

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

Subject: Trading and Clearing Operational Arrangements Relating to Potential Capital Adjustment of Sunac China Holdings Limited Stock Option Contracts – Conditional Distribution

Enquiry: HKATS Hotline<sup>1</sup> Tel: 2211-6360  
DCASS Hotline Tel: 2979-7222

Sunac China Holdings Limited (“Sunac”) announced the declaration of a special dividend by way of a distribution in specie of Sunac Services Holdings Limited (Sunac Services) Shares, indirectly held by the Company to the Qualifying Shareholders. Capital adjustment to the stock option contracts below will be made if the Conditional Distribution becomes unconditional:

<b>Underlying Stock Name of the Stock Option Contracts (Stock Code)</b>	Sunac China Holdings Limited (01918)
<b>HKATS Code</b>	SUN
<b>Corporate Action</b>	Spin-off and separate listing of Sunac Services on the SEHK by way of a distribution in specie (“Entitlement”)
<b>Entitlement Ratio</b>	0.0322 (one Sunac Services Share for about every 31.07 Shares held on the Record Date (the “Distribution Basis”, subject to adjustment as described in the <a href="#">Sunac’s announcement</a> , where applicable)
<b>Ex-date</b>	3 November 2020
<b>Listing Day of Sunac Services</b>	Yet to be announced by Sunac

<sup>1</sup> All calls to the HKATS hotline would be recorded. Please refer to the following link for HKEX privacy policy statement: [http://www.hkex.com.hk/eng/global/privacy\\_policy.htm](http://www.hkex.com.hk/eng/global/privacy_policy.htm)

For details of the announcement made by Sunac on 26 October 2020, please refer to the hyperlink below:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1026/2020102600171.pdf>

### *Trading Arrangements*

#### 1. Transfer of Outstanding Positions

Outstanding positions of Sunac stock option class which exist after the market close on the business day immediately before the ex-date will be **transferred** on a **one-to-one** basis to a temporary trading symbol SUA.

#### 2. Suspension of Trading

Since the value of the Entitlement is not available until the value of Sunac Services is determined, trading of outstanding positions under temporary trading symbol SUA will be suspended from the ex-date (i.e. 3 November 2020) to the listing day of Sunac Services (Yet to be announced by Sunac) (both dates inclusive).

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

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

#### 4. Adjustment to Outstanding Positions upon the Determination of Sunac Services's Value

The value of Sunac Services will be determined by the volume weighted average price (VWAP) of those auto-matched trades of Sunac Services 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 symbol SUA after market close on the first trading day of Sunac Services (Yet to be announced by Sunac). The adjusted positions will be transferred to trading symbol SUB. Positions under trading symbol SUB will commence trading from the business day immediately after the listing day of Sunac Services (Yet to be announced by Sunac).

Details of the adjustment procedures are as follows:

Adjustment Term	Formula	Remarks
<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 Exercise Price (AEP)</b>	Exercise price of outstanding stock option series x AR	Rounded to the nearest 2 decimal places
<b>Adjusted Contract Size (ACS)</b>	Exercise price of outstanding stock option series x (2,000 shares / AEP)	Rounded to the nearest 4 decimal places

Remark: Entitlement is Sunac Services's value times the Entitlement Ratio for each Sunac share

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

Contract	Trading Symbol	Underlying Stock	Contract Size (Shares)	Introduction Date	Availability For Trading	Addition of New Option Series on and after Ex-date
Standard	SUN	Sunac (Ex-entitlement)	2,000	Ex-date	From the ex-date onwards	Yes
Adjusted	SUA	Sunac & Entitlement	2,000	Ex-date	Nil	No
Adjusted	SUB	Sunac (Ex-entitlement)	ACS	The 1 <sup>st</sup> business day after the Listing day of Sunac Services	From introduction date to a date yet to be announced	

For stock options of Sunac under trading symbols SUN and SUB, the trading fee level shall be Tier 1 and the position limit shall be 50,000 contracts combined.

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 ex-date day.

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.

Participants should pay particular attention that the settlement amount of adjusted and standard stock 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, Settlement and Risk Management Arrangements

Position offset among the standard SUN, the adjusted SUA and the adjusted SUB stock option series is **not allowed**.

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 options class of the details of the arrangements for trading and clearing and the associated risk. **In particular, Participants should fully communicate with your clients on the transfer of outstanding position to the temporary trading symbol SUA and its suspension from the ex-date until the listing day of Sunac Services (both dates 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 option series and when advising your clients.

Sanly Ho  
Co-Head  
Trading Operations  
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.*

## Attachment

### Clearing, Settlement and Risk Management Arrangements

#### Before ex-date

Pending stock positions resulting from exercise and assignment of SUN stock option series effected on or before the business day immediately before ex-date will be cum entitlement and settled via CCASS as usual.

All covered call positions of SUN stock option series will be discovered automatically after the day-end margin calculation on the business day immediately before the ex-date. Participants can use the ex-entitlement Sunac shares to cover the standard SUN stock option series introduced on the ex-date.

#### During the period from ex-date to the listing day of Sunac Services

Participants would **NOT** be allowed to cover the SUA stock option contracts using the ex-entitlement Sunac shares.

Participants can submit the exercise requests via the DCASS as normal in respect of the SUN and SUA stock option series from the ex-date (i.e. 3 November 2020) to the listing day of Sunac Services (Yet to be announced by Sunac). However, **on any expiry days before the listing day of Sunac Services, the automatic exercise arrangement will NOT be applied for spot month SUA spot option series.**

Participants should note the following arrangements relating to the exercise and assignment of the SUA stock option series:

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

The difference<sup>1</sup> of the opening price of Sunac shares on the ex-date (i.e. 3 November 2020) and the closing price on the trading day prior to the ex-date (i.e. 2 November 2020) would be used as an estimate<sup>2</sup> of the value of Entitlement for the purpose of daily settlement price determination and margin calculation of the SUA stock option series. Participants should also note that the positions of SUA stock option contracts would be **margined separately from the standard SUN stock option series** since they would no longer be sharing the same underlying<sup>3</sup>.

For Participants with pending delivery obligations of Sunac Services shares to be settled in cash (i.e. exercised put or assigned call) after exercise/assignment of the SUA stock option positions, SEOCH would collect special margin on such pending delivery obligations based on the above-mentioned price difference of Sunac 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 Sunac Services). 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.

From the first business day after the listing day of Sunac Services onwards

Exercise and assignment of the stock option series under the trading symbol SUB in adjusted Sunac 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 SUN stock option series will result in stock settlement obligation of a standard board lot of 2,000 shares per contract and settled in CCASS under normal procedures.

Participants can use the Sunac shares to cover the adjusted SUB stock option series (which carry odd lots and fractional shares) using the exact odd quantity of stock.

The positions of standard SUN and adjusted SUB stock option series would be margined on a portfolio basis according to normal procedures as they would be sharing the same underlying (i.e. Sunac).

---

<sup>1</sup> Would be set to zero should the opening price on ex-date is higher than the closing price on the trading day prior to ex-date.

<sup>2</sup> SEOCH may, in its discretion, adjust the value of such estimation.

<sup>3</sup> The underlying of the SUA stock option series would be Sunac and the Entitlement (i.e. Sunac Services), while that of the SUN stock option series would be Sunac only.