



HKE_x
香港交易所

2009 Results Announcement and Strategic Plan 2010-2012

Charles Li
Chief Executive

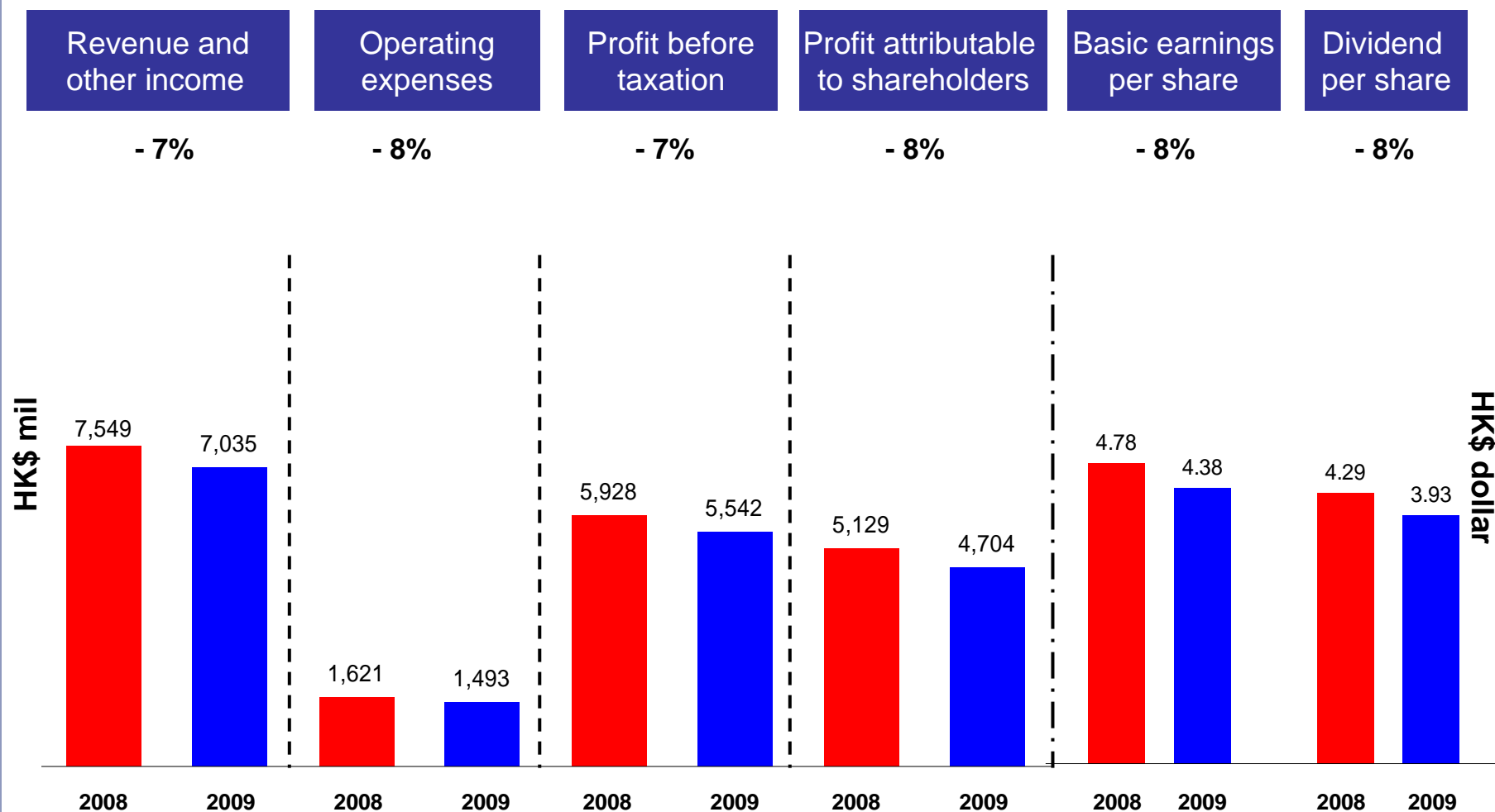
Vincent Kwong
Financial Controller

4 March 2010

Agenda

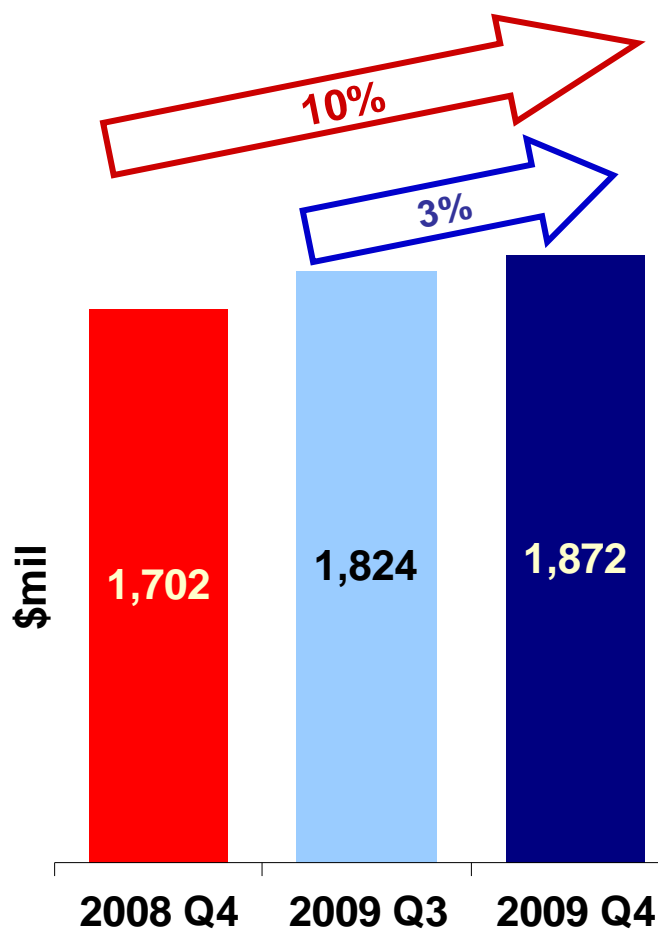
- ❖ **Introduction and Business Overview**
- ❖ **Financial Overview**
- ❖ **Strategic Plan 2010-2012**
- ❖ **Conclusion**

