



編號 MO/DT/062/15

Ref. No.:

日期

Date: 5 May 2015

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

事項 Trading and Clearing Operational Arrangements Relating to the Capital
Subject: Adjustment of CK Hutchison Holdings Limited and Hutchison Whampoa Limited
Stock Option Contracts

查詢 HKATS Hotline 2211-6360
Enquiry: DCASS Hotline 2979-7222

Reference is made to the announcements made by CK Hutchison Holdings Limited (“CKH Holdings”) and Hutchison Whampoa Limited (“Hutchison”) on 30 March 2015 in relation to the Hutchison Scheme and the Spin-off Proposal.

Section I below covers the operational arrangements for Hutchison stock option in relation to the Hutchison Scheme. Section II covers the operational arrangements for CKH Holdings stock option in relation to the Spin-off Proposal.

I. The Hutchison Scheme

CKH Holdings will make a conditional share exchange offer to the Hutchison Scheme Shareholders for the merger under the Hutchison Scheme. Participants are requested to note that subject to the fulfilment of the conditions precedent to the Hutchison Scheme, adjustment to the stock option contracts below will be made on the effective date based on the corporate action announced:

Underlying Stock Name of the Stock Option Contracts (Stock Code)	Hutchison Whampoa Limited (0013)
HKATS Code	HWL (Contract size: 1,000 shares)
Corporate Action	1 Hutchison Share in exchange for 0.684 CKH Holdings Share
Last Day for Dealing of Hutchison Shares	26 May 2015
Effective Date of Corporate Action	3 June 2015

香港交易及結算所有限公司
Hong Kong Exchanges and Clearing Limited

香港中環港景街一號國際金融中心一期12樓
12/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

電話 Tel: + 852 2522 1122 傳真 Fax: +852 2295 3106 網址 Website: www.hkex.com.hk 電郵 E-mail: info@hkex.com.hk

For details of the announcement made by Hutchison on 30 March 2015, please refer to the hyperlink below:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0330/LTN201503301526.pdf>

Trading Arrangements

The trading arrangements for the existing Hutchison stock option under trading symbol HWL will be as follows:

1. Suspension of Trading and Exercise

In view of the closure of the register of member of Hutchison for determining the entitlements to CKH Holdings shares from 29 May 2015 onwards and the commencement of dealings in CKH Holdings shares newly issued to Hutchison Scheme Shareholders, trading of Hutchison stock option under trading symbol HWL will be suspended from 27 May 2015 to 2 June 2015, both days inclusive. **During the same period, Hutchison stock option contracts cannot be exercised by Participants as Hutchison shares resulting from exercise will only be delivered after the latest time (i.e. 28 May 2015) for lodging transfers of shares in order to be entitled for CKH Holding shares.**

2. Adjustment and Transfer of Outstanding Positions

Outstanding positions of Hutchison stock option contracts under trading symbol HWL which exist after the market close on 2 June 2015, i.e. the business day immediately before the effective date, will be adjusted and transferred to the adjusted CKH Holdings stock option contracts under trading symbol CKF. Details of the adjustment procedures are as follows:

Adjustment Term	Formula	Remarks
Adjustment Ratio (AR)	$1 / 0.684 = 1.4620$	Rounded to the nearest 4 decimal places
Adjusted Exercise Price (AEP)	Exercise price of outstanding stock option series x AR	Rounded to the nearest 2 decimal places
Adjusted Contract Size (ACS)	Exercise price of outstanding stock option series x (1,000 shares / AEP)	Rounded to the nearest 4 decimal places

Hutchison stock option contracts will not be available for trading from effective date onwards. The adjusted CKH Holdings stock option contracts under trading symbol CKF shall follow the Spin-off arrangement stated in Section II below.

II. The Spin-off Proposal

CKH Holdings announced a conditional distribution in specie of Cheung Kong Property Holdings Limited (“CK Property”) under the Spin-off Proposal. Participants are requested to note that subject to the fulfilment of the conditions precedent to the Spin-off Proposal, adjustment to the stock option contracts below will be made on the ex-date.

