subsequently, the customer relationships are carried at cost (i.e., the initial fair value) less accumulated amortisation and impairment losses, if any. Amortisation is calculated using the straight-line method over the expected lives of the customer relationships, which are determined to be 8 to 25 years.

30. Goodwill and Other Intangible Assets (continued)**Accounting Policy (continued)**Computer software systems

Development costs that are directly attributable to the design, building and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets if the related software does not form an integral part of the hardware on which it operates (i.e., system software without which the related hardware can still operate) and when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use it;
- There is an ability to use the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised in the consolidated income statement as incurred. Development costs previously recognised in the consolidated income statement are not recognised as an asset in a subsequent period.

Qualifying software system development expenditure and related directly attributable costs capitalised as intangible assets are amortised when they are available for use. They are amortised at rates sufficient to write off their costs net of residual values over their estimated useful lives of three to ten years on a straight-line basis. The residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Costs incurred in configuring or customising software in a cloud computing arrangement can only be recognised as intangible assets if the activities create an intangible asset that the Group controls and the intangible asset meets the recognition criteria. Those costs that do not result in intangible assets are expensed when service is delivered, unless they are incurred for customising the cloud-based software which the promises are not distinct to the cloud computing arrangement, where such costs are amortised over the contract terms of the cloud computing arrangement.

The Group's accounting policy for impairment is described in note 2(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Goodwill and Other Intangible Assets (continued)

	Other Intangible Assets				Total \$m
	Goodwill \$m	Tradenames \$m	Customer relationships \$m	Software systems \$m	
Cost:					
At 1 Jan 2024	13,371	897	3,150	7,667	25,085
Exchange differences	(74)	(5)	(16)	(27)	(122)
Additions	-	-	-	1,272	1,272
Disposals	-	-	-	(35)	(35)
At 31 Dec 2024	13,297	892	3,134	8,877	26,200
At 1 Jan 2025	13,297	892	3,134	8,877	26,200
Exchange differences	32	2	6	20	60
Additions	-	-	-	1,285	1,285
Disposals	-	-	-	(60)	(60)
At 31 Dec 2025	13,329	894	3,140	10,122	27,485
Accumulated amortisation and impairment:					
At 1 Jan 2024	-	-	1,449	4,357	5,806
Exchange differences	-	-	(8)	(15)	(23)
Amortisation	-	-	137	710	847
Disposals	-	-	-	(35)	(35)
At 31 Dec 2024	-	-	1,578	5,017	6,595
At 1 Jan 2025	-	-	1,578	5,017	6,595
Exchange differences	-	-	3	13	16
Amortisation	-	-	130	810	940
Impairment loss	55	-	-	-	55
Disposals	-	-	-	(59)	(59)
At 31 Dec 2025	55	-	1,711	5,781	7,547
Net book value:					
At 31 Dec 2025	13,274	894	1,429	4,341	19,938
At 31 Dec 2024	13,297	892	1,556	3,860	19,605
Cost of software systems under development included above:					
At 31 Dec 2025	-	-	-	1,490	1,490
At 31 Dec 2024	-	-	-	2,210	2,210

Amortisation of \$940 million (2024: \$847 million) and impairment loss of \$55 million (2024: \$Nil) are included in "depreciation, amortisation and impairment" in the consolidated income statement.

Tradenames are regarded as having indefinite useful lives and there is no foreseeable limit to the period over which they are expected to generate cash flows for the Group as it is expected that their values will not be reduced through usage and there are no legal or similar limits on the period for their use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Goodwill and Other Intangible Assets (continued)

Impairment tests for CGUs containing goodwill and intangible assets with indefinite useful lives

Goodwill and tradenames that arose on the acquisition of subsidiaries are allocated to and monitored by management at the operating segment level, which comprises CGUs, or groups of CGUs that are expected to benefit from synergies of combination with the acquired businesses. A summary of the allocation of goodwill and tradenames, net of provision for impairment loss, to these operating segments is as follows:

	At 31 Dec 2025		At 31 Dec 2024	
	Goodwill \$m	Tradenames \$m	Goodwill \$m	Tradenames \$m
Commodities segment	13,219	894	13,192	892
Data and Connectivity segment	55	-	105	-
	13,274	894	13,297	892

The Commodities segment comprises the operations of the LME for the trading of base and ferrous metals futures and options contracts in the UK and the operations of its clearing house, LME Clear (UK commodities CGU), and the operations of QME in Chinese Mainland (China commodities CGU). As the China commodities CGU is still considered at development stage, its valuation has not been taken into account in determining the recoverable amount of the Commodities segment at 31 December 2025 and 31 December 2024.

Goodwill allocated to the Data and Connectivity segment represents goodwill arising from the acquisition of BayConnect in 2019.

The recoverable amount of each CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates stated below. The key assumptions, EBITDA margins, growth rates and discount rates used for value-in-use calculations are as follows:

	At 31 Dec 2025		At 31 Dec 2024	
	Commodities segment	Data and Connectivity segment	Commodities segment	Data and Connectivity segment
EBITDA margin (average of next five years)	61%	19%	56%	28%
Growth rate	3%	3%	3%	3%
Discount rate	8%	13%	8%	13%

Management determined the EBITDA margins based on past performance, expectations regarding market development, and the business model the entity undertakes. The growth rates do not exceed the long-term average growth rate for the business in the markets in which each of the CGUs currently operates. The discount rates reflect specific risks relating to each CGU.

The recoverable amount of the Commodities segment based on the estimated value-in-use calculations was higher than its carrying amount (including goodwill and tradenames) at 31 December 2025 and 31 December 2024. Accordingly, no provision for impairment loss for goodwill or tradenames is considered necessary.

30. Goodwill and Other Intangible Assets (continued)Impairment tests for CGUs containing goodwill and intangible assets with indefinite useful lives
(continued)

During the year ended 31 December 2025, an impairment loss on goodwill under the Data and Connectivity segment totalling \$55 million was recognised under “depreciation, amortisation and impairment”. This relates to goodwill arising from the acquisition of BayConnect in 2019, a subsidiary specialising in financial exchanges, regulatory technologies, and data applications in Chinese Mainland.

The impairment resulted from a review of HKEX’s overall IT strategy, under which our wholly-owned subsidiary in Shenzhen is viewed as the primary IT development engine, while BayConnect will focus on developing its pre-acquisition business and providing ancillary support to the Group. Consequently, the expected synergies from integrating the BayConnect to HKEX are not expected to fully materialise and leading to an impairment loss of \$55 million. Any adverse changes in the assumptions used to calculate the recoverable amount could result in further impairment losses in future years.

For the Commodities segment, any reasonable possible changes in the key assumptions used in the value-in-use assessment would not affect management’s view on impairment at 31 December 2025. For 2024, the recoverable amount of the Commodities segment would be lower than its carrying amount if discount rate rose above 11 per cent, and there were no other reasonable possible changes in the key assumptions which would affect management’s view on impairment at 31 December 2024.

31. Fixed Assets**Accounting Policy**

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses.

Tangible fixed assets are depreciated when they are available for use. They are depreciated at rates sufficient to write off their costs net of expected residual values over their estimated useful lives on a straight-line basis. The residual values and useful lives are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The useful lives of major categories of fixed assets are as follows:

Leasehold buildings	Up to 35 years or remaining lives of the leases if shorter
Leasehold improvements	Over the remaining lives of the leases but not exceeding 10 years
Computer trading and clearing systems	
- hardware and software	3 to 10 years
Other computer hardware and software	3 to 5 years
Furniture, equipment and motor vehicles	3 to 5 years
Data centre facilities and equipment	3 to 20 years

Qualifying software expenditure and related directly attributable costs are capitalised and recognised as a fixed asset if the software forms an integral part of the hardware on which it operates (i.e., operating system software without which the related hardware cannot operate).

Subsequent costs and qualifying development expenditure incurred after the completion of a system are included in the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with that item will flow to the Group and the cost of the item can be measured reliably.

The Group's accounting policy for impairment is described in note 2(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. Fixed Assets (continued)

	Leasehold buildings \$m	Computer trading and clearing systems \$m	Other computer hardware and software \$m	Data centre facilities and equipment \$m	Leasehold improvements, furniture, equipment and motor vehicles \$m	Total \$m
Cost:						
At 1 Jan 2024	708	1,220	896	673	1,128	4,625
Exchange differences	-	(2)	(2)	-	(2)	(6)
Additions	-	48	114	15	68	245
Disposals	-	(33)	(162)	-	(42)	(237)
At 31 Dec 2024	708	1,233	846	688	1,152	4,627
At 1 Jan 2025	708	1,233	846	688	1,152	4,627
Exchange differences	-	2	2	-	3	7
Additions	67	211	208	42	117	645
Disposals	-	(117)	(63)	-	(69)	(249)
At 31 Dec 2025	775	1,329	993	730	1,203	5,030
Accumulated depreciation:						
At 1 Jan 2024	311	1,012	551	329	869	3,072
Exchange differences	-	(2)	(1)	-	(2)	(5)
Depreciation	23	57	91	44	69	284
Disposals	-	(33)	(161)	-	(34)	(228)
At 31 Dec 2024	334	1,034	480	373	902	3,123
At 1 Jan 2025	334	1,034	480	373	902	3,123
Exchange differences	-	2	1	-	1	4
Depreciation	24	52	100	46	108	330
Disposals	-	(117)	(63)	-	(69)	(249)
At 31 Dec 2025	358	971	518	419	942	3,208
Net book value:						
At 31 Dec 2025	417	358	475	311	261	1,822
At 31 Dec 2024	374	199	366	315	250	1,504
Cost of fixed assets in the course of construction included above:						
At 31 Dec 2025	4	238	232	22	88	584
At 31 Dec 2024	-	112	135	-	66	313

Depreciation of \$330 million (2024: \$284 million) is included in “depreciation, amortisation and impairment” in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. Right-of-use Assets

Accounting Policy

Lease premium for land, which represent prepaid lease payments for leases, are stated at cost less accumulated depreciation and impairment losses. Lease premium for land are depreciated on a straight-line basis over the unexpired term of the land leases.

For an asset leased by the Group, the right-of-use asset is initially measured at cost (which comprises the initial measurement of lease liabilities, initial direct costs, reinstatement costs, any payments made at or before the commencement date less any lease incentives received), and subsequently at cost less any accumulated depreciation and impairment losses. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group has applied judgement to determine the lease term of some lease contracts which includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

	Lease premium for land \$m	Properties \$m	Information technology facilities \$m	Equipment and motor vehicles \$m	Total \$m
At 1 Jan 2024	16	1,420	43	5	1,484
Exchange differences	-	(1)	-	-	(1)
Additions of leases	-	143	-	-	143
Reassessment of leases	-	(181)	-	-	(181)
Depreciation	(1)	(257)	(12)	(1)	(271)
At 31 Dec 2024	15	1,124	31	4	1,174
At 1 Jan 2025	15	1,124	31	4	1,174
Exchange differences	-	1	-	-	1
Additions:					
- HKEX headquarters premises (note (a))	2,332	34	-	-	2,366
- Others	-	37	85	-	122
	2,332	71	85	-	2,488
Modification of leases and waiver of reinstatement costs (note 8(a))	-	(286)	-	-	(286)
Depreciation	(10)	(216)	(16)	(1)	(243)
At 31 Dec 2025	2,337	694	100	3	3,134

(a) In 2025, the Group agreed to purchase certain properties from Hongkong Land as HKEX headquarters premises for a total consideration of \$6.3 billion. As of 31 December 2025, the Group has taken possession of part of the properties, with the remaining acquisition to be completed in phases over 2026 to 2027. Accordingly, the Group recognised \$2,332 million of lease premium for land under right-of-use assets, \$34 million of properties under right-of-use assets, and \$67 million of leasehold buildings under fixed assets (note 31).

