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

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0619/LTN20140619561.pdf>

### *Trading Arrangements*

#### 1. Transfer of Outstanding Positions

Outstanding positions of Li & Fung stock futures which exist after the market close on the business day immediately before the ex-date will be **transferred** to a temporary trading symbol LIA. Since the value of the Entitlement is not available until the value of GBG is determined, trading of outstanding positions under temporary trading symbol LIA will be suspended from the ex-date to the listing day of GBG (both dates inclusive).

#### 2. Introduction of New Series for Trading

On the ex-date, new Li & Fung stock futures (2,000 Li & Fung shares per contract on an ex-entitlement basis) will be introduced for trading under the standard trading symbol LIF.

#### 3. Capital Adjustment to Outstanding Positions under Trading Symbol LIA upon the Determination of GBG's Value

The value of GBG will be determined by the volume weighted average price (VWAP) of those auto-matched trades of GBG on its listing day on the SEHK. When the value of the Entitlement has been determined, capital adjustment will be made to outstanding positions under trading symbol LIA. The adjusted positions will be transferred to trading symbol LIB. Positions under trading symbol LIB will commence trading from the business day immediately after the listing day of GBG.

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

Details of the adjustment procedures are as follows:

| <b>Adjustment Term</b>                    | <b>Formula</b>  | <b>Remarks</b>                          |
|---|---|---|
| <b>Adjustment Ratio (AR)</b>              | (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>Adjusted Contracted Price (ACP)</b>    | Contracted price of outstanding stock futures contracts x AR  | Rounded to the nearest 2 decimal places |
| <b>Adjusted Contract Multiplier (ACM)</b> | (Contracted price of outstanding stock futures contracts x 2,000 shares) / ACP  | Rounded to the nearest 4 decimal places |

Remark: Entitlement is GBG's value times the Entitlement Ratio for each Li & Fung share

| Contract | Trading Symbol | Underlying Stock           | Contract Multiplier (Shares) | Introduction Date   | Availability For Trading              | Addition of New Contract Months on and after Ex-date |
|----------|----------------|----------------------------|------------------------------|---|---------------------------------------|--|
| Standard | LIF            | Li & Fung (ex-entitlement) | 2,000                        | Ex-date   | From the ex-date onwards              | Yes  |
| Adjusted | LIA            | Li & Fung & Entitlement    | 2,000                        | Ex-date   | Nil                                   | No   |
| Adjusted | LIB            | Li & Fung (ex-entitlement) | ACM                          | The 1 <sup>st</sup> business day after the Listing day of GBG | From introduction date to 30 Mar 2015 | No   |

### *Risk Management Arrangements*

For risk management arrangements of the stock futures contracts for such corporate action, please refer to the Attachment for details.

### *Inform Your Staff and Clients*

Participants should notify all clients holding positions in the captioned stock futures contracts of the details of the arrangements for trading and clearing. **In particular, Participants should fully communicate with your clients on the transfer of outstanding position to the temporary trading symbol LIA and its suspension from the ex-date until the listing day of GBG (inclusive).** 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 adjusted and standard futures contracts and when advising your clients.

P C Wong  
Senior Vice President  
Derivatives Trading  
Global Markets Division

Encl.

*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.*

**Risk Management Arrangements**

The closing price difference<sup>1</sup> of Li & Fung on the ex-date and the trading day prior to the ex-date would be used as an estimate<sup>2</sup> of the value of Entitlement for the purpose of daily settlement price determination and variation adjustment calculation of the LIA stock futures contracts.

Participants should note that LIA stock futures contracts would be margined **separately from the standard LIF stock futures contracts** from the ex-date to the date of capital adjustment made (i.e. The 1<sup>st</sup> business day after the Listing Day of GBG) since they would no longer be sharing the same underlying<sup>3</sup>. After the capital adjustment made on the 1<sup>st</sup> business day after the Listing Day of GBG, the positions of standard LIF and adjusted LIB stock futures contracts would be margined together according to normal procedures as they would be sharing the same underlying (i.e. Li & Fung).

Note:

1. Would be set to zero should the closing price on the ex-date is higher than that on the trading day prior to the ex-date.
2. HKCC may, in its discretion, adjust the value of such estimation.
3. The underlying of the LIA stock futures contracts would be Li & Fung and the Entitlement (i.e. GBG), while that of the LIF stock futures contracts would be Li & Fung only.