
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **China Financial Services Holdings Limited** (中國金融投資管理有限公司) you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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PROPOSED SHARE CONSOLIDATION AND NOTICE OF EGM

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 8 to 16 of this circular.

A notice convening the EGM to be held at Suite 5606, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 7 January 2021 at 11:00 a.m. is set out on pages 17 to 19 of this circular. A proxy form is also enclosed. Whether or not you are able to attend the EGM or any adjourned meeting in person, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon and deposit it with the Company’s share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form shall not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

Please refer to page 1 of this circular for the measures being taken to prevent and control the spread of the COVID-19 at the EGM, including but not limited to:

- (1) Compulsory body temperature check
- (2) Compulsory health declarations
- (3) Compulsory wearing of surgical face mask
- (4) Maintaining a safe distance between seats
- (5) No provision of refreshments or beverages

Any person who does not comply with the precautionary measures will be denied entry into or be required to leave the EGM venue. **In light of the continuing risks posed by the COVID-19 and as part of the Company’s control measures to safeguard the health and safety of the Shareholders, the Company strongly encourages the Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person.**

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PRECAUTIONARY MEASURES FOR THE EGM

The health of the Shareholders, staff and stakeholders of the Company is of paramount importance to us. In light of the outbreak of coronavirus disease 2019 (“**COVID-19**”) and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the EGM to safeguard the health and safety of our attending Shareholders, staff and stakeholders of the Company:

- (1) Compulsory body temperature checks will be conducted for every attendee at the entrance of the EGM venue. Any person who has a body temperature of over 37.5 degrees Celsius or is subject to the mandatory quarantine order imposed by the Hong Kong government will be denied entry into or be required to leave the EGM venue.
- (2) Shareholders, proxies and other attendees are required to complete and submit a health declaration form providing their names and contact details, and confirming that they are not subject to quarantine and they, or to their best of knowledge, any person whom they have/had close contact with, have not entered Hong Kong from Mainland China or any overseas countries/areas (as per guidelines issued by the Hong Kong government at www.chp.gov.hk/en/features/102742.html from time to time) at any time in the preceding 14 days. Any person who does not comply with this requirement will be required to leave the EGM venue.
- (3) Every attendee must wear a surgical face mask throughout the EGM and inside the EGM venue. Any person who does not comply with this requirement will be required to leave the EGM venue. **Please note that no masks will be provided at the EGM venue and attendees should bring and wear their own masks.**
- (4) The Company will maintain a safe distance between seats.
- (5) No refreshments or beverages will be served at the EGM venue.

The Shareholders are requested (a) to consider carefully the risk of attending the EGM, which will be held in an enclosed environment; (b) to follow the guidelines or requirements of the Hong Kong government relating to COVID-19 in deciding whether or not to attend the EGM; and (c) not to attend the EGM if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.

PRECAUTIONARY MEASURES FOR THE EGM

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company would like to remind all attending Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. The Company strongly encourages the Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy and return the proxy forms to the Company's share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be).

In light of the recent development of the COVID-19, the Company may implement further precautionary measures for the EGM or be required to change the EGM arrangements at short notice. The Company will make further announcement(s) if there are any changes to the arrangement of the EGM, if necessary. The Shareholders should check the Company's website (<https://www.cfsh.com.hk/english/Homepage>) or the HKEXnews' website (www.hkexnews.hk) for any future announcements and updates on the EGM arrangements.

