

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

Subject: Trading and Clearing Operational Arrangements Relating to Potential Capital Adjustment of Haidilao International Holding Ltd. Stock Futures Contracts – Conditional Distribution in Specie and Spin-off (the “Proposed Distribution”)

Enquiry: HKATS Hotline¹ Tel: 2211-6360
DCASS Hotline Tel: 2979-7222

Haidilao International Holding Ltd. (“Haidilao”) announced the proposed declaration of a conditional distribution in specie of all the Super Hi International Holding Ltd. (“Super Hi”) shares to which Haidilao will be entitled, representing 90% of the entire issued share capital of Super Hi at the time of distribution, to the Qualifying Shareholders (as defined in the Haidilao’s circular dated 29 July 2022), and the proposed spin-off and separate listing of the Super Hi shares on the Hong Kong Stock Exchange (“SEHK”). Capital adjustment to the stock futures contracts below will be made if the Proposed Distribution becomes unconditional:

Underlying Stock Name of the Stock Futures Contracts (Stock Code)	Haidilao International Holding Ltd. (06862)
HKATS Code	HDO
Corporate Action	Spin-off and separate listing of Super Hi shares on the SEHK by way of a distribution in specie (“Entitlement”)
Entitlement Ratio	To be announced
Ex-date	16 December 2022
Listing Day of Super Hi shares	To be announced by Haidilao

¹ 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

For details of the announcements/circulars made by Haidilao with respect to the Proposed Distribution on 11 July 2022, 13 July 2022, 29 July 2022 and 5 December 2022, please refer to the hyperlinks below:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0711/2022071100788.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0713/2022071301010.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0728/2022072801568.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1205/2022120501887.pdf>

Trading Arrangements

1. Transfer of Outstanding Positions

Outstanding positions of Haidilao stock futures 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 HDA.

2. Suspension of Trading

Since the value of the Entitlement is not available until the value of Super Hi shares is determined, trading of outstanding positions under temporary trading symbol HDA will be suspended from the ex-date (i.e. 16 December 2022) to the listing day of Super Hi shares (to be announced by Haidilao) (both dates inclusive).

3. Introduction of New Series for Trading

On the ex-date, new series of Haidilao stock futures based on the standard contract multiplier will be introduced for trading under the standard trading symbol HDO.

4. Adjustment to Outstanding Positions upon the Determination of Super Hi's Value

The value of Super Hi shares will be determined by the volume weighted average price (VWAP) of those auto-matched trades of Super Hi shares on its listing day on the SEHK. When the value of the Entitlement is determined, adjustment will be made to outstanding positions under trading symbol HDA after market close on the first trading day of Super Hi shares (to be announced by Haidilao). The adjusted positions will be transferred to trading symbol HDB. Positions under trading symbol HDB will commence trading from the business day immediately after the listing day of Super Hi shares (to be announced by Haidilao).

Details of the adjustment procedures are as follows:

Adjustment Term	Formula	Remarks
Adjustment Ratio (AR)	$\frac{S \text{ (1st trading day)}}{S \text{ (1st trading day)} + E \text{ (1st trading day)}}$	Rounded to the nearest 4 decimal places
Adjusted Contracted Price (ACP)	Contracted price of outstanding stock futures series x AR	Rounded to the nearest 2 decimal places
Adjusted Contract Multiplier (ACM)	Contracted price of outstanding stock futures series x (1,000 shares / ACP)	Rounded to the nearest 4 decimal places

Remark:

- S (1st trading day) is the value of Haidilao shares based on the VWAP on its first trading day after spin-off; and
- E (1st trading day) is the value of the entitlement of the spin-off based on the VWAP on Super Hi shares' first trading day.
- Entitlement is Super Hi's value times the Entitlement Ratio for each Haidilao share.

Below is a summary of the trading arrangement for all Haidilao stock futures contracts:

Contract	Trading Symbol	Underlying Stock	Contract Size (Shares)	Introduction Date	Availability For Trading	Addition of New Stock Futures Series on and after Ex-date
Standard	HDO	Haidilao (Ex-entitlement)	1,000	Ex-date	From the ex-date onwards	Yes
Adjusted	HDA	Haidilao & Entitlement	1,000	Ex-date	Nil	No
Adjusted	HDB	Haidilao (Ex-entitlement)	ACM	The 1 st business day after the listing day of Super Hi	From introduction date to a date yet to be announced	

For stock futures of Haidilao under trading symbols HDO and HDB, the trading fee level shall be Tier 1.

The adjusted and standard stock futures series are distinct contracts and are 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 ex-date day.

Capital adjustments (if any), once made, are conclusive and binding on all relevant stock futures 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 futures series on the expiry 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.

Clearing and Settlement Arrangements

Position offset among the standard HDO, the adjusted HDA and the adjusted HDB stock futures series is **not allowed**.

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 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 HDA and its suspension of trading from the ex-date until the listing day of Super Hi (both dates inclusive), which may last for a prolonged period of time. The Proposed Distribution is conditional and the capital adjustment arrangement is subject to, among other conditions, the successful listing of Super Hi shares on SEHK.** 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 series and when advising your clients.

Sanly Ho
Co-Head
Trading Department
Operations 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

Risk Management Arrangements

The difference¹ of the opening price of Haidilao shares on the ex-date (i.e. 16 December 2022) and the closing price on the trading day prior to the ex-date (i.e. 15 December 2022) would be used as an estimate² of the value of Entitlement for the purpose of daily settlement price determination, margin and variation adjustment calculation of the HDA stock futures contracts.

Participants should note that HDA stock futures contracts would be margined **separately from the standard HDO stock futures contracts** from the ex-date to the date of capital adjustment made (i.e. The 1st business day after the Listing Day of Super Hi) since they would no longer be sharing the same underlying³. After the capital adjustment made on the 1st business day after the listing day of Super Hi, the positions of standard HDO and adjusted HDB stock futures contracts would be margined together according to normal procedures as they would be sharing the same underlying (i.e. Haidilao).

¹ 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.

² HKCC may, in its discretion, adjust the value of such estimation.

³ The underlying of the HDA stock futures series would be Haidilao and the Entitlement (i.e. Super Hi), while that of the HDO stock futures series would be Haidilao only.