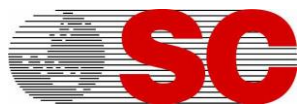


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **SOUTH CHINA FINANCIAL HOLDINGS LIMITED**

### **南華金融控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00619)**

### **PROPOSED SHARE CONSOLIDATION AND PROPOSED CHANGE IN BOARD LOT SIZE**

#### **PROPOSED SHARE CONSOLIDATION AND PROPOSED CHANGE IN BOARD LOT SIZE**

The Company proposes to implement the Share Consolidation on the basis that every fifty (50) Existing Shares in issue will be consolidated into one (1) Consolidated Share upon the Share Consolidation becoming effective.

EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing further information in respect of the Share Consolidation and the Change in Board Lot Size and a notice to convene the EGM will be despatched to the Shareholders on or before Thursday, 18 October 2018.

#### **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every fifty (50) Existing Shares in issue will be consolidated into one (1) Consolidated Share upon the Share Consolidation becoming effective.

#### **Effects of the Share Consolidation**

As at the date of this announcement, the Company had 15,063,853,500 Existing Shares in issue. Assuming that no new Existing Shares are issued or repurchased from the date hereof until the effective date of the Share Consolidation, 301,277,070 Consolidated Shares will be in issue.

The Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the articles of association of the Company. Other than expenses to be incurred in relation to the Share Consolidation, implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save and except any fractional Consolidated Shares to which the Shareholders may be entitled.

## **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon:

- (i) the passing of the ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares to be in issue.

## **Listing Application**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

## **Outstanding Options**

As at the date of this announcement, there were 20,717,950 Outstanding Options. Under the relevant terms and conditions of the Share Option Scheme, the Share Consolidation may lead to adjustments to the exercise price and/or the number of Shares falling to be issued upon exercise of the Outstanding Options pursuant to the terms thereof. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

Save as aforesaid, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Existing Shares as at the date of this announcement.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 50,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 50,000 Existing Shares to 2,000 Consolidated Shares upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.021 per Existing Share (equivalent to the closing price of HK\$1.05 per Consolidated Share) on the date of this announcement, the value of each board lot of 2,000 Consolidated Shares (assuming that the Share Consolidation had already become effective) would be HK\$2,100. The Change in Board Lot Size will not, by itself, affect any rights of the Shareholders.

## **OTHER ARRANGEMENTS**

### **Fractional Consolidated Shares**

Fractional Consolidated Shares, if any, arising from the Share Consolidation will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a Shareholder in the Existing Shares regardless of the number of share certificates held by such Shareholder.

### **Odd lots arrangement and matching service**

In order to facilitate the trading of odd lots, if any, of the Consolidated Shares, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to purchase odd lots for making up a full board lot, or to sell their holding of odd lots of the Consolidated Shares. There is no guarantee provided for the matching of the sale and purchase of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders in respect of the Share Consolidation and the Change in Board Lot Size.

### **Free exchange of Consolidated Shares certificates**

Subject to the Share Consolidation becoming effective which is expected to be on Thursday, 8 November 2018, the Shareholders may during the period from Thursday, 8 November 2018 to Friday, 14 December 2018 (both days inclusive) between 9:00 a.m. and 4:00 p.m. on any Business Day, submit their existing share certificates for the Existing Shares to the Company's share registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Consolidated Shares.

Thereafter, each existing share certificate for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each share certificate for the Existing Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever the number of share certificates cancelled/issued is higher. The existing share certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates the Consolidated Shares at any time after 4:00 p.m. on Wednesday, 12 December 2018, but will cease to be valid for delivery, trading and settlement purposes.

## **REASONS FOR THE SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer is required either to change the trading method or to proceed with a consolidation or splitting of its securities. In view of the recent trading price of the Existing Shares, the Board proposes to implement the Share Consolidation. It is expected that the Share Consolidation will enable the Company to avoid the occurrence of non-compliance with the trading requirements under the Listing Rules. Furthermore, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Consolidated Shares. Accordingly, the Board considers that the Share Consolidation and the Change in Board Lot Size is the most feasible option which would be in the interests of the Company and the Shareholders as a whole as the board lot value after the Share Consolidation, calculated based on the closing price on the date of this announcement, will be

HK\$2,100 which is over HK\$2,000 (the minimum transaction costs for a securities trade), while not making the cost for each board lot being too high.

Other than the relevant expenses, including but not limited to professional fees and printing charge to be incurred by the Company, the implementation of the Share Consolidation and Change in Board Lot Size will not alter the underlying assets, business operations, management or the financial position of the Company or the interests of the Shareholders. The Board believes that the Share Consolidation and the Change in Board Lot Size will not have any material adverse effect on the financial position of the Group.

