
THIS SUPPLEMENTAL CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this supplemental circular, or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in 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), you should at once hand this supplemental circular and the accompanying form of proxy and reply slip to the purchaser(s) or transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

**SUPPLEMENTAL CIRCULAR
TO THE CIRCULAR DATED 28 SEPTEMBER 2018
RELATING TO**

(1) TO EXTEND THE VALIDITY PERIOD OF THE RESOLUTIONS RELATING TO THE APPLICATION FOR THE A SHARE OFFERING AND LISTING AND EXTEND THE VALIDITY PERIOD OF THE AUTHORISATION GRANTED TO THE BOARD TO APPLY FOR THE A SHARE OFFERING AND LISTING

(2) PROPOSED RE-APPOINTMENT AND APPOINTMENT OF DIRECTORS OF THE THIRD SESSION OF THE BOARD

AND

(3) PROPOSED RE-APPOINTMENT OF SHAREHOLDER REPRESENTATIVE SUPERVISORS OF THE THIRD SESSION OF THE SUPERVISORY COMMITTEE

This supplemental circular shall be read together with the Circular of the Company to the Shareholders dated 28 September 2018.

A letter from the Board is set out on pages 2 to 6 of this supplemental circular.

Notices dated 28 September 2018 convening the New EGM, the New Domestic Shareholders' Class Meeting and the New H Shareholders' Class Meeting to be held at the Conference Room, 9/F, Holly Tower, No. 50 Zhonghua Road, Nanjing, the PRC at 2 p.m. on Thursday, 15 November 2018, the forms of proxy and the reply slips for use at the New EGM, the New Domestic Shareholders' Class Meeting and the New H Shareholders' Class Meeting have been despatched together with the Circular.

Shareholders who intend to attend the New EGM and/or the New Class Meeting(s) (as the case maybe) should complete the reply slip and return it by hand or by post to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or to the headquarters in the PRC of the Company (for holders of Domestic Shares) on or before Friday, 26 October 2018 (as the case may be).

Shareholders who are entitled to attend and vote at the New EGM and/or the New Class Meeting(s) may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a Shareholder. In order to be valid, the form of proxy for the New EGM and/or the New Class Meeting(s) must be deposited by hand or post, for holders of H Shares, to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and, for holders of Domestic Shares, to the headquarters in the PRC of the Company not less than 24 hours before the time for holding the such meeting(s) (or any adjournment thereof) (i.e. not later than 2 p.m. on 14 November 2018) for taking the poll. If the form of proxy is signed by a person under a power of attorney or other authority, a notarial copy of that power of attorney or authority shall be deposited at the same time as mentioned in the form of proxy. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the New EGM and/or the New Class Meeting(s) or any adjourned meetings should they so wish.

16 October 2018

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DEFINITIONS

Capitalised terms used in this supplemental circular shall have the meanings as defined in the Circular unless the context otherwise requires. Moreover, in this supplemental circular, the following terms shall have the following meanings:

“Circular”	the circular dated 28 September 2018 issued by the Company in respect of, amongst others, (i) to extend the validity period of the resolutions relating to the application for the A Share Offering and listing and extend the validity period of the authorisation granted to the Board to apply for the A Share Offering and listing; (ii) proposed re-appointment and appointment of Directors of the third session of the Board; and (iii) proposed re-appointment of Shareholder representative Supervisors of the third session of the Supervisory Committee
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Latest Practicable Date”	12 October 2018, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information contained herein

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhou Yong (周勇) (*Chairman*)

Ms. Zhou Jianqiu (周劍秋)

Non-executive Directors:

Mr. Xue Binghai (薛炳海)

Mr. Zhang Ke (張柯)

Mr. Shan Bing (單兵)

Independent non-executive Directors:

Mr. Li Xindan (李心丹)

Mr. Zhang Hongfa (張洪發)

Mr. Lam Kai Yeung (林繼陽)

***Registered office and headquarters
in the PRC:***

No. 50 Zhonghua Road
Nanjing, the PRC

***Place of business in Hong Kong
registered under Part 16 of the
Companies Ordinance:***

40th Floor, Sunlight Tower
No. 248 Queen's Road East
Wanchai, Hong Kong

16 October 2018

To the Shareholders

Dear Sir or Madam,

**SUPPLEMENTAL CIRCULAR
TO THE CIRCULAR DATED 28 SEPTEMBER 2018
RELATING TO**

**(1) TO EXTEND THE VALIDITY PERIOD OF THE RESOLUTIONS RELATING TO THE
APPLICATION FOR THE A SHARE OFFERING AND LISTING AND EXTEND THE
VALIDITY PERIOD OF THE AUTHORISATION GRANTED TO THE BOARD TO APPLY
FOR THE A SHARE OFFERING AND LISTING**