(b) Depreciation of \$243 million (2024: \$271 million) is included in "depreciation, amortisation and impairment" in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Accounting Policy

The obligation to refund the Margin deposits, Mainland security and settlement deposits, and cash collateral from Participants is disclosed under current liabilities. Non-cash collateral received from Participants is not recognised on the consolidated statement of financial position.

Margin Funds are established by cash received or receivable from Participants in respect of margin deposits, Mainland security and settlement deposits, and cash collateral of the five clearing houses to cover their open positions. Part of the Mainland security and settlement deposits is used by HKSCC to satisfy its obligations as a clearing participant of ChinaClear in respect of trades transacted through Stock Connect. Under Swap Connect, OTC Clear and SHCH are required to provide inter-CCP margin to each other to cover the potential loss arising from the default of the other party, and OTC Clear satisfies such obligations by using part of margin deposits collected from its Participants. These funds are held in segregated accounts of the respective clearing houses for this specified purpose and cannot be used by the Group to finance any other activities.

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Margin deposits, Mainland security and settlement deposits, and cash collateral from Participants comprised:		
HKCC Clearing Participants' margin deposits	67,294	60,030
HKSCC Clearing Participants' margin deposits, Mainland security and settlement deposits, and cash collateral	35,556	29,679
LME Clear Clearing Participants' margin deposits	118,768	65,788
OTC Clear Clearing Participants' margin deposits	16,607	15,699
OTC Clear's inter-CCP margin from SHCH	807	755
SEOCH Clearing Participants' margin deposits	30,211	16,906
	269,243	188,857
The margin deposits, Mainland security and settlement deposits, and cash collateral were invested in the following instruments for managing the obligations of the Margin Funds (note 20):		
Cash and cash equivalents (note 21)	130,052	96,089
Financial assets measured at fair value through other comprehensive income (note 23)	48,327	37,135
Financial assets measured at amortised cost (note 24)	69,176	35,231
Settlement Reserve Fund and Settlement Guarantee Fund held by ChinaClear (note 27)	20,867	19,814
Inter-CCP margin held by SHCH (note 27)	799	571
Margin receivable from Participants	22	17
	269,243	188,857

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. Accounts Payable, Accruals and Other Liabilities

Accounting Policy

Financial liabilities (other than derivative financial instruments (note 26) and financial guarantee contracts (note 36)) are initially recognised at fair value, which is then treated as their cost after initial recognition, and subsequently carried at amortised cost using the effective interest method.

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Payable to ChinaClear and Exchange and Clearing Participants:		
- CNS money obligations payable (note 27(a))	45,637	33,988
- others	622	587
Transaction levy payable to the SFC	207	154
Levies payable to the Accounting and Financial Reporting Council	43	40
Unclaimed dividends (note (a))	532	539
Stamp duty payable to the Collector of Stamp Revenue	1,016	742
Other payables, accruals and deposits received	2,789	1,534
	50,846	37,584

(a) Unclaimed dividends represent dividends declared by listed companies, including HKEX, but not yet claimed by their shareholders. During the year, cash dividends of listed companies other than HKEX held by HKSCC Nominees Limited which had remained unclaimed for a period of more than seven years amounting to \$18 million (2024: \$15 million) were forfeited and recognised as sundry income (note 8) and dividends declared by HKEX which were unclaimed over a period of six years amounting to \$34 million (2024: \$32 million) were forfeited and transferred to retained earnings in accordance with HKEX's Articles of Association (note 46).

(b) CNS money obligations payable mature within two days after the trade date. The majority of the remaining accounts payable, accruals and other liabilities would mature within three months.

35. Deferred Revenue

Accounting Policy

Deferred revenue, or "contract liability" under HKFRS 15, is recognised when the Group receives consideration (or the amount is due) from the customers before the Group transfers goods or services to the customers.

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Deferred revenue arising from unsatisfied performance obligations	1,593	1,356
Analysed as:		
Non-current liabilities	372	319
Current liabilities	1,221	1,037
	1,593	1,356

The Group expects that 77 per cent (2024: 76 per cent) of the deferred revenue arising from unsatisfied performance obligations at 31 December 2025 will be recognised as revenue in 2026. The remaining 23 per cent (2024: 24 per cent) will be recognised as revenue in the years after 2026.

36. Other Financial Liabilities

Accounting Policy

Financial guarantee contracts are initially recognised at fair value, and subsequently at the higher of the amount determined in accordance with the expected credit loss model and the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Financial liabilities of Clearing House Funds (note 37)	12	13
Financial liabilities of Corporate Funds:		
Financial guarantee contract (note (a))	20	20
	32	33

- (a) The amount represents the carrying value of a financial guarantee provided by the Group to the Collector of Stamp Revenue, details of which are disclosed in note 49(b).

37. Clearing House Funds

Accounting Policy

Clearing Participants' cash contributions to Clearing House Funds are included under current liabilities. Non-cash collateral received from Clearing Participants is not recognised on the consolidated statement of financial position.

Clearing House Funds, also known as default funds, are established in accordance with the Clearing House Rules. Assets contributed by the Clearing Participants and the Group are held by the respective clearing houses (together with the accumulated income less related expenses for the clearing houses in Hong Kong) expressly for the purpose of ensuring that the respective clearing houses are able to fulfil their counterparty obligations in the event that one or more of the Clearing Participants fail to meet their obligations to the clearing houses. The HKSCC Guarantee Fund also provides resources to enable HKSCC to discharge its liabilities and obligations if defaulting Clearing Participants deposit defective securities into CCASS. The amounts earmarked for contribution to the Rates and FX Guarantee Resources of OTC Clear and its accumulated investment income was also included in Clearing House Funds for presentation purpose. These funds are held in segregated accounts of the respective clearing houses for this specified purpose and cannot be used by the Group to finance any other activities. Contributions by the clearing houses to their respective default funds (Skin-in-the-Game), together with default fund credits granted to HKSCC and HKCC Participants, are included in Corporate Funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. Clearing House Funds (continued)

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
The Clearing House Funds comprised:		
Clearing Participants' cash contributions	33,991	27,124
Contribution to OTC Clear Rates and FX Guarantee Resources	156	156
Clearing House Funds reserves (note 45)	1,649	1,434
	35,796	28,714
The Clearing House Funds were invested in the following instruments for managing the obligations of the Funds (note 20):		
Cash and cash equivalents (note 21)	29,447	21,056
Financial assets measured at fair value through other comprehensive income (note 23)	6,361	7,671
Less: Other financial liabilities of Clearing House Funds (note 36)	(12)	(13)
	35,796	28,714
The Clearing House Funds comprised the following Funds:		
HKCC Reserve Fund	6,265	6,074
HKSCC Guarantee Fund	6,377	6,382
LME Clear Default Fund	9,786	8,728
OTC Clear Rates and FX Guarantee Fund	10,292	6,056
OTC Clear Rates and FX Guarantee Resources	193	191
SEOCH Reserve Fund	2,883	1,283
	35,796	28,714

- (a) At 31 December 2025, the Skin-in-the-Game, together with default fund credits granted to HKSCC and HKCC Participants (note 53(c)), amounted to \$2,276 million (31 December 2024: \$2,080 million), and were included in Corporate Funds (note 25(b)).

38. Lease Liabilities

Accounting Policy

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used. The lease liability subsequently increases by the interest cost on the lease liability and is reduced by lease payments made. Each lease payment is allocated between the principal and interest.

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Total lease liabilities	851	1,294
Analysed as:		
Non-current liabilities	637	1,034
Current liabilities	214	260
	851	1,294

Some lease contracts include an option to renew for an additional period after the end of the initial contract term. The Group assesses at the lease commencement date the likelihood of exercising the extension options, and only include those reasonably certain to be exercised in the measurement of lease liabilities.

39. Borrowings

Accounting Policy

The potential cash payments related to put options issued by HKEX for the non-voting ordinary shares of a subsidiary held by non-controlling interests are accounted for as financial liabilities under borrowings, which are initially recognised at present value of amount payable by HKEX to acquire the shares held by non-controlling interests with a corresponding charge directly to equity under “reserve relating to written put options to non-controlling interests”.

The written put option financial liabilities are subsequently measured at amortised cost. The interest charge arising is recorded under finance costs in the consolidated income statement.

When written put options are exercised by the non-controlling interests, the amount of non-controlling interests allocated to HKEX is credited directly to equity under “reserve relating to written put options to non-controlling interests”.

When dividends are paid by the subsidiary, the amount of written put options financial liabilities is reduced by the amount of dividends received by non-controlling interests, with a corresponding credit to equity under “reserve relating to written put options to non-controlling interests”.

The written put option liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. Borrowings (continued)

	Written put options to non-controlling interests	
	2025 \$m	2024 \$m
At 1 Jan	452	447
Interest expenses (note 14)	5	5
Dividend paid to non-controlling interests	(59)	-
At 31 Dec	398	452
Analysed as:		
Non-current liabilities	55	70
Current liabilities	343	382
	398	452

The amounts were repayable as follows:

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Within one year	343	382
After one year but within two years	55	-
After two years but within five years	-	70
	398	452

At 31 December 2025 and 31 December 2024, 5,117 non-voting ordinary shares had been issued by OTC Clear at a total consideration of \$518 million. As part of the arrangement, put options were written by HKEX to the non-controlling interests to sell part or all of their non-voting ordinary shares in OTC Clear to HKEX at the initial subscription prices less accumulated dividends received by the non-controlling interests. The put options are exercisable by the non-controlling interests at any time following the date falling five years after the shares were issued if the non-controlling interests can demonstrate to HKEX that they have used reasonable endeavours for at least three months to find a suitable purchaser for their shares at a price equal to or more than their fair market values. The carrying amount of written put options represents the present value of the amount payable by HKEX to acquire the shares held by non-controlling interests at the date at which the written put options become exercisable.

During 2025, OTC Clear paid a dividend of \$59 million (2024: \$Nil) to its non-controlling interests. Accordingly, the amount of written put options was reduced by \$59 million, with a corresponding credit to equity under "reserve relating to written put options to non-controlling interests". None of the written put options was exercised by the non-controlling interests during the year (2024: none).

At 31 December 2025, the amount of the written put options that were exercisable was \$343 million (31 December 2024: \$382 million), and the remaining of the options of \$55 million (31 December 2024: \$70 million) will become exercisable in December 2027.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. Provisions

Accounting Policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period.

	Reinstatement costs \$m	Employee benefit costs \$m	Total \$m
At 1 Jan 2025	123	64	187
Provision for the year	10	168	178
Waiver of reinstatement costs (note 8(a))	(50)	-	(50)
Over provision for prior years	(1)	-	(1)
Amount used during the year	-	(156)	(156)
Amount paid during the year	(2)	(6)	(8)
Exchange differences	1	-	1
At 31 Dec 2025	81	70	151
Analysed as:			
Non-current liabilities	81	-	81
Current liabilities	-	70	70
	81	70	151

- (a) The provision for reinstatement costs represents the estimated costs of restoring the leased office premises to their original state upon the expiry of the leases. The leases are expected to expire within 9 years.
- (b) The provision for employee benefit costs represents unused annual leave that has been accumulated at the end of the reporting period. It is expected to be fully utilised in the coming twelve months.