2009 Annual Results

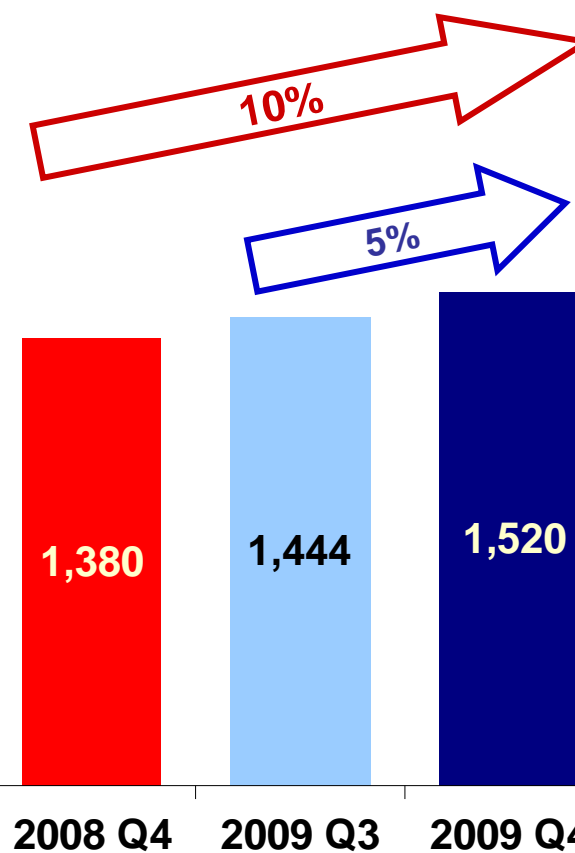


Sequential and YoY Q4 Results

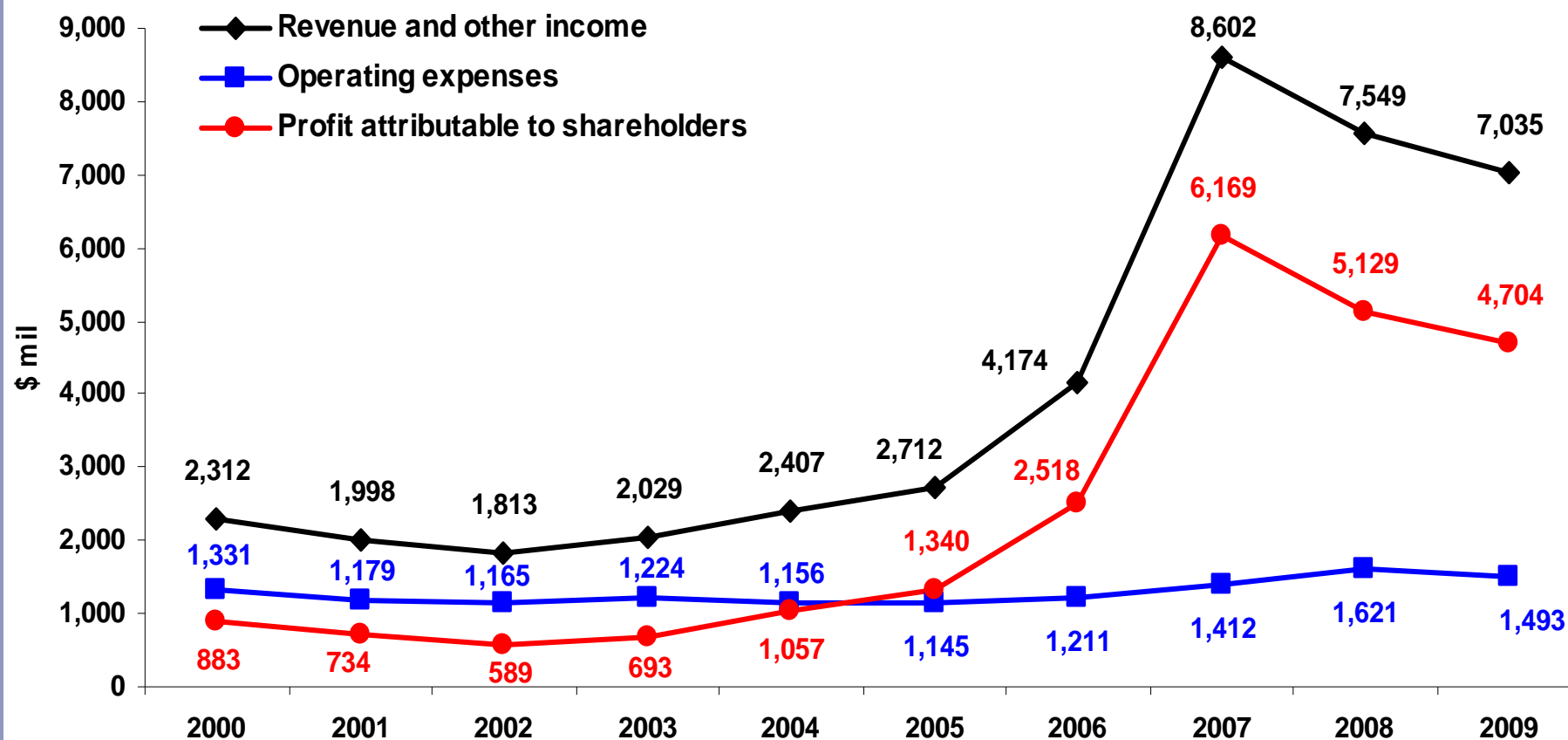
Revenue and other income



Profit before taxation



Results Since Merger



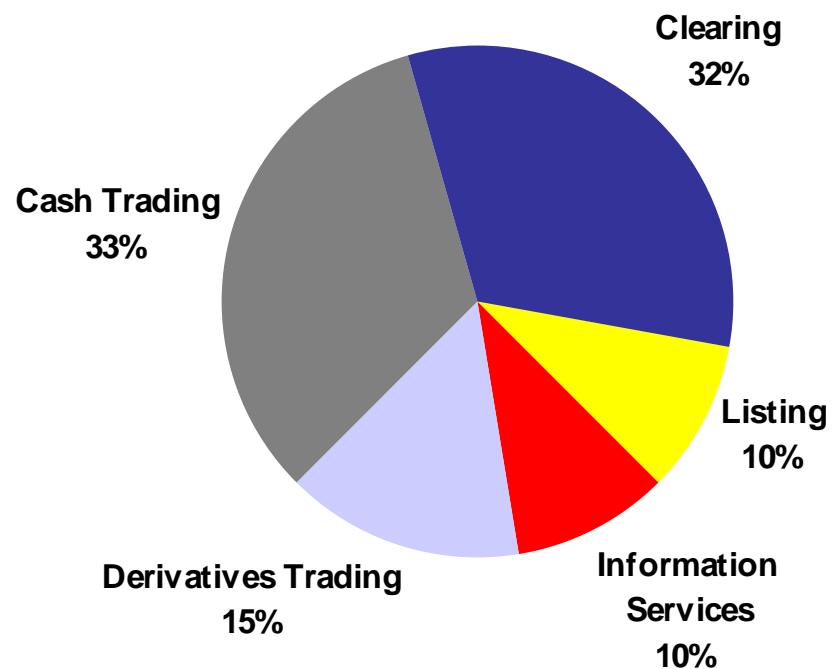
Note 1: Results of prior years have been restated to comply with the latest HKFRSs.

Note 2: Includes one-off gains on disposal of an associate and properties, and share of profits less losses of associates.

Source: HKEx Annual Reports

2009 Business Overview

Revenue Contribution by Business Segments¹

