



INSIDE CLEAR TALK

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ClearTalk

Clear Talk is the information bulletin of Hong Kong Securities Clearing Company Limited.

Clear Talk is intended to provide a forum for discussing matters of concern to our readers. While it aims to provide information, the rights and obligations of participants are governed by the General Rules of CCASS and CCASS Operational Procedures. No responsibilities for any loss arising to any person relying upon the information contained in this publication shall be accepted by Hong Kong Securities Clearing Company Limited.



ClearTalk

Information Bulletin of Hong Kong Securities Clearing Co. Ltd.,
a Wholly-owned Subsidiary of Hong Kong Exchanges and Clearing Limited

Hong Kong Exchanges and Clearing Limited (HKEx) has introduced an initial public offering (IPO) service on the Internet (iIPO) that allows individual investors to apply for IPOs and pay for shares they apply for through a designated website (www.hkiipo.com.hk). There are no transaction costs or handling fees and service is available to all individual investors. Investors are not required to have an Investor Participant account with CCASS to use iIPO.

Application Procedures, Share Delivery and Refunds

Applicants begin by going to the website and reading the prospectus. They then complete the online IPO application and arrange payment. Online payments are made through the Payment-by-Phone on Internet service (PPS on Internet) offered by Electronic Payment Services Company

HKEx INTRODUCES INTERNET IPO SERVICE



A reporter asks a question about the new service.

Benefits

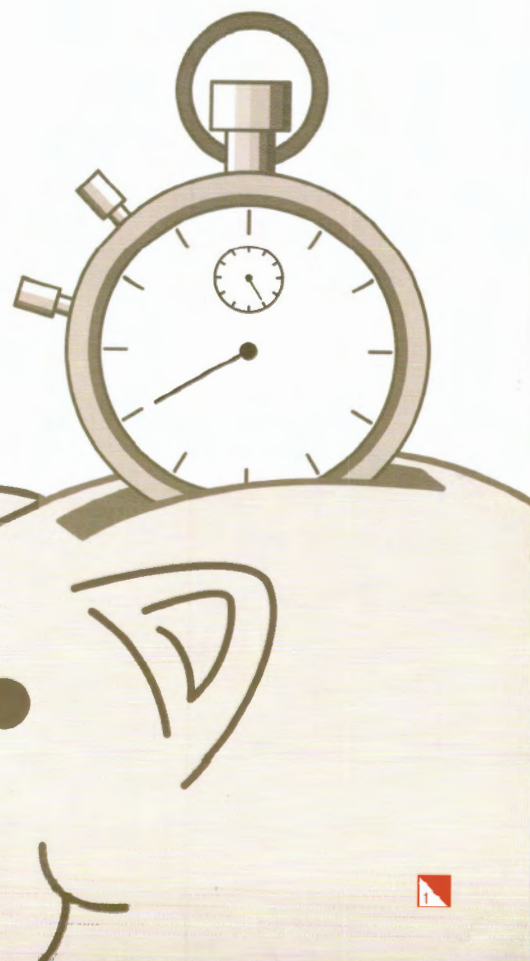
The new iIPO service offers several benefits, according to Kelvin Lee, Head of HKEx's Clearing Services. "With iIPO, investors can submit their share applications 24 hours a day, seven days a week until noon on the closing day so there is no need to queue at banks or brokerage houses to get prospectuses and forms or submit share applications," Mr. Lee explained.

(Hong Kong) Limited (EPSCO). Payments can also be made through automated teller machines operated by Joint Electronic Teller Services Limited (JETCO) as well as phone and i-banking services provided by banks connected to the JETCO network.

After the share allotment announcement, share certificates will be issued in the names of the successful applicants and mailed directly to them. Unsuccessful applicants will receive refund cheques by mail.



Boniface Ip, General Manager, EPSCO; Kelvin Lee, Head of HKEx's Clearing Services; Monica Wong, Senior Manager of HKEx's Clearing Services; and John Tsang, Deputy General Manager, JETCO at the iIPO news conference.



There have been several changes to CCASS tariffs and procedures as a result of amendments to the General Rules of CCASS and CCASS Operational Procedures for the clearing and settlement of transactions in Eligible Securities that are denominated in foreign currencies. The changes were effective 21 August and include the following.

Electronic Money Settlement Services

There are revised and new money settlement fees – a revised fee of HK\$1.20 (previously HK\$0.80) for Hong Kong dollar items and a new fee of HK\$3.50 for US dollar items, payable by both sides - for Exchange trades, SI transactions and ISI transactions. The same fees also apply to other miscellaneous amounts to be paid to or collected from Participants (eg, Marks, Contributions, application and refund monies under Electronic Application Instructions to New Issue Shares and Tender Instructions).

