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香港期貨交易所有限公司

(香港交易及結算所有限公司全資附屬公司)

Hong Kong Futures Exchange Limited

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

事項 Trading and Clearing Operational Arrangements Relating to the Capital Adjustment
Subject: of China Hongqiao Group Limited Stock Futures Contracts - Rights Issue

查詢 HKATS Hotline 2211-6360

Enquiry: DCASS Hotline 2979-7222

Participants are requested to note that capital adjustment to the stock futures contracts below will be made on the ex-rights date based on the corporate action announced:

Underlying Stock Name of the Stock Futures Contracts (Stock Code)	China Hongqiao Group Limited (“China Hongqiao”) (1378)
HKATS Code	CHQ
Corporate Action	7 Rights Shares for every 50 Shares held
Subscription Price	HK\$4.31
Ex-rights date	14 January 2016

For details of the announcement made by China Hongqiao on 8 January 2016, please refer to the hyperlink below:

<http://www.hkexnews.hk/listedco/listconews/sehk/2016/0108/LTN20160108834.pdf>

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Trading Arrangements

The trading arrangements for the existing China Hongqiao stock futures under trading symbol CHQ will be as follows:

1. Adjustment and Transfer of Outstanding Positions

Open positions of China Hongqiao stock futures series under trading symbol CHQ which exist after the market close on the business day immediately before the ex-rights date will be adjusted and transferred to stock futures series under trading symbol CHB.

2. Introduction of New Stock Futures Series for Trading

On the ex-rights date, new China Hongqiao stock futures series based on the standard contract multiplier will be introduced for trading under the standard trading symbol CHQ.

Details of the adjustment procedures for China Hongqiao stock futures series under trading symbol CHQ are as follows:

Adjustment Term	Formula	Remarks
Adjustment Ratio (AR)	$\frac{50 \text{ existing Shares} + (7 \text{ New Shares} \times \$4.31 / \$S^{\wedge})}{50 \text{ existing Shares} + 7 \text{ New Shares}}$	Rounded to the nearest 4 decimal places. Adjustment will only be made if the AR is smaller than 1.
Adjusted Contracted Price (ACP)	Contracted price of outstanding stock futures series x AR	Rounded to the nearest 2 decimal places
Adjusted Contract Multiplier (ACM)	Contracted price of outstanding stock futures series x (10,000 shares / ACP)	Rounded to the nearest 4 decimal places

Where \$4.31 is the Subscription Price for the New Share and \$S[^] is the underlying stock closing price on 13 January 2016 (the business day immediately before the ex-rights date).

Contract	Trading Symbol	Contract Multiplier (Shares)	Availability For Trading	Addition of New Stock Futures Series on and after the ex-rights date
Adjusted	CHB	ACM	From ex-rights date to 29 September 2016	No
Standard	CHQ	10,000	From ex-rights date onwards	Yes

For avoidance of doubts, the objective of this adjustment method is to adjust the stock futures contracts according to the theoretical value of the rights entitlement if there is a positive value before the ex-rights date. If there is no exercise value with the rights, i.e. the underlying price closes at or below the Subscription Price of \$4.31 on 13 January 2016 (the business day immediately before the ex-rights date), in other words, AR is equal to or larger than 1, no capital adjustment will be made.

The adjusted and standard stock futures series are distinct contracts and are represented by different trading symbols in HKATS/DCASS. Particulars of all existing and adjusted stock futures series will be shown in DCASS report TP011 after the DCASS batch processing on the business day immediately before the ex-rights date.

Capital adjustments, once being made, are conclusive and binding on all relevant stock futures contracts. The capital adjustments made will not be reversed even if the proposed corporate action is subsequently disapproved by relevant authorities, including but not limited to regulatory authorities and the court.

Participants should pay particular attention that the settlement amount of adjusted and standard stock futures series on the expiry day will be calculated using their respective contract multipliers. There will not be any changes to the number of open positions and other contract terms after the transfer of positions.

Clearing and Settlement Arrangements

Position offset between the standard CHQ and the adjusted CHB stock futures series is not allowed.

Inform Your Staff and Clients

Participants should notify all clients holding positions in the captioned stock futures contracts the details of trading and clearing operational 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 futures contracts and 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.