As of the date of the announcement, the Company has no plans for any further corporate action or arrangement that may affect the trading in its Shares.

## **EXPECTED TIMETABLE**

The tentative timetable for the Share Consolidation and the Change in Board Lot Size is set out below:

<b>Event</b>	<b>Time and date</b>
Expected date of despatch of the circular with notice and proxy form of the EGM .....	Thursday, 18 October 2018
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM .....	4:00 p.m. Thursday, 1 November 2018
Closure of register of members of the Company for the entitlement to attend and vote at the EGM .....	Friday, 2 November 2018 to Wednesday, 7 November 2018 (both days inclusive)
Latest time for lodging the proxy form of the EGM (not less than 48 hours prior to the time of the EGM) .....	10:00 a.m. Monday, 5 November 2018
Date and time of the EGM .....	10:00 a.m. Wednesday, 7 November 2018
Announcement of poll results of the EGM .....	Wednesday, 7 November 2018
Effective date of the Share Consolidation .....	Thursday, 8 November 2018
Commencement of dealings in the Consolidated Shares .....	9:00 a.m. Thursday, 8 November 2018
Original counter for trading in the Existing Shares in board lots of 50,000 Existing Shares (in the form of existing share certificates) temporarily closes .....	9:00 a.m. Thursday, 8 November 2018

<b>Event</b>	<b>Time and date</b>
Temporary counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) opens .....	9:00 a.m. Thursday, 8 November 2018
First day of free exchange of the existing share certificates for new share certificates for the Consolidated Shares .....	Thursday, 8 November 2018
Original counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of new share certificates) re-opens .....	9:00 a.m. Thursday, 22 November 2018
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) commences .....	9:00 a.m. Thursday, 22 November 2018
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares .....	9:00 a.m. Thursday, 22 November 2018
Temporary counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) closes .....	4:00 p.m. Wednesday, 12 December 2018
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends .....	4:00 p.m. Wednesday, 12 December 2018
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares.....	4:00 p.m. Wednesday, 12 December 2018
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares .....	Friday, 14 December 2018

*All times and dates in this announcement refer to Hong Kong local times and dates. Dates and deadlines for the events specified hereinabove are subject to satisfaction of all conditions of the Share Consolidation, and are therefore for indicative purpose only. Such dates and deadlines may be changed by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.*

## **GENERAL**

The EGM will be convened and held for the Shareholders to consider, if thought fit, approve, among other things, the Share Consolidation.

A circular containing, among other things, further details on the Share Consolidation and the Change in Board Lot Size and a notice of the EGM together with a proxy form will be despatched to the Shareholders on or before Thursday, 18 October 2018.

Shareholders and potential investors should be aware that the Share Consolidation is conditional upon satisfaction of all conditions precedent set out in this announcement, and the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company, and are recommended to consult their professional advisers if they are in doubt about any of the matters set out in this announcement.

## **DEFINITIONS**

In this announcement, the following expressions shall have the meanings set out below unless the context hereof specifies otherwise:

“Board”	the board of Directors of the Company
“Business Day(s)”	a day (other than a Saturday, Sunday, public holding or any day on which a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for businesses in Hong Kong during their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Existing Shares for the trading on the Stock Exchange from 50,000 Existing Shares to 2,000 Consolidated Shares
“Company”	South China Financial Holdings Limited, a company incorporated in Hong Kong, and the ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 00619)
“Consolidated Shares”	ordinary shares in the issued and unissued share capital of the Company upon the Share Consolidation having become effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Share Consolidation
“Existing Shares”	ordinary shares in the issued and unissued share capital of the Company before the Share Consolidation having become effective

“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Committee”	has the same meaning ascribed thereto in Rule 1.01 of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Outstanding Options”	the rights granted under the Share Option Scheme to subscribe for ordinary shares of the Company in accordance with terms and conditions set out therein
“PRC”	The People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Share Consolidation”	the proposed share consolidation of every fifty (50) Existing Shares in issue into one (1) Consolidated Share
“Share Option Scheme”	the share option scheme of the Company adopted 5 June 2012
“Shareholders”	holders of the Existing Shares
“Share(s)”	Existing Share(s) and/or Consolidated Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**South China Financial Holdings Limited**  
**南華金融控股有限公司**  
**Ng Yuk Mui Jessica**  
*Executive Director*

Hong Kong, 8 October 2018

*As at the date of this announcement, the Board comprises (1) Mr. Ng Hung Sang, Ms. Cheung Choi Ngor, Ms. Ng Yuk Mui Jessica and Dr. Wang Wei Hsin as executive Directors; and (2) Mrs. Tse Wong Siu Yin Elizabeth, Hon. Raymond Arthur William Sears, Q.C. and Mr. Tung Woon Cheung Eric as independent non-executive Directors.*