In addition, there is a handling fee of HK\$20 per payment by/to the Participants for US dollar inward and outward payments (or their equivalents in Hong Kong dollars) by/to Participants who are in the process of opening designated US dollar bank accounts for US dollar money settlement in CCASS.

CCASS UPGRADED TO ENABLE MULTI-CURRENCY CLEARING AND SETTLEMENT

Billing

Unless otherwise stated, all fees are debited in Hong Kong dollars or in the Hong Kong dollar equivalents of foreign currencies to the Participants' Billing Account when due and are settled on a weekly basis through the autopay bank clearing system.

Foreign currencies are converted to their Hong Kong dollar equivalents at exchange rates determined by HKSCC from time to time.

Foreign Currency Denominated Transactions

Unless otherwise specified, the HKSCC fee structure is the same for both Hong Kong dollar and non-Hong Kong dollar Eligible Securities transactions. In the case of non-Hong Kong dollar transactions, the calculated amounts are converted into Hong Kong dollar equivalents at exchange rates determined by HKSCC and collected by HKSCC in Hong Kong dollars. Dividend collection fees and interest collection fees are collected by HKSCC in the currency in which the relevant securities are denominated and deducted by HKSCC at the source before payment.

CLEAR TALK BOWING OUT TO MAKE WAY FOR NEW PUBLICATION

This is the last issue of *Clear Talk*. Since its introduction in September 1991, *Clear Talk* has served as the information bulletin of Hongkong Clearing and a forum for discussing matters of concern to its readers, Hongkong Clearing Participants.

In the future, Hongkong Clearing information will be included in a new publication from Hong Kong Exchanges and Clearing Limited.



The first issue of *Clear Talk*, published in 1991.



The current *Clear Talk* format was introduced in September 1995.

Hong Kong Exchanges and Clearing Limited (HKEx) announced its first interim results on 6 September. HKEx reported an unaudited consolidated profit after taxation of \$554 million for the six months ended 30 June 2000 and basic earnings per share of 53 cents.

The directors declared an interim dividend of eight cents per share. The share register will be closed from 9 to 11 October 2000 inclusive, and dividend warrants will be sent to shareholders on or about 12 October.

Average daily turnover value on the stock market rose by 134 per cent to \$14.8 billion in the period January to June 2000, compared with the first six months of 1999, while average daily trading

volume on the futures market fell by 36 per cent to 19,223 contracts.

Group turnover for the first half of the year was \$1,227 million, up 50 per cent from a year ago, and operating expenses fell by one per cent to \$600 million.

"The process of integrating the businesses of the Group's subsidiaries will continue in the second half of the current financial year," said Charles Lee, HKEx chairman. "As a substantial part of the Group's income is from transaction levy, clearing and settlement fees and interest income on margin funds, the results for the second six months of the current financial year will be highly dependent on the level of activity on the Stock Exchange and Futures Exchange," Mr Lee said.

2000 Interim Results

(Expressed in Hong Kong dollars)	For the half year to 30 Jun		Change
	2000	1999	
Key Market Turnover Statistics			
Average daily turnover value on the Stock Exchange	\$14.8 billion	\$6.3 billion	+134%
Average daily number of derivatives contracts traded on the Futures Exchange	19,223	29,828	-36%
Financial Highlights			
	<i>(In \$ million)</i>		
Turnover	1,227	820	+50%
Operating expenses	(600)	(606)	-1%
Profit before taxation	627	214	+193%
Taxation	(73)	(1)	-
Profit attributable to shareholders	554	213	+160%
Basic earnings per share	\$0.53	\$0.20	+160%
Interim dividend per share	\$0.08	-	-
	At 30 Jun 2000	At 31 Dec 1999	Change
Shareholders' funds	\$4.7 billion	\$4.1 billion	+13%
Total assets*	\$14.1 billion	\$14.5 billion	-3%

* The Group's total assets included the margin funds received from participants on derivatives contracts

Chief Executive's Statement

HKEx is unique among leading international exchanges in that it operates both the cash and derivatives markets, and provides a comprehensive range of pre- and post-trading services.

It made good progress during the first six months of its financial year as Hong Kong's economy continued to improve after some two years of recession.

The outlook for the rest of the year depends, of course, on the performance of the various markets operated by HKEx. The economic forecasts for Hong Kong, and internationally, are generally positive. These give cause for feeling reasonably optimistic about HKEx's results for the year as a whole.