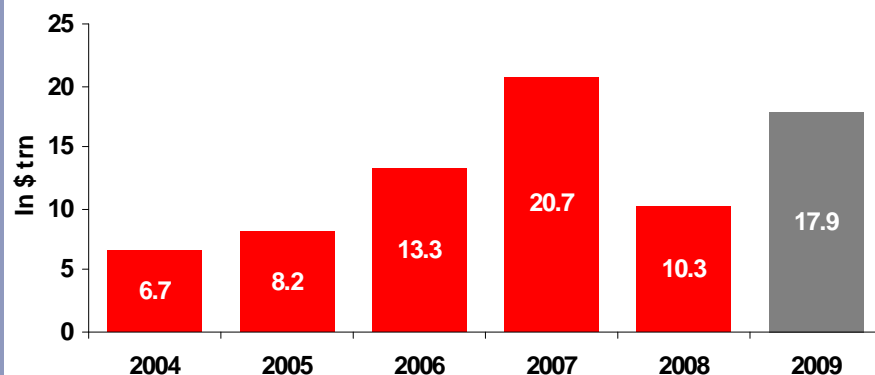


Vertically integrated model with diverse sources of revenue

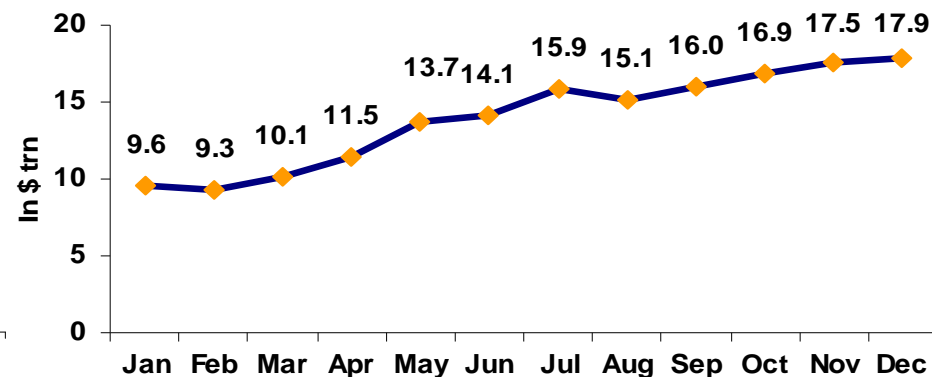
Note1: Comprises income from external customers and net investment income
Source: HKEx Annual Reports

Market Capitalisation of Listed Companies

2004-2009 Market Capitalisation
(as at year end)



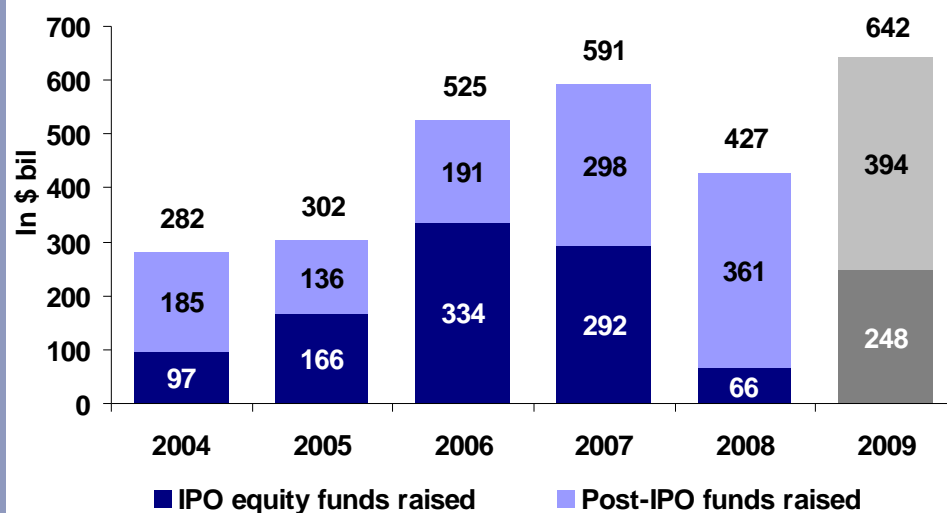
Jan-Dec 2009 Market Capitalisation



Market capitalisation rose 74% in 2009 due to strong market performance and 5% more listed companies