Underlying Stock Name of the Stock Option Contracts (Stock Code)	CK Hutchison Holdings Limited (0001)
HKATS Code	CKH (Contract size: 500 shares)
Corporate Action	Spin-off and separate listing of the CK Property on the SEHK by way of a 100% distribution in specie (Entitlement)
Entitlement Ratio	1 (1 CK Property Share for every 1 CKH Holdings Share)
Ex-date	27 May 2015
Listing Day of CK Property	3 June 2015

For details of the announcement made by CKH Holdings on 30 March 2015, please refer to the hyperlink below:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0330/LTN201503301560.pdf>

Trading Arrangements

1. Transfer of Outstanding Positions

Outstanding positions of CKH Holdings stock option under trading symbols CKH and CKB which exist after the market close on 26 May 2015, i.e. the business day immediately before the ex-date, will be transferred on a **one-to-one** basis to temporary trading symbols CKD and CKE respectively.

2. Suspension of Trading

Since the value of the Entitlement is not available until the value of CK Property is determined, trading of outstanding positions under temporary trading symbols CKD and CKE will be suspended from the ex-date (i.e. 27 May 2015) to the listing day of CK Property (i.e. 3 June 2015) (both dates inclusive).

For adjusted CKH Holdings stock option under trading symbol of CKF resulted from the adjustment in relation to the Hutchison Scheme, trading will be suspended on 3 June 2015.

3. Introduction of New Stock Option Series for Trading

On the ex-date, new CKH Holdings stock option series based on the standard contract size will be introduced for trading under the standard trading symbol CKH.

4. Adjustment to Outstanding Positions upon the Determination of CK Property’s Value

The value of CK Property will be determined by the volume weighted average price (VWAP)

of those auto-matched trades of CK Property on its listing day on the SEHK. When the value of the Entitlement has been determined, adjustment will be made to outstanding positions under trading symbols CKD, CKE and CKF. The adjusted positions will be transferred to trading symbols CKG, CKJ and CKK respectively. Positions under trading symbols CKG, CKJ and CKK will commence trading from the business day immediately after the listing day of CK Property. Details of the adjustment procedures are as follows:

Adjustment Term	Formula	Remarks
Adjustment Ratio (AR)	(Underlying stock closing price before ex-date minus Entitlement) / Underlying stock closing price before ex-date	Rounded to the nearest 4 decimal places
Adjusted Exercise Price (AEP)	Exercise price of outstanding stock option series x AR	Rounded to the nearest 2 decimal places
Adjusted Contract Size (ACS)	Exercise price of outstanding stock option series x (No. of shares / AEP)	Rounded to the nearest 4 decimal places

Remark: Entitlement is CK Property's value times the Entitlement Ratio for each CKH Holdings share

Below is a summary of the trading arrangement for all CKH Holdings stock option contracts:

Contract	Trading Symbol	Underlying Stock	Contract Size (Shares)	Introduction Date	Availability For Trading	Addition of New Stock Option Series on and after ex-date
Standard	CKH	CKH Holdings (Ex-Entitlement)	500	Ex-date	From ex-date onwards	Yes
Adjusted	CKD	CKH Holdings & Entitlement	500	Ex-date	Nil	No
	CKE		1,000			
	CKF		ACS ^{Note 1}	Effective day of the Hutchison Scheme		
	CKG	CKH Holdings (Ex-Entitlement)	ACS ^{Note 2}	The 1 st business day after the listing day of CK Property	From introduction date to 30 March 2016	
	CKJ					
	CKK					

Note 1: ACS is determined under the Hutchison Scheme.

Note 2: ACS is determined under the Spin-off Proposal.

III. Overall (applicable to both Hutchison Scheme and Spin-off Proposal)

The adjusted and standard stock option series are distinct contracts and are represented by different trading symbols in HKATS/DCASS. Particulars of all existing and adjusted stock option series will be shown in DCASS report "Capital Adjustment Series" (TP011) after the DCASS batch processing on the business day immediately before the respective ex-date/effective date.

Capital adjustments, once being made, are conclusive and binding on all relevant stock option 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.

