



2010 Interim Results

Charles Li
Chief Executive

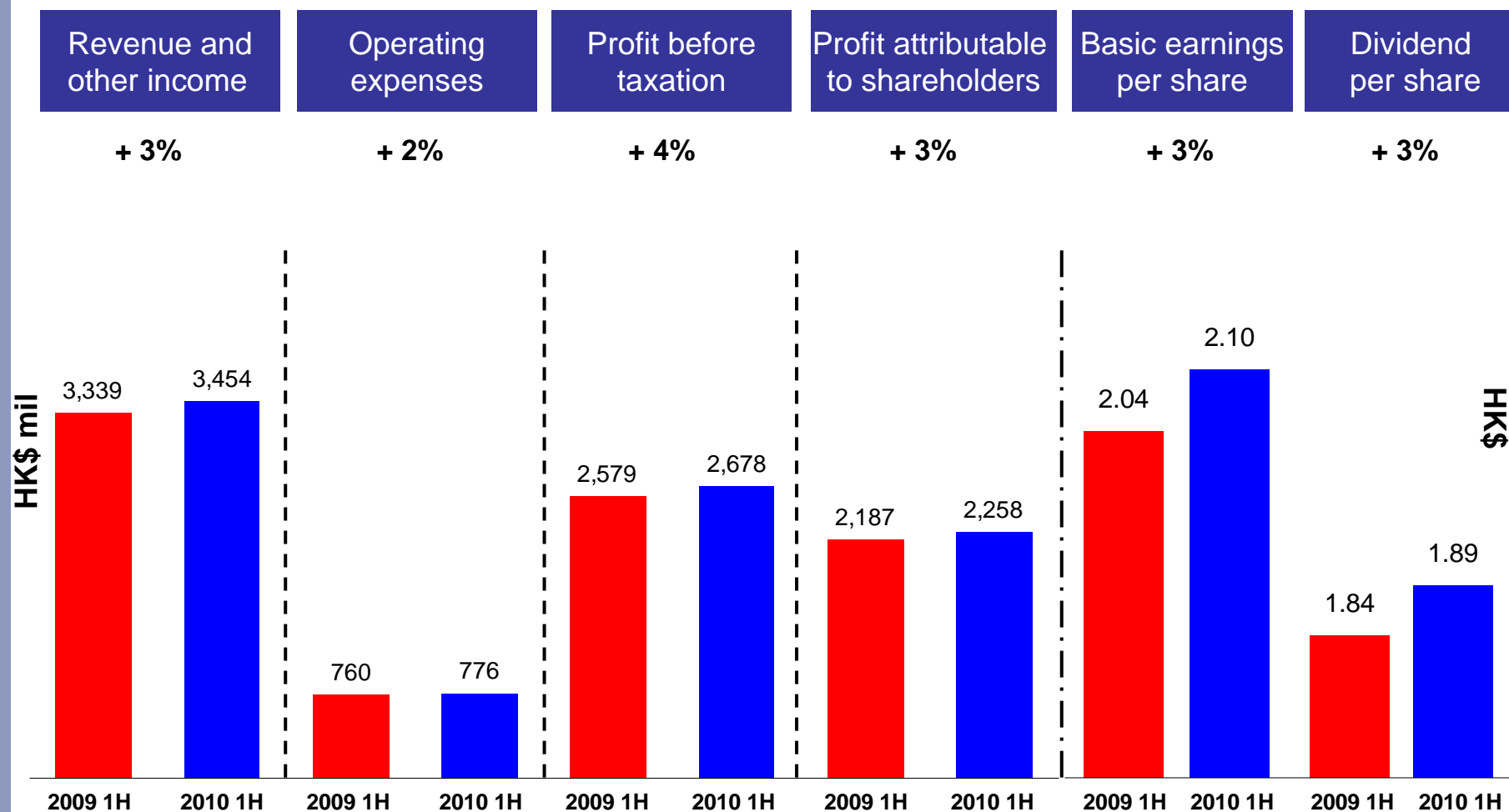
Samuel Wong
Chief Financial Officer

11 August 2010

Agenda

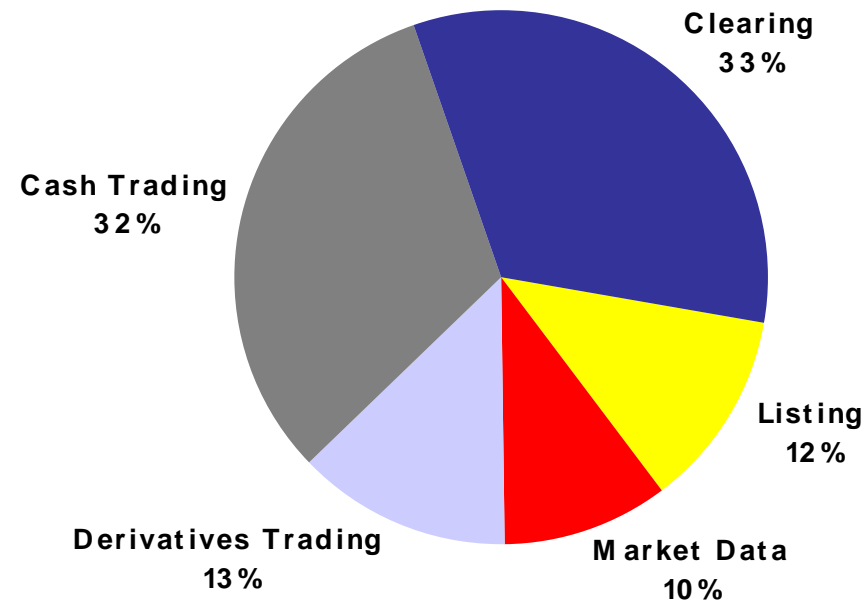
- ❖ **Introduction and Business Overview**
- ❖ **Financial Overview**
- ❖ **Strategic Plan 2010-2012 – Progress**

