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Holly Futures

(a joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 弘業期貨股份有限公司 and carrying on business in Hong Kong as Holly Futures)
(the “**Company**”)
(Stock Code: 3678)

MAJOR TRANSACTION PROPOSED ACQUISITION OF THE PROPERTIES

THE ACQUISITION

The Board wishes to inform the Shareholders that the Group proposes to enter into the Properties Sale and Purchase Agreements with the Vendor to acquire the Properties from the Vendor at an aggregate consideration of RMB274,675,360, subject to the approval by the Shareholders at the EGM.

LISTING RULES IMPLICATIONS

In December 2019, the Company entered into the 2019 Agreement with the Vendor to acquire Flat 1701 at a consideration of RMB45,634,320. As the 2019 Agreement was and the Properties Sale and Purchase Agreements (if entered) will be made by the Group with the same party, being the Vendor within a 12-month period, the 2019 Agreement and the Properties Sale and Purchase Agreements (if entered) shall be aggregated as a series of transactions pursuant to Rules 14.22 and 14.23 of the Listing Rules. Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the 2019 Agreement and the Properties Sale and Purchase Agreements on an aggregated basis are more than 25% but all of such ratios are less than 100%, the transactions under the 2019 Agreement and the Properties Sale and Purchase Agreements (if entered) will in aggregate constitute a major transaction of the Company and will be subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The Company will convene the EGM for Shareholders to consider and, if thought fit, approve the ordinary resolution regarding the Properties Sale and Purchase Agreements and the transactions contemplated thereunder.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and therefore no Shareholder is required to abstain from voting at the EGM.

A circular containing, among other things, further details of the Acquisition, financial information of the Group, the Properties Valuation Report and other information as required by the Listing Rules, together with a notice of the EGM is expected to be despatched to the Shareholders within 15 business days after publication of this announcement.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 29 December 2020 to 28 January 2021 (both days inclusive), during which period no transfer of Shares will be effected. In order to be qualified to attend and vote at the EGM, all transfers documents accompanied by the relevant Share certificates must be lodged with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in respect of H Shares), or to the headquarters of the Company in the PRC (in respect of Domestic Shares) no later than 4:30 p.m. on 28 December 2020.

INTRODUCTION

The Board wishes to inform the Shareholders that the Group proposes to enter into the Properties Sale and Purchase Agreements with the Vendor to acquire the Properties from the Vendor at an aggregate consideration of RMB274,675,360, subject to the approval by the Shareholders at the EGM.

THE PROPERTIES SALE AND PURCHASE AGREEMENTS

The principal terms of the Properties Sale and Purchase Agreements are as follows:

(I) Flat 1 Agreement

Parties:	The Company, as the Purchaser Nanjing Financial City Construction and Development Co., Ltd* (南京金融城建設發展股份有限公司), as the Vendor
Property to be acquired:	Flat 1, Tower A4, Zijin Financial Centre, Plot No.47, Hexi Middle, Jianye District, Nanjing City, Jiangsu Province, the PRC (中國江蘇省南京市建鄴區河西中部47號地塊紫金金融中心A4幢1室)
Estimated gross floor area:	245.99 sq. m.
Consideration:	RMB5,903,760
Payment terms:	The consideration shall be satisfied in the following manner: (i) RMB1,775,000 payable within five (5) days after entering into the Flat 1 Agreement; (ii) RMB3,540,000 payable within ten (10) days after entering into the Flat 1 Agreement; and (iii) RMB588,760 payable within ten (10) days after completion and inspection of the construction work of flat 1 of the Properties.

(II) Flat 1801 Agreement

Parties:	Holly Capital, as the Purchaser Nanjing Financial City Construction and Development Co., Ltd* (南京金融城建設發展股份有限公司), as the Vendor
Property to be acquired:	Flat 1801, Tower A4, Zijin Financial Centre, Plot No.47, Hexi Middle, Jianye District, Nanjing City, Jiangsu Province, the PRC (中國江蘇省南京市建鄴區河西中部47號地塊紫金金融中心A4幢1801室)
Estimated gross floor area:	1,901.43 sq. m.
Consideration:	RMB45,634,320
Payment terms:	The consideration shall be satisfied in the following manner: (i) RMB13,691,000 payable within five (5) days after entering into the Flat 1801 Agreement; (ii) RMB27,380,000 payable within ten (10) days after entering into the Flat 1801 Agreement; and (iii) RMB4,563,320 payable within ten (10) days after completion and inspection of the construction work of flat 1801 of the Properties.