Funds Raised

2004-2009 Funds Raised



New Listings

2009

Companies newly listed (incl. 5 GEM listings)	69
Transfers from GEM to Main Board	4

IPO Pipeline¹

31 Dec 2009

IPO applications accepted	98
Applications under review	31
Applications approved but not yet listed	12

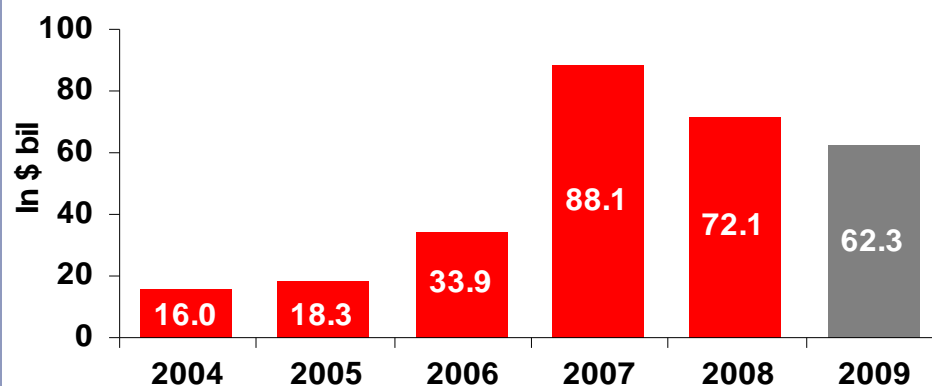
IPO funds raised increased by 276% driven by continuous flow of quality listings

Note1: Includes equity securities only. Does not include application(s) by investment vehicles pursuant to Chapters 20 & 21 of the Listing Rules.

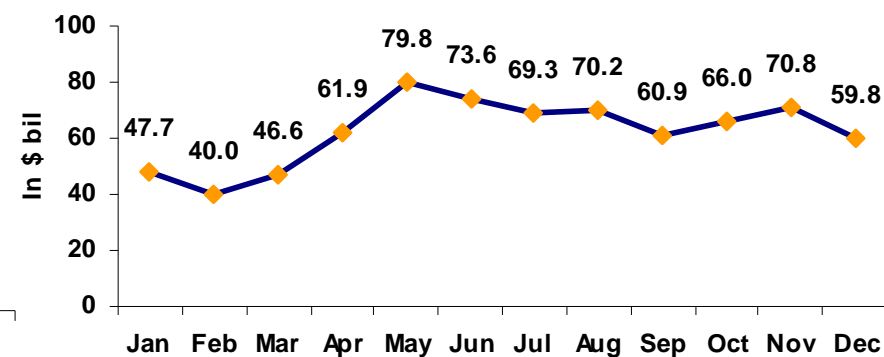
Source: HKEx statistics

Cash Market Trading

2004-2009 Average Daily Turnover



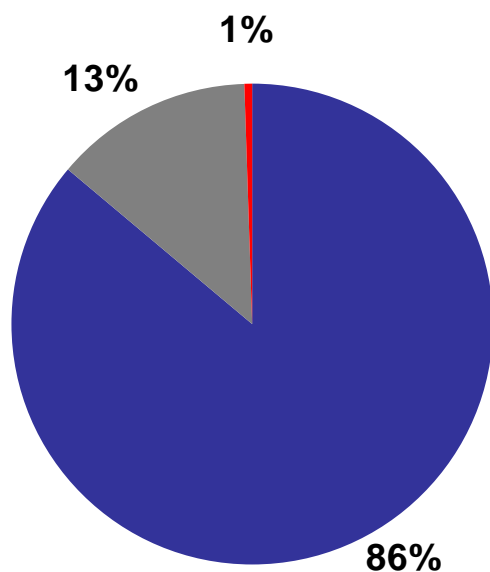
Jan-Dec 2009 Average Daily Turnover



Gradual recovery of trading volume driven by market rebound and strong sentiment in Asia

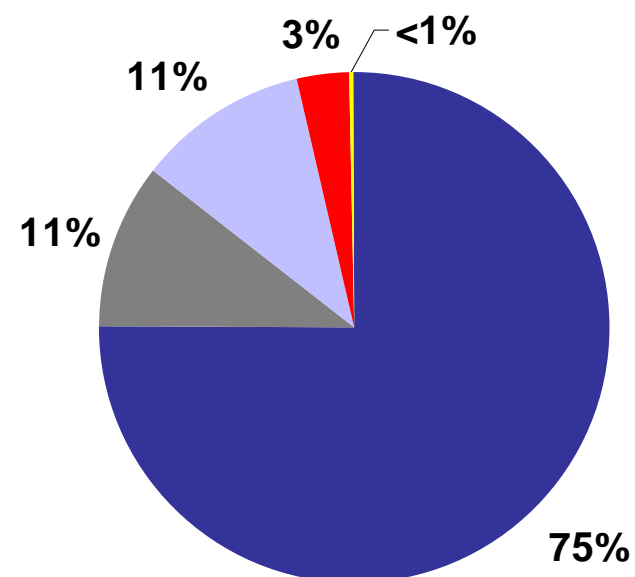
More Diversified Cash Market Product Mix