2010 Interim Results



2010 1H Business Overview

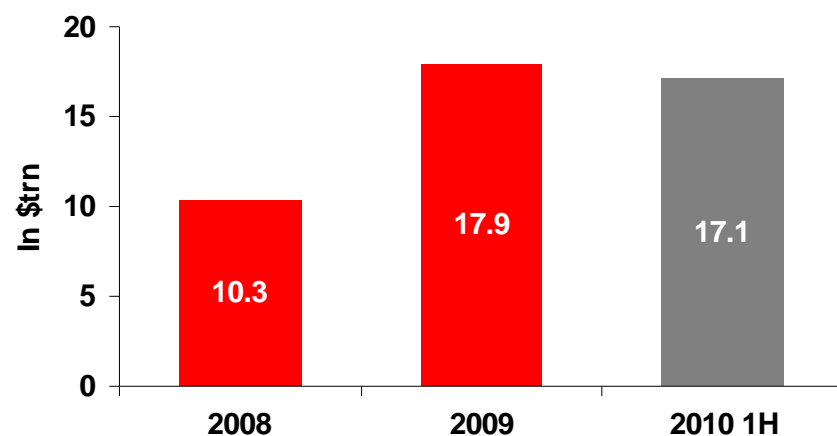
Revenue Contribution by Business Segments



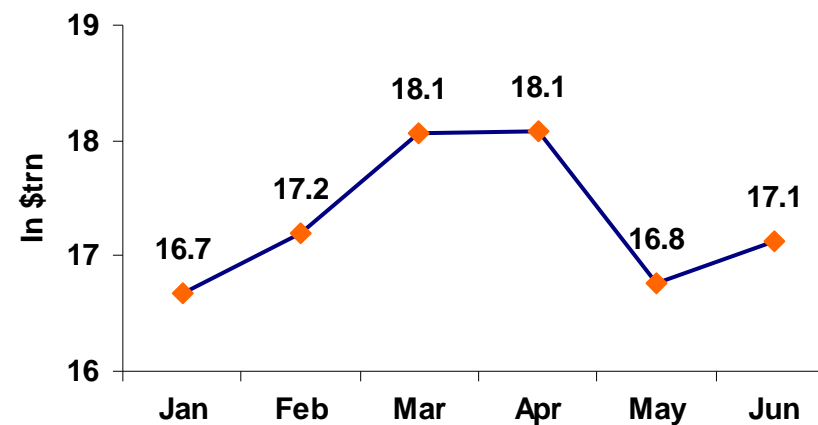
Vertically integrated model with diverse sources of revenue

Market Capitalisation of Listed Companies

2008-2010 1H Market Capitalisation
(as at period end)



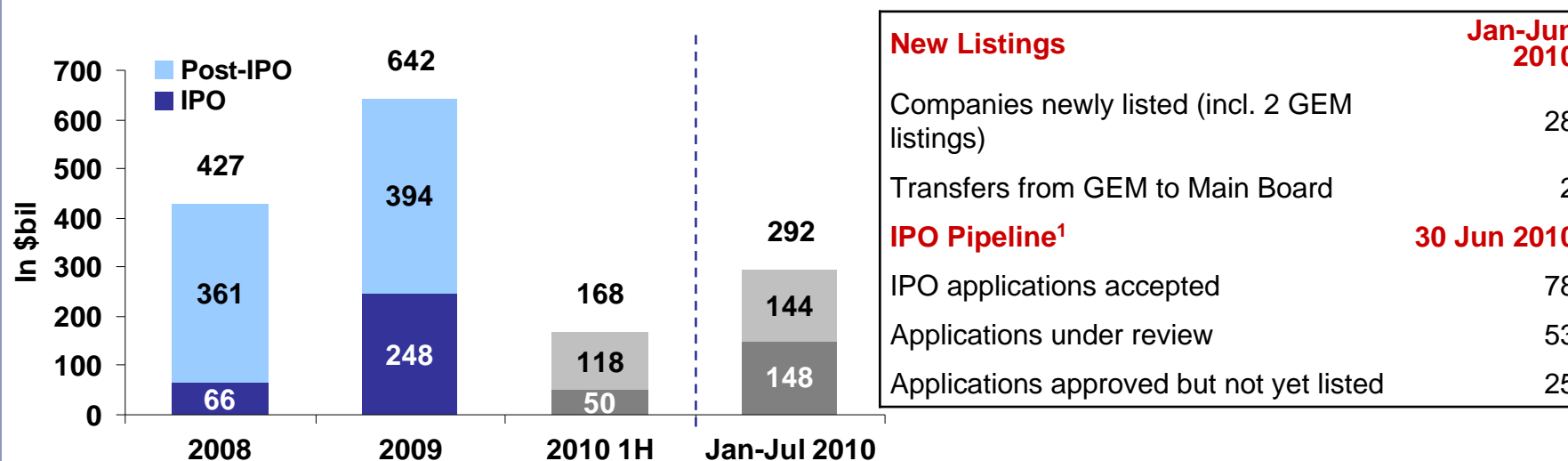
Jan-Jun 2010 Market Capitalisation



Market capitalisation remained flat compared to end of 2009 as effect of new fund raising is offset by decline in market value of listed companies

Funds Raised

2008-2010 1H Funds Raised

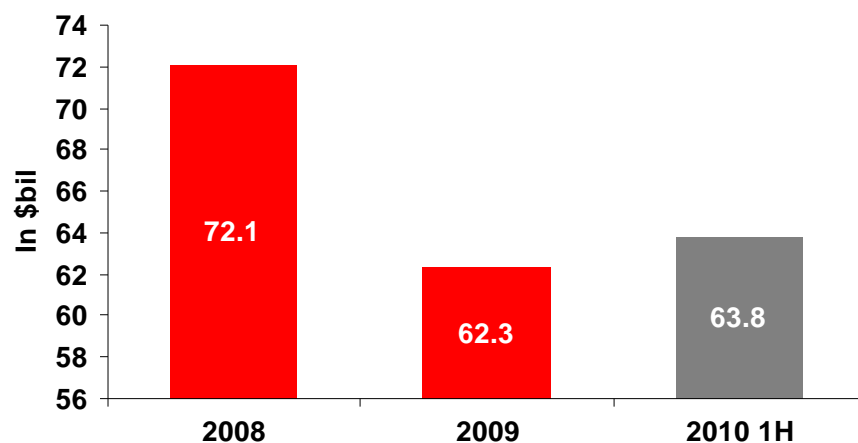


Total funds raised increased in July 2010, fuelled by listing of Agricultural Bank of China and continuous flow of follow-on's