**(2) PROPOSED RE-APPOINTMENT AND APPOINTMENT OF DIRECTORS OF THE
THIRD SESSION OF THE BOARD
AND**

**(3) PROPOSED RE-APPOINTMENT OF SHAREHOLDER REPRESENTATIVE
SUPERVISORS OF THE THIRD SESSION OF THE SUPERVISORY COMMITTEE**

INTRODUCTION

Reference is made to the Circular and the announcements published by the Company dated 7 September 2018 and 26 September 2018 which include certain resolutions to be proposed at the New EGM and the New Class Meetings (as the case may be) in relation to, among other things, (i) the Share Offering Extension Resolution; (ii) the Board Authorisation Extension Resolution; (iii) certain resolutions in relation to the proposed re-appointment and

LETTER FROM THE BOARD

appointment of Directors of the third session of the Board; and (iv) certain resolutions in relation to the proposed re-appointment of the Shareholder representative Supervisors of the third session of the Supervisory Committee.

ADDITIONAL INFORMATION

The Board wishes to furnish the Shareholders with the following information in relation to the Extension Resolutions as disclosed in the Circular: (i) the key terms of the proposed A Share Offering (the “**Terms of A Share Offering**”); (ii) the details of the authorisation granted to the Board (the “**Board Authorisation**”) to apply for the A Share Offering and listing (the “**Terms of Board Authorisation**”); and (iii) other relevant information in relation to the A Share Offering.

A. The Terms of A Share Offering and the Terms of Board Authorisation

The Terms of A Share Offering and the Terms of Board Authorisation are set out in Appendix I and Appendix II to this supplemental circular, respectively.

The Directors confirm that, as at the Latest Practicable Date, there is no material change in (i) the Terms of A Share Offering and the Terms of Board Authorisation as disclosed in the circular of the Company dated 3 November 2017 save for the validity period of the resolution regarding the A Share Offering and the validity period of the Board Authorisation; and (ii) the information contained in the Circular.

B. The proposed use of proceeds from the A Share Offering

As set out in the circular of the Company dated 3 November 2017, after deducting the expenses in connection with the A Share Offering, all of the raised funds will be used for supplementing the capital of the Company. The purposes include but are not limited to the following:

1. Supplementing the capital of the Company and domestic and overseas subsidiaries, establishing subsidiaries and branches in, and out of, the PRC, optimising the construction of multi-level outlet system;
2. Promoting the development and deployment of innovative business, driving the transformation and upgrade of the enterprise;
3. Enhancing the investment in information system construction, building a strong background support system; and
4. Increasing the market competitiveness of the Company through merger and acquisition.

When the raised funds are available, the Company will develop reasonable fund use plan according to the business development status, approval progress and quota of the innovative business and the market conditions, in order to achieve good investment benefit.

For the details of the feasibility analysis report on the investment projects using the raised funds from the A Share Offering, please refer to Appendix II to the circular of the Company dated 3 November 2017.

LETTER FROM THE BOARD

C. Reasons and benefits of the A Share Offering

The Directors consider that the A Share Offering will further optimise the corporate governance structure of the Company, develop domestic and overseas financing platforms and improve the liquidity of all the Shares held by the Shareholders.

Therefore, the Directors consider that the A Share Offering is in the interest of the Company and the Shareholders as a whole.

D. Fund raising activities in the past twelve months

As at the Latest Practicable Date, the Company has not conducted any fund-raising activities in relation to the issue of equity securities of the Company in the 12 months immediately preceding the Latest Practicable Date.

E. Public float

As at the Latest Practicable Date, based on the publicly available information and to the best of the Directors' knowledge, approximately 27.53% of the total issued Shares are held by the H-share public, and the Company has maintained a public float above the minimum requirements as prescribed in the Listing Rules.

The Company undertakes that it will continue to comply with the public float requirement as prescribed in the Listing Rules during the application process and after completion of the A Share Offering.

