

Frequently Asked Questions on the HKD-RMB Dual Counter Trading Model

1. What is the HKD-RMB Dual Counter Trading Model?

The Hong Kong Stock Exchange launched the "HKD-RMB Dual Counter Trading Model" (Dual Counter) on June 19th, 2023. Under the Dual Counter model, all shares or units of the same securities but in different trading counters are generally of the same class, with the same holders' rights and entitlements, and fully interchangeable between counters. For example, if client own 00700.HK (Tencent Holdings), they can freely convert it to 80700.HK (Tencent Holdings-R) without change of beneficial ownership and sell the stock.

2. Which securities are currently on the Dual Counter Securities List?

As of June 28rd, 2023, there are 24 securities available for clients to trade:

HKD Counter Stock Code	RMB Counter Stock Code	Company Name (English)
00011	80011	Hang Seng Bank Limited
00016	80016	Sun Hung Kai Properties Ltd
00020	80020	SenseTime Group Inc.
00175	80175	Geely Automobile Holdings Limited
00291	80291	China Resources Beer (Holdings) Co Ltd
00388	80388	Hong Kong Exchanges and Clearing Ltd
00700	80700	Tencent Holdings Limited
00883	80883	CNOOC Limited
00941	80941	China Mobile Limited
00992	80992	Lenovo Group Limited
01024	81024	Kuaishou Technology
01211	81211	BYD Company Limited
01299	81299	AIA Group Limited
01810	81810	Xiaomi Corporation
02020	82020	ANTA Sports Products Limited
02318	82318	Ping An Insurance (Group) Co of China
02331	82331	Li Ning Company Limited
02333	82333	Great Wall Motor Company Limited
02388	82388	BOC Hong Kong (Holdings) Limited
03690	83690	Meituan
06618	86618	JD Health International Inc.
09618	89618	JD.com, Inc.
09888	89888	Baidu, Inc.
09988	89988	Alibaba Group Holding Limited

3. Are holders of securities under the RMB counter and the HKD counter under the Dual Counter Model treated differently from at the equity level?

The rights and shareholder benefits entitled by Dual Counter Securities are identical.

4. How is the market capitalization of Dual Counter Security calculated?

The market capitalization is calculated by multiplying the total number of issued securities with the **closing price of the HKD counter.**

5. How will the benchmarked price be determined for the allocation (applicable to equity securities) under the Dual Counter Trading Model?

The benchmarked price will be calculated with reference to the closing price of the listed issuer's securities traded under the HKD counter.

6. Can a Dual Counter Security be transferred between the two counters (RMB and HKD)?

Yes. For example, if clients own 1 lot of 00700.HK (Tencent Holdings), they can sell 1 lot of 80700.HK (Tencent Holdings-R) without notifying DL Securities. DL Securities will automatically transfer the clients' securities from the HKD Counter (00700) to the RMB Counter (80700) for settlement.

7. Can clients buy/own securities in one counter and then sell them in another counter?

Yes. Client can sell securities in another counter without notifying DL Securities. For example, if a client holds 1 lot of 00700.HK (Tencent Holdings), they can sell 1 lot of 80700.HK (Tencent Holdings-R) without notifying DL Securities.

8. Can clients buy securities from one counter followed by the selling in another counter within the same trading day?

Yes. clients can buy 1 lot of 00700.HK (Tencent Holdings) and then sell 1 lot of 80700.HK (Tencent Holdings-R) **on the same trading day.**

9. Will dividends be paid in HKD or RMB?

The currency used for dividend payments will be determined by the listed company.

10. If a client holds physical scrip, can they deposit into the RMB counter through DL Securities and then sell them?

No, because the RMB counter is just a trading counter and does not provide physical scrip deposit services. If a client holds physical scrip, they can only deposit them into the HKD counter and then sell them in the RMB counter to receive RMB funds.

11. Can clients withdraw physical scrip from the RMB counter?

Physical scrip is not classified by counter. If a client holds RMB counter securities and wishes to conduct physical scrip withdrawal, DL Securities will transfer the client's securities to the HKD counter and apply for physical scrip withdrawal. The name of the physical scrip that the client receives will be the same as the HKD counter securities. For example, if a client holds 80700.HK (Tencent Holdings-R), the name of the physical securities they receive will be Tencent Holdings Limited, **not** Tencent Holdings Limited-R.

12. Can clients buy and sell securities in the RMB counter if they only have HKD/USD in their account?

Yes, clients can buy any type of securities if they have sufficient purchasing power. They are required to deposit or conduct foreign exchange to ensure that the account have sufficient settlement currency.

13. What are the risks for clients when buying and selling securities in the RMB counter?

If a client has sufficient purchasing power to buy and sell securities in the RMB counter, they need to bear the risk of exchange rate fluctuations when exchanging currency before the securities settlement.

If clients wish to know more about the HKD-RMB Dual Counter Trading Model, they can visit hkex.com.hk for more information. Clients can also contact our client service department by email at cs@dl-securities.com or by calling 3890 2923 for more information.