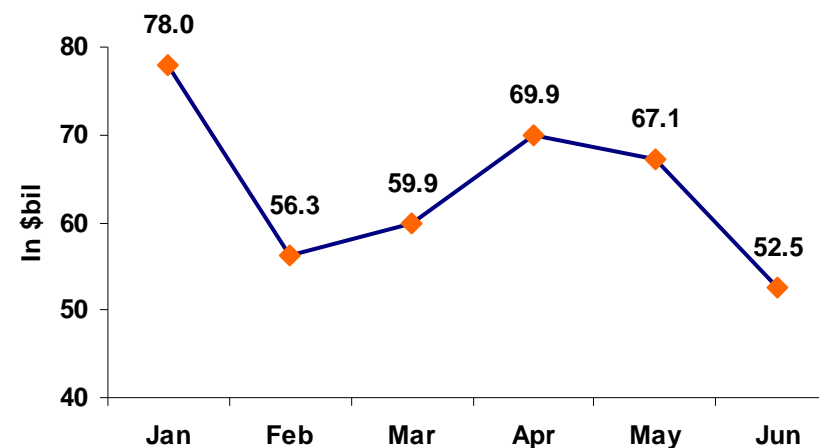
*Note1: Includes equity securities only. Does not include application(s) by investment vehicles pursuant to Chapters 20 & 21 of the Listing Rules.
Source: HKEX statistics*

Cash Market Trading

2008-2010 1H Average Daily Turnover



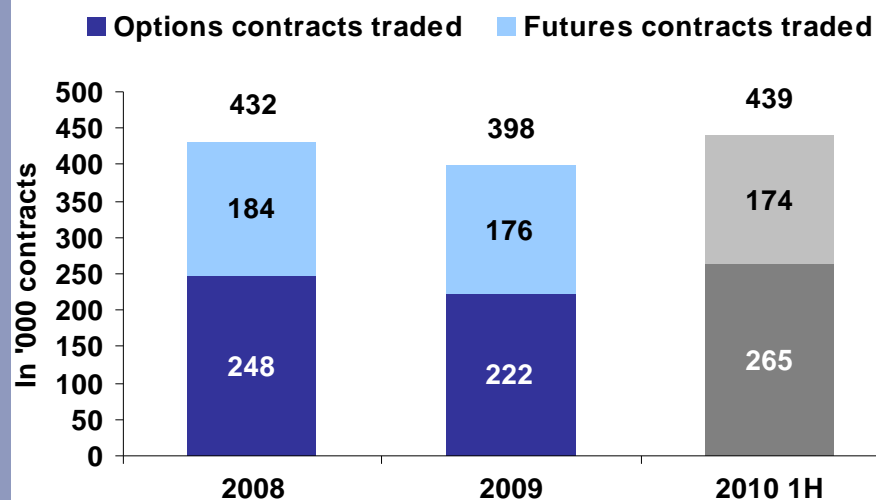
Jan-Jun 2010 Average Daily Turnover



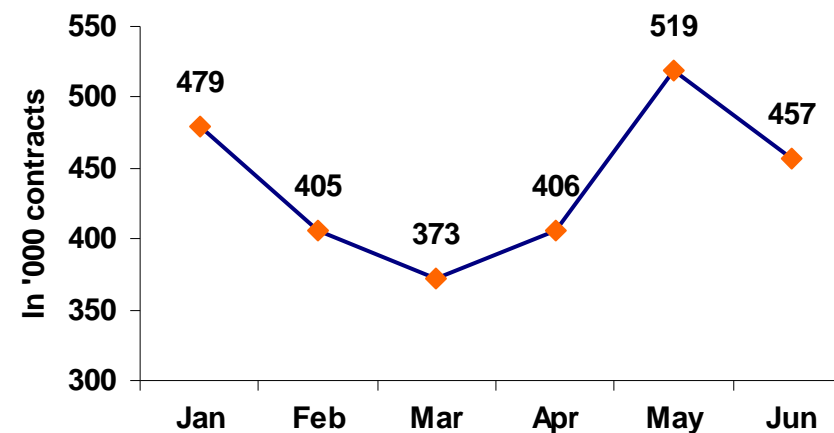
ADT in 2010 1H increased by 9% YoY. Relatively slower 2010 2Q due to weaker market sentiment in June, as experienced by most major global markets

Derivatives Market Trading

2008-2010 1H Average Daily Volume



Jan-Jun 2010 Average Daily Volume



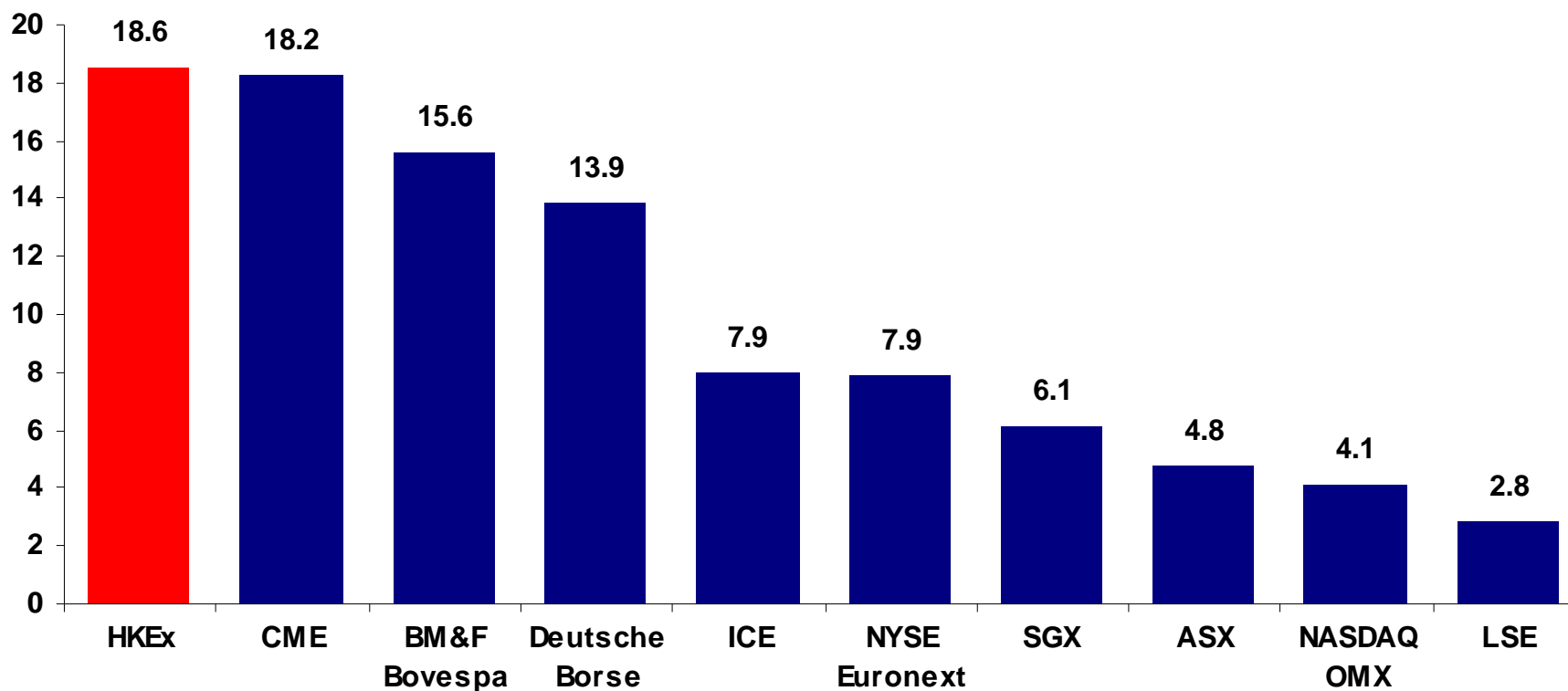
Trading in stock options increased by 7.5% while trading in index options enjoyed strong 45-60% growth YoY

