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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)

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**通告 CIRCULAR**

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事項 Trading and Clearing Operational Arrangements Relating to the Capital Adjustment  
Subject: of New World Development Co. Ltd. Options – Rights Issue

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

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

<b>Underlying Stock Name of the Stock Option Contracts (Stock Code)</b>	New World Development Co. Ltd. (17)
<b>HKATS Code</b>	NWD
<b>Corporate Action</b>	1 Rights Share for every 3 existing Shares
<b>Subscription Price</b>	\$6.20
<b>Ex-rights day</b>	26 March 2014

For details of the announcements made by New World Development Co. Ltd. on 14 March 2014, please refer to the hyperlink below:

<http://www.hkexnews.hk/listedco/listconews/sehk/2014/0314/LTN20140314065.PDF>

*Adjustment Procedures*

Adjustments will be made to the open positions of captioned stock option class which exist after the market close on the business day immediately before the ex-rights day. The details of the adjustment procedures are as follows:

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

Adjustment Term	Formula	Remarks
<b>Adjustment Ratio (AR)</b>	$\frac{3 \text{ old shares} + (1 \text{ new share} \times \$6.20 / \$S^*)}{3 \text{ old shares} + 1 \text{ new share}}$	Rounded to the nearest 4 decimal places. <b>Adjustment will only be made if the AR is smaller than 1.</b>
<b>Adjusted Exercise Price (AEP)</b>	Exercise price of outstanding option series x AR	Rounded to the nearest 2 decimal places
<b>Adjusted Contract Size (ACS)</b>	Exercise price of outstanding option series x (1,000 shares / AEP)	Rounded to the nearest 4 decimal places

\* Where \$6.20 is the subscription price for the new shares and \$S is the underlying stock closing price on 25 March 2014 (the business day immediately before the ex-rights day).

For avoidance of doubts, the objective of this adjustment method is to adjust the option contracts according to the theoretical value of the rights entitlement if there is a positive value before the ex-rights day. If there is no exercise value with the rights, i.e. the underlying price closes at or below the subscription price of \$6.20 on 25 March 2014 (the business day immediately before the ex-rights day), in other words, AR is equal to or larger than 1, no capital adjustment will be made.

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

#### *Parallel Trading*

After the market close on the business day immediately before the ex-rights day, the open positions will be transferred to the adjusted option series. In addition, new option series based on the standard contract size will be introduced for trading on the ex-rights day. The adjusted and standard 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 TP011 after the DCASS batch processing on the business day immediately before the ex-rights day. Details of the parallel trading on and after the ex-rights day are illustrated below:

Contract	Trading Symbol	Contract Size (Shares)	Availability For Trading	Addition of New Option Series on and after the Ex-rights day
Adjusted	NWA	ACS	From ex-rights day to 30 March 2015	No
Standard	NWD	1,000	From ex-rights day onwards	Yes

Participants should pay particular attention that the cash settlement amount of adjusted and standard option series on the expiry day will be calculated using their respective contract sizes. 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*

For clearing and settlement arrangements relating to shares collateral and exercise / assignment of adjusted stock option class, please refer to the Attachment for details.

*Inform Your Staff and Clients*

Participants should notify all clients holding positions in the captioned stock option class 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 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 option series and when advising your clients.

Sanly Ho  
Head  
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 and Settlement Arrangements Relating to Shares Collateral and Exercise / Assignment of Adjusted Stock Option Class***Shares Used as Cover Collateral*

All covered call positions will be discovered automatically after the day-end margin calculation on the business day immediately before the ex-rights day. Participants are requested to cover, if possible, those naked short call positions of the adjusted option series before market open of the ex-rights day. Otherwise, these naked short call positions will become marginable in the subsequent intra-day or day-end margin calculation. Since the contract sizes of the adjusted option series will carry odd lots and fractional shares, participants who wish to cover any adjusted option series must use the exact odd quantity of stock while standard board lots can only be used to cover the standard option series.

*Pending Stock Positions*

Pending stock positions resulting from exercise / assignment effected on or before the business day immediately before the ex-rights day will be cum entitlement and settled via CCASS.

*Settlement of Exercised Options Trades*

The exercise and assignment of contracts in adjusted option series 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 option series 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 option contract only include the whole number of shares.

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