(III) Flat 1901 Agreement

Parties:	The Company, as the Purchaser Nanjing Financial City Construction and Development Co., Ltd* (南京金融城建設發展股份有限公司), as the Vendor
Property to be acquired:	Flat 1901, Tower A4, Zijin Financial Centre, Plot No.47, Hexi Middle, Jianye District, Nanjing City, Jiangsu Province, the PRC (中國江蘇省南京市建鄴區河西中部47號地塊紫金金融中心A4幢1901室)
Estimated gross floor area:	1,901.43 sq. m.
Consideration:	RMB45,634,320
Payment terms:	The consideration shall be satisfied in the following manner: (i) RMB13,691,000 payable within five (5) days after entering into the Flat 1901 Agreement; (ii) RMB27,380,000 payable within ten (10) days after entering into the Flat 1901 Agreement; and (iii) RMB4,563,320 payable within ten (10) days after completion and inspection of the construction work of flat 1901 of the Properties.

(IV) Flat 2001 Agreement

Parties:	The Company, as the Purchaser Nanjing Financial City Construction and Development Co., Ltd* (南京金融城建設發展股份有限公司), as the Vendor
Property to be acquired:	Flat 2001, Tower A4, Zijin Financial Centre, Plot No.47, Hexi Middle, Jianye District, Nanjing City, Jiangsu Province, the PRC (中國江蘇省南京市建鄴區河西中部47號地塊紫金金融中心A4幢2001室)
Estimated gross floor area:	1,901.43 sq. m.
Consideration:	RMB45,634,320
Payment terms:	The consideration shall be satisfied in the following manner: (i) RMB13,691,000 payable within five (5) days after entering into the Flat 2001 Agreement; (ii) RMB27,380,000 payable within ten (10) days after entering into the Flat 2001 Agreement; and (iii) RMB4,563,320 payable within ten (10) days after completion and inspection of the construction work of flat 2001 of the Properties.

(V) Flat 2101 Agreement

Parties:	The Company, as the Purchaser Nanjing Financial City Construction and Development Co., Ltd* (南京金融城建設發展股份有限公司), as the Vendor
Property to be acquired:	Flat 2101, Tower A4, Zijin Financial Centre, Plot No.47, Hexi Middle, Jianye District, Nanjing City, Jiangsu Province, the PRC (中國江蘇省南京市建鄴區河西中部47號地塊紫金金融中心A4幢2101室)
Estimated gross floor area:	1,901.43 sq. m.
Consideration:	RMB45,634,320
Payment terms:	The consideration shall be satisfied in the following manner: (i) RMB13,691,000 payable within five (5) days after entering into the Flat 2101 Agreement; (ii) RMB27,380,000 payable within ten (10) days after entering into the Flat 2101 Agreement; and (iii) RMB4,563,320 payable within ten (10) days after completion and inspection of the construction work of flat 2101 of the Properties.

(VI) Flat 2201 Agreement

Parties:	The Company, as the Purchaser Nanjing Financial City Construction and Development Co., Ltd* (南京金融城建設發展股份有限公司), as the Vendor
Property to be acquired:	Flat 2201, Tower A4, Zijin Financial Centre, Plot No.47, Hexi Middle, Jianye District, Nanjing City, Jiangsu Province, the PRC (中國江蘇省南京市建鄴區河西中部47號地塊紫金金融中心A4幢2201室)
Estimated gross floor area:	1,901.43 sq. m.
Consideration:	RMB45,634,320
Payment terms:	The consideration shall be satisfied in the following manner: (i) RMB13,691,000 payable within five (5) days after entering into the Flat 2201 Agreement; (ii) RMB27,380,000 payable within ten (10) days after entering into the Flat 2201 Agreement; and (iii) RMB4,563,320 payable within ten (10) days after completion and inspection of the construction work of flat 2201 of the Properties.

(VII) Car Parking Spaces Agreement

Parties:	The Company, as the Purchaser Nanjing Financial City Construction and Development Co., Ltd* (南京金融城建設發展股份有限公司), as the Vendor Nanjiang Finance Street First Taiping Daiweisi Property Services Co., Ltd.* (南京金融街第一太平戴維斯物業服務有限公司), as the management service provider, an Independent Third Party
Property to be acquired:	203 car parking spaces on basement level 3, Tower A4, Zijing Financial Centre, Plot No.47, Hexi Middle, Jianye District, Nanjing City, Jiangsu Province, the PRC (中國江蘇省南京市建鄴區河西中部47號地塊紫金金融中心A4幢B3層)
Consideration:	RMB40,600,000 in total (RMB200,000 per car parking space)
Payment terms:	The consideration shall be payable within five (5) days after entering into the Car Parking Spaces Agreement

Land use

The Properties have been approved for commercial, office and car parking land use (as the case may be).

Basis of determination of the consideration

The aggregate consideration for the Acquisition is RMB274,675,360, which was determined by the parties after arm's length negotiation with reference to the appraised market value of the Properties as at 31 October 2020 of RMB275,000,000 according to the Property Valuation Report prepared by AVISTA Valuation Advisory Limited, a property valuer and an Independent Third Party, by adopting the market approach. The Board has also taken into account (i) the location of the Properties; and (ii) the current market conditions in determining the consideration.

