

香港中央結算有限公司
(香港交易及結算所有限公司全資附屬公司)

HONG KONG SECURITIES CLEARING COMPANY LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: Admission of Retail Bonds into CCASS
- iBond Series HK\$15,000,000,000 Retail Bonds Due 2024
(subject to adjustment to a maximum issue amount of HK\$20,000,000,000)
(Stock Code: 4246)

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The iBond Series of Retail Bonds (“Retail Bonds”) issued by the Government of the Hong Kong Special Administrative Region of the People’s Republic of China (“Issuer”) under its retail bond issuance programme will be admitted into CCASS as Eligible Securities for clearing and settlement on 24 June 2021. The tentative listing and dealing date of the Retail Bonds on The Stock Exchange of Hong Kong Limited (“Exchange”) is 24 June 2021. The trading board lot size of Retail Bonds is 100 units, which is equivalent to HK\$10,000 in principal amount of the Retail Bonds.

For details of the Retail Bonds, CCASS Participants are requested to refer to the Programme Circular, the Issue Circular and other relevant information which is available from HKSAR government bond programme website at www.hkqb.gov.hk.

In respect of the services provided by HKSCC for admission of the Retail Bonds, CCASS Participants are advised of the following:

A. Electronic Application of the Retail Bonds *Note 1*

CCASS Participants can apply for the Retail Bonds on behalf of their clients through HKSCC by using the existing tendering service provided by CCASS. Public offer of the Retail Bonds is expected to commence from 9:00 a.m. on 1 June 2021 (Tuesday) to 2:00 p.m. on 11 June 2021 (Friday) Accordingly, CCASS Participants can input electronic application instructions to apply for the Retail Bonds via the “Maintain Tender Instruction” function at the following times:

Application Period	Available Input Time
On 1 June 2021 (Commencement Date)	9:00 a.m. to 7:00 p.m.
From 2 June 2021 to 10 June 2021	8:00 a.m. to 7:00 p.m. (Monday to Friday) 8:00 a.m. to 1:00 p.m. (Saturday)
On 11 June 2021 (Closing Date)	8:00 a.m. to 2:00 p.m.

The following electronic application procedures will apply on the relevant dates:

(i) Before the Commencement Date (31 May 2021)

Tender announcement will be printed under the “New Issue Reminder (Tendering)” section in the New Issues Entitlement Report on 31 May 2021. Details of the announcement can also be enquired via the “Enquire Authorised Tender Announcement” function.

(ii) From Commencement Date to Closing Date (1 June 2021 to 11 June 2021)

(a) CCASS Participants can input application instructions through the “Maintain Tender Instruction” function within the application period. Since the Retail Bonds are offered on a non-competitive pricing basis, the input of the “Price Bid” is not required. The application amount will be calculated by the system and displayed on the input screen after the application quantity has been entered. For a detailed description of the input/enquiry screen, please refer to the CCASS Terminal User Guide for Participants Section 8.2.9 “Tender Instruction Maintenance”. CCASS Participants are required to log on to Client Connect to access the Terminal User Guide.

(b) CCASS Participants can upload one or more batch files of application instructions to CCASS through the “Tender Instruction Batch File Upload” function. Unlike the online input function, CCASS Participants using the file upload function are required to enter the “Price Bid in %” (i.e. 10000) by using the “Application Price” in the upload files.

(c) CCASS Participants can upload batch files from 8:00 a.m. to 7:00 p.m. (Monday to Friday) and 8:00 a.m. to 1:00 p.m. (Saturday). Application instructions submitted will be validated by CCASS as follows:

- Monday to Friday (except public holidays)
1st validation run: 11:30 a.m.
2nd validation run: 1:30 p.m.
Final validation run: 7:00 p.m.

- Saturday (except public holidays)
1st validation run: 10:00 a.m.
Final validation run: 1:00 p.m.

- Closing Date
1st validation run: 11:30 a.m.
Final validation run: 1:30 p.m.

(d) Application transactions will be shown on the “New Issues Application Input Activities Report” and the same can be enquired via the “Enquire Tender Instruction” function.

(iii) On the Closing Date (11 June 2021)

Application monies will be debited from the relevant CCASS Participants' designated bank accounts via Direct Debit Instructions ("DDI").