Ranking Among Global Exchanges

HKEx's Markets Among World Exchanges			
	Value (in USD bil)	Ranking	
	Jun 2010	Jun 2010	2009
Market Capitalisation	2,200	6 th	7 th
Share Trading Value	739	11 th	11 th
IPO Funds Raised	6	7 th	1 st
Capital Funds Raised	21	4 th	4 th
Derivative Warrant Turnover	221	1 st	1 st
ETF Market Turnover	31	1 st in Asia Pacific	2 nd in Asia Pacific

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

Listed Exchange Market Capitalisation (in US\$ bil)



Agenda

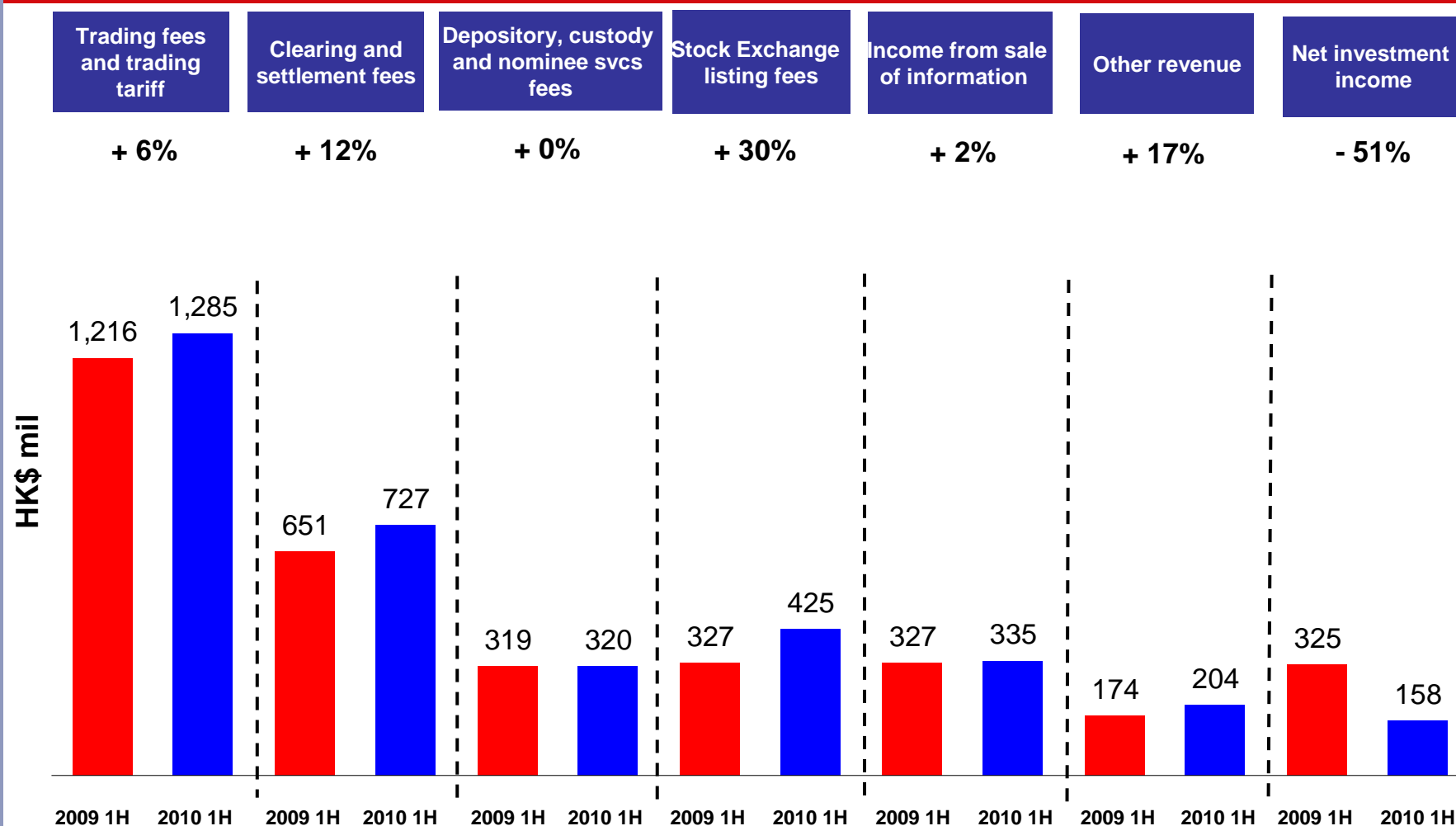
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Financial Highlights

	2010 1H \$mil	% of Turnover	2009 1H \$mil	% of Turnover	Change
Results					
Turnover	3,454	100%	3,339	100%	+3%
Operating expenses	776	22%	760	23%	+2%
Profit before taxation	2,678	78%	2,579	77%	+4%
Taxation	(420)	12%	(392)	12%	+7%
Profit attributable to shareholders	2,258	65%	2,187	65%	+3%
Basic earnings per share	\$2.10		\$2.04		+3%
Diluted earnings per share	\$2.09		\$2.03		+3%
Interim dividend per share	\$1.89		\$1.84		+3%
Dividend payout ratio	90%		90%		N/A

Note: Results of 2009 have been restated to comply with the latest HKFRSs.