41. Deferred Taxation

Accounting Policy

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except that deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred tax assets and liabilities related to Pillar Two income taxes are not recognised.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences or the current tax losses can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. Deferred Taxation (continued)

(a) The movements on the net deferred tax liabilities/(assets) were as follows:

	Accelerated tax depreciation		Intangible assets ¹		Tax losses		Employee benefits		Leases		Financial assets		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
At 1 Jan	579	432	611	649	(10)	(10)	(20)	(14)	(4)	-	(14)	(25)	1,142	1,032
Exchange differences	-	-	2	(5)	-	-	-	-	-	-	-	-	2	(5)
Charged/(credited) to the consolidated income statement (note 17)	181	147	(32)	(33)	-	-	(10)	(6)	(3)	(4)	(4)	6	132	110
Charged to other comprehensive income	-	-	-	-	-	-	-	-	-	-	44	5	44	5
Credited to equity	-	-	-	-	-	-	(4)	-	-	-	-	-	(4)	-
At 31 Dec	760	579	581	611	(10)	(10)	(34)	(20)	(7)	(4)	26	(14)	1,316	1,142

¹ Intangible assets comprise customer relationships and tradenames.

- (b) The Group had unrecognised tax losses of \$1,902 million at 31 December 2025 (31 December 2024: \$1,987 million) that may be carried forward for offsetting against future taxable income. Tax losses of Chinese Mainland entities amounting to \$600 million (31 December 2024: \$692 million) will expire 5 years after the losses were incurred, and the remaining tax losses have no expiry date and can be carried forward indefinitely.
- (c) Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to tax levied by the same taxation authority on the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Deferred tax assets	(9)	(9)
Deferred tax liabilities	1,325	1,151
	1,316	1,142

(d) The analysis of deferred tax (assets)/liabilities is as follows:

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Deferred tax assets		
Amounts to be recovered after more than 12 months	(8)	(4)
Amounts to be recovered within 12 months	(1)	(5)
	(9)	(9)
Deferred tax liabilities		
Amounts to be settled after more than 12 months	1,295	1,127
Amounts to be settled within 12 months	30	24
	1,325	1,151
Net deferred tax liabilities	1,316	1,142

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42. Share Capital and Shares Held for Share Award Scheme

Accounting Policy

Where HKEX shares are acquired by the Share Award Scheme from the market, the total consideration of shares paid (including any directly attributable incremental costs) is presented as Shares held for Share Award Scheme and deducted from total equity.

Upon vesting, the related costs of the vested Awarded Shares and shares acquired from reinvesting dividends (dividend shares) are credited to Shares held for Share Award Scheme, with a corresponding decrease in employee share-based compensation reserve for Awarded Shares, and decrease in retained earnings for dividend shares.

Issued and fully paid – ordinary shares with no par:

	Number of shares '000	Number of shares held for Share Award Scheme ¹ '000	Share capital \$m	Shares held for Share Award Scheme \$m	Total \$m
At 1 Jan 2024	1,267,837	(3,292)	31,946	(1,009)	30,937
Shares purchased for Share Award Scheme (note (a))	-	(1,627)	-	(481)	(481)
Vesting of shares of Share Award Scheme (note (b))	-	980	9	365	374
At 31 Dec 2024	1,267,837	(3,939)	31,955	(1,125)	30,830
At 1 Jan 2025	1,267,837	(3,939)	31,955	(1,125)	30,830
Shares purchased for Share Award Scheme (note (a))	-	(1,257)	-	(512)	(512)
Vesting of shares of Share Award Scheme (note (b))	-	1,403	-	409	409
At 31 Dec 2025	1,267,837	(3,793)	31,955	(1,228)	30,727

¹ Excluding shares vested but not yet transferred to awardees of 12,877 shares at 31 December 2025 (31 December 2024: 56,483 shares)

- (a) During the year, the Share Award Scheme (note 43) acquired 1,256,704 HKEX shares (2024: 1,627,461 shares) through purchases on the open market. The total amount paid to acquire the shares during the year was \$512 million (2024: \$481 million).
- (b) During the year, a total of 1,403,062 HKEX shares (2024: 979,877 shares) were vested. The total cost of the vested shares was \$409 million (2024: \$365 million). In 2024, \$9 million was credited to share capital in respect of vesting of certain shares whose fair values were higher than the costs.

43. Employee Share-based Arrangements

Accounting Policy

The Group operates the Share Award Scheme (the Scheme), which is an equity-settled share-based compensation plan under which Awarded Shares are granted to employees of the Group (including the Executive Director) as part of their remuneration package.

The fair value of the Awarded Shares is determined by reference to the cost of purchase of the Awarded Shares, or the market value of the shares on grant date. The amount to be expensed as share-based compensation expenses is determined by reference to the fair value of the Awarded Shares granted. The total expense is recognised over the relevant vesting periods, with a corresponding credit to an employee share-based compensation reserve under equity.

The Group revises its estimates of the number of Awarded Shares that are expected to ultimately vest based on the vesting conditions at the end of each reporting period. Any resulting adjustment to the cumulative amount recognised in prior years is charged/credited to employee share-based compensation expense in the current year, with a corresponding adjustment to the employee share-based compensation reserve.

The movements of employee share-based compensation reserve were as follows:

	2025 \$m	2024 \$m
At 1 Jan	414	373
Employee share-based compensation benefits (note 10)	361	390
Vesting of shares of Share Award Scheme	(370)	(349)
At 31 Dec	405	414

The Scheme allows shares to be granted to employees of the Group, including the Executive Director (Employee Share Awards).

The amounts of shares awarded to eligible employees and/or selected senior executives (Awarded Sum) are approved by the Board. Pursuant to the Scheme, the Scheme's trustee, based on the Board's recommendation, applies forfeited or unallocated HKEX Shares held under the Scheme and HKEX shares that have been purchased from the market to satisfy the Awarded Shares for allocation to the selected employees. Before vesting, the Awarded Shares are held by the trust set up by the Scheme.

Further shares are derived from dividends payable on the Awarded Shares held in the Scheme from reinvesting dividends (dividend shares), and are allocated to the awardees on a pro rata basis and have the same vesting periods as the related Awarded Shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. Employee Share-based Arrangements (continued)

(a) Employee Share Awards

Employee Share Awards vest progressively over the vesting period after the awards are granted, provided that the relevant awardee (i) remains employed by the Group (ii) is made redundant or (iii) is deemed to be a “good leaver”, and Employee Share Awards vest immediately if the relevant awardee dies or suffers from permanent disability. Share Awards granted prior to 1 January 2023 are vested immediately on the date of retirement of the awardees, while Share Awards granted on or after 1 January 2023 are vested in accordance with the original vesting schedule. Unless otherwise determined by the Board, the Remuneration Committee or the Chief Executive Officer, the vesting period of Employee Share Awards granted is three years, and the shares will be vested in two equal tranches from the second to the third year after the shares are granted.

For awardees who do not meet the vesting criteria, the unvested shares are forfeited. The forfeited shares are held by the trust set up by the Scheme.

Details of Awarded Shares awarded during 2024 and 2025

Date of award	Number of Awarded Shares awarded	Average fair value per share \$	Vesting period ends
4 Mar 2024	1,681,512 ¹	251.39	8 Dec 2025 – 8 Dec 2026
8 Mar 2024	4,731	236.60	15 Jan 2026 – 15 Jan 2027
21 May 2024	1,576	284.65	21 May 2024 – 10 Mar 2027
30 May 2024	60,215	274.93	24 May 2026 – 24 May 2027
18 Jul 2024	2,889	242.29	30 Sep 2025 – 30 Sep 2026
18 Jul 2024	2,850	242.29	15 Feb 2025 – 15 Mar 2028
7 Mar 2025	1,441,003 ^{1,2}	301.44	11 Dec 2026 – 11 Dec 2027
26 Mar 2025	797	366.80	26 Mar 2025
3 Apr 2025	170	356.22	3 Apr 2025
15 Jul 2025	13,569	418.57	13 Jan 2026 – 13 Jan 2027
12 Nov 2025	3,687	433.86	12 Nov 2025 – 14 Mar 2028
13 Nov 2025	1,671	437.68	19 Mar 2027 – 20 Mar 2028
31 Dec 2025	1,310	412.59	1 Dec 2027 – 1 Dec 2028

¹ 34,023 and 74,543 shares were awarded to HKEX Chief Executive Officer on 4 March 2024 and 7 March 2025 respectively.

² 37,239 shares were awarded by re-granting the forfeited or unallocated shares held by the Scheme on 7 March 2025.

In addition to above, total Awarded Shares amounting to \$465 million were also granted to selected employees in December 2025. At 31 December 2025, the shares had not been awarded to the employees.

Details of Awarded Shares (excluding dividend shares) vested during 2024 and 2025

During the year, 1,307,576 HKEX shares (2024: 916,692 shares) were vested at an aggregate fair value of \$370 million (2024: \$349 million), of which 26,448 shares were for the HKEX Chief Executive Officer (2024: 15,479 shares).

The total cost of these vested shares was \$377 million (2024: \$348 million). In 2025, and \$7 million (2024: \$8 million) was charged to retained earnings in respect of vesting of certain shares whose fair values were lower than the costs. In 2024, \$9 million was credited to share capital in respect of vesting of certain shares whose fair values were higher than the costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. Employee Share-based Arrangements (continued)

(b) Summary of Awarded Shares awarded and dividend shares

Movements in number of Awarded Shares awarded and dividend shares

	2025	2024
Number of Awarded Shares and dividend shares:		
Outstanding at 1 Jan	2,335,603	1,544,797
Awarded ¹	1,462,207	1,753,773
Forfeited	(149,853)	(90,240)
Vested	(1,307,576)	(916,692)
Dividend shares:		
- allocated to awardees	98,006	110,095
- allocated to awardees but subsequently forfeited	(5,726)	(2,945)
- vested ²	(95,486)	(63,185)
Outstanding at 31 Dec	2,337,175	2,335,603

¹ Weighted average fair value per share was \$303.16 (2024: \$252.16).

² In 2025, 95,486 dividend shares (2024: 63,185 shares), of which 1,943 shares (2024: 1,116 shares) were for the HKEX Chief Executive Officer, at a cost of \$32 million (2024: \$17 million) were vested.

Remaining vesting periods of Awarded Shares awarded and dividend shares outstanding at 31 December

	At 31 Dec 2025		At 31 Dec 2024	
	Remaining vesting period	Number of Awarded Shares and dividend shares outstanding	Remaining vesting period	Number of Awarded Shares and dividend shares outstanding
Shares awarded in:				
2022	-	-	0.03 year to 1.00 year	65,835
2023	0.09 year to 1.00 year	2,916	0.09 year to 2.00 years	470,898
2024	0.04 year to 2.20 years	844,355	0.04 year to 3.20 years	1,705,590
2025	0.04 year to 2.92 years	1,399,830	-	-
Dividend shares	0.04 year to 2.20 years	90,074	0.03 year to 3.20 years	93,280
		2,337,175		2,335,603

(c) Total number of shares held by Share Award Scheme

	At 31 Dec 2025	At 31 Dec 2024
Number of Awarded Shares and dividend shares (note (b))	2,337,175	2,335,603
Forfeited or unallocated shares ¹	1,455,771	1,603,701
Number of shares held by Share Award Scheme ² (note 42)	3,792,946	3,939,304

¹ The shares will be granted to eligible employees in future.

² Excluding shares vested but not yet transferred to awardees of 12,877 shares at 31 December 2025 (31 December 2024: 56,483 shares).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**44. Hedging and Revaluation Reserves**

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Hedging reserve (note (a))	(2)	(45)
Revaluation reserve (note (b))	244	(20)
	242	(65)

(a) Hedging reserve

Accounting Policy

The Group may designate bank balances and forward foreign exchange contracts as hedges of foreign exchange risks associated with the cash flows of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instruments have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The changes in the fair value relating to the effective portion of hedging instruments that are designated and qualified as cash flow hedges is recognised in other comprehensive income and accumulated in hedging reserve in equity. The gains or losses relating to the ineffective portion are recognised immediately in the consolidated income statement.