F. Effects of the A Share Offering on the shareholding structure of the Company

For reference and illustration purposes only, assuming that (i) a total of 120,000,000 A Shares are to be issued under the A Share Offering, and (ii) there are no other changes to the issued share capital of the Company, the shareholding structure of the Company (a) as at the Latest Practicable Date and (b) immediately after completion of the A Share Offering are set out as follows:

	As at the Latest Practicable Date		Immediately after completion of the A Share Offering	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
NON-PUBLIC SHAREHOLDERS				
– Domestic Shares	657,300,000	72.47	657,300,000	64.00
– H Shares	–	–	–	–
PUBLIC SHAREHOLDERS				
– A Shares under the proposed A Share Offering	–	–	120,000,000	11.68
– H Shares	<u>249,700,000</u>	<u>27.53</u>	<u>249,700,000</u>	<u>24.32</u>
Total	<u>907,000,000</u>	<u>100.00</u>	<u>1,027,000,000</u>	<u>100.00</u>

LETTER FROM THE BOARD

NOTICES OF THE NEW EGM AND THE NEW CLASS MEETINGS

The New EGM will be held at the Conference Room, 9/F, Holly Tower, No. 50 Zhonghua Road, Nanjing, the PRC at 2 p.m. on 15 November 2018. The New Domestic Shareholders' Class Meeting will be held immediately after the conclusion of the New EGM at the same place, and the New H Shareholders' Class Meeting will be held immediately after the conclusion of the New Domestic Shareholders' Class Meeting at the same place. Notices dated 28 September 2018 convening the New EGM and the New Class Meetings (the "**Notice(s)**") together with the relevant reply slips (the "**Reply Slip(s)**") and forms of proxy (the "**Form(s) of Proxy**") have been despatched to the Shareholders together with the Circular dated 28 September 2018 in accordance with the Listing Rules. All the information contained in the Notices, the Reply Slips and the Forms of Proxy remains valid and effective.

REPLY SLIPS AND FORMS OF PROXY

If you are eligible and intend to attend the New EGM and/or the New Class Meeting(s) (as the case may be), please complete and return the Reply Slip(s), in accordance with the instructions printed thereon as soon as possible and in any event no later than 26 October 2018 or any adjournment thereof.

Shareholders who are entitled to attend and vote at the New EGM and/or the New Class Meeting(s) may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a Shareholder. In order to be valid, the Form of Proxy for the New EGM and/or the New Class Meeting(s) must be deposited by hand or post, for holders of H Shares, to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and, for holders of Domestic Shares, to the headquarters in the PRC of the Company not less than 24 hours before the time for holding such meeting(s) (or any adjournment thereof) for taking the poll (i.e. not later than 2 p.m. on 14 November 2018) (as the case may be). If the Form of Proxy is signed by a person under a power of attorney or other authority, a notarial copy of that power of attorney or authority shall be deposited at the same time as mentioned in the Form of Proxy. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the New EGM and/or the New Class Meeting(s) or any adjourned meetings should they so wish.

RESPONSIBILITY STATEMENT

This supplemental circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this supplemental circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

LETTER FROM THE BOARD

MISCELLANEOUS

Save as otherwise indicated, the Chinese text of this supplemental circular shall prevail over the English text for the purpose of interpretation.

By order of the Board
Ms. Zhou Jianqiu
Executive Director

APPENDIX I PARTICULARS OF THE PROPOSED ISSUE OF A SHARES

The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.

KEY TERMS OF THE PROPOSED A SHARE OFFERING

Classes of Shares: Domestically listed RMB ordinary Shares (A Shares)

Nominal value per Share: RMB1.00

Proposed stock exchange for the listing of the A Shares: Shenzhen Stock Exchange

Proposed offering size: The total number of A Shares to be issued will not exceed 120,000,000, representing approximately 13.23% of the total existing issued share capital of the Company as at the Latest Practicable Date and before the issue, and approximately 11.68% of the total issued share capital of the Company as enlarged by the issue, assuming that there are no other changes to the issued share capital of the Company.

The actual offering size will be determined by the Board as authorised by the Shareholders at the 2017 EGM and the 2017 Class Meetings (with the validity period of such authorisation to be further extended for a period of 12 months from the date of passing of such resolution by the Shareholders at the New EGM and the New Class Meetings, as the Shareholders see fit) based on the prevailing market conditions at the time of the A Share Offering.