Breakdown of Revenue and Other Income



Note : 2009 figures have been restated to comply with the latest HKFRSs.

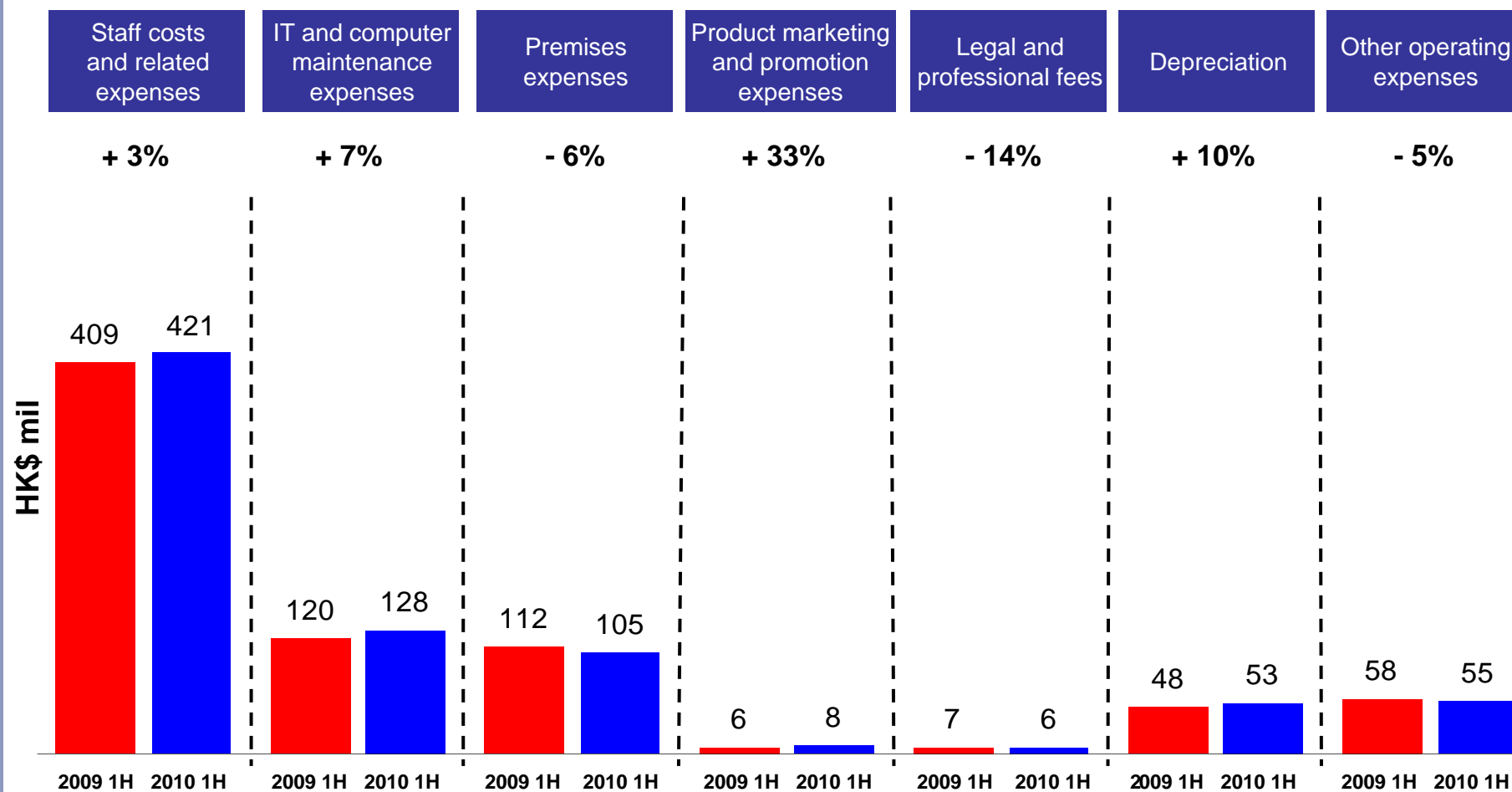
Net Investment Income by Fund

	Corporate Funds	Cash Collateral	Margin Funds	Clearing House Funds	HKEx Group Total
2010 1H					
Net investment income (\$mil)	58	-	95	5	158
Average amount of funds available for investment (\$mil)	9,106	3,639	22,275	2,138	37,158
Annualised net return	1.28%	-0.01%	0.86%	0.46%	0.85%
2009 1H					
Net investment income (\$mil)	135	-	187	3	325
Average amount of funds available for investment (\$mil)	7,739	2,974	30,804	1,259	42,776
Annualised net return	3.49%	0.00%	1.21%	0.48%	1.52%

Note 1: 2009 results 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 Operating Expenses



Note : 2009 figures have been restated to comply with the latest HKFRSs.

Results by Quarter

	2010 2Q	2010 1Q	2009 4Q	2009 3Q	2009 2Q	2009 1Q
Average daily turnover value on the Stock Exchange (\$bil)	62.9	64.8	65.4	66.7	71.7	44.7
Revenue and other income (\$mil)						
Trading fees and trading tariff	632	653	672	698	720	496
Stock Exchange listing fees	204	221	214	187	174	153
Clearing and settlement fees	362	365	382	392	394	257
Depository, custody and nominee services fees	247	73	114	130	257	62
Income from sale of information	166	169	182	186	172	155
Other revenue	96	108	140	103	90	84
Net investment income	33	125	168	128	191	134
	1,740	1,714	1,872	1,824	1,998	1,341
Operating expenses (\$mil)						
Staff costs and related expenses	212	209	175	210	227	182
Information technology and computer maintenance expenses	64	64	64	62	61	59
Premises expenses	52	53	53	54	58	54
Product marketing and promotion expenses	5	3	4	3	3	3
Legal and professional fees	4	2	4	2	3	4
Depreciation	26	27	27	26	23	25
Other operating expenses	28	27	26	23	31	27
	391	385	353	380	406	354
Profit before taxation (\$mil)	1,349	1,329	1,519	1,444	1,592	987
Taxation (\$mil)	(218)	(202)	(228)	(218)	(239)	(153)
Profit attributable to shareholders (\$mil)	1,131	1,127	1,291	1,226	1,353	834

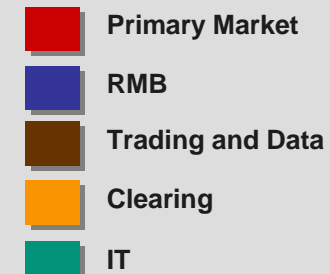
Note : Figures of the first three quarters of 2009 have been restated to comply with the latest HKFRSs.