Amounts accumulated in hedging reserve are reclassified to the consolidated income statement in the periods when the hedged item is recognised in the consolidated income statement. Where the hedged item subsequently results in the recognition of a non-financial asset, the amounts accumulated in hedging reserve are included within the initial measurement of the cost of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44. Hedging and Revaluation Reserves (continued)

(a) Hedging reserve (continued)

The movements of hedging reserve were as follows:

	2025 \$m	2024 \$m
At 1 Jan	(45)	3
Cash flow hedges:		
- net fair value gains/(losses) of hedging instruments recognised in other comprehensive income	63	(57)
- reclassified from other comprehensive income to operating expenses	(5)	(7)
- deferred tax (charged)/credited to other comprehensive income	(15)	16
	43	(48)
At 31 Dec	(2)	(45)

- (i) The functional currencies of LME and LME Clear are United States Dollars (USD). To hedge the foreign currency exposure of their expenditures payable in Pound sterling (GBP), these entities have designated forward foreign exchange contracts as cash flow hedges for hedging the foreign exchange risk of their operating expenses.

Further details of the forward foreign exchange contracts that have been designated as cash flow hedge of the Group's highly probable forecast transactions at the end of the reporting period are as follows:

	At 31 Dec 2025	At 31 Dec 2024
Carrying amount – liability (\$m)	(2)	(60)
Notional amount	GBP126m	GBP131m
Maturity date	0-12 months	0-12 months
Hedge ratio	1:1	1:1
Change in value of outstanding hedging instruments since inception of the hedge – loss (\$m)	(2)	(60)
Change in value of hedged item used to determine hedge ineffectiveness (\$m)	2	60
Weighted average hedged rate for outstanding hedging instruments (GBP vs USD)	1.34	1.31

- (ii) The total amounts arising from ineffective cash flow hedges recognised in the consolidated income statement of the Group during the year were less than \$1 million (2024: less than \$1 million).

(b) Revaluation reserve

	2025 \$m	2024 \$m
At 1 Jan	(20)	(147)
Changes in fair value of financial assets measured at fair value through other comprehensive income	261	94
Loss on disposal of financial assets measured at fair value through other comprehensive income	32	54
Deferred tax on financial assets measured at fair value through other comprehensive income	(29)	(21)
At 31 Dec	244	(20)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45. Designated Reserves

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Clearing House Funds reserves (notes (a) and 37)	1,649	1,434
PRC statutory reserve (note (b))	21	17
	1,670	1,451

(a) Clearing House Funds reserves

	HKCC Reserve Fund reserve \$m	HKSCC Guarantee Fund reserve \$m	OTC Clear Rates and FX Guarantee Fund reserve \$m	OTC Clear Rates and FX Guarantee Resources reserve \$m	SEOCH Reserve Fund reserve \$m	Total \$m
At 1 Jan 2024	273	268	304	27	130	1,002
Surplus of net investment income net of expenses of Clearing House Funds transfer from retained earnings (note 46)	25	137	247	8	15	432
At 31 Dec 2024	298	405	551	35	145	1,434
At 1 Jan 2025	298	405	551	35	145	1,434
Surplus of net investment income net of expenses of Clearing House Funds transfer from retained earnings (note 46)	14	135	56	2	8	215
At 31 Dec 2025	312	540	607	37	153	1,649

- (i) Under OTC Clear's Clearing House Rules, OTC Clear is required to earmark a contribution of \$156 million to the Rates and FX Guarantee Resources. This contribution is to be accumulated, using net investment income generated from investing the OTC Clear Rates and FX Guarantee Fund and the OTC Clear Rates and FX Guarantee Resources, until it reaches a prescribed maximum of \$800 million.

During 2025, the earmarked contribution reached this maximum amount of \$800 million, as net investment income appropriated to the OTC Clear Rates and FX Guarantee Fund reserve and OTC Clear Rates and FX Guarantee Resources reserve reached \$644 million. After reaching the maximum level, any further net investment income derived from the net investment income of the OTC Clear Rates and FX Guarantee Fund and the OTC Clear Rates and FX Guarantee Resources is no longer appropriated to such reserves, but remains in retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**45. Designated Reserves (continued)**

(b) PRC statutory reserve

	2025 \$m	2024 \$m
At 1 Jan	17	16
Transfer from retained earnings (note 46)	4	1
At 31 Dec	21	17

Pursuant to relevant PRC laws, each of the subsidiaries in Chinese Mainland is required to appropriate 10 per cent of its net profit to a non-distributable statutory reserve until such reserve reaches 50 per cent of the subsidiary's registered capital. The statutory reserve can be utilised, upon approval by the shareholders of the subsidiary, to offset accumulated losses or to increase the paid-in capital of the subsidiary, provided that the balance of the reserve after transfer to paid-up capital is not less than 25 per cent of the subsidiary's registered capital.

46. Retained Earnings

	2025 \$m	2024 \$m
At 1 Jan	21,890	19,723
Profit attributable to shareholders	17,754	13,050
Transfer to Clearing House Funds reserves (note 45(a))	(215)	(432)
Transfer to PRC statutory reserve (note 45(b))	(4)	(1)
Dividends:		
2024/2023 second interim dividend	(6,193)	(4,944)
2025/2024 first interim dividend	(7,583)	(5,513)
Unclaimed HKEX dividends forfeited (note 34(a))	34	32
Vesting of shares of Share Award Scheme	(39)	(25)
Tax relating to Share Award Scheme	9	-
At 31 Dec	25,653	21,890

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47. Notes to the Consolidated Statement of Cash Flows

(a) Reconciliation of profit before taxation to net cash inflow from principal operating activities

	2025 \$m	2024 \$m
Profit before taxation	21,158	14,853
Adjustments for:		
Net interest income	(5,111)	(4,737)
Net fair value losses/(gains) on financial assets mandatorily measured at fair value through profit or loss and derivative financial instruments	94	(264)
Gain on modification of leases	(76)	-
Finance costs	96	114
Depreciation, amortisation and impairment	1,568	1,402
Employee share-based compensation benefits	361	390
Share of results of joint ventures and an associate	(26)	(88)
Other non-cash adjustments	1	(2)
Net increase in financial assets of Margin Funds	(80,198)	(12,557)
Net increase in financial liabilities of Margin Funds	80,386	12,692
Net increase in Clearing House Fund financial assets	(7,073)	(5,605)
Net increase in Clearing House Fund financial liabilities	6,866	5,173
(Increase)/decrease in cash prepayments and collateral for A-shares	(374)	558
Increase in Corporate Funds used for supporting Skin-in-the-Game and default fund credits	(196)	(509)
Increase in Corporate Funds transferred to SHCH as inter-CCP margin	(145)	(144)
Increase in accounts receivable, prepayments and deposits	(11,679)	(10,687)
Increase in other liabilities	13,353	9,824
Net cash inflow from principal operations	19,005	10,413
Interest received from short-term debt securities, time deposits and cash and cash equivalents	7,519	9,523
Interest paid to Participants	(4,626)	(5,828)
Cash paid for foreign exchange swaps	(510)	(42)
Income tax paid	(1,533)	(1,283)
Net cash inflow from principal operating activities (non-HKFRS measure)	19,855	12,783

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47. Notes to the Consolidated Statement of Cash Flows (continued)

(b) Reconciliation of liabilities arising from financing activities

	Borrowings		Lease liabilities	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$m
At 1 Jan	452	447	1,294	1,604
Additions of leases	-	-	112	129
Modification of leases	-	-	(312)	-
Reassessment of leases	-	-	-	(181)
Interest on borrowings (note 14)	5	5	-	-
Interest on lease liabilities (note 14)	-	-	41	55
Cash flows				
- Payments of capital elements of lease liabilities	-	-	(251)	(255)
- Payments of interest elements of lease liabilities	-	-	(41)	(55)
- Dividend paid to non-controlling interests (note 39)	(59)	-	-	-
Exchange differences	-	-	8	(3)
At 31 Dec	398	452	851	1,294

(c) Cash outflow for leases

Amounts for leases included in the consolidated statement of cash flows comprise the following:

	2025	2024
	\$m	\$m
Within financing cash flows	(292)	(310)
Total lease rental paid	(292)	(310)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. Commitments

At 31 December 2025, the Group's commitments in respect of capital expenditures were as follows:

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Contracted but not provided for:		
- HKEX headquarters premises (note 32(a))	3,424	-
- fixed assets	104	26
- intangible assets	183	196
Authorised but not contracted for:		
- fixed assets	758	662
- intangible assets	816	818
	5,285	1,702

49. Contingent Liabilities

Accounting Policy

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable or when the amount of obligation becomes reliably measurable, it will then be recognised as a provision.

In addition to those disclosed elsewhere in these consolidated financial statements, the Group's material contingent liabilities at 31 December 2025 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 repealed Securities Ordinance up to an amount not exceeding \$71 million (31 December 2024: \$71 million). Up to 31 December 2025, 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 (note 36(a)). In the unlikely event that all of its 511 trading Participants (31 December 2024: 536) covered by the indemnity at 31 December 2025 defaulted, the maximum liability of the Group under the indemnity would amount to \$102 million (31 December 2024: \$107 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.

Other than the above, while the Group may be involved in legal proceedings in the ordinary course of business from time to time, none of these is expected to have a material financial impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

50. Connected Transactions and Material Related Party Transactions

(a) Connected transactions and related party transactions

Certain Directors of HKEX may be directors and/or shareholders of (i) Exchange Participants of the Stock Exchange, Futures Exchange, the LME and QME (Exchange Participants) and Clearing Participants of HKSCC, HKCC, SEOCH, LME Clear and OTC Clear (Clearing Participants); (ii) companies listed on the Stock Exchange; and (iii) Exchange Participants for buying shares on behalf of HKSCC. Securities and derivatives contracts traded by, and fees levied on, these Exchange Participants and Clearing Participants, fees levied on these listed companies, fees paid to these Exchange Participants for buying shares on behalf of HKSCC and interest rebates payable to Clearing Participants on their collateral are all undertaken in the ordinary course of business of the Group on the standard terms and conditions applicable to all other Exchange Participants, Clearing Participants, listed companies and Exchange Participants for buying shares on behalf of HKSCC.

(b) Material related party transactions

In addition to the above and those disclosed elsewhere in these consolidated financial statements, the Group entered into the following material related party transactions:

(i) Key management personnel compensation

	2025	2024
	\$m	\$m
Salaries and other short-term employee benefits	287	229
Employee share-based compensation benefits	130	159
Retirement benefit costs	13	17
	430	405

(ii) Post-retirement benefit plans

The Group has sponsored an ORSO Plan and the LME Pension Scheme as its post-retirement benefit plans (note 10(a)).

(iii) Save as aforesaid, the Group has entered into other transactions in the ordinary course of business with companies that are related parties but the amounts were immaterial.

51. Pledges of Assets

LME Clear receives securities and gold bullion as non-cash collateral for margins posted by its Clearing Participants. The total fair value of this non-cash collateral was US\$2,331 million (HK\$18,145 million) at 31 December 2025 (31 December 2024: US\$2,522 million (HK\$19,591 million)). LME Clear is obliged to return this non-cash collateral upon request when the Clearing Participants' collateral obligations have been substituted with cash collateral or otherwise discharged. LME Clear is permitted to sell or pledge such collateral in the event of the default of a Clearing Participant. Any non-cash collateral lodged at central securities depositories or custodians is subject to a lien or pledge for the services they provide in respect of the collateral held.

LME Clear also holds securities as collateral in respect of its investments in overnight triparty reverse repurchase agreements under which it is obliged to return equivalent securities to the counterparties at maturity of the reverse repurchase agreements. The fair value of this collateral was US\$14,329 million (HK\$111,532 million) at 31 December 2025 (31 December 2024: US\$7,928 million (HK\$61,584 million)). Such non-cash collateral, together with certain financial assets amounting to US\$2,700 million (HK\$21,013 million) at 31 December 2025 (31 December 2024: US\$1,774 million (HK\$13,783 million)), have been pledged to LME Clear's investment agents, custodian and banks under security arrangements for the settlement, depository and funding line services they provide in respect of the collateral and investments held.

