
LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendations to the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the Whitewash Waiver.



SOUTH CHINA FINANCIAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 00619)

14 June 2016

To the Independent Shareholders

Dear Sirs or Madams,

**(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE RIGHTS SHARE FOR EVERY ONE SHARE
HELD ON THE RECORD DATE; AND
(II) APPLICATION FOR WHITEWASH WAIVER;
(III) CONNECTED TRANSACTION IN RESPECT
OF UNDERWRITING COMMISSION; AND
(IV) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company to the Shareholders dated 14 June 2016 (the “**Circular**”) of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as members to constitute the Independent Board Committee and to provide recommendations to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver.

The IFA has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver are on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 39 to 61 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Your attention is also drawn to the Letter from the Board set out on pages 10 to 36 of the Circular.

Having considered the factors and reasons considered by, and the opinion of, the IFA as set out in the “Letter from the IFA” in the Circular, we are of the opinion that the terms of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders while the Underwriting Agreement and the Rights Issue are not entered in the ordinary and usual course of business of the Company. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

Yours faithfully,

The Independent Board Committee

Hon. Raymond Arthur

William Sears, Q.C.

Independent

non-executive Director

Mrs. Tse Wong Siu Yin

Elizabeth

Independent

non-executive Director

Mr. Tung Woon

Cheung Eric

Independent

non-executive Director