2004 Share of Turnover by Type of Securities



ADT: \$16.0 bil

2009 Share of Turnover by Type of Securities



ADT: \$62.3 bil

■ Equities ■ Derivative warrants ■ CBBCs ■ ETFs ■ Other funds

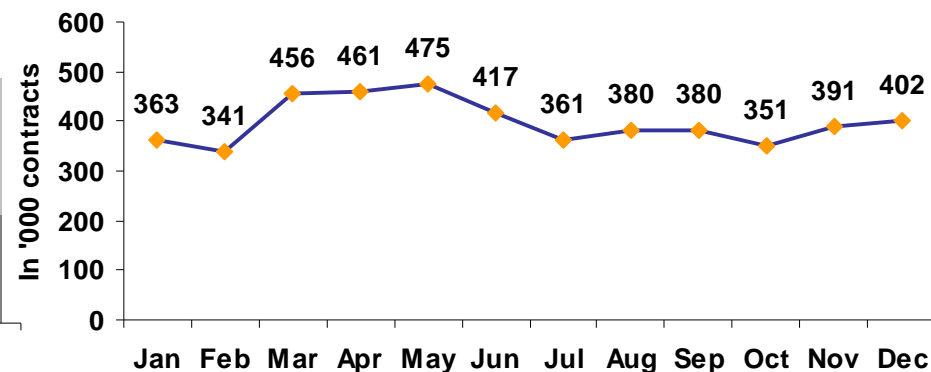
Note: Numbers may not add up due to rounding
Source: HKEx statistics

Derivatives Market Trading

2004-2009 Average Daily Volume



Jan-Dec 2009 Average Daily Volume



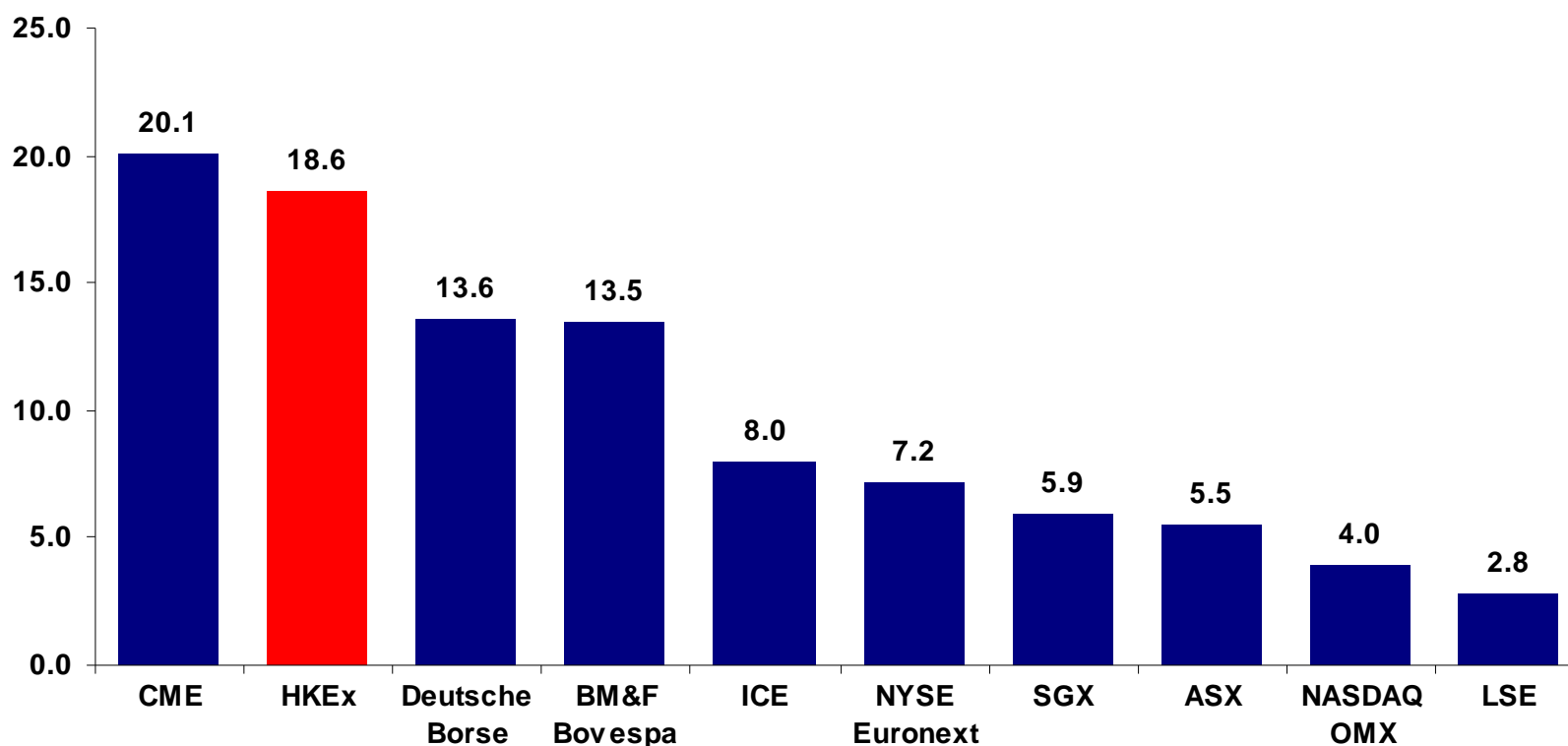
Reduction in stock options trading offset by strong growth in index options volume. Market turnover remained stable throughout 2009.