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

52. Capital Management

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth;
- To provide capital for the purpose of strengthening the Group's risk management capability; and
- To ensure that the Group's regulated entities comply with their respective regulatory capital requirements.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and shareholder returns. The Group takes into consideration the expected capital requirements and capital efficiency, regulatory capital requirements of its regulated entities, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

52. Capital Management (continued)

The Group has a number of regulated entities that are subject to regulatory capital requirements set by the respective regulators. The regulatory capital requirements of the Group's principal subsidiaries at 31 December 2025 are summarised as follows:

<u>Subsidiaries</u>	<u>Regulatory authority</u>	<u>Regulatory capital requirements</u>
Stock Exchange, Futures Exchange	SFC, Hong Kong	Maintain at all times net current assets funded by equity sufficient to cover each subsidiary's projected total operating expenses for at least the following six months of \$2,172 million (31 December 2024: \$2,016 million), and net current assets funded by equity or long-term loans from HKEX sufficient to cover its projected total operating expenses for at least the following twelve months of \$4,344 million (31 December 2024: \$4,032 million).
HKSCC, HKCC, SEOCH, OTC Clear	SFC, Hong Kong	Maintain at all times liquid net assets funded by equity (i.e., liquid assets of Corporate Funds (excluding those solely used to support Skin-in-the-Game and default fund credits of Clearing House Funds) minus non-current liabilities) sufficient to cover each subsidiary's projected total operating expenses for at least the following six months of \$954 million (31 December 2024: \$876 million), and net current assets funded by equity or long-term loans from HKEX (excluding those solely used to support Skin-in-the-Game and default fund credits of Clearing House Funds) sufficient to cover its projected total operating expenses for at least the following twelve months of \$1,909 million (31 December 2024: \$1,752 million).
LME	The Financial Conduct Authority, UK	Maintain at all times net capital and liquid financial resources of at least the costs of orderly closure plus a risk based capital charge, amounting to US\$112 million (HK\$874 million) (31 December 2024: HK\$765 million).
LME Clear	Bank of England, UK	Maintain cash or highly liquid financial instruments with minimal market and credit risk, amounting to US\$115 million (HK\$893 million) (31 December 2024: HK\$893 million), plus 10 per cent minimum reporting threshold of US\$12 million (HK\$90 million) (31 December 2024: HK\$89 million) and US\$29 million (HK\$223 million) (31 December 2024: HK\$223 million) financial resources available to set off losses in the event of default (Skin-in-the-Game). Capital resources must be in the form of share capital, retained earnings and reserves, reduced by intangible assets and retained losses.

At 31 December 2025, the Group had set aside \$4,000 million (31 December 2024: \$4,000 million) of shareholders' funds for the purpose of supporting the risk management regime of the clearing houses in their roles as central counterparties, of which \$2,160 million (31 December 2024: \$2,160 million) had been injected into HKSCC, HKCC and SEOCH as share capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

52. Capital Management (continued)

All regulated entities of the Group had adequate capital to meet their regulatory requirements throughout 2025 and 2024.

The Group adopts a dividend policy of providing shareholders with regular dividends with a normal target payout ratio of 90 per cent of the Group's profit of the year (excluding the financial results of HKEX Foundation Limited) and it may also offer a scrip dividend alternative to shareholders if considered appropriate. The consideration of share capital issued under the scrip dividend scheme (if any), together with the 10 per cent of the profit not declared as dividends, are retained as capital of the Group for future use.

The Group monitors capital on the basis of its gross gearing ratio (i.e., gross debt divided by adjusted capital) and net gearing ratio (i.e., net debt divided by adjusted capital). For this purpose, the Group defines gross debt as the total borrowings (excluding lease liabilities), net debt as gross debt less cash and cash equivalents of Corporate Funds (excluding those reserved for supporting Skin-in-the-Game and default fund credits of Clearing House Funds), and adjusted capital as all components of equity attributable to shareholders of HKEX other than designated reserves. The Group's strategy is to maintain the ratios at less than 50 per cent.

	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Borrowings (note 39)	398	452
Less:		
Cash and cash equivalents of Corporate Funds (note 21)	20,676	15,045
Less: Amounts reserved for supporting Skin-in-the-Game and default fund credits of Clearing House Funds (note 21(b))	(1,323)	(1,135)
	19,353	13,910
Net debt (note (a))	-	-
Equity attributable to shareholders of HKEX	58,147	53,852
Less: Designated reserves (note 45)	(1,670)	(1,451)
Adjusted capital	56,477	52,401
Gross gearing ratio	1%	1%
Net gearing ratio	0%	0%

(a) Net debt is zero when the amount of cash and cash equivalents of Corporate Funds (excluding those reserved for supporting Skin-in-the-Game and default fund credits of Clearing House Funds) is higher than gross debt.

53. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), liquidity risk and credit risk. The Group's overall risk management programme seeks to manage against the unpredictability of financial markets and to minimise potential adverse effects on the Group's performance.

(a) Market riskNature of risk

Market risk is the risk of loss arising from movements in observable market variables such as foreign exchange rates, equity prices and interest rates. The Group is exposed to market risk primarily through its financial assets and financial liabilities (including borrowings and lease liabilities). The Group is also exposed to credit-contingent market risk arising from the default of Clearing Participants, which is further elaborated under credit risk (note (c)).

Risk management

The Group's investment policy is to prudently invest all funds managed by the Group in a manner which will satisfy liquidity requirements, safeguard financial assets and manage risks while optimising return on investments within regulatory constraints and within the risk appetite and risk control framework approved by the Board.

Investment and fund management by HKEX and the Group's subsidiaries is governed by the HKEX Group Investment Policies, which are approved by the Board and reviewed regularly. Investment restrictions and guidelines set out in the Investment Policies form an integral part of risk control. Fund-specific restrictions and guidelines are set according to the investment objectives of each fund (i.e., Corporate Funds, Clearing House Funds, Margin Funds and Cash for A-shares). Specific limits are set to control risks where applicable (e.g., permissible asset type, asset allocation, liquidity, credit requirement, counterparty concentration, tenor, foreign exchange exposures, interest rate risks and stress loss limits under extreme but plausible conditions) of the investments.

A portion of the Corporate Funds is invested in externally-managed investment funds (External Portfolio) under the Investment Policy for Externally-Managed Funds, which sets out the investment objectives, principles, governance processes and approach for managing investment activities of the External Portfolio. Specific risk management framework is set for the External Portfolio, including permissible asset type, asset allocation, expected annualised volatility, expected risk-adjusted returns and liquidity requirements. The External Portfolio was fully redeemed in 2025 to fund the acquisition of HKEX's permanent headquarters premises.

The Investment Committee, comprised of Non-executive Directors of HKEX, assists the Board on portfolio management and monitors the risk and performance of HKEX's investments. A Treasury team in the Finance Division is dedicated to the day-to-day management and investment of the internally-managed funds, and monitor the performance of the External Portfolio.

53. Financial Risk Management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk

Nature of risk

Foreign exchange risk is the risk that the value or cash flows of an asset, liability or forecast transaction denominated in foreign currency (i.e., a currency other than the functional currency of the entity to which the transactions relate) will fluctuate because of changes in foreign exchange rates. The functional currency of the Hong Kong and the Chinese Mainland entities are either HKD or Renminbi (RMB) and the functional currency of the LME entities is USD. Foreign exchange risks arise mainly from the Group's investments and bank deposits in currencies other than HKD and USD and its GBP expenditure for the LME entities.

Risk management

The Group manages its foreign exchange rate risks by setting limits of net long or short unhedged positions of each individual foreign currency.

Forward foreign exchange contracts and foreign currency bank deposits may be used to hedge the currency exposure of the Group's non-HKD and non-USD assets and liabilities and highly probable forecast transactions to mitigate risks arising from fluctuations in exchange rates. In particular, the LME entities may designate forward foreign exchange contracts as cash flow hedges for hedging the foreign exchange risk of certain operating expenses and intangible assets.

Foreign exchange swaps are used for optimising foreign currency cash flows and yield enhancement while hedging the overall foreign exchange exposures of the Group.

Under the Investment Policies, investment in non-HKD financial instruments is subject to the following restrictions:

For internally-managed Corporate Funds, Clearing House Funds, Margin Funds and Cash for A-shares, the net long or short position of each individual foreign currency (i.e., the net open position (NOP)) is monitored. Except for the Group's strategic investment in minority stakes of unlisted companies, the NOP exposures of USD, RMB and other foreign currencies should generally be kept within the limits as stipulated in the Investment Policies.

For LME Clear, investments of the Margin Fund and Default Fund will generally be in the currency in which cash was received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

53. Financial Risk Management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Exposure

The following table details the Group's financial assets and financial liabilities denominated in a currency other than the functional currency of the entity to which they relate and the net open foreign currency positions (i.e., gross positions less forward foreign exchange contracts, foreign exchange swaps and other offsetting exposures (hedged)) at 31 December presented in HKD equivalents.

	Foreign currency	At 31 Dec 2025			At 31 Dec 2024		
		Gross open position	Hedges ³	Net open position	Gross open position	Hedges ³	Net open position
		\$m	\$m	\$m	\$m	\$m	\$m
Financial assets ¹	EUR	4,079	(4,031)	48	6,227	(6,193)	34
	GBP	3,092	(2,653)	439	4,753	(4,380)	373
	JPY	344	(341)	3	14,847	(14,843)	4
	RMB	44,566	(44,506)	60	37,122	(37,060)	62
	USD	38,069	(34,914)	3,155	16,811	(15,261)	1,550
	Others	3	-	3	3	(1)	2
Financial liabilities ²	EUR	(4,032)	4,032	-	(3,475)	3,475	-
	GBP	(3,115)	2,653	(462)	(4,728)	4,383	(345)
	JPY	(17,334)	17,334	-	(13,508)	13,508	-
	RMB	(45,074)	45,064	(10)	(38,661)	38,646	(15)
	USD	(5,496)	5,385	(111)	(4,617)	4,531	(86)
	Others	(7)	-	(7)	(2)	1	(1)
Total net open positions for the Group	EUR			48			34
	GBP			23			28
	JPY			3			4
	RMB			50			47
	USD			3,044			1,464
	Others			4			1
				3,172			1,578

¹ Financial assets comprised cash and cash equivalents, base metals derivatives contracts, financial assets measured at fair value through other comprehensive income, financial assets measured at amortised cost, and accounts receivable and deposits.

² Financial liabilities comprised margin deposits, Mainland security and settlement deposits, and cash collateral from Participants, Participants' contributions to Clearing House Funds, base metals derivatives contracts, borrowings, lease liabilities, and accounts payable and other liabilities.

³ The amounts include foreign exchange swaps for optimising foreign currency cash flows and yield enhancement while hedging the overall foreign exchange exposure of the Group (note 26(d)).

In addition, at 31 December 2025, the LME entities have entered into certain forward foreign exchange contracts amounting to GBP126 million (31 December 2024: GBP131 million) and designated as cash flow hedges for hedging the foreign currency risk of their operating expenses (note 44(a)).

53. Financial Risk Management (continued)

(a) Market risk (continued)

(ii) Equity and commodity price risk

Nature of risk

The Group is exposed to equity price risk from equity investments in investment funds held as part of the External Portfolio. The Group is also exposed to equity price risk on the investments in minority stakes in unlisted companies (note 53(d)(i)).

The movements of fair value of base and ferrous metals futures and options contracts cleared through LME Clear would not have any financial impact on the Group's results as the assets and liabilities will move by the same amount and fully offset each other.