The financial information set out above is unaudited and does not constitute HKEx's statutory financial statements. Copies of the interim report may be obtained from HKEx's website: www.hkex.com.hk.

CCASS STATISTICS

The Hang Seng Index closed at 16,841 at the end of July 2000. It increased to 17,098 in August, an increase of 1.53 per cent from July.

Exchange Trades

In July, an average of 143,698 trades were processed daily in CCASS, involving 7.04 billion shares with a value of \$14 billion. In August, the daily average trades handled by CCASS decreased to 127,638 involving 7.39 billion shares with a value of \$12.1 billion.

During the months of July and August, 100 per cent of Exchange trades were processed daily in CCASS.

Netting Efficiency of CNS Trades

In July, a daily average of 141,805 Exchange trades valued at \$13.06 billion went through CCASS for CNS. An average of 14.1 per cent of the novated contracts created were due for settlement daily.

The daily average number of trades went through CCASS for CNS in August decreased to 125,988 valued at \$11.12 billion. After novation and netting, 15.05 per cent of the novated contracts were due for settlement daily.

In July, novated contracts generated a daily average of \$26.11 billion in money obligations which were netted to \$5.82 billion. Daily average funds netting efficiency was 77.81 per cent. In August, \$22.23 billion a day in money obligations were netted to \$5.01 billion. Daily average funds netting efficiency was 77.46 per cent.

Settlement Efficiency of CNS Stock Positions

The daily average settlement efficiency rate of CNS stock positions for July was 99.46 per cent on the due day and 99.96 per cent on the settlement day following the due day. The corresponding figures for August were 99.47 per cent and 99.96 per cent.

Settlement Instructions (SIs)

In July, an average of 33,779 SIs were settled daily in CCASS, involving 7.32 billion shares with a market value of \$30.88 billion.

In August, the figures decreased to 33,392 SIs, involving 6.81 billion shares with a value of \$29.67 billion.

Investor Settlement Instructions (ISIs)

In July, an average of 451 ISIs were settled daily in CCASS, involving 132.41 million shares with a market value of \$715.71 million.

In August, an average of 380 ISIs were settled daily in CCASS, involving 72.63 million shares with a market value of \$162.79 million.

Depository Transactions

In July, the CCASS Depository handled an average of 1,584 deposit and withdrawal transactions per business day. The number of share certificates processed daily amounted to 17,000. The corresponding figures for August were 1,316 transactions involving 18,000 share certificates per business day.

As at the end of August, 1,070 stocks had been admitted into CCASS for clearing and settlement. About 716.73 billion shares were under the custody of the CCASS Depository, representing 56.45 per cent of the total number of shares of the admitted stocks in issue. The total market value of the shares was \$1,626.44 billion, representing 26.85 per cent of the total market capitalisation of the admitted stocks.

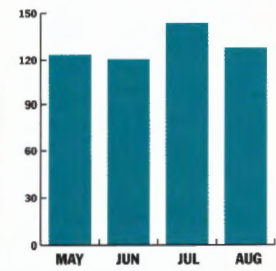
Participants

At the end of August, there were 7,917 CCASS Participants, comprising 503 Broker Participants, 60 Custodian Participants, 8 Stock Pledge Participants, 1 Clearing Agency Participant and 7,345 Investor Participants.

OPERATIONS HIGHLIGHTS (MAY 00 - AUG 00)

Average Daily Stock Exchange Trades Processed in CCASS
(including CNS trades, isolated trades and cross trades)

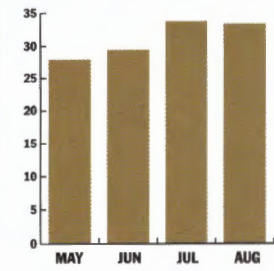
Quantity in thousands



	Number of trades	% of total number of Exchange trades
May	123,441	99.99
June	120,540	99.98
July	143,698	100.00
Aug	127,638	100.00

Average Daily Settlement Instructions (SIs) Settled in CCASS
(both receiving and delivering SIs are counted)

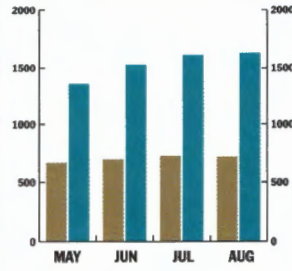
Quantity in thousands



	Number of SIs	SIs by shares (billion)	SIs by value (\$ billion)
May	28,028	9.79	25.29
June	29,458	7.52	29.06
July	33,779	7.32	30.88
Aug	33,392	6.81	29.67

