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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)

PRELIMINARY PRICE CONSULTATION PERIOD OF A SHARE OFFERING AND SUMMARY OF PRINCIPAL PROVISIONS OF A SHARE PROSPECTUS

This announcement is made by the Company (together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provision (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the circulars of the Company dated 23 April 2021 and 7 April 2022 (the “**Circulars**”), the poll results announcement of the Company dated 14 May 2021, the inside information announcement of the Company dated 29 June 2021, the inside information announcement of the Company dated 17 March 2022, the poll results announcement of the Company dated 11 May 2022 and the inside information announcement of the Company dated 23 June 2022 (the “**Announcements**”) in relation to, amongst others, the proposed offering of A shares by the Company (the “**A Share Offering**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Circulars and the Announcements.

(I) PRELIMINARY PRICE CONSULTATION PERIOD OF THE A SHARE OFFERING

As disclosed in the announcement of the Company dated 23 June 2022, the China Securities Regulatory Commission (“CSRC”) has officially approved the A Share Offering of the Company in a written notice on 23 June 2022. 100,777,778 A Shares will be issued under the A Share Offering with a valid period of 12 months from the date of approval. As required by the applicable PRC laws and regulations, the Company and the sponsor (lead underwriter) of the A Share Offering will conduct preliminary price consultations among qualified participants who meet the requirements of the PRC laws and regulations on 30 June 2022 (from 9:30 a.m. to 3:00 p.m.) in the PRC to determine the issue price. The Company will make further announcement(s) once the final size and issue price of the A Share Offering have been determined.

(II) PRINCIPAL PROVISIONS OF THE A SHARE PROSPECTUS

The full text of the prospectus in relation to the A Share Offering (the “**A Share Prospectus**”), a summary of the A Share Prospectus and the relevant appendices were published in Chinese only on the website of the Shenzhen Stock Exchange (www.szse.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.ftol.com.cn) on 28 June 2022. A summary of the A Share Prospectus was also published on various PRC newspapers including China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and Financial Times on 28 June 2022.

A summary of the principal provisions of the A Share Prospectus is as follows:

1. Summary of the A Share Offering

- (i) Class of shares : RMB-denominated ordinary shares (A Shares)
- (ii) Nominal value per share : RMB1.00
- (iii) Number of shares to be issued : 100,777,778 new A shares (representing 11.11% of the total share capital of 907,000,000 of the Company before the offering, and representing 10.00% of the total share capital of 1,007,777,778 of the Company after the offering)

- (iv) Issue price per share : RMB[]

- (v) Price earnings ratio of the offering : [] times (calculated by dividing the issue price per Share by the earning per Share which is calculated by dividing the Company's audited net profit [] before or after deducting the non-recurring profit or loss (whichever is lesser) by the total share capital after the offering)

- (vi) Net asset per share before the offering : RMB1.8546 (calculated by dividing the audited equity attributable to the shareholders of the parent company as at 31 December 2021 by the total share capital before the offering)

- (vii) Net asset per share after the offering : RMB[] (calculated by dividing the sum of audited equity attributable to the shareholders of the parent company as at [] and net proceeds from the offering by the total share capital after the offering)

- (viii) Price-to-book ratio : [] times (calculated by dividing the issue price per Share by the net asset per Share after the offering)

- (ix) Issuing method : By a combination of placing to participants through offline price consultation and issuance of shares through online subscription, or through any other means of issue approved by the CSRC and other regulatory authority

- (x) Target persons of the offering : Eligible targets and natural persons, legal persons, securities investment funds and other investors who meet the legal requirements (except for those whose purchase is prohibited by national laws and regulations) who open accounts with the Shenzhen Stock Exchange

- (xi) Underwriting method : Standby underwriting

- (xii) Gross and net proceeds raised : RMB[] and RMB[]
- (xiii) Estimated cost of issue : Total cost of the Offering is estimated to be RMB26,092,300, which is consisted of: sponsor and underwriting fees of RMB13,262,700, auditing and capital verification fees of RMB4,883,000, legal expenses of RMB2,264,200, information disclosure fees relating to the Offering of RMB4,764,200 and handling fees for the Offering and other expenses of RMB918,300 (None of the above costs includes corresponding value-added tax)
- (xiv) The stock exchange for the listing : The Shenzhen Stock Exchange