It is expected that the consideration for the Acquisition will be funded by a combination of internal resources of the Group and bank borrowing, amongst which internal resources were from the Group's profit accumulation.

The Properties Valuation Report will be contained in the circular to be despatched to the Shareholders.

Completion

Completion is expected to take place no later than 31 January 2021 (or any other dates agreed by the parties in writing).

INFORMATION OF THE GROUP

The Group is principally engaged in futures brokerage business, asset management business, commodity trading and risk management business as well as financial assets investment (including securities, funds, bank entrustment, wealth management products issued by banks and asset management plans).

INFORMATION OF THE VENDOR

The Vendor is principally engaged in real estate development and operation, self-owned house leasing, real estate brokerage and property management. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner(s) is an Independent Third Party as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group's existing headquarters is a leased house situated at Holly Tower, No. 50 Zhonghua Road, Nanjing, Jiangsu Province, the PRC (中國江蘇省南京市中華路50號弘業大廈). The Group intends to relocate its headquarters to the Properties, which will be used as its office premises.

Taking into account factors including (i) the location of the Properties, which is convenient for transportation and conducive to talent recruitment. At present, various financial institutions including large state-owned banks and leading brokerage firms are concentrated in the Zijing Financial City and the surrounding areas which creates notable financial agglomeration effect; (ii) the Vendor has offered a series of convenience to the enterprises settled in the Zijing Financial City, and an one-off financial subsidy to the financial institutions settled in the Zijing Financial City will also be granted by the government; (iii) using loans to pay part of the consideration can save the use of the Group's own funds, which can optimise the Company's allocation of assets considering that currently the return on the Group's own funds is higher than the bank's basic loan interest rate; (iv) since the annual depreciation expenses of the Properties after the Acquisition is lower than the annual rental costs of the Group's current office premises, the Directors (including the independent non-executive Directors) consider that it is in the interests of the Company and its Shareholders as a whole to acquire the Properties as its self-owned office premises and the Acquisition will not have material impact on the operations of the Group, as it could save rental costs in the future and cater for the Group's future development needs; and (v) the Group currently leases the properties from related parties and will further reduce the number of connected transactions after the Completion.

Based on the abovementioned, the Directors (including the independent non-executive Directors) are of the view that the Acquisition, the terms and conditions of the Properties Sale and Purchase Agreements and transactions contemplated thereunder are arrived by the parties thereto after arm's length negotiations, made on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

In December 2019, the Company entered into the 2019 Agreement with the Vendor to acquire Flat 1701 at a consideration of RMB45,634,320. As the 2019 Agreement was and the Properties Sale and Purchase Agreements (if entered) will be made by the Group with the same party, being the Vendor within a 12-month period, the 2019 Agreement and the Properties Sale and Purchase Agreements (if entered) shall be aggregated as a series of transactions pursuant to Rules 14.22 and 14.23 of the Listing Rules. Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the 2019 Agreement and the Properties Sale and Purchase Agreements on an aggregated basis are more than 25% but all of such ratios are less than 100%, the transactions under the 2019 Agreement and the Properties Sale and Purchase Agreements (if entered) will in aggregate constitute a major transaction of the Company and will be subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The Company will convene the EGM for Shareholders to consider and, if thought fit, approve the ordinary resolution regarding the Properties Sale and Purchase Agreements and the transactions contemplated thereunder.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and therefore no Shareholder is required to abstain from voting at the EGM.

A circular containing, among other things, further details of the Acquisition, financial information of the Group, the Properties Valuation Report, and other information as required by the Listing Rules, together with a notice of the EGM is expected to be despatched to the Shareholders within 15 business days after publication of this announcement.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 29 December 2020 to 28 January 2021 (both days inclusive), during which period no transfer of Shares will be effected. In order to be qualified to attend and vote at the EGM, all transfers documents accompanied by the relevant Share certificates must be lodged with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in respect of H Shares), or to the headquarters of the Company in the PRC (in respect of Domestic Shares) no later than 4:30 p.m. on 28 December 2020.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“2019 Agreement”	the agreement entered into between the Company and the Vendor in December 2019 in relation to the acquisition of Flat 1701 by the Company from the Vendor
“Acquisition”	the proposed acquisition of the Properties from the Vendor by the Purchasers, subject to the approval by the Shareholders at the EGM
“Board”	the board of Directors
“Car Parking Spaces Agreement”	the agreement to be entered into between the Company, the Vendor, and Nanjiang Finance Street First Taiping Daiweisi Property Services Co., Ltd.* (南京金融街第一太平戴維斯物業服務有限公司) in relation to the acquisition of 203 car parking spaces of the Properties, subject to the approval by the shareholders at the EGM
“Completion”	completion of the Properties Sale and Purchase Agreements
“Company”	Holly Futures Co., Ltd. (弘業期貨股份有限公司), a joint stock limited company established under the laws of the PRC with limited liability on 29 November 2012 and carrying on business in Hong Kong as “Holly Futures”, whose H Shares are listed and traded on the Stock Exchange (stock code: 3678)
“Director(s)”	the director(s) of the Company