Agenda

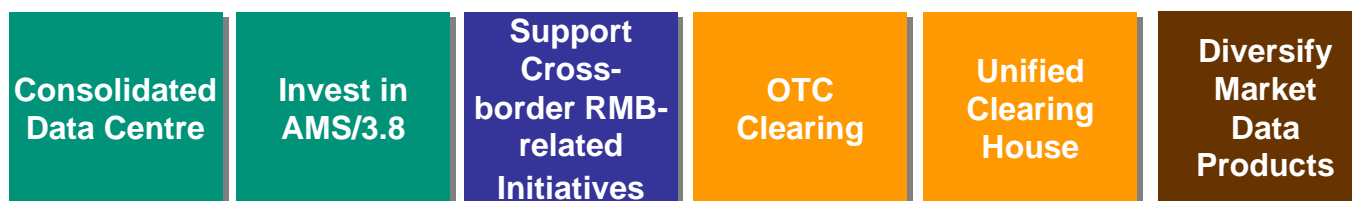
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Initiatives of the Strategic Plan 2010-2012

Core



Extension



Expansion



Strategic Plan 2010-2012 – Major Milestones

Primary Market

- New Listing Rules for Mineral Companies
- Streamlining of certain requirements for connected transactions, issuers' circulars and listing documents
- Newly listed companies from Canada, France, Russia and UK

RMB

- Options on A-share related ETFs
- 13 new ETFs tracking A-share indexes
- Real-time market data marketing programme in Mainland
- Hong Kong as Mainland's offshore RMB centre - new milestones

Clearing

- T+2 Finality arrangement consultation conclusion
- Scripless securities market consultation conclusion
- OTC clearing
- Clearing house capital adequacy and liquidity access review

Strategic Plan 2010-2012 – Major Milestones

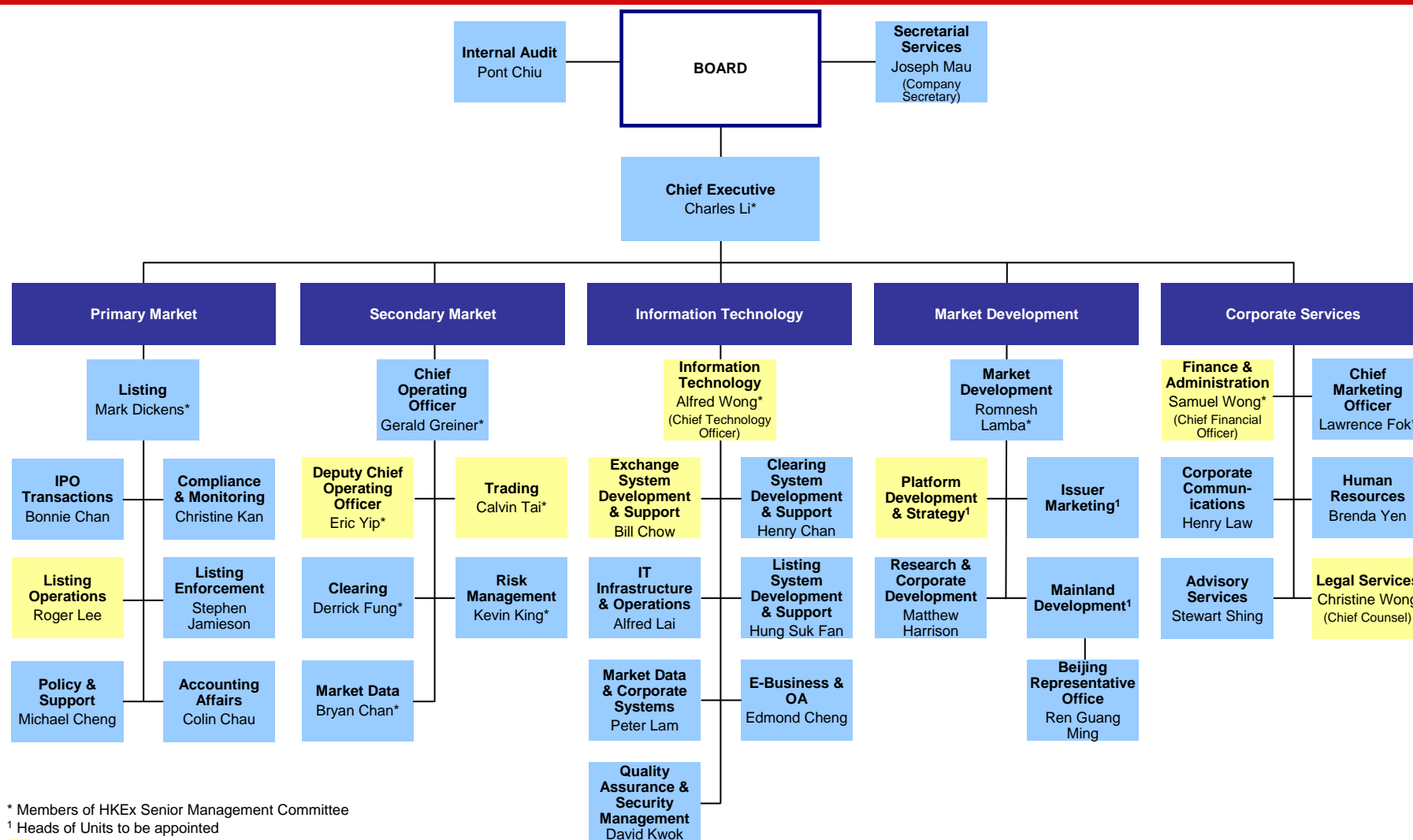
Trading and Data

- Extension of trading hours consultation
- Dissemination of China Securities Index Company Ltd Indexes
- Market data collaboration with Shenzhen Stock Exchange