Securities under CCASS Custody
(balances at the end of each month)

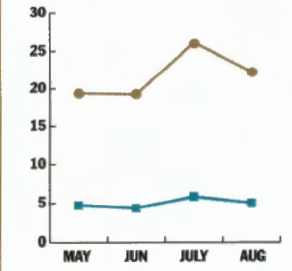
Quantity in billions \$ billion



	Number of shares (billion)	Market value (\$ billion)
May	667.94	1,351.64
June	695.54	1,527.44
July	724.81	1,610.19
Aug	716.73	1,626.44

Average Daily Funds Netting Efficiency under CNS

\$ billion



	Money obligations arising from novated contracts (\$ billion)	Money obligations after netting (\$ billion)	Funds netting efficiency (%)
May	19.38	4.72	75.59
June	19.21	4.32	77.50
July	26.11	5.81	77.81
Aug	22.23	5.01	77.46

Quick Quiz

1. When was the first issue of *Clear Talk* published?

2. When was the current *Clear Talk* format introduced?

3. True or False: This issue (Issue 47) is the final issue of *Clear Talk*?

Answers on page 6.

ARRANGEMENTS FOR USING CLEARING AND SETTLEMENT SERVICES FOR SECURITIES TRANSACTIONS DENOMINATED IN US DOLLARS



CCASS introduced clearing and settlement services for securities transactions denominated in United States dollars (USD) on 21 August. To use the services, Participants are required to:

- Open and maintain a USD bank account with a designated bank that provides money settlement services for USD CCASS transactions.

- Complete and return:

- Setting Up of USD Designated Bank Account Form; and
- USD Debit Authorisations and Authorisation to Disclose Information Form, which caters for Direct Debit Payment Instruction, Electronic Payment Instruction and Chats Payment Instruction.

Completed forms should be mailed to Participant Admissions, 8/F Chinachem Exchange Square, 1 Hoi Wan Street, Quarry Bay, Hong Kong. Processing of the forms takes about three weeks and Participants will be notified of the bank account effective date by mail.

DIRECT STOCK ADMISSIONS

During the two months of July and August 2000, a total of 93 eligible new issues were admitted to CCASS of which 8 issues adopted Jumbo Certificate arrangement.

	Ordinary Shares	Preference Shares	Registered Warrants	Debts	Unit Trusts	Rights	Total
Eligible new issues listed on the Stock Exchange and admitted to CCASS	23	0	65	2	0	3	93
Issues adopted Jumbo Certificate arrangement	8	0	0	0	0	0	8



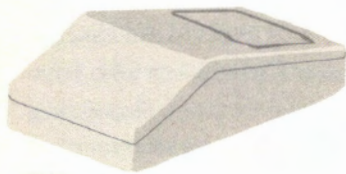
Quick Quiz

1. 1991

2. 1995

3. True

- IP Internet service set to debut on 3 October
- Major IP Internet website functions
- Reminders to Investor Participants
- Investor Account newsletter steps aside for new publication



IP Internet service set to debut on 3 October

Hongkong Clearing is preparing to introduce a service to provide Investor Participants with online access to CCASS via the Internet as an alternative to the existing CCASS Phone System. The IP Internet service will be introduced in two phases starting from 3 October.

During Phase I, Investor Participants will be able to use the IP Internet service to affirm Investor Settlement Instructions (ISIs), check some account details and apply for shares through Hongkong Clearing's Electronic Initial Public Offering (eIPO) service.

Phase II, set to begin before year-end, will enable Investor Participants to do a variety of activities online including viewing and downloading their account statements and giving dividend election and voting instructions.

To use the service, Investor Participants will need access to the Internet and an e-Cert, which provides secure online environments by authenticating the identity of the subscriber. E-Certs are available from Hongkong Post. For details, please visit any post office or Hongkong Post's website (www.hongkongpost.gov.hk), or call Hongkong Post's Certification Authority (CA) hotline: 2921 6633.

The Chinese and English versions of Windows NT4, Windows 95 and Windows 98 operating systems will be supported initially, and the website's developers recommend a minimum computer configuration of a Pentium or equivalent machine with 16M RAM and at least 10M hard disk free space.

The IP Internet service will be available on a new website linked to the Hongkong Clearing website (www.hkclearing.com.hk) and the Hong Kong Exchanges and Clearing Limited website (www.hkex.com.hk).

