
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 you should take, you should consult an exchange participant or other securities dealer licensed as a licensed person under the Securities and Futures Ordinance, bank manager, solicitor, certified public accountant or other professional adviser.

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No Shareholder receiving a copy of this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for new Shares unless in that relevant territory such invitation could lawfully be made to that Shareholder without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder outside Hong Kong who wishes to receive New Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including any applicable procedures or any other similar formalities.



China South City Holdings Limited
華南城控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 1668)

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE FINAL DIVIDEND
FOR THE YEAR ENDED 31 MARCH 2018**

If you wish to receive your Final Dividend wholly or partly in the form of New Shares instead of in cash, you should complete the Election Form in accordance with the instructions printed on it and return the completed Election Form to the Share Registrar as soon as possible so as to enable it to be received before the Election Closing Time.

6 September 2018

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Board”	the board of directors of the Company;
“CCASS”	the Central Clearing and Settlement System;
“Company”	China South City Holdings Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange;
“Election Closing Time”	the election closing time for the return of the completed Election Form to the Share Registrar, being 4:30 p.m. on Thursday, 20 September 2018;
“Election Form”	the form of election for use by Shareholders who wish to receive the Final Dividend wholly or partly in New Shares instead of in cash;
“Final Dividend”	the final dividend of HK5.0 cents per Share for the year ended 31 March 2018 payable to the Shareholders whose names appeared on the Company’s register of members on the Record Date;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	Wednesday, 29 August 2018, being the latest practicable date prior to the printing of this circular;
“New Share(s)”	new fully paid Share(s) to be issued under the Scrip Dividend Scheme;
“Record Date”	Wednesday, 29 August 2018, being the date for determining Shareholders’ respective entitlements to the Final Dividend;
“Scrip Dividend Scheme”	the scheme under which the eligible Shareholders may elect to receive the Final Dividend wholly or partly by the allotment of New Shares instead of in cash;

DEFINITIONS

“Share(s)”	share(s) of the Company;
“Share Registrar”	Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

TIMETABLE

The following is a summary of the events in relation to the Scrip Dividend Scheme in the form of a timetable:

Event	Date
Last day of dealings in the Shares on a cum-entitlement basis	Wednesday, 22 August 2018
First day of dealings in the Shares on an ex-entitlement basis	Thursday, 23 August 2018
Latest time for lodging transfers of the Shares for registration in order to be entitled to the Final Dividend	4:30 p.m. on Friday, 24 August 2018
Closure of the Company's register of members for the purpose of determining Shareholders' respective entitlements to the Final Dividend	Monday, 27 August 2018 to Wednesday, 29 August 2018 (both dates inclusive)
Record Date	Wednesday, 29 August 2018
Election Closing Time ^(Note 1)	4:30 p.m. on Thursday, 20 September 2018
Despatch of cheques for cash dividends and/or definitive certificates for New Shares by ordinary post at the risk of Shareholders	Wednesday, 10 October 2018
Expected first day of dealings in New Shares (subject to the proper receipt of definitive certificates for New Shares by the relevant Shareholders)	9:00 a.m. on Thursday, 11 October 2018

Notes:

- (1) If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time prior to 4:30 pm on Thursday, 20 September 2018, the election closing time for returning the Election Form will be extended. Further information is set out in the section headed "Election Form" in this circular.
- (2) References to time and dates in this circular are to Hong Kong time and dates.



China South City Holdings Limited
華南城控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 1668)

Executive Directors

Mr. Cheng Chung Hing (*Chairman*)
Mr. Fung Sing Hong Stephen (*Vice Chairman*)
Mr. Song Chuan (*Chief Executive Officer*)
Ms. Cheng Ka Man Carman

Registered Office

Room 2205, Sun Life Tower
The Gateway, 15 Canton Road
Tsimshatsui
Kowloon
Hong Kong

