

Notes and Procedures for Applying Concessions on SI Fee, Stock Withdrawal Fee, Scrip Fee and Transfer of Receivables Upon Termination of Participation in CCASS

1. Grounds for Granting Concessions

- 1.1 From time to time, Participant may restructure its business, e.g. transferring its entire business to a new company. In view of the restructuring, the new company (“Transferee”) will need to apply for becoming a CCASS participant while the participation of the existing company (“Transferor”) in CCASS will need to be terminated. As a result, the Transferor may require to transfer its stock portfolio by Settlement Instructions (“SIs”) to the Transferee’s CCASS stock accounts and/or withdraw stocks from its CCASS stock accounts on its clients’ instructions.
- 1.2 In addition, participant who terminates its participation in CCASS upon cessation of business (“Terminating Participant”) may need to transfer by SIs and/or withdraw its stocks in its CCASS stock accounts on its clients’ instructions.
- 1.3 Concessions on the stock clearing and stock settlement fees for the SIs (collectively referred to as “SI Fee”) and stock withdrawal fee arising as a direct result of the business restructuring of the Transferor or the Terminating Participant may be granted at the discretion of HKSCC to the Transferor, Transferee and Terminating Participant, where applicable, against written applications submitted by them or their representatives, as the case may be, in the manner described in paragraph 6 below.

2. Concession on SI Fee (for stock portfolio transfer by SI)

- 2.1 A 50% discount on SI Fee may be granted on SIs relating to portfolio transfer due to the aforesaid business restructuring, subject to payment of a maximum fee of HK\$2,500 by each counterparty Participant where the beneficial ownerships of the Transferor and the Transferee remain unchanged or payment of a maximum fee of HK\$5,000 by each counterparty Participant where there is a change in their beneficial ownerships.
- 2.2 Terminating Participant will also be eligible to this concession, a maximum fee of HK\$5,000 or a 50% discount on SI Fee, whichever is lower, will be paid by the Terminating Participant or its representative.
- 2.3 For the Transferor and Terminating Participant, concession on SI Fee will apply to delivering SIs only. For the Transferee, concession on SI Fee will apply to receiving SIs from the Transferor only.

3. Concession on Stock Withdrawal Fee

A waiver of the HK\$2.50 registration and transfer cost included in the stock withdrawal fee may be granted to the Transferor or Terminating Participant to the extent that such cost has been levied at the previous book-close date of the relevant Eligible Securities.

4. Concession on Scrip Fee (i.e. registration and transfer fee)

The relevant previous scrip fee collection on stock balances of the Transferor will be consolidated and carried forward to the Transferee’s stock accounts for calculating the scrip fee which will be based on the net stock balance increase by comparing the previous with the coming book close balance of each stock in the Transferor’s stock accounts. Relevant scrip fee concession details will be shown in the Transferee’s Entitlement Statement upon scrip fee collection.

5. Scope of Transactions Ranking for Concessions

The concessions on SI Fee and stock withdrawal fee will apply to portfolio transfer by SIs/stock withdrawal executed between the Last Trade Acceptance Date of the Transferor's or Terminating Participant and the Last CCASS Access Date of its participation in CCASS (i.e. between Last Trade Acceptance Date + 1 and Last CCASS Access Date – 1), which will be fixed and advised by HKSCC upon approval of the termination.

6. Procedures and Timing of Applications for the Concessions

6.1 Concessions on SI Fee and Stock Withdrawal Fee

Applicant (i.e. either the Transferor or Transferee or Terminating Participant, where applicable) must submit the prescribed application form (as per **Attachment 1A**) to HKSCC after the completion of the portfolio transfer by SIs/stock withdrawal as soon as possible and not later than the Termination Date or Last CCASS Access Date whichever is later. Late application will not be entertained. Upon approval of the application, a refund cheque will be made payable to the applicant. Alternatively, the applicant may authorize and direct HKSCC to issue the refund cheque to a specified recipient by completing, signing and submitting the letter of payment authorization (as per **Attachment 1B**) together with the required supporting document (as per **Attachment 1C**, if applicable) to HKSCC at the time of application.

6.2 Concession on Scrip Fee

Both the Transferor and the Transferee must sign and submit jointly the prescribed application form (as per **Attachment 2A**) and supporting confirmation of shareholdings (as per **Attachment 2B**) on request by HKSCC before its approval of the termination of the Transferor's participation in CCASS. Concession on Scrip Fee will be applied only if the portfolio transfer executed on or after the approval granted by HKSCC for the application for the concession on Scrip Fee. Only the Transferor whose beneficial owner(s) retain(s) at least 50% ownership in the Transferee's business will be eligible to apply for the concession.

6.3 Participants applying for scrip fee concession will not be entitled to any waiver of the stock withdrawal fee. No multiple applications will be entertained except in exceptional cases involving bonus issues or scrip option.

7. Transfer of Receivables on Stock Entitlements

As at the Termination Date, the Transferor may have share entitlement receivables recorded in its Entitlement Statement. To facilitate distribution of the share entitlement receivables to the Transferee, both the Transferor and Transferee must sign and submit jointly the prescribed application form (as per **Attachment 3**) to HKSCC no later than five business days after the Last CCASS Access Date. Only the Transferor who retains at least 50% ownership in the Transferee's business will be eligible to apply for the transfer. HKSCC may also consider joint application from Transferor and Transferee where the Transferee's business results from a merger involving them.

Where the termination of the Transferor is due to reasons other than merger or incorporation, HKSCC may accept request from the terminated participant to have their share entitlements credited to the Transferee. Instruction from the Transferor should also be signed by the Transferee to acknowledge that he/it is willing to accept the entitlements and they will indemnify HKSCC against any claims that may subsequently arise. Prescribed application form will be available upon request. The signed form must be returned to HKSCC no later than five business days after the Last CCASS Access Date.