DEFINITIONS

In this circular, 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

DEFINITIONS

“Latest Practicable Date”	17 December 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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
“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
“Share Option(s)”	the 2004 Share Option and the 2014 Share Option
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“2004 Share Option”	the option(s) to subscribe for new shares of the Company granted under the 2004 Share Option Scheme
“2004 Share Option Scheme”	the share option scheme adopted by the Company on 7 June 2004 (which expired and was terminated on 6 June 2014)
“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

EXPECTED TIMETABLE

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

Event	Time and Date
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	11:00 a.m. on Tuesday, 5 January 2021
Record date for attending the EGM.	Thursday, 7 January 2021
Date and time of the EGM	11:00 a.m. on Thursday, 7 January 2021
Announcement of voting results of the EGM	Thursday, 7 January 2021
 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

EXPECTED TIMETABLE

Event	Time and Date
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
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

EXPECTED TIMETABLE

Event	Time and Date
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 circular refer to Hong Kong local times and dates. The Shareholders should note that the dates and deadlines specified in this circular for events in the expected timetable for the Share Consolidation are subject to the satisfaction of all the conditions of the Share Consolidation, including without limitation, the approval of the Share Consolidation by the Shareholders at the EGM, and are therefore for indicative purpose only.

In the event that any special circumstances arise, the Board may extend, or make adjustments to, the expected timetable if it considers appropriate. Any extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

LETTER FROM THE BOARD



China Financial Services Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 605)

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

23 December 2020

*To the Shareholders and, for information purposes only,
the holders of the outstanding share options of the Company*

Dear Sir or Madam,

**PROPOSED SHARE CONSOLIDATION
AND
NOTICE OF EGM**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 4 December 2020 in relation to the proposed Share Consolidation.

The purpose of this circular is to provide you with further information regarding, among other things, (i) the Share Consolidation; and (ii) the notice of EGM.

LETTER FROM THE BOARD

2. PROPOSED SHARE CONSOLIDATION

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 the number of the Consolidated Shares in the issued share capital of the Company be rounded down to the nearest whole number by disregarding each and every fractional Consolidated Share which would otherwise arise therefrom.

Effects of the Share Consolidation

As at the Latest Practicable Date, 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 Latest Practicable Date until the effective date of the Share Consolidation, not more than 209,286,067 Consolidated Shares will be in issue.

As at the Latest Practicable Date, the Company has outstanding 2014 Share Options entitling the holders thereof to subscribe for a total of 55,000,000 Existing Shares and 2004 Share Options entitling holders thereof to subscribe for a total of 30,000,000 Existing Shares. Upon the Share Consolidation becoming effective and assuming no further Share Options are exercised, the Company may issue up to 2,750,000 Consolidated Shares and 1,500,000 Consolidated Shares upon the exercise of all outstanding 2004 Share Options and 2014 Share Options respectively.

As at the Latest Practicable Date, the Company may issue up to 287,908,633 Existing Shares pursuant to mandate granted under the 2014 Share Option Scheme. Upon the Share Consolidation becoming effective and assuming no further 2014 Share Options are granted, the Company may issue up to 14,395,431 Consolidated Shares pursuant to the mandate granted under the 2014 Share Option Scheme.

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 the Shareholders would otherwise be entitled.

LETTER FROM THE BOARD

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 has been 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 the 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 the 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 the 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. No other equity or debt securities of the Company are listed or dealt in on any other stock exchange nor listing or permission to deal on any other stock exchange is being or is proposed to be sought.

LETTER FROM THE BOARD

Fractional entitlement to the 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 has appointed 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 during the period from 9:00 a.m. on Monday, 25 January 2021 to 4:10 p.m. on Tuesday, 16 February 2021 (both days inclusive). Any Shareholder who wishes to use this matching service should contact Mr. Adrian Lam of the securities firm, China Tonghai Securities Limited at 18/F-19/F, China Building, 29 Queen's Road Central, Hong Kong, or at the telephone number (852) 2217 2858 during office hours of such period.

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. Any Shareholder who is in any doubt about the odd lots trading arrangement is recommended to consult its/his/her own professional advisers.

LETTER FROM THE BOARD

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 to the Company's share registrar, 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 at the expense of the Company.