IT

- Executive appointments to strengthen platform development capabilities
- AMS/3 technical revamp
- AMS/3.8 development
- Next Generation Data Centre
- Co-location and hosting services

New Organisation Chart



* Members of HKEx Senior Management Committee

¹ Heads of Units to be appointed

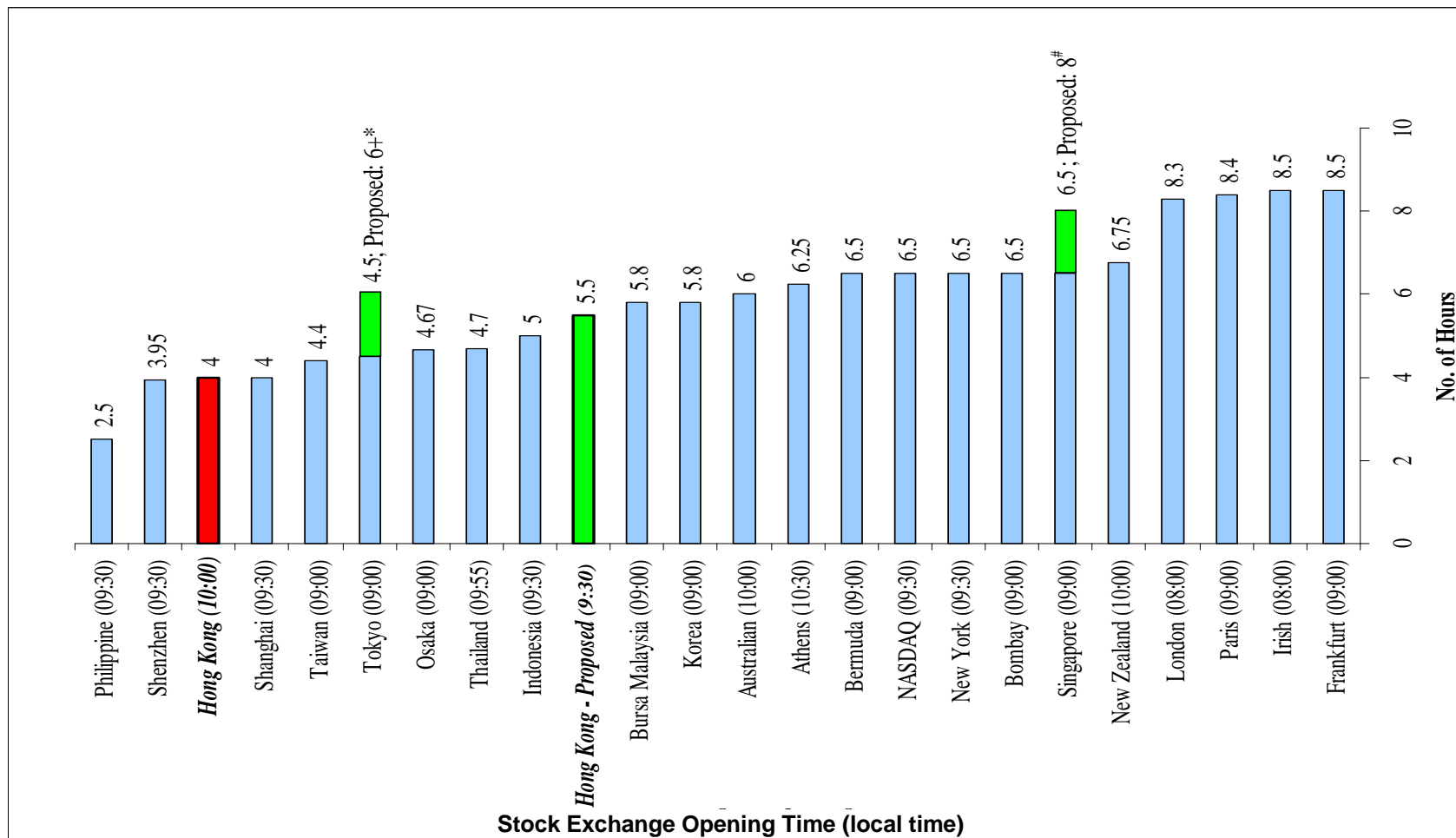
Recent / upcoming changes in structure / management