Ranking Among Global Exchanges

HKEx's Markets Among World Exchanges			
	Value (in USD bil)	Ranking	
	2009	2009	2008
Market Capitalisation	2,305	7 th	7 th
Share Trading Value	1,502	11 th	10 th
IPO Funds Raised	32	1 st	5 th
Capital Funds Raised	83	4 th	4 th
Derivative Warrant Turnover	430	1 st	1 st
ETF Market Turnover	64	2 nd in Asia Pacific	1 st in Asia Pacific

HKEx is the World's Second Largest Listed Exchange by Market Capitalisation

Listed Exchange Market Capitalisation (in US\$ bil)



Sources: Reuters, as of 1 March 2010

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Financial Highlights

	2009 \$mil	2008 \$mil	Change
Results			
Revenue and other income	7,035	7,549	-7%
Operating expenses	1,493	1,621	-8%
Profit before taxation	5,542	5,928	-7%
Taxation	(838)	(799)	+5%
Profit attributable to shareholders	4,704	5,129	-8%
Basic earnings per share	\$4.38	\$4.78	-8%
Diluted earnings per share	\$4.36	\$4.75	-8%
Interim dividend per share	\$1.84	\$2.49	-26%
Final dividend per share	\$2.09	\$1.80	+16%
	\$3.93	\$4.29	-8%
Dividend payout ratio	90%	90%	N/A

Note 1: Results of 2008 have been restated to comply with the latest HKFRSs.

Note 2: Percentages are calculated based on actual results rounded to the nearest thousand dollars.

Breakdown of Revenue and Other Income

	2009 \$mil	2008 \$mil	Change
Income affected by market turnover:			
Trading fees and trading tariff	2,586	2,803	-8%
Clearing and settlement fees	1,425	1,405	+1%
Depository, custody and nominee services fees	563	497	+13%
	4,574	4,705	-3%
Stock Exchange listing fees	728	712	+2%
Income from sale of information	695	673	+3%
Other revenue	417	391	+7%
	6,414	6,481	-1%
Net investment income	621	999	-38%
Gain on disposal of properties	-	69	-100%
Total revenue and other income	7,035	7,549	-7%

Note 1: Percentages are calculated based on actual results rounded to the nearest thousand dollars.

Net Investment Income

	Corporate Funds	Cash Collateral	Margin Funds	Clearing House Funds	HKEx Group Total
2009					
Gross Investment income (\$mil)	303	-	310	11	624
Interest rebates to participants (\$mil)	-	-	(3)	-	(3)
Net investment income (\$mil)	303	-	307	11	621
Average amount of funds available for investment (\$mil)	7,946	3,360	27,295	1,469	40,070
Gross return	3.82%	0.00%	1.13%	0.76%	1.56%
Net return	3.82%	0.00%	1.12%	0.74%	1.55%
2008					
Gross Investment income (\$mil)	83	1	964	27	1,075
Interest rebates to participants (\$mil)	-	(1)	(69)	(6)	(76)
Net investment income (\$mil)	83	-	895	21	999
Average amount of funds available for investment (\$mil)	8,636	1,140	50,916	1,577	62,269
Gross return	0.96%	0.12%	1.89%	1.72%	1.73%
Net return	0.96%	0.03%	1.76%	1.33%	1.60%

Note 1: Percentages are calculated based on actual results rounded to the nearest thousand dollars.

Breakdown of Expenses

	2009 \$mil	2008 \$mil	Change
Staff costs and related expenses	794	803	-1%
Information technology and computer maintenance expenses			
Cost of services and goods consumed by the Group	141	142	-1%
Cost of services and goods directly consumed by Participants	105	97	+9%
	246	239	+3%
Premises expenses	219	150	+46%
Product marketing and promotion expenses	13	17	-26%
Legal and professional fees	13	25	-47%
Depreciation	101	110	-8%
Other operating expenses	107	277	-61%
Total	1,493	1,621	-8%

Note 1: Figures of 2008 have been restated to comply with the latest HKFRSs.

Note 2: Percentages are calculated based on actual results rounded to the nearest thousand dollars.

Results by Quarter

	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Average daily turnover value on the Stock Exchange (\$bil)	65.4	66.7	71.7	44.7	50.8	63.6	76.1	98.7
Revenue and other income (\$mil)								
Trading fees and trading tariff	672	698	720	496	595	655	687	866
Stock Exchange listing fees	214	187	173	154	170	186	165	191
Clearing & settlement fees	381	392	395	257	313	317	354	421
Depository, custody and nominee services fees	114	130	257	62	96	105	232	64
Income from sale of information	182	186	172	155	163	156	169	185
Other revenue	140	103	90	84	94	79	97	121
Net investment income	169	128	191	133	271	138	222	368
Gain on disposal of properties	0	0	0	0	0	0	0	69
	1,872	1,824	1,998	1,341	1,702	1,636	1,926	2,285
Operating expenses (\$mil)								
Staff costs and related expenses	174	210	227	183	153	198	223	229
IT & computer maintenance expenses	64	62	61	59	59	58	60	62
Premises expenses	53	54	58	54	42	38	36	34
Product marketing and promotion expenses	4	3	3	3	5	3	6	3
Legal and professional fees	4	2	3	4	7	10	5	4
Depreciation	27	26	23	25	29	30	26	24
Other operating expenses (Note 2)	26	23	31	27	27	193	30	27
	352	380	406	355	322	530	386	383
Profit before taxation (\$mil)	1,520	1,444	1,592	986	1,380	1,106	1,540	1,902

Note 1: Figures of 2008 and the first three quarters of 2009 have been restated to comply with the latest HKFRSs.

