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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)*  
**(Stock Code: 3678)**

**(1) PROPOSED CHANGE OF ACCOUNTING STANDARD;  
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;  
AND  
(3) PROPOSED CHANGE OF AUDITORS**

**(1) PROPOSED CHANGE OF ACCOUNTING STANDARD**

The Board proposed to amend the Articles of Association (the “**Proposed Amendments to the Articles of Association**”) to prepare only one set of financial statements for the Company under CASBE starting from 1 July 2019 (the “**Proposed Change of Accounting Standard**”) and the financial statements of the Company will no longer be prepared in accordance with HKFRSs, effective from the date of approval of the Proposed Amendments to the Articles of Association at the EGM. The Articles of Association will be amended accordingly to reflect the Proposed Change of Accounting Standard.

Subject to the approval of the Shareholders on the Proposed Amendments to the Articles of Association, it is expected that starting from 1 July 2019, the results and financial disclosure of the Company will be prepared in accordance with CASBE.

**(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

In order to reflect the Proposed Change of Accounting Standard, the Board proposed to amend the Articles of Association, subject to the approval by the Shareholders at the EGM.

### **(3) PROPOSED CHANGE OF AUDITORS**

In light of the Proposed Change of Accounting Standard, the Board announced that KPMG has resigned as the Hong Kong auditor of the Company, and the Board proposed to appoint KPMG Huazhen LLP as the only auditor of the Company subject to the approval by the Shareholders at the EGM (the “**Proposed Change of Auditors**”).

#### **GENERAL**

The Company intends to propose resolutions at the EGM for seeking Shareholders’ approval for the Proposed Amendments to the Articles of Association and the Proposed Change of Auditors. The votes to be taken at the EGM in relation to the proposed ordinary resolution in respect of the Proposed Change of Auditors and special resolution in respect of the Proposed Amendments to the Articles of Association will be taken by way of poll.

A circular containing, among other things, details of (i) the Proposed Amendments to the Articles of Association; (ii) the Proposed Change of Auditors; and (iii) the notice of the EGM, will be despatched to the Shareholders in accordance with the Listing Rules and the Articles of Association as soon as possible.

### **(1) PROPOSED CHANGE OF ACCOUNTING STANDARD**

Pursuant to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” published by the Stock Exchange in December 2010, PRC incorporated issuers listed in Hong Kong are allowed to prepare their financial statements in accordance with CASBE and PRC audit firms approved by the MOF and the CSRC are allowed to audit these financial statements prepared in accordance with CASBE.

The Company is aware that KPMG Huazhen LLP is a PRC audit firm approved by the MOF and the CSRC to provide auditing services in accordance with CASBE to PRC incorporated issuers listed in Hong Kong.

In view of the above and in order to enhance the disclosure consistency and efficiency and cost effectiveness in preparing financial disclosure taking into account the application of A Share Offering with the CSRC by the Company, the Board proposed to amend the Articles of Association to prepare only one set of financial statements for the Company under CASBE starting from 1 July 2019 and the financial statements of the Company will no longer be prepared in accordance with HKFRSs, effective from the date of approval of the Proposed Amendments to the Articles of Association at the EGM. The Articles of Association will be amended accordingly to reflect the Proposed Change of Accounting Standard.

Subject to the approval of the Shareholders on the Proposed Amendments to the Articles of Association, it is expected that starting from 1 July 2019, the results and financial disclosure of the Company will be prepared in accordance with CASBE.

## **(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

In order to reflect the Proposed Change of Accounting Standard, the Board proposed to amend the Articles of Association, subject to the approval by the Shareholders at the EGM. The Proposed Amendments to the Articles of Association are as follows:–

### **Existing Articles**

### **Proposed Amendments**

#### **Article 174**

The financial statements of the Company shall be prepared in accordance with both the PRC accounting standards and regulations and the international accounting standards, or those of the overseas place where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. In distributing its profits after tax for an accounting year, the lower of the two amounts shown in the financial statements shall be adopted

#### **Article 174**

The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations.

#### **Article 175**

Any interim results or financial information published or disclosed by the Company shall be prepared and presented in accordance with the PRC accounting standards and regulations, and also in accordance with either international accounting standards or those of the overseas place where the Company's shares are listed.

#### **Article 175**

Any interim results or financial information published or disclosed by the Company shall be prepared and presented in accordance with the PRC accounting standards and regulations.

Save for the above amendments, other provisions of the Articles of Association will remain unchanged. The Articles of Association are written in Chinese without an official English version. Therefore, any English translation is for reference only. In case of inconsistency, the Chinese version shall prevail.

### **(3) PROPOSED CHANGE OF AUDITORS**

In light of the Proposed Change of Accounting Standard, the Board announced that KPMG has resigned as the Hong Kong auditor of the Company, and the Board proposed to appoint KPMG Huazhen LLP as the only auditor of the Company subject to the approval by the Shareholders at the EGM.

KPMG has confirmed that there were no matters regarding the Proposed Change of Auditors that need to be brought to the attention of the Shareholders. The Board and the audit committee of the Company confirmed that there were no disagreement between the Company and KPMG regarding the Proposed Change of Auditors. The Board further confirmed that it is not aware of any matters regarding the Proposed Change of Auditors that needs to be brought to the attention of the Shareholders.

The Board would like to express its sincere gratitude to KPMG for their professional services rendered to the Group in the past.

### **GENERAL**

The Company intends to propose resolutions at the EGM for seeking Shareholders' approval for the Proposed Amendments to the Articles of Association and the Proposed Change of Auditors.

The resolutions in relation to the Proposed Amendments to the Articles of Association and the Proposed Change of Auditors will be passed by way of a special resolution and an ordinary resolution respectively.

The votes to be taken at the EGM in relation to the proposed ordinary resolution and special resolution will be taken by way of poll. No shareholders, to the knowledge and belief of the Directors having made all reasonable enquiries, will be required to abstain from voting in respect of the relevant resolutions as at the date of this announcement.

A circular containing, among other things, details of (i) the Proposed Amendments to the Articles of Association; (ii) the Proposed Change of Auditors; and (iii) the notice of the EGM, will be despatched to the Shareholders in accordance with the Listing Rules and the Articles of Association as soon as possible.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“A Share Offering”	the Company’s proposed initial public offering of not more than 120,000,000 A Shares, which are proposed to be listed on the Shenzhen Stock Exchange
“A Share(s)”	ordinary share(s) proposed to be issued by the Company pursuant to the A Share Offering and subscribed for in RMB
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“CASBE”	China Accounting Standards for Business Enterprises
“CSRC”	China Securities Regulatory Commission
“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 on 29 November 2012, whose H Shares are listed and traded on the Stock Exchange (stock code: 3678)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Friday, 15 November 2019 (or any adjournment thereof)
“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
“HKFRSs”	Hong Kong Financial Reporting Standards
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOF”	Ministry of Finance of the PRC
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan Province

“RMB”	Renminbi, the 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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**Ms. Zhou Jianqiu**  
*Executive Director*

Nanjing, the PRC  
30 September 2019

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