



South China Financial Holdings Limited 南華金融控股有限公司

(Incorporated in Hong Kong with limited liability)

28/F., Bank of China Tower, No. 1 Garden Road, Central, Hong Kong.

Tel: 2820 6333 Fax: 2810 8613

2 August 2019

To the Independent Shareholders

Dear Sirs or Madams,

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY TWO SHARES HELD ON THE RECORD DATE; (II) APPLICATION FOR WHITEWASH WAIVER; AND (III) NOTICE OF EGM

We refer to the circular of the Company to the Shareholders dated 2 August 2019 (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 Independent Financial Adviser 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 48 to 75 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 13 to 45 of the Circular.

Having considered the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as set out in the “Letter from the Independent Financial Adviser” 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 Shareholders as a whole although they are not in the ordinary and usual course of business of the Group. 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.



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Yours faithfully,
The Independent Board Committee

Hon. Raymond Arthur William Sears, Q.C.

Tse Wong Siu Yin Elizabeth

Tung Woon Cheung Eric



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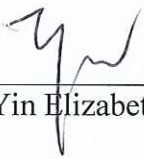
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Hon. Raymond Arthur William Sears, Q.C.

A handwritten signature in black ink, appearing to read 'Eric Tung', written over a horizontal line.

Tse Wong Siu Yin Elizabeth

Tung Woon Cheung Eric