(iv) On or before the Issue Date (On or before 23 June 2021)

- (a) CCASS Participants can on-line enquire the allotment result of each application using the "Enquire Tender Result" function via CCASS terminal on the allotment result announcement day, which will be on or before the issue date of the Retail Bonds. The New Issues Entitlement Report will be generated at day-end of the allotment result announcement day and available for download on the next day morning. HKSCC will issue broadcast message via CCASS terminal informing CCASS Participants once the allotment result is available for enquiry.
- (b) Excess application money due to unsuccessful or partial-successful application will be refunded to the relevant CCASS Participants' designated bank accounts via Direct Credit Instructions ("DCI").

(v) On the Issue Date (23 June 2021)

- (a) HKSCC will arrange to credit the allotted Retail Bonds to the relevant CCASS Participants' stock accounts no. '02' at day end. CCASS Participants can check the details of the credit in the "New Issues Application (Tendering)" section of the "New Issues Entitlement Report" and the "Statement of Stock Movement Report" on the following day.
- (b) The brokerage amount in respect of the successful or partial-successful non-broker participant applications will be credited to their designated brokers' accounts provided that the designated broker seat no. has been input into the "Broker Number" field of the application instructions.

CCASS Participants are reminded to note the following important points when submitting application instructions:

- (i) Only the applicants who hold a valid Hong Kong identity card ("HKID") are eligible to apply for the Retail Bonds. In this circumstance, the applicant's name and HKID number have to be provided in the application instructions. "Beneficial Owner" and "HKID/BRN" are mandatory fields for applying for the Retail Bonds through on-line input/batch upload function in CCASS and the application instructions will be rejected by CCASS if either or both of these two fields is/are left blank.

CCASS Participants should provide one applicant's name and one HKID number for each application. Any applications containing invalid format of applicant's name and HKID number may be rejected by the Issuer. CCASS Participants should follow the guidelines below when providing applicant's name in the "**Beneficial Owner**" field and HKID numbers in the "**HKID/BRN**" field in making tender application instructions through CCASS:

Applicant's name in the "Beneficial Owner" field

- (a) Provide the name as shown on the Hong Kong identity card of the applicant.

- (b) Do not input the client's account number or other code/name as in your internal record.

Applicant's HKID number in the "HKID/BRN" field

- (a) Input "?" if the HKID number is with no check digit.
- (b) Do not put any brackets "()" in the HKID number.
- (c) Do not put any hyphen "-" in the HKID number.
- (d) Left-justified and do not leave any space in the HKID number.

CCASS Participants can refer to the following examples. Those with "✓" are correct inputs whereas "✗" are incorrect inputs.

Example	Applicant's HKID number	Input as	Correct / Incorrect
1	HKID number A123456(7) with check digit	A1234567	✓
2	HKID number AB123456(7) with check digit	AB1234567	✓
3	HKID number A123456 with no check digit	A123456?	✓
4	HKID number A123456(7) with brackets	A123456(7)	✗
5	HKID number A123456 with hyphen HKID number A123456(7) with hyphen	A123456- A123456-7	✗ ✗
6	HKID number A123456(7) with space	A 1234567 A123456 7 A1234567	✗ ✗ ✗

- (ii) CCASS Participants should advise their clients that each applicant cannot make more than one application for the Retail Bonds either through HKSCC or Placing Banks. CCASS Participants are responsible to check multiple applications emanating from the same client.
- (iii) Each application for this series of Retail Bonds will be identified by a HKID number and will be treated as an application by the person with that HKID number, irrespective of whether the application is made using an account in the sole name of that person or by that person using a joint account with one or more other persons. Any applications identified by the same HKID number will be treated as multiple applications, which will be rejected by the Issuer.
- (iv) CCASS Participants can only input application quantity which is an integral multiple of 100 units in the application instructions (equivalent to HK\$10,000 in principal amount). Applications for a principal amount which is less than HK\$10,000 or for a principal amount of Retail Bonds which is not an integral multiple of HK\$10,000 will be rejected.
- (v) CCASS Participants who have input application instructions for the Retail Bonds before the closing time are allowed to cancel these application instructions before the closing deadline. Application

instructions input/cancel after the closing time will not be accepted. CCASS handling fee for application instruction is HK\$5 per authorized instruction.

