

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 Haidilao International Holding Ltd. Stock Option 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 option contracts below will be made if the Proposed Distribution becomes unconditional:

Underlying Stock Name of the Stock Option 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 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 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 option based on the standard contract size 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)	$\frac{S(1st\ trading\ day)}{S(1st\ trading\ day) + E(1st\ trading\ day)}$	Rounded to the nearest 4 decimal places
Adjusted Exercise Price (AEP)	Old Exercise price of outstanding stock option series x AR	Rounded to the nearest 2 decimal places
Adjusted Contract Size (ACS)	Old Exercise price of outstanding stock option series x (1,000 shares / AEP)	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 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	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)	ACS	The 1 st business day after the listing day of Super Hi	From introduction date to a date yet to be announced	

For stock options of Haidilao under trading symbols HDO and HDB, the trading fee level shall be Tier 1 and the position limit shall be 100,000 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 (if any), once 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 HDO, the adjusted HDA and the adjusted HDB 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 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 option 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

Clearing, Settlement and Risk Management Arrangements

Before ex-date

Pending stock positions resulting from exercise and assignment of HDO stock option series effective 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 HDO 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 Haidilao shares to cover the standard HDO stock option series introduced on the ex-date.

During the period from ex-date to the listing day of Super Hi

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

Participants can submit the exercise requests via the DCASS as normal in respect of the HDO and HDA stock option series from the ex-date (i.e. 16 December 2022) to the listing day of Super Hi (Yet to be announced by Haidilao). However, **on any expiry days before the listing day of Super Hi, the automatic exercise arrangement will NOT be applied for spot month HDA spot option series.**

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

- (a) Settlement Amount: payment/receipt of the full settlement amount (according to the exercise price of the HDA stock option series) via CCASS;
- (b) Haidilao shares portion: delivery/receipt of ex-entitlement Haidilao shares via CCASS. Results of exercise and assignment of the HDA stock option series and the resulted settlement obligation of the full settlement amount and Haidilao shares portion would be shown in the DCASS report "Exercise and Assign Summary" (TP009); and
- (c) Entitlement portion (Super Hi shares): settlement in cash according to the Entitlement Ratio and Super Hi value. The cash settlement would be pending until Super Hi's value is determined and would be settled on the first business day after the listing day of Super Hi. Participants are advised to check TP009 daily so as to project the share quantity of Super Hi upon exercise and assignment to be settled in cash. Remarks (including share quantity and unit price) of the aggregate total cash settlement amount relating to Super Hi shares would be provided to Participant via manual posting in CCMS.

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 and margin calculation of the HDA stock option series. Participants should also note that the positions of HDA stock option contracts would be **margin** **separately from the standard HDO stock option series** since they would no longer be sharing the same underlying³.

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

Exercise and assignment of the stock option series under the trading symbol HDB in adjusted Haidilao 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 HDO stock option series will result in stock settlement obligation of a standard board lot of 1,000 shares per contract and settled in CCASS under normal procedures.

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

The positions of standard HDO and adjusted HDB stock option series would be margined on a portfolio basis 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 SEOCH may, in its discretion, adjust the value of such estimation.

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