2. Use of proceeds

As approved by the 2020 annual general meeting, the 2021 first domestic shareholders' class meeting and the 2021 first H shareholders' class meeting convened on 14 May 2021, the Company intends to conduct initial public offering of 100,777,778 RMB denominated ordinary shares (A shares). After deducting the cost of issue, the proceeds will be entirely used to supplement the capital of the Company, specific purposes including, but not limited to, the following:

- Supplement the capital of the Company and its domestic subsidiaries, optimise the construction of multi-layer network structure, enhance the service capacity in futures brokerage and risk management business of the Company;
- Supplement the capital of the overseas subsidiaries to provide protection for their relevant business expansion;
- To strengthen investment in research and development and investment advisory business to promote the development and deployment of innovative businesses;

- To enhance the development of wealth management business and promote the transformation and upgrading of the corporate;
- To strengthen the construction of information technology systems and enhance the capability of middle- and back-offices services;
- Seeking mergers and acquisitions to enhance the Company's market competitiveness and integrated financial services capabilities and achieve leapfrog development;

After the funds are raised, the Company will determine a reasonable plan for the use of the funds based on the business development, the progress and amount of approval for the innovative business and the market conditions, so as to achieve good investment benefits.

3. Share capital before and after the A Share Offering

The total share capital of the Company before the Offering is 907,000,000 Shares, of which 657,300,000 shares were domestic shares, 249,700,000 shares were H shares. The Offering offers 100,777,778 A shares which resulting a total share capital of 1,007,777,778 shares after the completion of the Offering. The share capital structure of the Company before and after the Offering is as follows:

Name of Shareholders	Class of Shares	Before the A Share Offering		After the A Share Offering		
		Number of Shares held	Approximate percentage of shareholding (Note)	Class of Shares	Number of Shares held	Approximate percentage of shareholding (Note)
Jiangsu SOHO Holdings Group Co., Ltd.	Domestic Shares	275,456,777	30.37%	A Shares	275,456,777	27.33%
Jiangsu Holly Corporation Co., Ltd	Domestic Shares	147,900,000	16.31%	A Shares	147,900,000	14.68%
Jiangsu Holly Su Industrial Co., Ltd.	Domestic Shares	143,548,000	15.83%	A Shares	143,548,000	14.24%
Jiangsu High Hope International Group Co., Ltd.	Domestic Shares	63,930,134	7.05%	A Shares	63,930,134	6.34%
Shanghai Mingda Industrial (Group) Company Limited	Domestic Shares	9,276,631	1.02%	A Shares	9,276,631	0.92%
Jiangsu Hongrui Venture Capital Co., Ltd.	Domestic Shares	8,903,113	0.98%	A Shares	8,903,113	0.88%
Jiangsu Holly International Logistics Corporation	Domestic Shares	8,285,345	0.91%	A Shares	8,285,345	0.82%
Shareholders of H Shares	H Shares	249,700,000	27.53%	H Shares	249,700,000	24.78%
The public offering of shares	–	–	–	A Shares	100,777,778	10.00%
Total		907,000,000	100.00%		1,007,777,778	100.00%

Note: Any discrepancies between the total percentages and sum of items shown in the table are due to rounding.

The above English version of the summary of the principal provisions of the A Share Prospectus is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail. For further details of the RMB share offering, please refer to the A Share Prospectus published on the websites of the Shenzhen Stock Exchange (www.szse.cn), the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.ftol.com.cn).

The Company will keep the shareholders and potential investors informed of any further development in relation to the A Share Offering in accordance with the Listing Rules and applicable laws and regulations.

This announcement appears for information purposes only and does not constitute an invitation or an offer to acquire, purchase or subscribe for the securities of the Company.

By order of the Board

Ms. Zhou Jianqiu

Executive Director

Nanjing, the PRC

28 June 2022

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. Wang Yuetang, Mr. Huang Dechun and Mr. Lo Wah Wai as independent non-executive Directors.