Risk management

The Group sets a strategic asset allocation for the External Portfolio, which defines and controls the allocation to equity investments. The performance of the funds is monitored on a monthly basis, or on an ad hoc basis during adverse market conditions. Equity price risk for investments in investment funds was reduced in 2025, as the External Portfolio was redeemed to fund the acquisition of HKEX permanent headquarters premises.

(iii) Interest rate risk

Nature of risk

There are two types of interest rate risk:

- Fair value interest rate risk - the risk that the value of a financial instrument will fluctuate because of changes in market interest rates; and
- Cash flow interest rate risk - the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to both fair value and cash flow interest rate risks as the Group has significant assets and liabilities (including borrowings) which are interest-bearing.

Risk management

The Group manages its interest rate risks by monitoring the interest rate impact on quarterly earnings per share. Limits are also set for tenor of the investments under the internally managed funds.

Exposure

The following tables present the carrying value and highest and lowest contractual interest rates of the financial assets held by the Group (excluding investments in investment funds, zero-coupon bonds, and bank deposits held at savings and current accounts) at 31 December:

	<u>Fixed rate financial assets</u>		<u>Floating rate financial assets</u>	
	<u>At</u> <u>31 Dec 2025</u>	<u>At</u> <u>31 Dec 2024</u>	<u>At</u> <u>31 Dec 2025</u>	<u>At</u> <u>31 Dec 2024</u>
Carrying value (\$m)	127,852	96,135	135,672	76,898
Highest contractual interest rates	5.59%	5.03%	4.97%	5.90%
Lowest contractual interest rates	1.25%	1.25%	1.92%	2.40%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

53. Financial Risk Management (continued)

(a) Market risk (continued)

(iv) Sensitivity analysis

Investments other than investment funds

The Group performs sensitivity analysis to identify and measure foreign exchange risk and interest rate risks of the Group's investments other than investment funds.

Foreign exchange risk

The following table indicates the instantaneous change in the Group's profit after tax (and retained earnings) and other components of equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between HKD and USD would only move within the limits undertaken by the Hong Kong Monetary Authority.

	At 31 Dec 2025			At 31 Dec 2024		
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings \$m	Effect on other components of equity \$m	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings \$m	Effect on other components of equity \$m
GBP	5%	1	50	5%	1	48
	(5%)	(1)	(50)	(5%)	(1)	(48)
RMB	5%	3	-	5%	2	-
	(5%)	(3)	-	(5%)	(2)	-
USD	1%	30	-	1%	15	-
	(1%)	(30)	-	(1%)	(15)	-

The analysis above represents an aggregation of the instantaneous effects on each of the group entities' profit after tax and other comprehensive income measured in the respective functional currencies, translated into HKD at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

Interest rate risk

At 31 December 2025, it is estimated that a general increase/decrease of 25 basis points (31 December 2024: 50 basis points) in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained earnings by approximately \$15 million (31 December 2024: \$149 million). Other components of equity would have decreased/increased by approximately \$126 million (31 December 2024: \$111 million) in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained earnings) and other components of the equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained earnings) is estimated as an annualised impact on interest expense or income of such a change in interest rates.

53. Financial Risk Management (continued)

(a) Market risk (continued)

(iv) Sensitivity analysis (continued)

Investment funds

At 31 December, the fair value of the Group's External Portfolio by strategy employed was as follows:

Strategy	At 31 Dec 2025 \$m	At 31 Dec 2024 \$m
Public Equities	38	92
Diversifiers ¹	1,338	4,337
Government Bonds and Mortgage-backed Securities ²	-	2,800
Total	1,376	7,229
Number of investment funds	9	31

¹ Diversifiers comprise Absolute Return and Multi-Sector Fixed Income asset classes.

² Include money market funds.

To provide funds for the purchase of HKEX permanent headquarters premises (note 32(a)), the External Portfolio was fully redeemed in 2025, with proceeds returning to the Group following the expiration of any applicable lock-up periods.

The Group monitors market risk exposures of the External Portfolio through a stress testing limit framework to control the potential market risk loss of the portfolio under stressed market conditions over a quarter's earnings cycle. The stress testing applied by the Group estimates potential extreme losses through a set of stress scenarios derived from historical stress events (such as the Asian Financial Crisis in 1997, the Great Financial Crisis in 2008, etc.). The Group monitors the External Portfolio's limit utilisation monthly, and there was no limit breach during 2025 and 2024.

To illustrate the sensitivity of the External Portfolio's market value as a result of potential market moves, the Group calculated a 1-year Value at Risk (VaR) estimation for the External Portfolio at a 95 per cent confidence interval in 2024. The VaR calculation was a statistical estimation of the potential changes in the market value of the External Portfolio over a 1-year period based on returns and volatilities observed historically. The estimated 1-year VaR as of 31 December 2024 was 0.3 per cent, implying the market value of the External Portfolio could potentially change by approximately \$22 million in the next financial year. Since the External Portfolio was fully redeemed in 2025, any potential change in market value of the External Portfolio is not expected to be material. Accordingly, the 1-year VaR at 31 December 2025 is not disclosed in these consolidated financial statements.

53. Financial Risk Management (continued)**(b) Liquidity risk**Nature of risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset, and it results from amount and maturity mismatches of assets and liabilities.

Risk management

The Group employs projected cash flow analysis to manage liquidity risk by forecasting the amount of cash required and monitoring the working capital of the Group to ensure that all liabilities due and known funding requirements could be met.

Investments are kept sufficiently liquid to meet operational needs and regulatory requirements, and possible liquidity requirements of the Clearing House Funds and Margin Funds. The Group sets liquidity metrics for Corporate Funds, Clearing House Funds and Margin Funds. In particular, Clearing House Funds and Corporate Funds solely used for supporting the Skin-in-the Game and default fund credits of Clearing House Funds are invested in overnight deposits, reverse repurchase investments or Exchange Fund Bills issued by the Hong Kong Monetary Authority and should be available on a daily basis.

As recognized clearing houses, the Group's clearing houses have to observe the liquidity requirements laid down in Principles for Financial Market Infrastructures (PFMI requirements) issued by the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO). In particular, the clearing houses conduct daily liquidity stress testing that covers a number of potential stress scenarios, and sufficient liquidity has to be set aside to cover such stress testing.

Banking facilities have been put in place for contingency purposes. At 31 December 2025, the Group's total available banking facilities for its daily operations amounted to \$25,944 million (31 December 2024: \$25,771 million), which included \$18,997 million (31 December 2024: \$18,847 million) of committed banking facilities and \$6,500 million (31 December 2024: \$6,500 million) of repurchase facilities. In addition, the Group has arranged committed banking facilities of \$7,000 million (31 December 2024: \$7,500 million) for certain periods of the year which need higher liquidity requirements (including Severe Weather Trading arrangement) to cover operational needs and stress testing.

The Group also put in place foreign exchange facilities for its daily clearing operations and for the RMB Equity Trading Support Facility to support the trading of RMB stocks listed on the Stock Exchange. At 31 December 2025, the total amount of such facilities was \$34,123 million (31 December 2024: \$32,378 million).

In addition, the Group has arranged contingency banking facilities amounting to RMB13,000 million (HK\$14,497 million) (31 December 2024: RMB13,000 million (HK\$13,755 million)) for settling payment obligations to ChinaClear should there be events that disrupt normal settlement arrangements for Stock Connect.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

53. Financial Risk Management (continued)

(b) Liquidity risk (continued)

Exposure

The Group is not exposed to liquidity risk on the outstanding base and ferrous metals futures and options contracts cleared through LME Clear. Accordingly, they are not included in the analyses for financial assets and financial liabilities in the tables below.

The tables below analyse the Group's non-derivative financial assets into the relevant maturity buckets based on the following criteria:

- investments held under the investment funds are allocated taking into account the redemption notice periods, lock-up periods and redemption restrictions;
- the expected amounts, subject to costs to liquidate that are expected to be immaterial, that could be realised from debt securities, bank deposits and cash and cash equivalents within one month to meet cash outflows on financial liabilities if required are allocated to the up to 1-month bucket;
- investments in minority stakes in unlisted companies are allocated to the >5 years bucket;
- accounts receivable are allocated based on their due dates; and
- other financial assets are allocated based on their contractual maturity dates or the expected dates of disposal.

	At 31 Dec 2025					Total \$m
	Up to 1 month \$m	>1 month to 3 months \$m	>3 months to 1 year \$m	>1 year to 5 years \$m	>5 years \$m	
	Cash and cash equivalents	182,724	-	-	-	
Financial assets measured at fair value through profit or loss	144	331	675	226	496	1,872
Financial assets measured at fair value through other comprehensive income	65,803	-	-	-	-	65,803
Financial assets measured at amortised cost	74,839	-	-	39	28	74,906
Accounts receivable and deposits ¹	67,644	22	12	-	-	67,678
Total non-derivative financial assets	391,154	353	687	265	524	392,983

	At 31 Dec 2024					Total \$m
	Up to 1 month \$m	>1 month to 3 months \$m	>3 months to 1 year \$m	>1 year to 5 years \$m	>5 years \$m	
	Cash and cash equivalents	134,365	-	-	-	
Financial assets measured at fair value through profit or loss	3,842	1,809	1,250	328	329	7,558
Financial assets measured at fair value through other comprehensive income	50,704	-	-	-	-	50,704
Financial assets measured at amortised cost	43,521	-	-	81	8	43,610
Accounts receivable and deposits ¹	54,195	25	-	-	-	54,220
Total non-derivative financial assets	286,627	1,834	1,250	409	337	290,457

¹ Amounts exclude prepayments (including prepayments for acquisition of HKEX headquarters premises) of \$1,013 million (31 December 2024: \$277 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

53. Financial Risk Management (continued)

(b) Liquidity risk (continued)

Exposure (continued)

The table below analyses the Group's non-derivative financial liabilities at 31 December into relevant maturity buckets based on their contractual maturity dates. The amounts disclosed in the tables are the contractual undiscounted cash flows and represent the earliest date the Group can be required to pay.

	At 31 Dec 2025					Total \$m
	Up to 1 month \$m	>1 month to 3 months \$m	>3 months to 1 year \$m	>1 year to 5 years \$m	>5 years \$m	
Margin deposits, Mainland security and settlement deposits, and cash collateral from Participants	269,243	-	-	-	-	269,243
Accounts payable, accruals and other liabilities	50,710	16	117	3	-	50,846
Other financial liabilities:						
Other financial liabilities of Clearing House Funds	8	-	4	-	-	12
Other financial liabilities of Corporate Funds: Financial guarantee contract (maximum amount guaranteed) (note 49(b))	102	-	-	-	-	102
Participants' contributions to Clearing House Funds	33,536	412	43	-	-	33,991
Borrowings:						
Written put options to non-controlling interests	-	-	343	65	-	408
Lease liabilities	27	43	169	461	270	970
Total non-derivative financial liabilities	353,626	471	676	529	270	355,572

	At 31 Dec 2024					Total \$m
	Up to 1 month \$m	>1 month to 3 months \$m	>3 months to 1 year \$m	>1 year to 5 years \$m	>5 years \$m	
Margin deposits, Mainland security and settlement deposits, and cash collateral from Participants	188,857	-	-	-	-	188,857
Accounts payable, accruals and other liabilities	37,448	14	120	2	-	37,584
Other financial liabilities:						
Other financial liabilities of Clearing House Funds	10	3	-	-	-	13
Other financial liabilities of Corporate Funds: Financial guarantee contract (maximum amount guaranteed) (note 49(b))	107	-	-	-	-	107
Participants' contributions to Clearing House Funds	26,672	407	45	-	-	27,124
Borrowings:						
Written put options to non-controlling interests	-	-	382	85	-	467
Lease liabilities	30	47	233	1,030	90	1,430
Total non-derivative financial liabilities	253,124	471	780	1,117	90	255,582

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

53. Financial Risk Management (continued)

(b) Liquidity risk (continued)

Exposure (continued)

As at 31 December 2025, the maximum gross nominal values of outstanding forward foreign exchange contracts and foreign exchange swaps held by the Group were \$1,714 million (31 December 2024: \$1,643 million) and \$30,893 million (31 December 2024: \$77,302 million) respectively. The table below analyses the Group's outstanding foreign exchange derivative contracts as at 31 December (which include all contracts regardless of whether they had gains or losses at the end of reporting period) that would be settled on a gross basis into relevant maturity buckets based on their remaining contractual maturity dates. The amounts disclosed in the table are contractual undiscounted cash flows, which are different from the carrying amount (i.e., market value) in the consolidated statement of financial position.