Major IP Internet website functions

Back Forward Stop Refresh Home Favorites History Search AutoFill Larger Smaller Print Mail

Notice Board - Will allow Investor Participants to view and download general information: circulars, letters, broadcast messages, corporate action reminders, IP operating guide and frequently asked questions.

Investor Settlement Instructions - Will allow Investor Participants to affirm, authorise and enquire about ISI transactions done in the last 10 days through the Internet.

Subscription - Will allow Investor Participants to input subscription instructions, authorise pending instructions and enquire about subscriptions done in the last 31 days.

Dividend Election - Will allow Investor Participants to input dividend election instructions, authorise pending instructions and enquire about instructions given in the last 31 days.

Voting - Will allow Investor Participants to input voting instructions, authorise pending instructions and enquire about instructions given in the last 31 days.

eIPO - Will allow Investor Participants to input eIPO instructions, authorise pending instructions and enquire about instructions given in the last 31 days, eIPO announcements and allotment results.

Tender - Will allow Investor Participants to input tender instructions, authorise/delete pending instructions, cancel authorised instructions and enquire about tender announcements and instructions given in the last 31 days.

Enquiry - Will allow Investor Participants to enquire about stock balances, ISI money obligations and corporate activities.

IP Statement - Will allow Investor Participants to enquire about their two most recent monthly statements and daily market activity statements for the last 31 days.

Account Information Maintenance - Will allow Individual Investor Participants to change account information.

Forms Download - Will allow Investor Participants to download account maintenance forms.

Contact Us - Will allow Investor Participants to email operational or technical enquiries.

REMINDERS TO INVESTOR PARTICIPANTS

Receiving statements in Chinese

Investor Participants who wish to receive statements in Chinese should complete and submit in person the "Chinese Statement Request Form" to the Investor Service Centre (Room 1901, Chinachem Exchange Square, 1 Hoi Wan Street, Quarry Bay) or to the CCASS Depository Counters (2/F Vicwood Plaza, 199 Des Voeux Road, Central).

Alternatively, Investor Participants can mail the completed form to Participant Admissions (8/F, Chinachem Exchange Square, 1 Hoi Wan Street, Quarry Bay) or fax it to 2590 7000.

Forms can be obtained from the Investor Service Centre and the CCASS Depository Counters. Investor Participants can also request a form by mail or fax by calling the CCASS Phone Operations Hotline: 2979 7888.

Completed forms will usually be processed within three days upon receipt of the forms.

Receiving corporate communications such as annual reports or notices from listed issuers

Hongkong Clearing arranges for direct distribution of corporate communications by listed companies to Investor Participants.

For corporate actions or activities, such as dividend election and take-over offers, where Investor Participants who have shareholdings are required to make decisions, Hongkong Clearing will inform Investor Participants by statement of the corporate action and the deadline for giving instructions.

Voting at meetings of listed companies

Beneficial owners of shares held in CCASS can attend and vote at meetings of listed companies either as an authorised representative or a proxy appointed by HKSCC Nominees Limited.

However, Investor Participants should note that the rights of the authorised representative or proxy of HKSCC Nominees to speak, vote and demand a poll at meetings will be subject to the provisions of the constitutive documents of the listed issues and the applicable laws.

To attend and vote at the meeting of a listed company or vote in respect of their stock balances held in CCASS without attending the meeting, Investor Participants can submit a Corporate Voting Instruction Input Request Form to the Investor Service Centre or forward their voting instructions via the CCASS Phone Operations Hotline (2979 7888) on or before the voting deadline.

If an Investor Participant selects to attend and vote at a meeting, his name, address and shareholdings will be disclosed to the listed company. Only one of the account holders for each Joint Individual Account is allowed attend and vote at a meeting.



RETIREE BUSINESSMAN WINS AWARD AS FIRST APPLICANT FOR INVESTOR ACCOUNT SERVICE

A retired businessman, Mr. Li, who was previously engaged in the business of a... (text continues)



Mr. Li (left) is presented with a... (text continues)



Mr. Li (left) is presented with a... (text continues)

INVESTOR ACCOUNT NEWSLETTER STEPS ASIDE FOR NEW PUBLICATION

This is the last issue of the Investor Account newsletter. The newsletter was introduced in May 1998 to provide Investor Participants with the latest news on the Investor Account Service and it is hoped readers have found the information useful.

In the future, the latest Investor Account Service news will be included in a new publication from Hong Kong Exchanges and Clearing Limited.

The first issue of the Investor Account newsletter, published in May 1998.