Thereafter, the Existing Share Certificates 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 Existing Share Certificate submitted for cancellation or each New Share Certificate issued, 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 Latest Practicable Date, the Company has outstanding 2014 Share Options entitling the holders thereof to subscribe for a total of 55,000,000 Existing Shares and 2004 Share Options entitling holders thereof to subscribe for a total of 30,000,000 Existing Shares. As at the Latest Practicable Date, the Company may issue up to 287,908,633 Existing Shares pursuant to mandate granted under the 2014 Scheme.

LETTER FROM THE BOARD

Under the terms and conditions of the 2004 Share Option Scheme and the 2014 Share Option Scheme, in the event of a capitalisation issue of profits or reserves, right issue, consolidation, subdivision or reduction of capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made in:

- (a) the number of Shares subject to the Share Options so far as unexercised; and/or
- (b) the subscription price; and/or
- (c) the method of exercise of the Share Options; and/or
- (d) the maximum number of Shares available for subscription or entitled by each participant;

as an independent financial adviser or the auditors of the Company shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any adjustments shall be made on the basis that the proportion of the number of Shares in issue of the Company to which a grantee is entitled after such adjustments shall remain the same as that to which he was entitled before such adjustments and no such adjustments will be required in circumstances where there is an issue of Shares or other securities of the Group as consideration in a transaction.

The Company will make further announcement about the adjustment to the Share Options upon the Share Consolidation having become effective after appointing the auditors or an independent financial adviser in accordance with the conditions of the share option schemes of the Company as mentioned above in due course.

Save for the aforesaid, as at the Latest Practicable Date, the Company has no other outstanding options, warrants or securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

LETTER FROM THE BOARD

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 Latest Practicable Date, based on the closing price of HK\$0.113 per Existing Share (equivalent to the theoretical closing price of HK\$2.260 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

3. 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 as 2,000 Consolidated Shares.

Based on the closing price of HK\$0.113 per Existing Share (equivalent to the theoretical closing price of HK\$2.260 per Consolidated Share) as at the Latest Practicable Date, (i) the value of each board lot of the Existing Shares is HK\$226; and (ii) the value of each board lot of 2,000 Consolidated Shares would be HK\$4,520 assuming the Share Consolidation had been effective.

4. EGM

The Company will convene and hold the EGM at Suite 5606, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 7 January 2021 at 11:00 am to consider and, if though fit, approve the Share Consolidation. A notice of EGM is set out on pages 17 to 19 of this circular.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has a material interest in the Share Consolidation. Accordingly, no Shareholder is required to abstain from voting on the ordinary resolution at the EGM.

In accordance with Rule 13.39(4) of the Listing Rules, the chairman of the EGM will direct that the proposed resolution set out in the notice convening the EGM be voted by poll, except where the chairman of the EGM, acting in good faith, decides to allow a resolution which relates to a purely procedural or administrative matter to be voted on by a show of hands.

After the conclusion of the EGM, the results of the poll will be released on the Stock Exchange's website at www.hkexnews.hk and the Company's website at <https://www.cfsh.com.hk/english/Homepage>.

A proxy form for use in connection with the EGM is also enclosed. If you are unable to attend the EGM in person, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon to the Company's share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof.

Completion and return of the proxy form shall not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish.

LETTER FROM THE BOARD

The register of members of the Company will be closed from Monday, 4 January 2021 to Thursday, 7 January 2021 (both days inclusive), during which period no transfer of Shares will be effected. In order to determine the entitlement to attend and vote at the EGM, all Share transfers documents accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 31 December 2020.

5. RECOMMENDATION

The Board considers that the Share Consolidation is in the interest of the Company and its Shareholders as a whole and therefore recommends that all Shareholders vote in favour of the relevant resolution to be proposed at the EGM.

6. RESPONSIBILITY STATEMENT

This 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 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 or this circular misleading.