	At 31 Dec 2025			Total \$m
	Up to 1 month \$m	>1 month to 3 months \$m	>3 months to 1 year \$m	
Forward foreign exchange contracts				
- outflows	104	200	1,408	1,712
- inflows	104	200	1,410	1,714
Foreign exchange swaps				
- outflows	18,562	11,167	1,164	30,893
- inflows	18,487	11,162	1,164	30,813
	At 31 Dec 2024			Total \$m
	Up to 1 month \$m	>1 month to 3 months \$m	>3 months to 1 year \$m	
Forward foreign exchange contracts				
- outflows	105	215	1,323	1,643
- inflows	100	206	1,277	1,583
Foreign exchange swaps				
- outflows	35,763	25,740	15,799	77,302
- inflows	35,779	25,686	15,781	77,246

(c) Credit risk

Nature of risk

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. It arises primarily from the Group's investments and accounts receivable. Impairment provisions are made against the Group's investments and accounts receivable based on the accounting policy set out in notes 23 and 24.

The Group is also exposed to clearing and settlement risk, as the clearing houses of the Group act as the counterparties to eligible trades concluded on the Stock Exchange, the Futures Exchange, the over-the-counter market, and the LME through the novation of the obligations of the buyers and sellers. HKSCC is also responsible for the good title to the securities deposited and accepted in the CCASS depository. As a result, the Group has considerable market risk and credit risk since the Participants' ability to honour their obligations in respect of their trades and securities deposited may be adversely impacted by economic conditions. If the Participants default on their obligations on settlement or there are defects in the title of securities deposited and accepted in the CCASS depository, the Group could be exposed to potential risks not otherwise accounted for in these consolidated financial statements.

53. Financial Risk Management (continued)

(c) Credit risk (continued)

Risk management - Investment and accounts receivable risk

The Group limits its exposure to credit risk by rigorously selecting the counterparties (i.e., deposit-takers, bond issuers, debtors and fund managers) and by diversification. All investments (excluding those held by the investment funds under the External Portfolio) were governed by the Group Credit Limit for Settlement and Investments framework. Under the framework, specific limits are set on an investment portfolio level, on a single counterparty level and on a geographical level. The investment portfolio is subject to a portfolio expected loss limit, each investment counterparty is subject to a minimum investment grade rating and a maximum concentration limit. In addition, the total investment in each country is subject to maximum concentration limit per country or region. Fund managers of investment funds under the External Portfolio are financially strong and stable, and their selections are approved by the Investment Manager Approved Framework under the Investment Policy for Externally-Managed Funds.

At 31 December 2025, the investments in debt securities held by the Group (excluding those held by the investment funds) were of investment grade and had a weighted average credit rating of Aa2 (Moody's) (31 December 2024: Aa3 (Moody's)). Deposits are placed only with the investment grade banks, licensed banks and restricted licence banks regulated by the Hong Kong Monetary Authority, and banks regulated by local banking regulators in the countries where the Group's subsidiaries operate. LME entities invest a significant portion of cash in reverse repurchase investments, where high quality assets are held against such investments as collateral.

The Group mitigates its exposure to risks relating to accounts receivable from its Participants by requiring the Participants to meet the Group's established financial requirements and criteria for admission as Participants.

Risk management - Clearing and settlement risk

The Group mitigates its exposure to clearing and settlement-related risks by requiring its Participants to meet the Group's established financial requirements and criteria for admission as Participants, monitoring compliance with risk management measures such as imposing position limits and requiring Clearing Participants and other clearing house participants to deposit margins, Mainland security and settlement deposits, and cash collateral and contribute to the Clearing House Funds set up by the Group's five clearing houses. HKSCC also retains recourse against those Participants whose securities are deposited and accepted in the CCASS depository.

Under the Margin Fund and Guarantee Fund arrangements, generally, each HKSCC Clearing Participant is granted by HKSCC a Margin Credit of \$5 million and a Dynamic Contribution Credit of \$1 million, and each HKCC Clearing Participant is granted a Dynamic Contribution Credit of HKCC Reserve Fund of \$1 million. If a HKSCC or HKCC Clearing Participant defaults and any loss arises, HKSCC will absorb the default loss up to the Margin Credit and Dynamic Contribution Credit utilised by the defaulting HKSCC Clearing Participant, after deducting its collateral and Guarantee Fund contribution maintained with HKSCC, and HKCC will absorb the default loss up to the Dynamic Contribution Credit utilised by the defaulting HKCC Clearing Participant, after deducting its collateral and Reserve Fund contribution maintained with HKCC. After the initial losses, HKSCC is required to absorb further losses after the HKSCC Guarantee Fund reserve and the Guarantee Fund contribution (excluding the Dynamic Contribution portion) of non-defaulting HKSCC Clearing Participants are depleted, and HKCC is required to absorb further losses after the HKCC Reserve Fund reserve and the Reserve Fund contribution (excluding the Dynamic Contribution portion) of non-defaulting HKCC Clearing Participants are depleted. The amount of losses borne by HKSCC and HKCC will be calculated on a pro rata basis with reference to the non-defaulting HKSCC and HKCC Clearing Participants' Dynamic Contributions and Dynamic Contribution Credits granted by HKSCC and HKCC respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

53. Financial Risk Management (continued)

(c) Credit risk (continued)

Risk management - Clearing and settlement risk (continued)

At 31 December 2025, HKSCC had 534 Clearing Participants (31 December 2024: 558) and the total amounts of Margin Credit and Dynamic Contribution Credit utilised by HKSCC Clearing Participants amounted to \$893 million (31 December 2024: \$847 million), while HKCC had 125 Clearing Participants (31 December 2024: 133) and the total amount of Dynamic Contribution Credit utilised by HKCC Clearing Participants amounted to \$74 million (31 December 2024: \$81 million).

The HKSCC Margin Credit and Dynamic Contribution Credit and the HKCC Dynamic Contribution Credit are supported by the \$4,000 million of shareholders' funds set aside by the HKEX Group for risk management purpose, of which \$1,060 million and \$830 million were injected into HKSCC and HKCC respectively.

Exposure

At 31 December, the maximum exposure to credit risk of the financial assets of the Group was equal to their carrying amounts. The maximum exposure to credit risk of the financial guarantee contract issued by the Group was as follows:

	At 31 Dec 2025		At 31 Dec 2024	
	Carrying amount in consolidated statement of financial position \$m	Maximum exposure to credit risk \$m	Carrying amount in consolidated statement of financial position \$m	Maximum exposure to credit risk \$m
Financial guarantee contract				
Undertaking to indemnify the Collector of Stamp Revenue (note 49(b))	(20)	102	(20)	107

Collateral held for mitigating credit risk

Certain securities, cash deposits and non-cash collateral are being held by the Group to mitigate the Group's exposure to credit risk. The financial effect of the collateral, which is capped by the amount receivable from each counterparty, was as follows:

	At 31 Dec 2025		At 31 Dec 2024	
	Carrying amount in consolidated statement of financial position \$m	Collateral held for mitigating credit risk \$m	Carrying amount in consolidated statement of financial position \$m	Collateral held for mitigating credit risk \$m
Accounts receivable and deposits ¹	67,678	13,737	54,220	7,163
Fair value of base and ferrous metals futures and options contracts cleared through LME Clear	160,601	160,601	67,629	67,629
Reverse repurchase investments	109,766	109,766	63,168	63,168

¹ Amounts exclude prepayments of \$1,013 million (31 December 2024: \$277 million).

53. Financial Risk Management (continued)

(d) Fair values of financial assets and financial liabilities

(i) Financial assets and financial liabilities carried at fair value

At 31 December 2025 and 31 December 2024, no non-financial assets or liabilities were carried at fair values.

The following tables present the carrying value of financial assets and financial liabilities measured at fair value according to the levels of the fair value hierarchy defined in HKFRS 13 Fair Value Measurement, with the fair value of each financial asset and financial liability categorised based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair values measured using valuation techniques in which all significant inputs other than quoted prices included within Level 1 are directly or indirectly based on observable market data.
- Level 3: fair values measured using valuation techniques in which any significant input is not based on observable market data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

53. Financial Risk Management (continued)

(d) Fair values of financial assets and financial liabilities (continued)

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

Recurring fair value measurements:	At 31 Dec 2025				At 31 Dec 2024			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Financial assets								
Financial assets measured at fair value through profit or loss:								
- investment funds	-	1,376	-	1,376	2,203	5,026	-	7,229
- equity securities	-	-	496	496	-	-	329	329
Financial assets measured at fair value through other comprehensive income:								
- debt securities	40,841	24,962	-	65,803	26,964	23,740	-	50,704
Derivative financial instruments:								
- base and ferrous metals futures and options contracts cleared through LME Clear	-	160,601	-	160,601	-	67,629	-	67,629
- forward foreign exchange contracts	-	4	-	4	-	-	-	-
- foreign exchange swaps	-	3	-	3	-	118	-	118
	40,841	186,946	496	228,283	29,167	96,513	329	126,009
Financial liabilities								
Derivative financial instruments:								
- base and ferrous metals futures and options contracts cleared through LME Clear	-	160,601	-	160,601	-	67,629	-	67,629
- forward foreign exchange contracts	-	2	-	2	-	60	-	60
- foreign exchange swaps	-	83	-	83	-	174	-	174
	-	160,686	-	160,686	-	67,863	-	67,863

During 2025 and 2024, there were no transfers of instruments between Level 1 and Level 2 or transfer into or out of Level 3.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

53. Financial Risk Management (continued)

(d) Fair values of financial assets and financial liabilities (continued)

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

Fair value measurements using significant unobservable inputs (Level 3)

	2025 \$m	2024 \$m
At 1 Jan	329	393
Gains/(losses) recognised in consolidated income statement under net investment income (note 6)	167	(62)
Losses recognised in other comprehensive income	-	(2)
At 31 Dec	496	329
Total gains/(losses) recognised in the consolidated income statement for assets held at 31 Dec	167	(62)

At 31 December 2025, the Group held minority stakes in three unlisted investments – Fusion Bank Limited, Huakong TsingJiao Information Science (Beijing) Limited, and Guangzhou Futures Exchange.

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

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

Guangzhou Futures Exchange is an exchange in the Greater Bay Area focusing on serving the real economy and green development initiatives. Since its set up in 2021, the exchange has successfully launched several products (including silicon, lithium carbonate, poly silicon, palladium and platinum futures and options), and will continue to work with market participants to contribute to green and low carbon transformation and development.

