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)

PROFIT WARNING

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

The board (the "**Board**") of directors (the "**Directors**") of the Company would like to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary review by the Group's management on the unaudited management accounts of the Group for the year ended 31 December 2019 and information currently available to the Board, it is expected that the profit attributable to owners of the Company for the year ended 31 December 2019 will be decreased by approximately 70% to 75% as compared with the same period of 2018. The Board considers that the expected decrease is primarily due to the one-off and full provision for impairment of goodwill and the downward adjustment of market interest rate. Of which, such goodwill is generated from the acquisition of the assets group of Huazheng Futures Co., Ltd.* (華證期貨有限公司) by the Group in 2013, which has a goodwill balance of approximately RMB43.32 million before this provision for impairment. Nevertheless, the Board wishes to emphasize that the expected decrease of profit of the Group is mainly due to the provision for impairment of goodwill. This provision for impairment of goodwill is a one-off effect, and without taking into account the impact of this factor, the Group's profit attributable to owners of the Company for the year ended 31 December 2019 will be decreased by 19% as compared with the same period of 2018, and the amplitude of which is similar to that of the Chinese futures industry. The Board believes that the business of the Group is still at an ideal development stage, and the Group has substainable operation ability and profitability.

As the Group is still in the process of preparing the annual results announcement for the year ended 31 December 2019, the information contained in this announcement is only based on the preliminary review on the unaudited management accounts of the Group for the year ended 31 December 2019 by the Board, and such information has not yet been confirmed and reviewed by the audit committee of the Company nor audited by auditors of the Company. The information contained in this announcement is therefore subject to finalization and adjustments (if necessary).

Shareholders and potential investors are advised to consider carefully the annual results announcement of the Company for the year ended 31 December 2019 which is expected to be published in March 2020.

Shareholders and potential investors are advised to exercise caution when investing or dealing in the securities of the Company.

By order of the Board
Ms. Zhou Jianqiu
Executive Director

Nanjing, the PRC
22 March 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. Wang Yuetang, Mr. Lam Kai Yeung and Mr. Huang Dechun as independent non-executive Directors.

* *for identification purposes only*