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**中金投集团**

China Financial Services Holdings Ltd

**China Financial Services Holdings Limited**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 605)

## **PROPOSED SHARE CONSOLIDATION**

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The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued Existing Shares be consolidated into one (1) Consolidated Share and to round down the number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by disregarding each and every fractional Consolidated Share which would otherwise arise therefrom.

The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

Currently, the Existing Shares are traded on the Stock Exchange in the board lot size of 2,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain unchanged as 2,000 Consolidated Shares.

### **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolution(s) proposed at the EGM.

A circular containing, among other things, further details of the Share Consolidation and a notice convening the EGM will be despatched to the Shareholders on or before Wednesday, 23 December 2020. Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

**Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” above in this announcement. Accordingly, the Share Consolidation may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.**

## **PROPOSED SHARE CONSOLIDATION**

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

As at the date of this announcement, 4,185,721,347 Existing Shares have been allotted and issued. Upon the Share Consolidation becoming effective and assuming that no Existing Shares are issued or bought back from the date of this announcement until the effective date of the Share Consolidation, not more than 209,286,067 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders would otherwise be entitled.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares; and
- (iii) the compliance with the relevant procedures and requirements under the Hong Kong laws (where applicable) and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is currently expected to be Monday, 11 January 2021 being the second Business Day immediately after the date of the EGM.

### **Listing application**

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

Subject to the granting of 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 the 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. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

#### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares that arise from the Share Consolidation will be disregarded and will not be allocated to the Shareholders.

Fractional Consolidated Share which would otherwise arise would be determined based on the entire shareholding of a holder of the Existing Shares of the Company regardless of the number of share certificates held by such holder. Any investor whose Shares are maintained with its/his/her licensed securities dealer/custodian bank through CCASS or have been lodged with its/his/her Investor Participant Account with CCASS or otherwise held through a nominee should note that HKSCC Nominees Limited or the relevant nominee (as the case may be) will be regarded as a single Shareholder according to the register of members of the Company.

Shareholders concerned about losing out on fractional entitlement to which they would otherwise be entitled and/or any investor whose Shares are not held in its/his/her own name concerned about losing out on payment mentioned in the preceding paragraph which they would be entitled to receive had such Shares been registered in its/his/her own name are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares and/or arrange for the Shares to be registered in its/his/her own name (as the case may be).

### **Arrangement on odd lots trading**

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm to provide a matching service, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lots trading arrangement will be set out in the circular of the Company.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots trading arrangement are recommended to consult their own professional advisers.

### **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, which is currently expected to be on Monday, 11 January 2021, being the second Business Day immediately after the date of the EGM, the Shareholders may during the business hours, on or after Monday, 11 January 2021 and until Thursday, 18 February 2021 (both days inclusive) submit existing share certificates in the colour of yellow for the Existing Shares to the Company's share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange for new share certificates in the colour of pink for the Consolidated Shares at the expense of the Company.

Thereafter, share certificates of the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of share certificates cancelled/issued is higher.

Subject to the Share Consolidation becoming effective, after 4:10 p.m. on Tuesday, 16 February 2021, trading will only be in Consolidated Shares and existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for share certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

## **Adjustments in relation to other securities of the Company**

### ***Share Options***

As at the date of this announcement, the Company has outstanding 2014 Share Options entitling the holders thereof to subscribe for a total of 85,000,000 Existing Shares. Under the terms and conditions of the 2014 Share Option Scheme, the Share Consolidation may lead to adjustments to the number of Shares subject to the 2014 Share Option so far as unexercised and/or the exercise price.

The Company will make further announcement(s) on such adjustments as and when appropriate.

## **Reasons for the Share Consolidation**

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 Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 has further stated that (i) market price of the Shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

For the past two years, the existing board lot value of the Company has been constantly less than HK\$2,000. As at the date of this announcement, based on the closing price of HK\$0.130 per Existing Share (equivalent to the theoretical closing price of HK\$2.600 per Consolidated Share) as quoted on the Stock Exchange, with a board lot size of 2,000 Shares, the Company is trading under HK\$2,000 per board lot. In view of this, the Board on its initiative proposes to effect the Share Consolidation in order to comply with the trading requirements of the Listing Rules. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will enable the Company to comply with the trading requirements under the Listing Rules. Further, the Share Consolidation will reduce the overall transaction and handling costs of dealings in the Shares, which may make investing in the Consolidated Shares more attractive to a broader range of investors in order to optimise the shareholders base of the Company.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may otherwise be entitled.

In view of the above reasons, the Company considers the Share Consolidation is justifiable notwithstanding the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company does not have any plan or intention of future corporate actions including but not limited to fund raising exercises which will further change the trading arrangement of the Company in the next 12 months or to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation. However, the Directors consider that they will contemplate fund raising activities whenever they think reasonably necessary.

## EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation is as follows:

<b>Event</b>	<b>Time and Date</b>
Despatch date of circular with notice of the EGM. . . . .	Wednesday, 23 December 2020
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM . . . . .	4:30 p.m. on Thursday, 31 December 2020
Closure of register of members for the entitlement to attend and vote at the EGM. . . . .	Monday, 4 January 2021 to Thursday, 7 January 2021 (both days inclusive)
Latest date and time for lodging forms of proxy for the EGM . . . . .	10:00 a.m. on Tuesday, 5 January 2021
Record date for attending the EGM. . . . .	Thursday, 7 January 2021
Date and time of the EGM . . . . .	10:00 a.m. on Thursday, 7 January 2021
Announcement of voting results of the EGM . . . . .	Thursday, 7 January 2021



**Event****Time and Date****The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation**

Effective date of the Share Consolidation . . . . . Monday, 11 January 2021

First day for free exchange of existing share certificates for  
new share certificates for the Consolidated Shares . . . . . Monday, 11 January 2021

Dealings in the Consolidated Shares commences . . . . . 9:00 a.m. on  
Monday, 11 January 2021

Original counter for trading in the Existing Shares  
in board lots of 2,000 Existing Shares  
(in the form of existing share certificates) temporarily closes . . . . . 9:00 a.m. on  
Monday, 11 January 2021

Temporary counter for trading in the Consolidated Shares  
in board lots of 100 Consolidated Shares  
(in the form of existing share certificates) opens . . . . . 9:00 a.m. on  
Monday, 11 January 2021

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. on  
Monday, 25 January 2021

Parallel trading in the Consolidated Shares  
(in form of new share certificates and  
existing share certificates) commences . . . . . 9:00 a.m. on  
Monday, 25 January 2021

<b>Event</b>	<b>Time and Date</b>
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares .....	9:00 a.m. on Monday, 25 January 2021
Temporary counter for trading in the Consolidated Shares in board lots of 100 Consolidated Shares (in the form of existing share certificates) closes .....	4:10 p.m. on Tuesday, 16 February 2021
Parallel trading in Consolidated Shares (in form of new share certificates and existing share certificates) ends.....	4:10 p.m. on Tuesday, 16 February 2021
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares .....	4:10 p.m. on Tuesday, 16 February 2021
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares. ....	Thursday, 18 February 2021

All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable set out above is indicative only and may be subject to change. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

## **NO CHANGE IN BOARD LOT SIZE**

Currently, the Existing Shares are traded on the Stock Exchange in the board lot size of 2,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain unchanged as 2,000 Consolidated Shares.

Based on the closing price of HK\$0.130 per Existing Share (equivalent to the theoretical closing price of HK\$2.600 per Consolidated Share) as at the date of this announcement, (i) the value of each board lot of the Existing Shares is HK\$260; and (ii) the value of each board lot of 2,000 Consolidated Shares would be HK\$5,200 assuming the Share Consolidation had been effective.

## **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolution(s) proposed at the EGM.

A circular containing, among other things, further details of the Share Consolidation and a notice convening the EGM will be despatched to the Shareholders on or before Wednesday, 23 December 2020. Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

## **WARNING**

**Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” above in this announcement. Accordingly, the Share Consolidation may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.**

## DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise.

“Board”	the board of Directors
“Business Day”	a day (other than public holiday, a Saturday or Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which banks in Hong Kong are generally open for business and the Stock Exchange is open for business of dealing in securities
“CCASS”	the Central Clearing and Settlement System established and operated by the HKSCC
“Company”	China Financial Services Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 605)
“Consolidated Share(s)”	share(s) of the Company immediately after the Share Consolidation becoming effective
“Directors”	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 the Share Consolidation
“Existing Share(s)”	share(s) of the Company before the Share Consolidation becomes effective
“Group”	the Company and its subsidiaries

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	Existing Share(s) and/or Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed share consolidation on the basis that every twenty (20) issued Existing Shares be consolidated into one (1) Consolidated Share and to round down the number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by disregarding each and every fractional Consolidated Share which would otherwise arise therefrom
“Shareholder(s)”	holder(s) of the Existing Shares or the Consolidated Shares, as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“2014 Share Option”	the option(s) to subscribe for new shares of the Company granted under the 2014 Share Option Scheme
“2014 Share Option Scheme”	the share option scheme adopted by the Company on 20 May 2014

By Order of the Board  
**China Financial Services Holdings Limited**  
**Chan Yuk Ming**  
*Chairman*

Hong Kong, 4 December 2020

As at the date of this announcement, the Directors are:

*Executive Directors:*

Dr. Cheung Chai Hong

*Non-executive Directors:*

Mr. Chan Yuk Ming (*Chairman*)

Mr. Fang Feiyue

Mr. Dong Yibing

Madam Huang Mei

*Independent Non-executive Directors:*

Mr. Chan Chun Keung

Mr. Chan Wing Fai

Dr. Zhang Xiao Jun

Madam Zhan Lili