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

At 31 December 2025, the total fair value of the three investments was \$496 million (31 December 2024: \$329 million). A market-based approach has been adopted to determine their fair values, which are estimated based on the analysis of the investments' financial position, operating results and prospects, and by reference to trading multiples and financial data of other comparable companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

53. Financial Risk Management (continued)

(d) Fair values of financial assets and financial liabilities (continued)

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

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

	At 31 Dec 2025		At 31 Dec 2024	
	Carrying amount in consolidated statement of financial position \$m	Fair value \$m	Carrying amount in consolidated statement of financial position \$m	Fair value \$m
Assets				
Financial assets measured at amortised cost:				
- debt securities maturing over one year ¹	1,333	1,378	1,439	1,443
- other financial assets maturing over one year ²	67	55	89	67
Liabilities				
Borrowings:				
- written put options to non-controlling interests ³	398	403	452	455
Financial guarantee to the Collector of Stamp Revenue ⁴	20	29	20	35

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

² The fair values are based on cash flows discounted using Hong Kong Government bond rates of a tenor similar to the contractual maturity of the respective assets, adjusted by an estimated credit spread. The discount rates used ranged from 3.02 per cent to 4.55 per cent at 31 December 2025 (31 December 2024: 3.96 per cent to 5.21 per cent).

³ The fair values are based on cash flows discounted using the prevailing market interest rates for loans with similar credit rating and similar tenor of the respective loans. The discount rates used was 3.59 per cent at 31 December 2025 (31 December 2024: 4.58 per cent).

⁴ The fair values are based on the fees charged by financial institutions for granting such guarantees discounted to perpetuity using a ten-year Hong Kong Government bond rate, adjusted by an estimated credit spread, but capped at the maximum exposure of the financial guarantee. The discount rate used was 4.37 per cent at 31 December 2025 (31 December 2024: 4.06 per cent).

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

53. Financial Risk Management (continued)

(e) Offsetting financial assets and financial liabilities

Accounting Policy

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

For base and ferrous metals futures and options contracts cleared through LME Clear, the asset and liability positions of LME Clear arising through its activities as a central counterparty are matched. Therefore, the same amounts are recorded for both assets and liabilities with the fair value gains and losses recognised, but offset, in the consolidated income statement.

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

53. Financial Risk Management (continued)

(e) Offsetting financial assets and financial liabilities (continued)

(i) Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

Type of financial instruments	At 31 Dec 2025					
	Gross amounts \$m	Gross amounts set off in the consolidated statement of financial position \$m	Net amounts presented in the consolidated statement of financial position ³ \$m	Related amounts not offset in the consolidated statement of financial position		
				Amounts subject to master netting arrangements \$m	Cash collateral \$m	Net amounts \$m
Financial assets:						
CNS money obligations receivable ¹	811,700	(768,612)	43,088	(16,344)	(2,325)	24,419
Base and ferrous metals futures and options contracts cleared through LME Clear ²	3,725,082	(3,564,481)	160,601	(92,398)	(68,203)	-
Other accounts receivable from Participants, ChinaClear, information vendors and hosting services customers, net of provision for impairment losses	22,993	-	22,993	(1,319)	(922)	20,752
Total	4,559,775	(4,333,093)	226,682	(110,061)	(71,450)	45,171
Financial liabilities:						
CNS money obligations payable ¹	814,249	(768,612)	45,637	(17,629)	-	28,008
Base and ferrous metals futures and options contracts cleared through LME Clear ²	3,725,082	(3,564,481)	160,601	(92,398)	-	68,203
Other payable to ChinaClear	75	-	75	(34)	-	41
Total	4,539,406	(4,333,093)	206,313	(110,061)	-	96,252

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

53. Financial Risk Management (continued)

(e) Offsetting financial assets and financial liabilities (continued)

(i) Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements (continued)

Type of financial instruments	At 31 Dec 2024					
	Gross amounts \$m	Gross amounts set off in the consolidated statement of financial position \$m	Net amounts presented in the consolidated statement of financial position ³ \$m	Related amounts not offset in the consolidated statement of financial position		
				Amounts subject to master netting arrangements \$m	Cash collateral \$m	Net amounts \$m
Financial assets:						
CNS money obligations receivable ¹	536,824	(505,011)	31,813	(4,384)	(2,277)	25,152
Base and ferrous metals futures and options contracts cleared through LME Clear ²	1,487,638	(1,420,009)	67,629	(46,000)	(21,629)	-
Other accounts receivable from Participants, ChinaClear, information vendors and hosting services customers, net of provision for impairment losses	21,345	-	21,345	-	(878)	20,467
Total	2,045,807	(1,925,020)	120,787	(50,384)	(24,784)	45,619
Financial liabilities:						
CNS money obligations payable ¹	538,999	(505,011)	33,988	(4,327)	-	29,661
Base and ferrous metals futures and options contracts cleared through LME Clear ²	1,487,638	(1,420,009)	67,629	(46,000)	-	21,629
Other payable to ChinaClear	57	-	57	(57)	-	-
Total	2,026,694	(1,925,020)	101,674	(50,384)	-	51,290

¹ HKSCC currently has a legally enforceable right to set off certain CNS money obligations receivable and payable relating to the same Clearing Participant and it intends to settle on a net basis.

² LME Clear has a legally enforceable right to set off open positions of certain contracts within an individual member's account for those contracts settling on the same date and it intends to settle on a net basis.

³ For the net amounts of CNS money obligations receivable or payable and net fair value of base and ferrous metals futures and options contracts (i.e., after set-off), other accounts receivable and other payable due from/to customers, they do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default of the customers. In addition, the Group does not intend to settle the balances on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

53. Financial Risk Management (continued)

(e) Offsetting financial assets and financial liabilities (continued)

- (ii) The tables below reconcile the “net amounts of financial assets and financial liabilities presented in the consolidated statement of financial position”, as set out above, to the “accounts receivable, prepayments and deposits”, “accounts payable, accruals and other liabilities” and “derivative financial instruments” presented in the consolidated statement of financial position.

	Accounts receivable, prepayments and deposits		Derivative financial instruments (assets)	
	At	At	At	At
	31 Dec 2025 \$m	31 Dec 2024 \$m	31 Dec 2025 \$m	31 Dec 2024 \$m
Net amounts of financial assets after offsetting as stated above:				
- CNS money obligations receivable	43,088	31,813	-	-
- Other accounts receivable from Participants, ChinaClear, information vendors and hosting services customers, net of provision for impairment losses	22,993	21,345	-	-
- Base and ferrous metals futures and options contracts cleared through LME Clear	-	-	160,601	67,629
Financial assets not in scope of offsetting disclosures	1,597	1,062	7	118
Prepayments	1,013	277	-	-
Amounts presented in the consolidated statement of financial position	68,691	54,497	160,608	67,747

	Accounts payable, accruals and other liabilities		Derivative financial instruments (liabilities)	
	At	At	At	At
	31 Dec 2025 \$m	31 Dec 2024 \$m	31 Dec 2025 \$m	31 Dec 2024 \$m
Net amounts of financial liabilities after offsetting as stated above:				
- CNS money obligations payable	45,637	33,988	-	-
- Other payable to ChinaClear	75	57	-	-
- Base and ferrous metals futures and options contracts cleared through LME Clear	-	-	160,601	67,629
Financial liabilities not in scope of offsetting disclosures	5,134	3,539	85	234
Amounts presented in the consolidated statement of financial position	50,846	37,584	160,686	67,863

54. Statement of Financial Position and Reserve Movements of HKEX**Accounting Policy**

In HKEX's statement of financial position, investments in subsidiaries are stated at cost less impairment losses, if necessary. The results of subsidiaries are accounted for by HKEX on the basis of dividends received and receivable.

Investment in a subsidiary is tested for impairment upon receiving a dividend from that subsidiary if the dividend exceeds the total comprehensive income of the subsidiary concerned in the period the dividend is declared or if the carrying amount of the subsidiary in HKEX's statement of financial position exceeds the carrying amount of the subsidiary's net assets.

The financial statements of the controlled special purpose entity, The HKEX Employees' Share Award Scheme, are included in HKEX's financial statements.

Written put options to non-controlling interests initially recognised at fair value are accounted for as an increase in investments in subsidiaries with a corresponding credit to financial liabilities at fair value through profit or loss. Subsequent changes in fair value of the financial liabilities are recognised in HKEX's income statement. Upon exercise of written put options by the non-controlling interests, the investments in subsidiaries are adjusted for the consideration payable to the non-controlling interests and the decrease in the financial liabilities at fair value at profit or loss. Written put options to non-controlling interests are included under financial liabilities at fair value through profit or loss on the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

54. Statement of Financial Position and Reserve Movements of HKEX (continued)

Statement of Financial Position of HKEX

	At 31 Dec 2025			At 31 Dec 2024		
	Current \$m	Non-current \$m	Total \$m	Current \$m	Non-current \$m	Total \$m
Assets						
Cash and cash equivalents	2,870	-	2,870	1,615	-	1,615
Financial assets measured at fair value through profit or loss	1,150	650	1,800	6,901	593	7,494
Financial assets measured at fair value through other comprehensive income	1,201	4,927	6,128	1,809	3,143	4,952
Financial assets measured at amortised cost	1,407	1,389	2,796	3,508	1,516	5,024
Derivative financial instruments	89	-	89	210	-	210
Accounts receivable, prepayments and deposits	503	18	521	127	19	146
Amounts due from subsidiaries	4,913	6,425	11,338	1,518	3,923	5,441
Interests in joint ventures	-	114	114	-	114	114
Intangible assets	-	671	671	-	501	501
Fixed assets	-	426	426	-	345	345
Right-of-use assets	-	780	780	-	1,072	1,072
Investments in subsidiaries	-	23,697	23,697	-	23,694	23,694
Total assets	12,133	39,097	51,230	15,688	34,920	50,608
Liabilities and equity						
Liabilities						
Financial liabilities at fair value through profit or loss	228	-	228	229	-	229
Derivative financial instruments	85	-	85	232	-	232
Accounts payable, accruals and other liabilities	1,716	-	1,716	824	-	824
Amounts due to subsidiaries	420	-	420	1,652	-	1,652
Taxation payable	365	62	427	362	-	362
Other financial liabilities	38	-	38	11	-	11
Lease liabilities	229	606	835	233	936	1,169
Provisions	60	59	119	53	101	154
Deferred tax liabilities	-	133	133	-	95	95
Total liabilities	3,141	860	4,001	3,596	1,132	4,728
Equity						
Share capital			31,955			31,955
Shares held for Share Award Scheme			(1,228)			(1,125)
Employee share-based compensation reserve			405			414
Revaluation reserve			100			13
Merger reserve			694			694
Retained earnings			15,303			13,929
Equity attributable to shareholders of HKEX			47,229			45,880
Total liabilities and equity			51,230			50,608
Net current assets			8,992			12,092

Approved by the Board of Directors on 26 February 2026

Carlson TONG
Director

Bonnie Y CHAN
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
54. Statement of Financial Position and Reserve Movements of HKEX (continued)

(a) Reserve movements of HKEX

	Employee share-based compensation reserve \$m	Revaluation reserve \$m	Merger reserve \$m	Retained earnings \$m
At 1 Jan 2024	373	-	694	13,076
Profit attributable to shareholders	-	-	-	11,303
Other comprehensive income	-	13	-	-
2023 second interim dividend at \$3.91 per share	-	-	-	(4,944)
2024 first interim dividend at \$4.36 per share	-	-	-	(5,513)
Unclaimed HKEX dividends forfeited	-	-	-	32
Vesting of shares of Share Award Scheme	(349)	-	-	(25)
Employee share-based compensation benefits	390	-	-	-
At 31 Dec 2024	414	13	694	13,929
At 1 Jan 2025	414	13	694	13,929
Profit attributable to shareholders	-	-	-	15,155
Other comprehensive income	-	87	-	-
2024 second interim dividend at \$4.90 per share	-	-	-	(6,193)
2025 first interim dividend at \$6.00 per share	-	-	-	(7,583)
Unclaimed HKEX dividends forfeited	-	-	-	34
Vesting of shares of Share Award Scheme	(370)	-	-	(39)
Employee share-based compensation benefits	361	-	-	-
At 31 Dec 2025	405	100	694	15,303