

香港聯合交易所期權結算所有限公司
(香港交易及結算所有限公司全資附屬公司)

THE SEHK OPTIONS CLEARING HOUSE LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: Clearing and Settlement Arrangements for Exercised Options Contracts with respect to Sunac China Holdings Ltd

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Trading in shares of Sunac China Holdings Ltd (stock code: 1918) (“SUN”) has been suspended since 1 April 2022. The SEHK Options Clearing House Limited (“SEOCH”) and Hong Kong Securities Clearing Company Limited (“HKSCC”) would like to remind SEOCH Participants and HKSCC Participants of the arrangements with regard to the exercise and assignment of SUN stock options contracts and the clearing and settlement of the resulting stock transactions.

1. Exercise and Assignment of SUN stock options

Delivery obligations shall arise after exercise and assignment of SUN stock options notwithstanding the trading suspension in SUN’s shares. Failure by a SEOCH / HKSCC Participant to duly perform or comply with any of its delivery obligations when due will constitute an event of default under [Rule 701\(5\)](#) of the Options Clearing Rules of SEOCH (“SEOCH Rules”) and [Rule 3701](#) of the General Rules of CCASS (“CCASS Rules”). **For those SEOCH Participants which do not have / do not anticipate they will have the necessary SUN shares to fulfill their delivery obligations when due, they (i) shall not input any exercise instruction for their house and client put option positions, and (ii) shall input deny instructions for the automatic exercise put option requests generated on the Expiry Day before the System Input Cutoff Time at 18:45.**

2. Automatic Exercise Requests generated on Expiry Day

Spot Month SUN stock options contracts (“Spot Month Contracts”) will expire on the business day preceding the last business day of the month (“Expiry Day”). On Expiry Day, pursuant to [Rule 503A](#) of the SEOCH Rules, SEOCH will automatically generate exercise requests for all open long positions in Spot Month Contracts as usual if they meet the exercise criteria prescribed by the relevant SEOCH Participant or SEOCH’s exercise criteria¹ if no exercise criteria have been prescribed by the SEOCH Participant. The closing price on the trading day immediately prior to suspension of trading in SUN’s shares (i.e. 31 March 2022) (“Last Closing Price”) will be used as the fixing price for the purpose of automatic exercise on the Expiry Day.

3. Clearing and Settlement of Stock Transactions arising from Exercised / Assigned Options

In accordance with [Rule 508](#) of the SEOCH Rules and [Chapter 6](#) of the Operational Clearing Procedures for Options Trading Exchange Participants of SEOCH (“SEOCH Procedures”), stock transactions resulting from the exercise / assignment of SUN stock options contracts in SEOCH will be settled through CCASS under the Continuous Net Settlement System (“CNS”)² on the second settlement day (T+2) immediately following the day on which the SUN stock options contracts are exercised / assigned.

To the extent SUN shares are not delivered by HKSCC Participants with outstanding short SUN stock positions to CNS for settlement by the final batch settlement run (BSR) at 3:45pm on T+2, rendering it not possible or reasonably practicable for HKSCC to deliver SUN shares to the recipient HKSCC Participants with long SUN stock positions in view of the trading suspension in SUN shares, HKSCC will cash settle the outstanding long SUN stock positions with the HKSCC Participants concerned in substitution for the delivery of SUN shares³ and will also cash settle the

¹ The in-the-money percentage for stock options is the difference between the strike and fixing price as a percentage of the strike.

² Unless SEOCH specifies otherwise.

³ Pursuant to CCASS [Rules 3307](#) and [3606](#) and SEOCH Rule [508B](#), HKSCC and SEOCH are entitled to make money compensation to the HKSCC and SEOCH Participants concerned in substitution for the delivery of SUN’s shares in whole or in part in such amount as HKSCC and SEOCH may in their absolute discretion determine by reference to the market value of the SUN’s shares at the time of payment of

outstanding short SUN stock positions with the HKSCC Participants concerned in lieu of their obligations to deliver⁴ should trading in SUN shares remain suspended on T+2. Having taken into account all relevant circumstances as HKSCC and SEOCH consider appropriate, HKSCC and SEOCH determine that, cash settlement at the price of \$4.58, being the Last Closing Price prior to suspension of trading in SUN shares, would be fair and reasonable to the HKSCC Participants concerned. In other words, the outstanding SUN positions will be settled as follows:

	Purchase / Selling Price in CNS (CNS Price ⁵)	Cash Settlement Amount
CPs with outstanding long SUN Stock positions after the final BSR on T+2	< \$4.58	Receive (\$4.58 - CNS Price) x number of shares
	≥ \$4.58	Pay (CNS Price - \$4.58) x number of shares
CPs with outstanding short SUN Stock positions after the final BSR on T+2	< \$4.58	Pay (\$4.58 - CNS Price) x number of shares
	≥ \$4.58	Receive (CNS Price - \$4.58) x number of shares

The above arrangements will apply to clearing and settlement of stock transactions arising from exercised / assigned SUN stock options contracts only. Outstanding positions will be cash-settled, regardless if they result from put or call exercise or assignment, and there will be no buy-in exemptions granted. Participants who exercise calls may receive shares and/or cash, and should consider this when making their exercise decisions. HKSCC and SEOCH may or may not apply the same arrangements to other suspended stock options classes depending on the circumstances in a particular case.

compensation by HKSCC or SEOCH (or the value at such other time as HKSCC or SEOCH shall consider fair and reasonable in the circumstances).

⁴ Under SEOCH [Rule 508](#), the SEOCH Board may determine that delivery obligations under OCH Contracts are to be performed in some other way (including determining that obligations be settled in cash in lieu of delivery).

⁵ CNS Price = Outstanding Position Trade Amount / Outstanding Position Quantity

For any enquiries, please contact the DCASS hotline at 2979 7222 or email to clearingpsd@hkex.com.hk.

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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.