Target subscriber: The target subscribers of the A Share Offering are qualified participants in the price consultation process as well as social public investors (including natural persons and institutional investors) (except those prohibited by the PRC laws, regulations and regulatory documents). It is expected that none of the target subscribers of the A Shares is or will become a Connected Person of the Company. If any of the subscribers of the A Share Offering is or will become a Connected Person of the Company, the Company will comply with the relevant PRC laws, regulations, regulatory documents and the relevant requirements under Chapter 14A of the Listing Rules.

APPENDIX I PARTICULARS OF THE PROPOSED ISSUE OF A SHARES

Method of offering:	The A Share Offering will be conducted through a combination of placings offline to participants of the price consultation process, and online offering at a fixed price, or through any other methods of offering as recognised by the CSRC or other regulatory authorities.
Pricing methodology:	Pursuant to the applicable laws and regulations, and taking into account the interests of the existing Shareholders as a whole, the then capital market situation of the A Share Offering and the actual situation of the Company, the issue price of A Shares shall be determined through price consultation process of offline participants, or through negotiation between the Company and the lead underwriters who will set the price directly, or any other methods permitted by the CSRC.
Form of underwriting:	The A Share Offering will be underwritten by a group of underwriters who are led by the lead underwriter on a standby commitment basis.
Transfer (or reduction) of state-owned shares:	In accordance with the Implementing Measures for the Transfer of Some State-owned Shares from the Domestic Securities Market to the National Social Security Fund (《境內證券市場轉持部分國有股充實全國社會保障基金實施辦法》) and relevant regulations, the state-owned shareholders of the Company shall fulfil their obligations during the A Share Offering. The detailed scheme of transfer (or reduction) will be determined and implemented pursuant to the approval from relevant authorities of the PRC.
Conversion into a joint stock limited liability company with domestic and overseas offering and listing of shares:	According to the A Share Offering plan and the actual situation of the issued A Shares, application will be filed to convert the Company into a joint stock limited liability company with domestic and overseas offering and listing of shares.
Conversion of unlisted issued Shares to A Shares:	The unlisted issued Shares will become A Shares upon completion of the A Share Offering and listed on the stock exchange in the PRC.
Accumulated profits distribution:	The undistributed profits accumulated prior to the A Share Offering shall be distributed to both new and existing Shareholders pro rata to their shareholding in the Shares upon completion of the A Share Offering.

APPENDIX I PARTICULARS OF THE PROPOSED ISSUE OF A SHARES

Valid period of the resolutions: The resolution regarding the A Share Offering shall be valid for 12 months from the date of the passing of the resolution with respect to the A Share Offering at the 2017 EGM and the 2017 Class Meetings on 20 November 2017. The Board proposes to extend the validity period of such resolution for a further period of 12 months from the date of passing of such resolution at the New EGM and the New Class Meetings to be convened and held on 15 November 2018 (or any adjournment thereof).

As the progress of the application for the A Share Offering is dependent on the approval process of the CSRC and other regulatory authorities and is likely to take more time under the current market conditions, the Directors consider a validity of 12 months for the resolutions relating to the A Share Offering flexible and practicable to the application of A Share Offering. In the event that the resolutions described herein expire prior to the A Share Offering, the Directors will seek the Shareholders' approval to extend the validity period of the resolutions relating to the A Share Offering.

The A Shares will be issued under specific mandate.

APPENDIX II PARTICULARS OF THE AUTHORISATION TO THE BOARD

The English version of this appendix is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.

THE AUTHORISATION TO THE BOARD TO DEAL WITH RELATED MATTERS IN CONNECTION WITH THE COMPANY'S APPLICATION FOR THE A SHARE OFFERING AND LISTING OF A SHARES AT ITS FULL DISCRETION

To facilitate the initial public offering and listing of A Share (the “**Offering and Listing**”), the Company hereby proposes that the general meeting shall extend the validity period of the resolution passed at the 2017 EGM and the 2017 Class Meetings in relation to authorising the Board and its delegates for a further period of 12 months from the date of passing of such resolution at the New EGM and the New Class Meetings, individually or jointly, to handle all the matters relating to the Offering and Listing of the Company at its full discretion, including, but not limited to:

1. Formulating and implementing a specific implementation plan for the Offering and Listing of the Company within the scope of authority granted by the general meeting in accordance with the issuance plan considered and approved at the general meeting and the approval of the CSRC and based on the prevailing market conditions and the actual situation of the Company, including but not limited to the offer size, offer price (including price range and the final price), time and method of the offering, potential strategic placing (including placing ratio and target subscribers), proposed alternative of stock exchanges, the specific allocation percentages for the use of raised funds, and the determination and adjustment on the specific arrangement of the use of raised funds on the investment projects, significant undertakings of the Company, the listing of the existing unlisted shares of the Company and other matters relating to the offering and listing; making corresponding adjustments (including the suspension and termination of the implementation of the offering plan) to matters in relation to the specific plan for the Offering and Listing as a result of changes in laws, regulations or regulatory documents with respect to the A Share Offering, or changes in policies of regulatory authorities in connection with the A Share Offering, or changes in market conditions, save for those matters required to be voted on again at a general meeting under the requirements of the relevant laws, regulations, regulatory documents and the Articles;
2. Determining and appointing the sponsor, underwriters, law firms, accounting firms, receiving banks, companies taking charge of financial public relations and other intermediaries in connection with the Offering and Listing, and determining and paying the expenses relating thereto;
3. Drafting, producing, amending, supplementing, signing, submitting, presenting, publishing, disclosing, implementing, suspending or terminating any agreements and documents, relevant announcements, circulars or other documents relating to the Offering and Listing (including but not limited to the letter of intent for offering, prospectus, listing documents, sponsorship agreements, underwriting agreements, listing agreements, intermediary service agreements, report on the use of raised funds from the previous offering, special assurance report on the use of

APPENDIX II PARTICULARS OF THE AUTHORISATION TO THE BOARD

raised funds from the previous offering and others), and dealing with the matters relating to information disclosure in connection with the Offering and Listing in accordance with domestic and overseas regulatory requirements;

4. Handling the procedures for the review and examination, registration, filing, approval and consent with the regulatory authorities, governmental authorities, stock exchanges and securities registration and clearance authorities in, and out of, the PRC, in connection with matters relating to the Offering and Listing according to the plan for the Offering and Listing; signing, executing, amending and perfecting all the documents to be submitted to any governments, authorities, organisations and individuals in, and out of, the PRC, with respect to the Offering and Listing; designating an account specifically for the holding of any raised funds prior to this Offering and Listing, if required; issuing statements and undertakings relating to the Offering and Listing, and taking all the actions related to the Offering and Listing;
5. Adjusting, supplementing, amending and improving the Articles and the attachments thereto and other corporate governance documents which have been considered and approved at Board meetings and general meetings and as amended by the Company for the Offering and Listing according to any changes in the relevant laws, regulations and other regulatory documents and based on the requirements and advice of the relevant government agencies, regulatory authorities and stock exchanges in, and out of, the PRC, and the actual situation of the Offering and Listing;
6. Making corresponding amendments to the Articles with respect to the registered capital and shareholding structure of the Company, handling the procedures in relation to the approval, filing and change of registration in connection with any change of the registered capital or Articles of the Company with such authorities as industrial and commercial administration authorities, securities regulation, registration authorities and other competent government authorities, as well as dealing with matters in relation to the application for the listing of A Shares on a securities exchange according to the actual situation of the A Share Offering;
7. Analysing, researching and verifying the influences of the Offering and Listing on the immediate financial index of the Company and the immediate return of the Shareholders in accordance with relevant laws and regulations and the requirements of the regulatory authorities in and out of the PRC; amending, improving and implementing the remedial measures and policies in accordance with the advice from regulatory authorities and the market situation; and handling all other matters related thereto at full discretion;
8. Adjusting the planned use of raised funds from the Offering and Listing according to the opinions and suggestions of regulatory authorities, including but not limited to adjusting the progress of investment in the projects to be invested in with the raised funds and the allocation among such projects;

APPENDIX II PARTICULARS OF THE AUTHORISATION TO THE BOARD

9. Handling all other matters in connection with the Offering and Listing to the extent permitted by the relevant laws, regulations and regulatory documents and the Articles;
10. Delegating any one of the executive Directors of the Company or other persons designated by the executive Directors to deal with any matters relating to the Offering and Listing as and when needed;
11. The term of the extended authorisation, if the Board Authorisation Extension Resolution is approved by the Shareholders at the New EGM and the New Class Meetings, shall be a period of 12 months from the date of passing such resolution at the New EGM and the New Class Meetings.