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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 Arrangements Relating to the Capital Adjustment to
Subject: Swire Pacific Limited "A" Futures Contract – Conditional Dividend

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

Underlying Stock Name of the Stock Futures Contract (Stock Code)	Swire Pacific Limited "A" (Swire A) (SEHK Code: 19)
HKATS Code	SWA
Corporate Action	Conditional special interim dividend (Conditional Dividend) in specie of 1 Share of Swire Properties Limited (SPL) for every 10 Swire A Shares (Entitlement)
Ex-date	22 April 2010

For details of the announcements made by Swire Pacific Limited on 18 April 2010, please refer to the hyperlink below:

<http://www.hkexnews.hk/listedco/listconews/sehk/20100418/LTN20100418015.pdf>

Trading Arrangements

The trading arrangements for Swire A futures will be as follows:

1. Transfer of Outstanding Positions

Outstanding positions of Swire A futures which exist after the market close on the business day immediately before the ex-date will be transferred to a temporary trading symbol SWB. Since the value of the Entitlement is not available until the IPO price of SPL is fixed, trading of outstanding positions under temporary trading symbol SWB will be suspended from the ex-date to the business day after the IPO price is fixed (i.e. up to IPO price fixing date + 1 day).

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2. Introduction of New Contract months for Trading

On the ex-date, new contract months of Swire A futures (500 Swire A shares per contract on an ex-entitlement basis) will be introduced for trading under the standard trading symbol SWA.

3. Capital Adjustment to Outstanding Position under Trading Symbol SWB

When the value of the Entitlement is determined upon the announcement of the IPO price of SPL, capital adjustment will be made to outstanding positions under trading symbol SWB and the adjusted positions will be transferred to trading symbol SWC. Positions under trading symbol SWC will commence trading from the second business day after the IPO price fixing date (IPO price fixing date + 2 day). Contract months under trading symbol SWB will remain suspended.

Adjustment will be made after the close of trading on the business day before the trading commencement date of positions under trading symbol SWC. Details of the adjustment procedures are as follows:

Adjustment Term	Formula	Remark
Adjustment Ratio (AR)	$(\text{underlying stock closing price before the ex-date} - \text{Entitlement}) / (\text{underlying stock closing price before the ex-date})$	Rounded to the nearest 4 decimal places
Adjusted Contracted price (ACP)	$\text{Contracted price of outstanding futures contract months} \times \text{AR}$	Rounded to the nearest 2 decimal places
Adjusted Contract Multiplier (ACM)	$(\text{Contracted price of outstanding futures contract months} \times 500 \text{ shares}) / \text{ACP}$	Rounded to the nearest 4 decimal places

Remark: Entitlement is SPL's IPO Price times the Entitlement ratio of 10% for each Swire A share

The adjusted and standard futures contract months are distinct contracts and represented by different symbols in HKATS/DCASS. Particulars of all existing and adjusted stock futures contract months will be shown in DCASS report TP011 after the DCASS batch processing on the business day immediately before the introduction dates below. The parallel trading is illustrated below:

Contract	Trading Symbol	Underlying Stock	Contract Multiplier (Shares)	Introduction Date	Availability For Trading	Addition of New Contract months
Standard	SWA	Swire A (ex-entitlement)	500	Ex-date	From the ex-date onwards	Yes
Adjusted	SWB	Swire A & Entitlement	500	Ex-date	Nil	No
Adjusted	SWC	Swire A (ex-entitlement)	ACM	IPO price fixing date + 2 day	From introduction date to 30 Dec 2010	No

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Participants should pay particular attention that the cash settlement amount of adjusted and standard stock futures contracts on the last trading 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.

Settlement and Risk Management Arrangements

For settlement and risk management arrangements of the 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 operational arrangements for trading and clearing. 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
Vice President
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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.

Settlement and Risk Management Arrangements**A. Final Settlement Arrangement**

For outstanding Swire A futures positions under trading symbol SWB, final settlement upon expiration will be deferred until the next business day when SPL's IPO price is available. These outstanding Swire A futures positions would be recorded separately after the expiry date. Written notification of the pending deferred settlement relating to SWB futures positions would be provided to the relevant Participants on the expiry date and the final settlement amount would be debited from / credited to participants' respective CCMS accounts.

The final settlement price for outstanding Swire A futures positions under trading symbol SWB will be based on the sum of the following:

- (a) the average of readings of (i) the midpoints of the best bid and best ask prices of Swire A taken at five-minute intervals from five minutes after the start of, and up to five minutes before the end of, the Continuous Trading Session of SEHK and (ii) the closing price of Swire A as quoted by SEHK on the Last Trading Day; and
- (b) the SPL's IPO price times the entitlement ratio of 10% for each Swire A share.

B. Risk Management Arrangement

The closing price difference¹ of Swire A on the ex-date and the trading day prior to the ex-date would be used as an estimate² of the value of SPL Entitlement for the purpose of daily settlement price determination and variation adjustment calculation of the SWB futures contracts.

Participants should note that the SWB and SWA futures contracts would be margined independently from the ex-date to the date of capital adjustment made (i.e. IPO fixing price + 1 day) since they would no longer be sharing the same underlying³. After the capital adjustment made on the date of IPO price fixing date + 1 day, the positions of standard SWA and adjusted SWC futures contracts would be margined together according to normal procedures.

Participants should also note that due to the deferment of the final settlement, the SWB futures contracts would continue to be margined after the expiry date until the Final Settlement Price has been determined by the Exchange on IPO pricing fixing date + 1 day. The margin of these futures contracts would be recorded under a CCMS special collateral account after the expiry date and concerned participants would be notified by HKCC for the collection/release of the related margin individually.

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 underlyings of SWB futures contracts would be Swire A and the Entitlement (i.e. SPL) while that of the SWA futures contracts would be Swire A only.