Note 2: Other operating expenses for 2008 Q3 include a one-off provision for impairment losses of trade receivables of \$157 million arising from the default on market contracts by Lehman Brothers Securities Asia Limited

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Strategic Positioning of HKEx

Leveraging on Hong Kong's position, HKEx will become the leading global exchange combining the best characteristics of Chinese and international markets

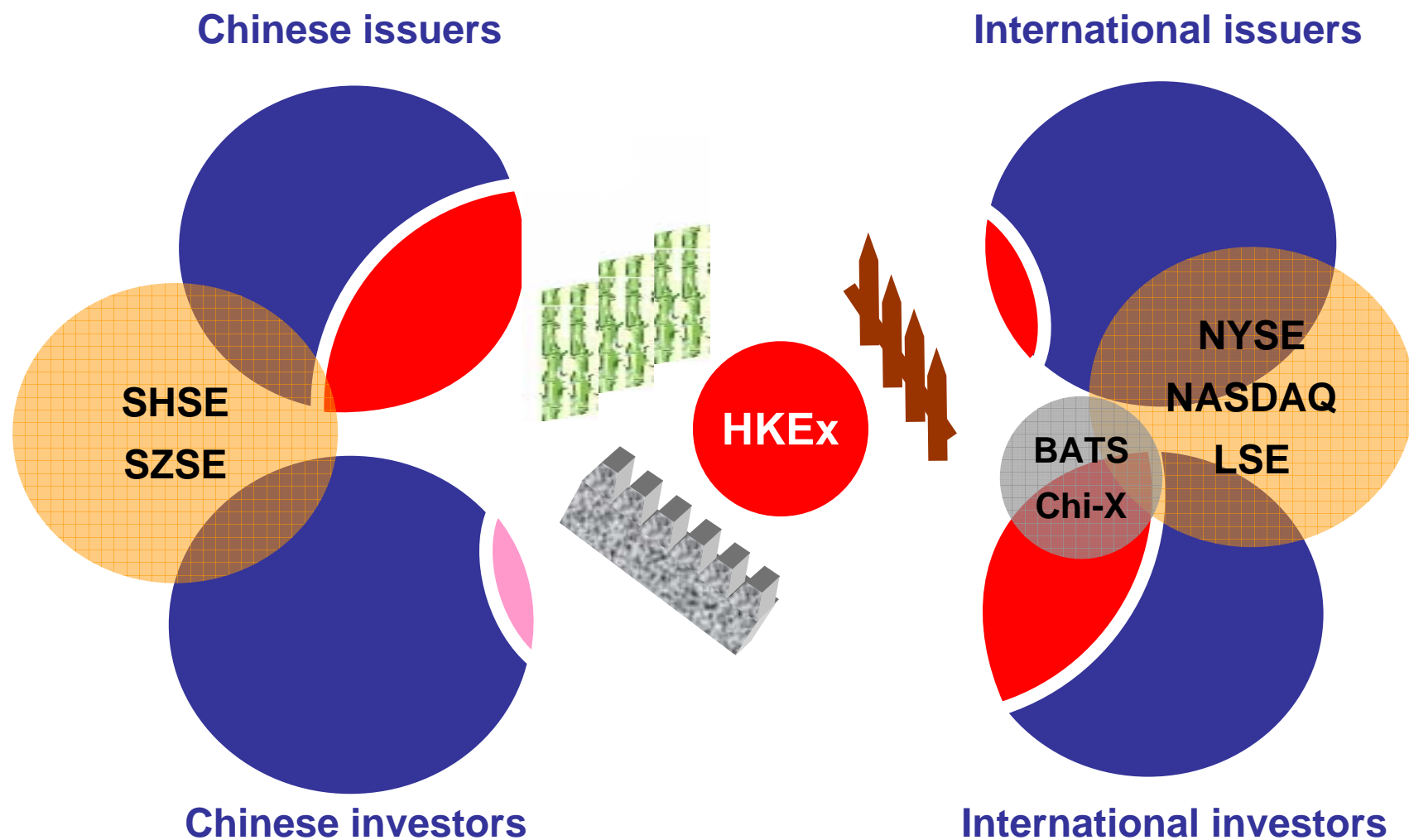
**For our Chinese
issuers and investors**

**HKEx is the international exchange of
choice to access and achieve their
global aspirations**

**For our global
issuers and investors**

**HKEx is the China exchange of choice
to access and achieve their China
aspirations**

A Long but Assured Path to Global Leadership



Twin Forces of Opportunity and Competition – Significant Challenges Ahead, Need to Act Soon

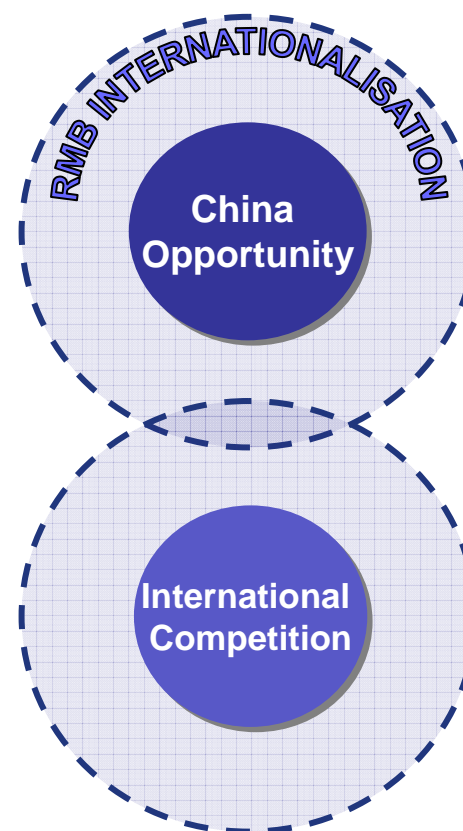
Tasks & Challenges

1. Invest in infrastructure
2. Facilitate continued opening of our core markets
3. Enhance competitiveness of market structures
4. Aspire for global leadership

**Development
Capabilities**

HKEx Today

Highly successful
&
Largely operationally
focused



A Phased but Integrated Strategic Plan

Core Strategy

- New listings
- Growth of core markets and products

Extension Strategy

- Preserve position through IT investments
- Prepare by advocating market changes and introducing new products