Non-executive Directors

Dr. Ma Kai Cheung, *SBS, BBS*
Mr. Cheng Tai Po
Mr. Lin Ching Hua

Independent Non-executive Directors

Mr. Leung Kwan Yuen Andrew, *GBS, SBS, JP*
Mr. Li Wai Keung
Mr. Hui Chiu Chung, *JP*
Mr. Yung Wing Ki Samuel, *SBS, MH, JP*

6 September 2018

Dear Shareholders,

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE FINAL DIVIDEND
FOR THE YEAR ENDED 31 MARCH 2018**

INTRODUCTION

The Company announced on 28 June 2018 that the Board had proposed the Final Dividend and that, subject to the approval of the Shareholders, the Final Dividend would be paid to Shareholders whose names appeared on the Company's register of members on the Record Date.

At the annual general meeting held on 21 August 2018, the Shareholders approved the payment of the final dividend of HK5.0 cents per Share for the year ended 31 March 2018, as recommended by the Board, which will be payable in cash with a scrip option to the Shareholders whose names appeared on the Company's register of members on the Record

LETTER FROM THE BOARD

Date. This arrangement will enable Shareholders to increase their investment in the Company without incurring brokerage fees, stamp duty and related dealing costs. Pursuant to the Scrip Dividend Scheme and subject to the terms set out in this circular, to the extent that the Shareholders elect to receive New Shares, the cash which would otherwise be payable as dividends will be retained for use by the Company as general working capital.

The purpose of this circular is to set out the procedures and conditions which apply in relation to the Scrip Dividend Scheme and the action which should be taken by Shareholders if they wish to participate in the Scrip Dividend Scheme.

DETAILS OF THE SCRIP DIVIDEND SCHEME

Shareholders may elect to receive the Final Dividend in one of the following ways:

- (a) a cash dividend of HK5.0 cents per Share; or
- (b) an allotment of such number of New Shares at the price calculated as described under “Basis of Allotment of the New Shares” below, save for adjustment for fractions, is equal to the total amount of Final Dividend which such Shareholder would otherwise be entitled to receive in cash; or
- (c) partly in cash and partly in New Shares.

The New Shares will, on issue not be entitled to the Final Dividend, but will rank *pari passu* in all other respects with the existing Shares.

In order to ascertain shareholders’ entitlement to receive the Final Dividend, the Company’s register of members was closed from Monday, 27 August 2018 to Wednesday, 29 August 2018, both days inclusive. In order to qualify for the Final Dividend, all properly completed transfer documents accompanied by the relevant share certificates must be lodged with the Share Registrar for registration not later than 4:30 p.m. on Friday, 24 August 2018.

BASIS OF ALLOTMENT OF THE NEW SHARES

For the purpose of calculating the number of New Shares to be allotted pursuant to the Scrip Dividend Scheme, the price for a New Share is HK\$1.50, which is calculated as the average of the closing prices of the existing Shares on the Stock Exchange from Friday, 22 June 2018 to Thursday, 28 June 2018 (both days inclusive). Since the Company would hold the annual general meeting on 21 August 2018 to approve, among others, the declaration of final dividend as recommended by the Board, the Company is of the view that by announcing the determination of issue price for the New Shares to be allotted under the Scrip Dividend Scheme at an earlier date (instead of after the annual general meeting) will provide more information for the Shareholders to make informed decision at the annual general meeting.

LETTER FROM THE BOARD

Accordingly, the number of New Shares which a Shareholder electing for New Shares is entitled to receive in respect of the Final Dividend will be calculated as follows:

$$\begin{array}{rcccl} \text{Number of New} & & \text{Number of existing} & & \text{HK5.0 cents} \\ \text{Shares to be} & & \text{Shares held on Record} & & \text{(Final Dividend per} \\ \text{received} & = & \text{Date for which election} & \text{X} & \text{Share)} \\ & & \text{for New Shares is made} & & \hline & & & & \text{HK\$1.50} \\ & & & & \text{(price per New Share)} \end{array}$$

The last day and time on which Shareholders will be entitled to select their desired form of Final Dividend is 4:30 p.m. on Thursday, 20 September 2018.

