

香港聯合交易所有限公司  
(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED  
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

## 通告 CIRCULAR

Subject: Updates on the Capital Adjustment to The Wharf (Holdings) Ltd. Stock Option  
Contracts – Conditional Distribution

Enquiry: HKATS Hotline<sup>1</sup> Tel: 2211-6360  
DCASS Hotline Tel: 2979-7222

Reference is made to the circular dated 10 November 2017 (Ref. No.: [MO/DT/173/17](#)) and the circular dated 7 November 2017 (Ref. No.: [MO/DT/170/17](#)). For protecting the market integrity and maintaining an orderly market, and after consultation with the SFC pursuant to Chapter 8.2.1 of Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange, the Exchange would **apply a minimum value 0.25 to the Adjustment Ratio (AR) of the capital adjustment to the Options on The Wharf (Holdings) Ltd. (“Wharf Holdings”)**.

Imposing a minimum value of AR would prevent the scenario that the Contract Size of the Wharf Holdings Options becomes abnormally high that could jeopardize the orderliness of the underlying market. Details of the floor applied to the AR as follows:

Adjustment Term	Formula	Remarks
Adjustment Ratio (AR)	(Underlying stock closing price before the ex-date minus Entitlement) / Underlying stock closing price before the ex-date	Rounded to the nearest 4 decimal places <b><u>with a floor value of 0.25 to be applied</u></b>
Adjusted Exercise Price (AEP)	Exercise price of outstanding stock option series x AR	Rounded to the nearest 2 decimal places

<sup>1</sup> All calls to the HKATS hotline would be recorded. Please refer to the following link for HKEX privacy policy statement: [http://www.hkex.com.hk/eng/global/privacy\\_policy.htm](http://www.hkex.com.hk/eng/global/privacy_policy.htm)

Adjusted Contract Size (ACS)	Exercise price of outstanding stock option series x (1,000 shares / AEP)	Rounded to the nearest 4 decimal places
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Remark: Entitlement is Wharf Real Estate Investment Company Limited's ("Wharf REIC") value times the Entitlement Ratio for each Wharf Holdings share. The value of Wharf REIC will be determined by the volume weighted average price (VWAP) of those auto-matched trades of Wharf REIC on its listing day on the SEHK.

The Exchange will closely monitor the trading activities on Wharf Holdings and Wharf REIC to ensure market orderliness. Any suspected manipulative activities will be reported to the SFC for further investigation.

*Inform Your Staff and Clients*

Participants should notify all clients holding positions in the captioned stock option contracts of the details of trading, clearing, settlement arrangements and the associated risk. Please ensure that your back office systems are ready for a smooth operation in handling this capital adjustment. In addition, all your staff should be fully aware of the trading and clearing arrangements and should exercise caution when dealing with the standard and adjusted stock option contracts when advising your clients.

Sanly Ho  
Head  
Derivatives Trading  
Markets Division

*This circular has been issued in the English language with a separate Chinese language translation. If there is any conflict in the circulars between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.*