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Holly Futures

(a joint stock company incorporated in the People's Republic of China (the "PRC") 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)

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE AND POTENTIAL REORGANISATION AT THE CONTROLLING SHAREHOLDER LEVEL

This announcement is made by the Company pursuant to Rule 3.7 of the Codes on Takeovers and Mergers and Share Buy-backs (the "Takeovers Code") issued by the Securities and Futures Commission of Hong Kong (the "SFC").

POTENTIAL REORGANISATION AT THE CONTROLLING SHAREHOLDER LEVEL

On 25 April 2024, the Company received a notification from its controlling shareholder, Jiangsu SOHO Holdings Group Co., Ltd. (江蘇省蘇豪控股集團有限公司) (“**SOHO Holdings**”), in relation to the “Explanation on the Equity Transfer of Zhong Shan Company Limited* (關於鍾山有限公司股權劃轉事項的說明)” (the “**Explanation**”), issued by Jiangsu Provincial Government State-owned Asset Supervision and Administration Commission (江蘇省政府國有資產監督管理委員會) (“**Jiangsu SASAC**”), which is directly under supervision of the Jiangsu Provisional People’s Government (江蘇省人民政府) (“**Jiangsu Government**”), that Jiangsu SASAC has approved the restructuring and integration of SOHO Holdings and Zhong Shan Company Limited (鍾山有限公司) (“**Zhong Shan**”). Pursuant to the Explanation, the entire issued share capital of Zhong Shan will be transferred to SOHO Holdings at nil consideration (the “**Proposed Intra-group Reorganisation**”).

As at the date of this announcement, SOHO Holdings directly holds 275,456,777 A shares of the Company, and through its controlled entities, namely Soho Holly Corporation (蘇豪弘業股份有限公司, formerly known as Jiangsu Holly Corporation (江蘇弘業股份有限公司)), Jiangsu Holly International Logistics Corporation* (江蘇弘業國際物流有限公司) and Jiangsu High Hope International Group Corporation* (江蘇匯鴻國際集團股份有限公司), holds 147,900,000 A shares, 8,285,345 A shares and 63,930,134 A shares of the Company, respectively, which in aggregate represent approximately 49.17% of the total share capital of the Company. As at the date of this announcement, Zhong Shan is holding 24,255,000 H shares of the Company, representing approximately 2.41% of the total share capital of the Company. After the transfer of Zhong Shan to SOHO Holdings at nil consideration, SOHO Holdings will, directly and indirectly, be interested in 519,827,256 shares of the Company, representing 51.58% of the total share capital of the Company.

IMPLICATIONS UNDER THE TAKEOVERS CODE

The increase of voting rights in the Company by SOHO Holdings resulting from the Proposed Intra-group Reorganisation will trigger an obligation to make a mandatory general offer for all the issued shares of the Company pursuant to Rule 26 of the Takeovers Code, unless a waiver is granted by the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director (the “**Executive**”). SOHO Holdings has applied to the Executive for a waiver of its obligation to make a mandatory general offer for the shares of the Company pursuant to Note 6(a)(i) to Rule 26.1 of the Takeovers Code. As at the date of this announcement, SOHO Holdings has not yet obtained such waiver from the Executive in respect of the obligation to make such mandatory general offer. Such waiver may or may not be granted by the Executive. SOHO Holdings has informed the Company that should the waiver applied for be unavailable, it will review whether or not and how best to proceed with the Proposed Intra-group Reorganisation in the circumstances, and a general offer may or may not be made. The Company shall make further announcement(s), as appropriate, in the event of any material development.

DISCLOSURE OF RELEVANT SECURITIES

As at the date of this announcement, the Company has a total issued share capital of 1,007,777,778 shares comprising 249,700,000 H shares and 758,077,778 A shares. Save as disclosed, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

DISCLOSURE OF DEALINGS

For the purpose of the Takeovers Code, the offer period has commenced on the date of this announcement, being 29 April 2024. In accordance with Rule 3.8 of the Takeovers Code, associates of SOHO Holdings and the Company (including persons who owns or controls 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of SOHO Holdings or the Company) are hereby reminded to disclose their dealings in the relevant securities of SOHO Holdings and the Company pursuant to the requirements of the Takeovers Code. In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

MONTHLY UPDATES

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Proposed Intra-group Reorganisation will be made by the Company until an announcement is made of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with the Proposed Intra-group Reorganisation. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and/or the Takeovers Code (as the case may be).

INFORMATION ABOUT THE PARTIES

SOHO Holdings

SOHO Holdings is a company established as a limited liability company under the laws of the People's Republic of China (the "PRC"). As at the date of this announcement, SOHO Holdings holds approximately 49.17% of the equity interest in the Company directly and indirectly. SOHO Holdings is an investment holding company principally engaged in (i) financial and industrial investment, authorised operation and management of state-owned assets; (ii) international trading; (iii) housing rental; and (iv) production, R&D and sales of mulberry silk, textiles and garments.

Zhong Shan

Zhong Shan is a company incorporated in Hong Kong with limited liability. As at the date of this announcement, Zhong Shan holds approximately 2.41% of the equity interest in the Company. Zhong Shan is principally engaged in chemical warehousing, financial investment, engineering construction and international trade.

The Company

The Company is a joint stock company incorporated in the PRC with limited liability and whose A shares are listed on the Main Board of the Shenzhen Stock Exchange and H shares are listed the Main Board of The Stock Exchange of Hong Kong Limited. The Company 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).

Shareholders and potential investors should be aware that there is no assurance that the Proposed Intra-group Reorganisation will proceed. Shareholders and potential investors of the Company are advised to exercise caution when investing or dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

By order of the Board
Mr. Chu Kairong
Acting Chairman and Executive Director

Nanjing, the PRC
29 April 2024

As at the date of this announcement, the board of directors consists of Mr. Chu Kairong as executive Director; Mr. Xue Binghai and Mr. Jiang Lin as non-executive Directors; and Mr. Huang Dechun, Mr. Lo Wah Wai and Mr. Zhang Hongfa as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *For identification purposes only*