The number of New Shares to be received will be rounded down to the nearest whole number of New Shares. Fractional entitlements to New Shares will be refunded in cash (rounded down to the nearest cent) to the respective Shareholders concerned.

EFFECT OF THE SCRIP DIVIDEND SCHEME

Based on 8,009,571,999 Shares in issue on the Record Date, if no elections for the New Shares were received, the total cash dividend payable by the Company would be HK\$400,478,599.95. If all Shareholders elected to receive all of their entitlement to the Final Dividend in the form of New Shares, the maximum number of New Shares to be issued would be 266,985,733 Shares representing approximately 3.33% of the number of Shares in issue as at the Latest Practicable Date and approximately 3.23% of the enlarged total number of Shares in issue after the issue of the New Shares.

As at the Latest Practicable Date, there were in aggregate 408,290,000 outstanding share options granted pursuant to the Company's share option scheme adopted on 4 September 2009 and there will be no additional exercise of outstanding shares that will be converted to ordinary Shares as of the Latest Practicable Date. Save as the above, there were no outstanding share options, warrants, securities which are convertible into Shares issued by the Company as at the Latest Practicable Date.

Shareholders should note that the New Shares may give rise to notification requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). **Shareholders who are in any doubt as to how these provisions may affect them are recommended to seek their own professional advice. Shareholders who are in any doubt as to their taxation position are also recommended to seek their own professional advice.**

CONDITION OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be issued under the Scrip Dividend Scheme.

If this condition is not satisfied, the Scrip Dividend Scheme described in this circular will not become effective and the Election Form will be void, and the Final Dividend will then be paid wholly in cash.

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ELECTION FORM

An Election Form is enclosed with this circular for use by Shareholders who wish to receive the Final Dividend wholly or partly in New Shares instead of only cash. The Election Form is non-transferable.

Please read carefully the instructions below and the instructions printed on the Election Form.

(a) To receive cash dividend only

If you wish to receive only cash for the Final Dividend, you do not need to take any action. Therefore, please **DO NOT** return the Election Form.

(b) To receive scrip dividend only

If you wish to receive only New Shares for the Final Dividend, please just **SIGN, DATE** and **RETURN** the Election Form.

(c) To receive partly cash dividend and partly scrip dividend

If you wish to receive your entitlement to the Final Dividend partly in cash and partly in New Shares, please **ENTER** in Box C - the number of Shares which you held on the Record Date, for which you require the Final Dividend to be paid to you in New Shares. Then **SIGN, DATE** and **RETURN** the Election Form.

If you do not specify the number of Shares in respect of which you wish to receive an allotment of New Shares or if you elect to receive New Shares in respect of a greater number of Shares than your registered holding on the Record Date, you will be deemed to have elected to receive only New Shares in respect of **ALL** the Shares registered in your name on the Record Date. Therefore, you will receive only New Shares for the Final Dividend.

The enclosed Election Form should be completed in accordance with the instructions printed thereon and you should return the same to the Company's Share Registrar no later than 4:30 p.m. on Thursday, 20 September 2018 at:

**Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong**

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The Election Closing Time will be extended, as the case may be, in accordance with (a) or (b) below if a Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal is in force in Hong Kong:

- (a) at any time before 12:00 noon on Thursday, 20 September 2018. In such a case, the election closing time for the return of the Election Form will be extended to 5:00 p.m. on the same business day; or
- (b) at any time between 12:00 noon and 4:30 p.m. on Thursday, 20 September 2018. In such a case, the election closing time for the return of the Election Form will be extended to 4:30 p.m. on the next business day (excluding Saturday) where none of the above signals is hoisted or in force at any time between 9:00 am and 4:30 p.m.

Failure to complete and return the signed Election Form in accordance with the instructions printed thereon will result in the relevant Shareholder's Final Dividend being paid wholly in the form of cash.

No acknowledgement of receipt of the Election Form will be issued.

No election in respect of the Final Dividend may, after the relevant Election Forms are signed and returned to the Share Registrar in accordance with the instructions printed on them, be in any way withdrawn, revoked, superseded or altered.