Expansion Strategy

- Add new asset classes
- Build RMB franchise
- Welcome Mainland investors

Five Key Focus Areas

1

Primary Market

2

RMB

3

Clearing Structure

4

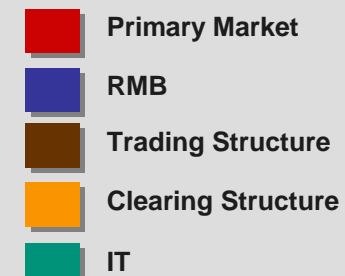
Trading Structure

5

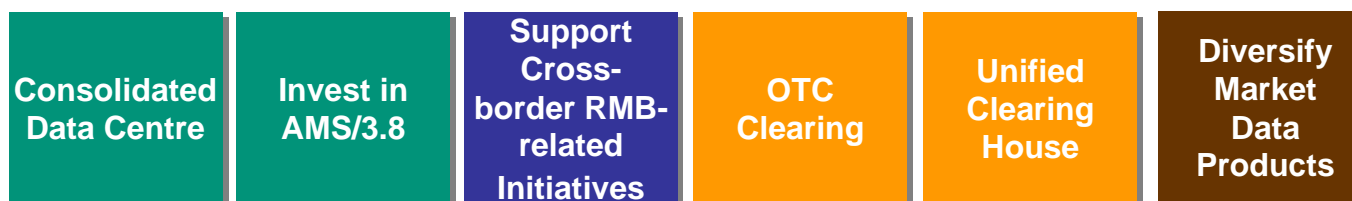
IT

Initiatives of the Strategic Plan 2010-2012

Core



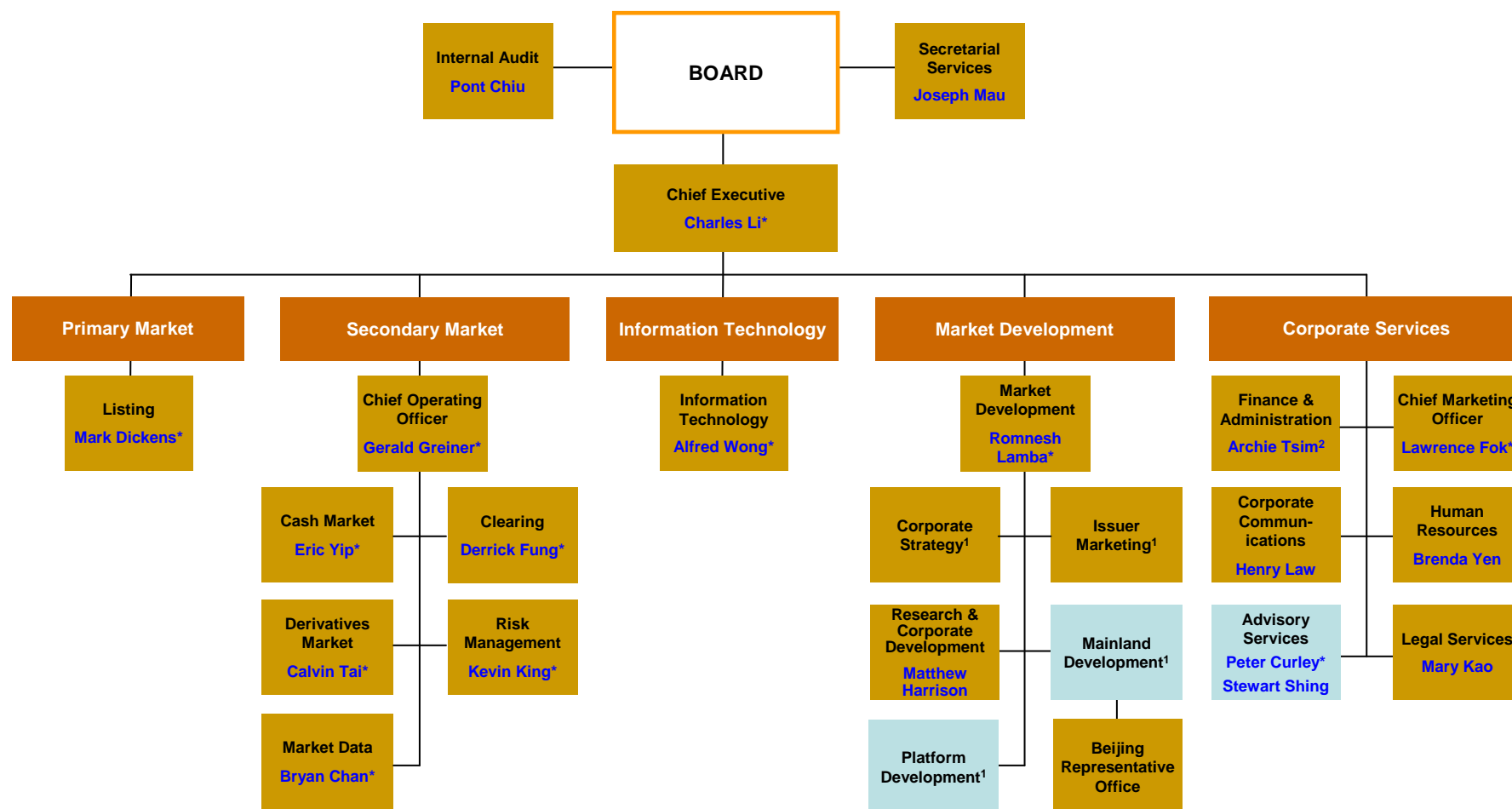
Extension



Expansion



New Organisation Chart



* Members of HKEx Senior Management Committee

■ New Units

¹ Heads of Units to be appointed ² Mr. Tsim will leave HKEx on 31 March 2010 and the search for a new CFO is underway

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In Summary: Work Together for an Even Better Tomorrow

We Must:

Maintain our operational focus

Be patient and prudent

Balance divergent interests

Build consensus



AND WE WILL SUCCEED

Thank you

HKEx Corporate Website: www.hkex.com.hk
HKExnews Website: www.hkexnews.hk