

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent property valuer, in connection with its opinion of market value of the property held by the Company in Hong Kong as at 31 May 2016.



Unit 3806, 38/F, China Resources Building
26 Harbour Road
Wan Chai, Hong Kong

14 June 2016

The Board of Directors

South China Financial Holdings Limited
28th Floor
Bank of China Tower
1 Garden Road
Central, Hong Kong

Dear Sir/Madam,

Re: Property Valuation of 26th Floor of Tower One, Lippo Centre, No.89 Queensway, Hong Kong

In accordance with your instruction for us to value the property held by South China Financial Holdings Limited (the “Company”) and/or its subsidiaries (together with the Company referred to as the “Group”) in Hong Kong, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 May 2016 (the “Date of Valuation”) for the purpose of incorporation in the circular of the Company dated 14 June 2016.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes.

2. VALUATION METHODOLOGY

We have valued the property by the direct comparison approach assuming sale of the property in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

3. TITLE INVESTIGATION

For the property in Hong Kong, we have carried out land search at the Land Registry. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices easements, tenure, identification of property, particulars of occupation, floor areas, age of buildings and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the floor area of the property under consideration but we have assumed that the floor area shown on the building plans obtained from Building Department are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificate is based on information contained in the building plans obtained from Building Department and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation is prepared in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Code on Takeovers and Mergers, and in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Group, except for applicable stamp duty (equivalent to 8.5% of the consideration), the potential gain arising from the disposal of the property in Hong Kong shall be capital in nature and not subject any taxation.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation are in Hong Kong Dollars (HK\$).

Our Valuation Certificate is attached.

Yours faithfully,
For and on behalf of

Roma Appraisals Limited

Dr. Alan W K Lee

BCom(Property) MFin PhD(BA)

MHKIS RPS(GP) AAPI CPV CPV(Business)

Director

Note: Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 12 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region and European countries.

VALUATION CERTIFICATE

Property held by the Group for investment purpose in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2016
26th Floor of Tower One, Lippo Centre, No.89 Queensway, Hong Kong 1,365/102,750th equal and undivided shares of and in Inland Lot No.8615	<p>The property comprises a whole office floor on 26th floor of a 45-storey office building over a commercial podium, completed in 1987.</p> <p>As per building plans obtained from Building Department, the property has a gross floor area of about 14,686.1 sq.ft. (or about 1,364.372 sq.m.).</p> <p>The property is held under Conditions of Sale No.UB11720 for a term of 75 years renewable for 75 years commencing on 15 February 1984.</p> <p>The annual government rent payable for the whole lot is HK\$1,000.</p>	<p>As advised by the Group, Units 2601, 2602, 2603B and 2605 of the property are subject to various tenancies with the latest term expiring on 7 March 2017 with a total monthly rental of approximately HK\$766,130 exclusive of management fees, Rates and utility charges.</p> <p>Unit 2603A of the property is vacant as at the Date of Valuation.</p>	HK\$399,700,000.

Notes:

1. The registered owner of the property is Polyluck Trading Limited vide Memorial No.UB6668439 dated 10 June 1996.
2. The property is subject to the following material encumbrances:
 - a. Deed of Mutual Covenant vide Memorial No.UB3824584 dated 31 August 1988;
 - b. Mortgage in favour of Nanyang Commercial Bank Limited vide Memorial No.UB8906954 dated 17 March 2003;
 - c. Assignment of Rental in favour of Nanyang Commercial Bank Limited vide Memorial No.UB8906955 dated 17 March 2003; and
 - d. Tenancy Agreement with Plan RE 2602 in favour of Shanghai Electric Hongkong Co. Limited with the rent of HK\$178,500.00 per month vide Memorial No.15040801440024 dated 6 March 2015 (Remarks: For 2 years from 8 March 2015 with an option to renew for a further term of 2 years at the then market rental.
3. The property lies within an area zones as “Commercial” under Central District Outline Zoning Plan No.S/H4/15.
4. Our inspection was performed by Ms. Joanna T.Y. Cheung B.Sc., with over 3-year property valuation experience in June 2016.
5. As advised by the Group, Polyluck Trading Limited is effectively wholly owned by the Company.