Yours faithfully,

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

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of China Financial Services Holdings Limited (中國金融投資管理有限公司) (the “**Company**”) will be held at Suite 5606, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 7 January 2021 at 11:00 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** subject to the fulfilment of all the conditions (the “**Conditions**”) set out in the section headed “2. Proposed Share Consolidation – Conditions of the Share Consolidation” in the circular of the Company dated 23 December 2020 (the “**Circular**”), a copy of which has been tabled at the Meeting marked “A” and initialed by the chairman of the Meeting for the purpose of identification:

- (a) with effect from the second Business Day (as such term is defined in the Circular) immediately following the date on which this resolution is passed or the Conditions are fulfilled (whichever is the later):
 - (i) every twenty (20) issued shares of the Company be consolidated into one (1) share of the Company (each a “**Consolidated Share**”) and the number of the Consolidated Shares be rounded down to the nearest whole number by disregarding each and every fractional Consolidated Share which would otherwise arise (the “**Share Consolidation**”);
 - (ii) no shareholder of the Company will be allocated with any fractional Consolidated Shares which they would otherwise be entitled to receive and are disregarded pursuant to paragraph (a)(i) of this resolution but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the directors (the “**Directors**”) of the Company may think fit and/or repurchasing (and, if thought fit, cancelling) any fractional entitlements in such manner and on such terms as the Directors may think fit;

NOTICE OF EGM

- (iii) all of the Consolidated Shares shall rank *pari passu* in all respects with each other; and
- (iv) the Directors and such person or persons authorised by the Directors be and are hereby authorised to do all such acts, deeds and things and to sign and execute all such documents, including under seal where applicable, on behalf of the Company, as they shall, in their absolute discretion, consider necessary, desirable or expedient to implement and give effect to any or all of the foregoing.”

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

Hong Kong, 23 December 2020

Notes:

- (1) Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or (if he is a holder of two or more shares) more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) To be valid, the proxy form together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be deposited at the Company’s share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 48 hours before the time appointed for the meeting or any adjournment thereof (as the case may be).
- (3) Delivery of an instrument appointing a proxy should not preclude member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (4) In the case of joint holders of a share, any one of such joint holders may vote at the above meeting, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto. If more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (5) The register of members of the Company will be closed from Monday, 4 January 2021 to Thursday, 7 January 2021 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the above meeting, all share transfers documents accompanied by the relevant share certificates, must be lodged with the Company’s share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 31 December 2020.
- (6) Voting on the above resolution will be taken by poll.

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- (7) If a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 7:45 a.m. to 11:45 a.m. on the date of the meeting, the meeting will be automatically postponed to a later date and/or time as determined by the Company. The Company will publish an announcement on its corporate website (<https://www.cfsh.com.hk/english/Homepage>) and the HKEX news' website (www.hkexnews.hk) to notify members of the Company of the date, time and location of the rescheduled meeting.
- (8) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
- (9) As at the date of this notice, the Board of Directors of the Company comprises (a) one Executive Director, namely Dr. Cheung Chai Hong; (b) four Non-executive Directors, namely, Mr. Chan Yuk Ming, Mr. Fang Feiyue, Mr. Dong Yibing, and Madam Huang Mei; and (c) four Independent Non-executive Directors, namely Mr. Chan Chun Keung, Mr. Chan Wing Fai, Dr. Zhang Xiao Jun and Madam Zhan Lili.

PRECAUTIONARY MEASURES FOR THE EGM

Please refer to page 1 of this circular for the measures being taken to prevent and control the spread of the COVID-19 at the EGM, including but not limited to:

- (1) Compulsory body temperature check
- (2) Compulsory health declarations
- (3) Compulsory wearing of surgical face mask
- (4) Maintaining a safe distance between seats
- (5) No provision of refreshments or beverages

Any person who does not comply with the precautionary measures will be denied entry into or be required to leave the EGM venue. **In light of the continuing risks posed by the COVID-19 and as part of the Company's control measures to safeguard the health and safety of the Shareholders, the Company strongly encourages the Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person.**