For CKH Holdings stock option under trading symbols CKH, CKD, CKE, CKF, CKG, CKJ and CKK, the trading fee level shall be Tier 1 and the position limit shall be 50,000 contracts combined. **In particular, Participants should note that the combined positions limits shall include the CKH Holdings stock option contracts resulted from the adjustment of the Hutchison Scheme.**

Participants should pay particular attention that the settlement amount of adjusted and standard stock option series will be calculated using their respective contract sizes. There will not be any changes to the number of open positions after the transfer of positions.

Position offset among the standard CKH, the adjusted CKD, CKE, CKF, CKG, CKJ and CKK stock option series is not allowed.

For clearing, settlement and risk management arrangements please refer to the Attachment for details.

Inform Your Staff and Clients

Participants should notify all clients holding positions in the captioned stock option classes of the details of trading and clearing operational arrangements and the associated risk. **In particular, Participants should fully communicate with your clients on the potential suspension of trading and exercise of outstanding stock option positions.** Please ensure that your back office systems are ready for a smooth operation. In addition, all your staff should be fully aware of the trading and clearing arrangements and should exercise caution when dealing with the captioned stock option contracts when advising your clients.

PC Wong
Senior Vice President
Derivatives Trading
Global 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.

Clearing, Settlement and Risk Management Arrangements

I. The Hutchison Scheme

Before 27 May 2015

Pending stock positions resulting from exercise and assignment of HWL stock option series effected on or before 26 May 2015 will be cum entitlement and settled via CCASS as usual.

From 27 May 2015 to 2 June 2015

With reference to the trading and exercise arrangements above, all stock option exercise requests for Hutchison stock option series inputted into DCASS by Participants between 27 May 2015 and 2 June 2015 will be rejected.

On 28 May 2015, the normal automatic exercise arrangement on expiry day will **not** be applied for spot month HWL stock option series. All **in-the-money** HWL spot month stock option series will be exercised / assigned and settled in **cash** via CCMS according to the difference between the exercise price of the spot month stock option series and the settlement price as determined by SEOCH¹.

Written notification of the cash settlement and the associated exercise fee would be provided to Participants on 29 May 2015, i.e. the first business day after the expiry day, and settlement would be made via CCMS at the end of that day.

As the HWL spot month stock option series will be cash settled upon expiry, Hutchison shares used in covering short call positions will **not** be used for the settlement, and any covered HWL positions will be decoupled upon expiry as usual. After the day-end margin calculation on 2 June 2015, i.e. the business day immediately before the effective date, all covered call positions of the HWL stock option series will be decoupled automatically.

After the close of business on 26 May 2015, the Hutchison shares will not be accepted as general stock collateral to cover margin requirement of SEOCH participants' house accounts, Participants are reminded to make necessary funding arrangements if required.

In addition, SEOCH may temporarily increase the clearing house and client margin intervals for the HWL stock option series after the close of business on 26 May 2015. Details of the temporary margin intervals will be announced via a separate circular.

¹ The settlement price for spot month HWL stock option is determined based on the methodology adopted for the determination of the Final Settlement Price of spot month HWL stock futures on the last day for dealing of Hutchison shares, i.e. 26 May 2015.

II. The Spin-off Proposal

Before 27 May 2015

Pending stock positions resulting from exercise and assignment of CKH and CKB stock option series effected before the ex-date, i.e. on or before 26 May 2015, will be cum entitlement and settled via CCASS as usual.

All covered call positions of CKH and CKB stock option series will be decoupled automatically after the day-end margin calculation on 26 May 2015, i.e. the business day immediately before the ex-date. Participants can use the ex-entitlement CKH Holdings shares to cover the standard CKH stock option series introduced on the ex-date.

From 27 May 2015 to 3 June 2015

During the period from the ex-date to the listing day of CK Property, i.e. from 27 May 2015 to 3 June 2015, Participants would **not** be allowed to cover the CKD, CKE and CKF stock option contracts using the ex-entitlement CKH Holdings shares.