If you are a non-registered Shareholder, i.e., your Shares are held through an intermediary (for example, a bank, a custodian or a securities broker) or registered in the name of your nominee, you will not receive the Election Form. If you wish to receive New Shares instead of cash, in whole or in part, in respect of the Final Dividend, please contact your intermediary or nominee directly.

SHAREHOLDERS RESIDING OUTSIDE HONG KONG

No Shareholder receiving a copy of this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to participate in the Scrip Dividend Scheme unless in that relevant territory such invitation could lawfully be made to that Shareholder without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities.

Based on the information made available to the Directors, there was one Shareholder whose name appeared on the register of members of the Company and whose address as shown on such register was in Macau on the Record Date (the "**Macau Shareholder**"), who held 50 shares as at the Record Date. In compliance with Rule 13.36(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Board has made enquires with its legal advisers on the laws of Macau in relation to the extension of the Scrip Dividend Scheme to the Macau Shareholder. Based on the results of such enquiries, the Board is given to understand that there are no legal restrictions or requirements of any regulatory body or stock exchange that would be required to be made in Macau by the Company to issue

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scrip dividend to the Macau Shareholder. Accordingly, the Macau Shareholder will not be excluded from the Scrip Dividend Scheme and the Election Form will be sent to the Macau Shareholder together with this Circular.

Notwithstanding the enquiries made by the Company with its legal advisers, it is the responsibility of Shareholders with a registered address outside Hong Kong or otherwise residing outside Hong Kong to consult their professional advisers as to whether they are permitted to receive New Shares under the Scrip Dividend Scheme or if any governmental or other consent is required or other formalities need to be observed, the taxation consequences of their decision and whether there are any restrictions on their handling of any New Shares so acquired (such as the sale of them). Overseas Shareholders residing in a jurisdiction where their participation in the Scrip Dividend Scheme is not permitted under the law of that place will be deemed to have received this circular and an Election Form for information only.

LISTING AND DEALINGS

Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the New Shares to be allotted and issued pursuant to the Scrip Dividend Scheme.

It is expected that the definitive certificates for the New Shares, and cheques for cash dividends, will be sent by ordinary mail to Shareholders at the risk of those entitled thereto on or about Wednesday, 10 October 2018, and the first day of dealings in the New Shares on the Stock Exchange is expected to be on or about Thursday, 11 October 2018 subject to the proper receipt of the certificates for the New Shares by the relevant Shareholders.

Subject to the granting of the listing of, and permission to deal in, the New Shares to be allotted and issued pursuant to the Scrip Dividend Scheme on the Stock Exchange, the New Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by Hong Kong Securities Clearing Company Limited. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek the advice of their licensed securities dealers or other professional advisers for details of these settlement arrangements and how such arrangements will affect their rights and interests.

The Shares are listed, and dealt in, on the Stock Exchange. There is no other stock exchange on which any part of the equity or debt securities of the Company are listed or dealt in or on which listing or permission to deal is being or proposed to be sought.

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GENERAL

The New Shares to be issued to the Shareholders pursuant to an election to receive some or all of their Final Dividend in New Shares may be allocated in odd lots (of fewer than a board lot of 2,000 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of the New Shares to be issued in odd lots. Eligible Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

Whether or not it is to your advantage to elect to receive New Shares instead of cash, in whole or in part, in respect of the Final Dividend will depend upon your own individual circumstances. The decision in this regard, and all effects resulting from your decision are solely your responsibility and the Company does not accept any responsibility for your decision. **If you are in any doubt as to what to do, you should consult an exchange participant or other licensed securities dealer, bank manager, solicitor, certified public accountant or other professional adviser.**

Shareholders who are trustees are recommended to take professional advice as to whether an election to receive New Shares is within their powers and the effect of such election having regard to the terms of the relevant trust instrument.

Yours faithfully,
For and on behalf of the Board
China South City Holdings Limited
Cheng Chung Hing
Chairman & Executive Director

This circular is in English and Chinese. In the case of any inconsistency, the English version shall prevail.