Q & A

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

Appendix

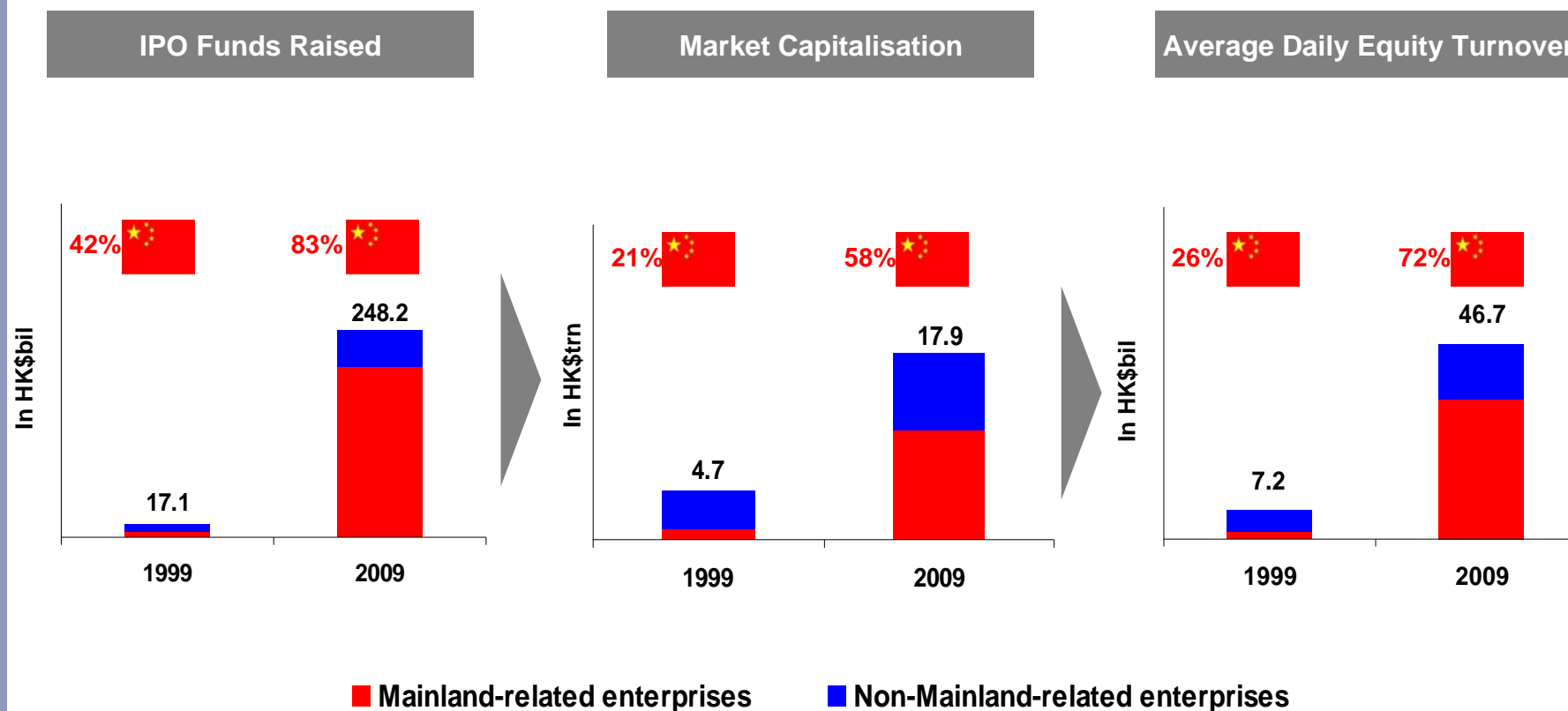
Hong Kong Market Opening Times Are The Latest In The Region Trading Hours Are The Shortest Among Global Exchanges



* Tokyo is consulting the market on its proposal to abolish or shorten the existing 1.5-hour lunch break, introduce a night-hour trading session, and move forward the opening of the morning auction session.

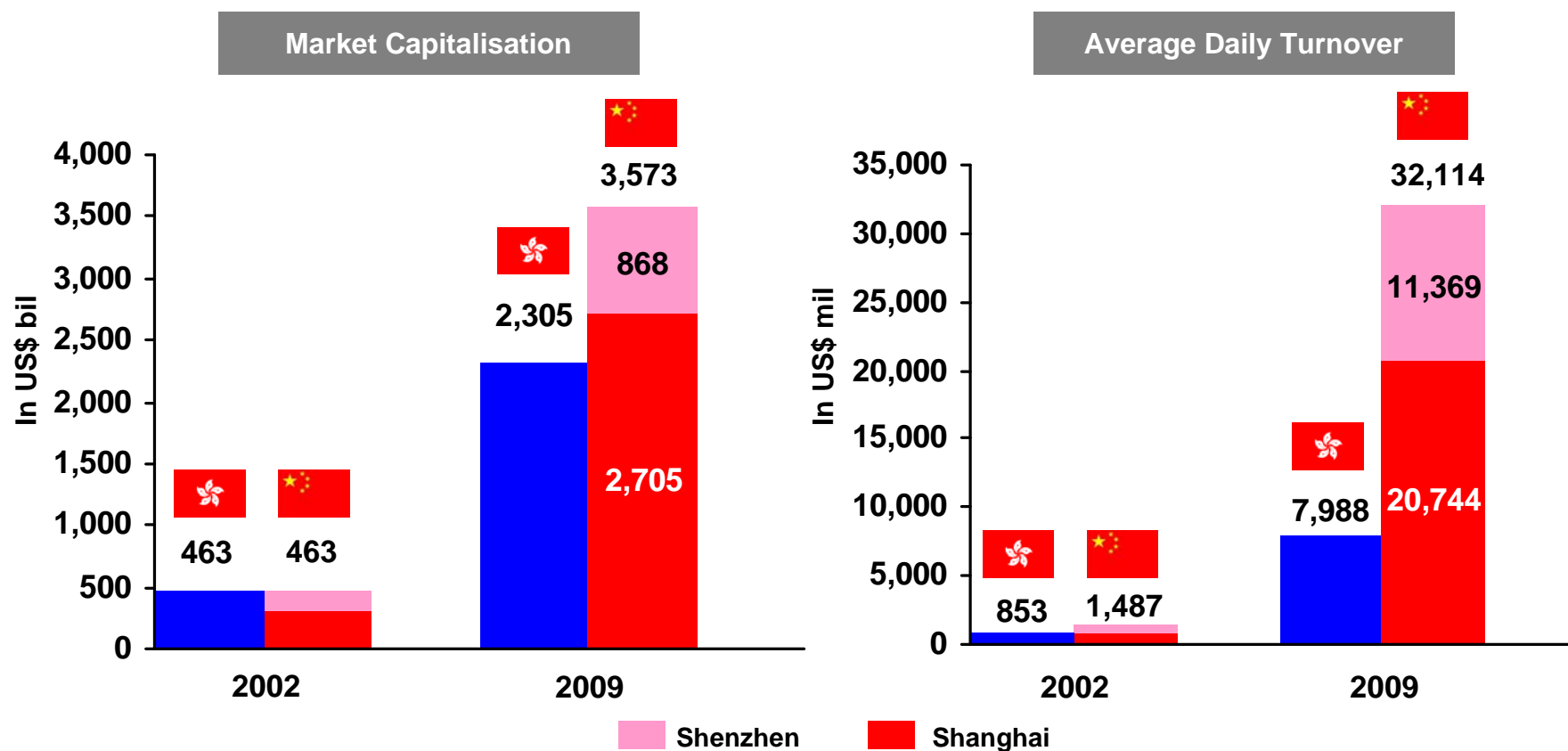
It was reported that Singapore Exchange is considering to abolish the lunch break

Hong Kong Market Has Experienced Exponential Growth in The Past Decade, Thanks to the Listing of Mainland Enterprises



Our market has become increasingly connected to the Mainland markets

Evolution of Mainland and Hong Kong Markets – 2002 vs. 2009



Note: Figures may not add up due to rounding

The Shanghai and Shenzhen markets have increased in relevance and significance over the past years