Participants can submit the exercise requests via DCASS in respect of the CKH, CKD, CKE and CKF stock option series from 27 May 2015 to 3 June 2015. However, on 28 May 2015, the normal automatic exercise arrangement on expiry day will **not** be applied for spot month CKD and CKE stock option series. While all other exercise and assignment arrangements of the standard CKH stock option series are as normal, Participants should note the following settlement arrangements relating to the exercise and assignment of the CKD, CKE and CKF stock option series:

- (a) Settlement Amount: payment/receipt of the full settlement amount (according to the exercise price of the CKD, CKE and CKF stock option series) via CCASS;
- (b) CKH Holdings shares portion: delivery/receipt of ex-entitlement CKH Holdings shares via CCASS. Results of exercise and assignment of the CKD, CKE and CKF stock option series and the resulted settlement obligation of the full settlement amount and CKH Holdings shares portion would be shown in the DCASS report “Exercise and Assign Summary” (TP009); and
- (c) Entitlement portion (CK Property shares): settlement in cash according to the Entitlement Ratio and CK Property value. The cash settlement would be pending until CK Property’s value is determined and would be settled on the first business day after the listing day of CK Property. Written notification of the pending cash settlement relating to CK Property shares would be provided separately to Participants upon exercise and assignment.

The closing price difference² of CKH Holdings shares on the ex-date (i.e. 27 May 2015) and the trading day prior to the ex-date (i.e. 26 May 2015) would be used as an estimate³ of the value of Entitlement for the purpose of daily settlement price determination and margin calculation of the CKD, CKE and CKF stock option series. Participants should also note that the positions of CKD, CKE and CKF stock option series would be margined on a portfolio basis **but separately from**

² Would be set to zero should the closing price on ex-date is higher than that on the trading day prior to ex-date.

³ SEOCH may, in its discretion, adjust the value of such estimation.

the standard CKH stock option series since they would no longer be sharing the same underlying⁴.

For Participants with pending delivery obligations of CK Property shares to be settled in cash (i.e. exercised put or assigned call) after exercise/assignment of the CKD, CKE and CKF stock option positions, SEOCH would collect special margin on such pending delivery obligations based on the above-mentioned closing price difference of CKH Holdings shares from the date of exercise/assignment + 1 business day to the date of Entitlement settlement (i.e. the first business day after the listing day of CK Property). Such special margin would be recorded under a CCMS special collateral account and concerned Participants would be notified by SEOCH individually for the collection/release of such special margin.

In addition, effective from 3 June 2015, CK Property shares will be accepted as general stock collateral of SEOCH. A haircut of 30% shall be applied on a daily basis to determine the value of the stock collaterals allowed to be used as cover for the margin requirement of SEOCH participants' house accounts.

From 4 June 2015 onwards

From the first business day after the listing day of CK Property onwards, exercise and assignment of the stock option series under the trading symbols CKG, CKJ and CKK in adjusted CKH Holdings stock option contracts will result in odd lots and fractional shares. The integral number of shares (including the odd lots) will be settled via CCASS under normal procedures. The fractional shares of each contract exercised will be settled in cash via CCMS on the day of exercise. The actual cash settlement amount of the fractional shares is the difference between the exercise price of the stock option contracts and the market closing price of the underlying stock on the day of exercise times the fractional shares quantity for each contract exercised/assigned.

The settlement of fractional shares in cash is not liable to stamp duty provided that the contract notes so executed by the party for the sale and purchase of shares arising from the exercise of an stock option contract only include the whole number of shares.

Exercise and assignment of standard CKH stock option series will result in stock settlement obligation of a standard board lot of 500 shares per contract and settled in CCASS under normal procedures.

Participants can use the CKH Holdings shares to cover the adjusted CKG, CKJ and CKK stock option series (which carry odd lots and fractional shares) using the exact odd quantity of stock.

From 4 June 2015 onwards, the positions of standard CKH and adjusted CKG, CKJ and CKK stock option series would be margined on a portfolio basis according to normal procedures as they would be sharing the same underlying (i.e. CKH Holdings).

⁴ The underlying of the CKD, CKE and CKF stock option series would be CKH Holdings and the Entitlement (i.e. CK Property), while that of the CKH stock option series would be CKH Holdings only.