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SOUTH CHINA HOLDINGS COMPANY LIMITED

南華集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00413)

NUMBER OF BONUS SHARES ISSUED AND ADJUSTMENTS TO OUTSTANDING SHARE OPTIONS

Reference is made to the circular (the “**Circular**”) of South China Holdings Company Limited (the “**Company**”) dated 7 December 2016 and the announcement in relation to the poll results of the extraordinary general meeting of the Company dated 23 December 2016 (the “**Announcement**”) in relation to, among others, the passing of the resolution approving the Bonus Issue. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

NUMBER OF BONUS SHARES ISSUED

As disclosed in the Circular and the Announcement, the Bonus Issue was made on the basis of one Bonus Share for (i) every four existing Shares held by the Ordinary Shareholders whose names appear in the register of members of the Company on the Record Date; or (ii) every four Shares held by the CP Shareholder(s), whose name(s) appear(s) in the register of CP Shareholders on the Record Date, on an “as converted” basis as if the outstanding CPSs had been converted in full. As at the Record Date, 5 January 2017, the Company had 10,407,117,286 Shares and 424,811,131 CPSs in issue and, therefore, an aggregate of 2,814,184,886 Bonus Shares were issued under the Bonus Issue on 9 January 2017 on the abovementioned basis.

ADJUSTMENTS TO OUTSTANDING SHARE OPTIONS

As at the date of this announcement, the Company has 148,236,368 outstanding Share Options granted under share option schemes adopted on 31 May 2002 and 5 June 2012 respectively (the “**Share Option Schemes**”). As a result of the Bonus Issue, the exercise price of such outstanding Share Options and the number of Shares to be allotted and issued upon full exercise of the subscription rights attaching thereto were adjusted with effect from 9 January 2017 in the following manner pursuant to the terms of the Share Option Schemes:

Date of grant	<u>Immediately before</u> <u>the Bonus Issue</u>	Exercise price per Share	<u>Immediately after</u> <u>the Bonus Issue</u>	Adjusted exercise price per Share
	Number of Shares that can be subscribed for upon exercise of the outstanding Share Options in full		Adjusted number of Shares that can be subscribed for upon exercise of the outstanding Share Options in full	
18 September 2007	171,200,000	HK\$0.75	217,492,480	HK\$0.59
25 September 2007	10,000,000	HK\$0.75	12,704,000	HK\$0.59
10 July 2015	55,500,000	HK\$0.65	70,507,200	HK\$0.51
20 October 2015	29,886,368	HK\$0.65	37,967,641	HK\$0.51

Save for the adjustments above, all other terms and conditions of the outstanding Share Options granted by the Company under the Share Option Schemes remain unchanged.

In accordance with the note to paragraph 17.03(13) of the Listing Rules, the Company has engaged the auditor of the Company to perform certain agreed-upon procedures on the computation of the adjustments to the exercise prices and the number of Shares issuable upon the exercise of the outstanding Share Options in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants and issue a report of factual findings to the Directors.

By Order of the Board
South China Holdings Company Limited
南華集團控股有限公司
Cheung Choi Ngor
Executive Director

Hong Kong, 11 January 2017

As at the date of this announcement, the directors of the Company are (1) Mr. Ng Hung Sang, Ms. Cheung Choi Ngor, Mr. Richard Howard Gorges, Mr. Ng Yuk Fung Peter, Mr. Ng Yuk Yeung Paul and Mr. Law Albert Yu Kwan as executive directors; (2) Ms. Ng Yuk Mui Jessica and Mr. David Michael Norman as non-executive directors; and (3) Mr. Chiu Sin Chun, Sr Dr. Leung Tony Ka Tung, Ms. Li Yuen Yu Alice, Mrs. Tse Wong Siu Yin Elizabeth and Mr. Yip Dicky Peter, J.P. as independent non-executive directors.