- (vi) Even though the application instructions for Retail Bonds are accepted by HKSCC before the closing date, HKSCC will only generate DDIs on the closing date, i.e. 11 June 2021, to debit the application monies from the relevant CCASS Participants' designated bank accounts. Should there be any DDI rejections, application instructions of corresponding CCASS Participants will be cancelled accordingly.
- (vii) In consideration of the distribution activities undertaken by CCASS Clearing/Custodian Participants as part of the offering of the Retail Bonds to the public in Hong Kong, the placing fee will be paid by the Issuer to HKSCC for the benefit of CCASS Clearing/Custodian Participants (in the case of successful or partial successful applications made by investors through their designated CCASS Clearing/Custodian Participants). Such placing fee will be calculated by reference to the principal amount of the Retail Bonds distributed to CCASS Clearing/Custodian Participants. HKSCC will arrange to credit the placing fee to relevant CCASS Participants upon receipt of the same from the Issuer as soon as practicable.

B. Clearing and Settlement of the Retail Bonds

Same as other CCASS Eligible Securities, the Retail Bonds will be cleared inside CCASS and automatically settled on a Continuous Net Settlement ("CNS") basis unless either both trading counterparties elect at the time of trade to have such transactions isolated on a trade-for-trade ("TFT") basis or HKSCC determines to have such transactions isolated on a TFT basis for risk management or other reasons.

The Retail Bonds will be traded and settled in Hong Kong Dollars and will follow the T+2 settlement rule. The Retail Bonds will be traded on the Exchange at a clean price, meaning that the trade price is exclusive of accrued interest. CCASS will automatically add the accrued interest onto the trade value to come up with the final settlement amount, where the buyer of the Retail Bonds will pay to the seller the purchase price plus an amount equal to the interest accrued from, where applicable, the issue date or the last interest payment date (include that day) to the settlement date (not include that day).

C. Depository and custody services in relation to Retail Bonds

The Retail Bonds will be issued in the form of computerized book entries in securities accounts maintained by recognized dealers with the Central Moneymarkets Unit ("CMU") operated by the Monetary Authority. In this connection, HKSCC will not provide physical deposit and withdrawal services in respect of the Retail Bonds.

Retail Bonds may be credited to and debited from Stock Accounts of CCASS Participants inside CCASS as a result of (a) allocation following an application for the Retail Bonds made through HKSCC in accordance with the Programme Circular and the Issue Circular, (b) clearing and settlement of transactions in the Retail Bonds effected on the Exchange, (c) clearing and settlement of Transfer Instructions and (d) the provision of any other CCASS services in relation to the Retail Bonds to the CCASS Participants.

D. Submission of Transfer Instructions

A CCASS Participant must complete a Transfer Instruction Form for each transfer of the Retail Bonds between it and a CMU Member. CCASS Participants must submit the completed Transfer Instruction Form to HKSCC (i) before 12:00 noon (or such other time as may be specified by HKSCC) on a business day for transfer to be effected on a delivery versus payment basis in CMU on the same day or (ii) before 2:00 p.m. (or such other time as may be specified by HKSCC) on a business day for the transfer to be effected on a free of payment basis in CMU on the same day. HKSCC reserves the right not to process any Transfer Instructions received after the deadline specified by HKSCC. In such circumstances, late Transfer Instructions will have to be re-submitted to HKSCC on the next business day. For details, please refer to the CCASS Operational Procedures (Sections 9, 12, 14 and 17).

A CCASS Participant that wishes to utilize the Retail Bonds transferred from a CMU Member's CMU Account to settle Exchange Trades and/or SIs must submit its Transfer Instructions to HKSCC at least one business day before the settlement day.

E. Nominee Services

Same as for other CCASS Eligible Securities, nominee services such as notification of corporate announcements, interest payments and redemption of bonds will be provided to CCASS Participants holding the Retail Bonds in accordance with the General Rules of CCASS and the CCASS Operational Procedures.

Should CCASS Participants have queries regarding the above, please call CCASS Hotline at 2979 7111.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Stanley Ng

Vice President

Depository and Nominee Services

Notes:

1. Reference is made to the circular dated 6 May 2021 (Reference No.: CD/CDCO/CCASS/015/2021), CCASS online services will be suspended on 5 June 2021.