“Domestic Share(s)”	the issued ordinary share(s) of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid up in RMB
“EGM”	the extraordinary general meeting of the Company to be convened and held on 28 January 2021 for the purpose of considering and, if thought fit, approving the Acquisition
“Flat 1 Agreement”	the agreement to be entered into between the Company and the Vendor in relation to the acquisition of flat 1 of the Properties, subject to the approval by the Shareholders at the EGM
“Flat 1701”	Flat 1701 of Tower A4, Zijin Financial Centre, Plot No.47, Hexi Middle, Jianye District, Nanjing City, Jiangsu Province, the PRC (中國江蘇省南京市建鄴區河西中部47號地塊紫金金融中心A4幢), which was acquired by the Company from the Vendor in December 2019 pursuant to the 2019 Agreement
“Flat 1801 Agreement”	the agreement to be entered into between Holly Capital and the Vendor in relation to the acquisition of flat 1801 of the Properties, subject to the approval by the Shareholders at the EGM
“Flat 1901 Agreement”	the agreement to be entered into between the Company and the Vendor in relation to the acquisition of flat 1901 of the Properties, subject to the approval by the Shareholders at the EGM
“Flat 2001 Agreement”	the agreement to be entered into between the Company and the Vendor in relation to the acquisition of flat 2001 of the Properties, subject to the approval by the Shareholders at the EGM
“Flat 2101 Agreement”	the agreement to be entered into between the Company and the Vendor in relation to the acquisition of flat 2101 of the Properties, subject to approval by the Shareholders at the EGM
“Flat 2201 Agreement”	the agreement to be entered into between the Company and the Vendor in relation to the acquisition of flat 2201 of the Properties, subject to approval by the Shareholders at the EGM
“Group”	the Company and its subsidiaries

“H Share(s)”	overseas listed foreign ordinary shares in the share capital of the Company with a nominal value of RMB1 each listed on the Main Board of the Stock Exchange
“Holly Capital”	Holly Capital Management Co., Ltd.* (弘業資本管理有限公司), a wholly-owned subsidiary of the Company
“Holly Corporation”	Jiangsu Holly Corporation* (江蘇弘業股份有限公司) (formerly known as Jiangsu Crafts Import & Export Trading Group Co., Ltd. (江蘇省工藝品進出口集團股份有限公司)), a limited liability company established under the laws of the PRC and one of the promoters and a Shareholder
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) which is or are independent of and not connected with any of the connected persons (as defined under the Listing Rules) of the Company and any of its subsidiaries or any of their respective associates
“Listing Rules”	Rules Governing the Listing of Securities on Stock Exchange
“PRC”	the People’s Republic of China which shall, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Properties”	collectively, flats 1, 1801, 1901, 2001, 2101 and 2201 and 203 car parking spaces on basement level 3 of Tower A4, Zijin Financial Centre, Plot No. 47, Hexi Middle, Jianye District, Nanjing City, Jiangsu Province, the PRC (中國江蘇省南京市建鄴區河西中部47號地塊紫金金融中心A4幢)
“Properties Sale and Purchase Agreements”	collectively, the Flat 1 Agreement, the Flat 1801 Agreement, the Flat 1901 Agreement, the Flat 2001 Agreement, the Flat 2101 Agreement, the Flat 2201 Agreement and the Car Parking Spaces Agreement
“Property Valuation Report”	valuation report of the Properties prepared by AVISTA Valuation Advisory Limited, a property valuer and an Independent Third Party, in accordance with the Listing Rules
“Purchaser(s)”	the Company and Holly Capital

“RMB”	Renminbi, lawful currency of the PRC
“Share(s)”	share(s) with a nominal value of RMB1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq. m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Nanjing Financial City Construction and Development Co., Ltd* (南京金融城建設發展股份有限公司), a limited liability company established in the PRC, being the vendor of the Properties
“%”	per cent

By order of the Board
Ms. Zhou Jianqiu
Executive Director

Nanjing, the PRC
14 December 2020

As at the date of this announcement, the Board consists of Mr. Zhou Yong and Ms. Zhou Jianqiu as executive Directors; Mr. Xue Binghai, Mr. Jiang Lin and Mr. Shan Bing as non-executive Directors; and Mr. Huang Dechun, Mr. Lam Kai Yeung and Mr. Wang Yuetang as independent non-executive Directors.

* for identification purpose only