



SHC CAPITAL ASIA LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201201631D)

PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SHC INSURANCE PTE. LTD. (THE “PROPOSED DISPOSAL”)

– GRANT OF WAIVER AND APPROVAL FROM THE SGX-ST IN RELATION TO COMPLIANCE WITH RULE 1017 OF THE CATALIST RULES

Unless otherwise expressly defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the announcement of SHC Capital Asia Limited (the “Company”) dated 20 June 2014 in relation to the Proposed Disposal.

1. INTRODUCTION

The Board refers to the announcement by the Company dated 20 June 2014 in relation to the Proposed Disposal.

Upon Completion, the Company’s assets will consist substantially of cash and the Company will not have any significant business activities. Accordingly, the Company will become a cash company under Rule 1017 of the Catalist Rules upon Completion.

2. COMPLIANCE WITH RULE 1017 OF THE CATALIST RULES

2.1 Pursuant to Rules 1017(1)(a) and 1017(1)(b) of the Catalist Rules, upon Completion, the Shares may be suspended from trading until such time that the Company has acquired a new business which is able to satisfy the requirements of the SGX-ST for a new listing (“**New Business**”), and all relevant information has been announced. In addition, upon Completion, the Company must:-

- (a) place 90% of its cash and short-dated securities (including existing cash balance and the consideration arising from the Proposed Disposal) (“**Completion Cash**”) in an account (the “**Escrow Account**”) opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the Monetary Authority of Singapore. The amount that is placed in the Escrow Account cannot be drawn down until the completion of the acquisition of the New Business, except for payment of expenses incurred in a reverse takeover approved by Shareholders and *pro-rata* distributions to Shareholders (the “**Escrow Requirements**”); and
- (b) provide monthly valuations of its assets and utilisation of cash, and quarterly updates of milestones in obtaining the New Business, to the market *via* SGXNET.

2.2 Rules 1017(1)(c) and 1017(1)(d) of the Catalist Rules provide that the SGX-ST may allow the continual trading in the Shares on a case-by-case basis, subject to contractual undertakings from the Company’s directors, controlling shareholders, chief executive officer and their associates, to observe a moratorium on the transfer or disposal of all their interests, direct and indirect, in the Shares commencing from the date the Shareholders’ approval is obtained for the Proposed Disposal, up to and including the completion date of the acquisition of the New Business.

- 2.3 As the Company intends to maintain its listing status and to continue the trading of the Shares on the Catalist following the Completion, an application has been made by the Company, through the Sponsor, to the SGX-ST for:
- (a) a waiver from strict compliance with the Escrow Requirements (“**Escrow Waiver**”); and
 - (b) approval for the continual trading of the Shares on Catalist, subject to compliance with Rule 1017 of the Catalist Rules (“**Continual Trading Approval**”).

3. APPLICATION FOR THE ESCROW WAIVER

- 3.1 In connection with the Proposed Disposal, the Company has incurred or is expected to incur the following fees, expenses, payments or deductions from the consideration for the Proposed Disposal:

(a) **Transfer Amount**

Under the terms and conditions of the SPA, the Purchaser shall be entitled to deduct the Transfer Amount from the Completion Tranche Consideration Amount, representing the amount owing by the Company to SHCI pursuant to the agreement dated 13 September 2013 entered into between the Company and SHCI (as supplemented by the letter dated 31 December 2013), whereby the Company assumed all the rights and obligations of SHCI under the agreements entered into by SHCI with PT Asuransi Parolamas and its founders in 2011, including *inter alia*, a call option agreement whereby SHCI was given the option to purchase up to 55% of the issued and paid-up share capital in PT Asuransi Parolamas.

(b) **Management Retention Amount**

Under the terms and conditions of the SPA, the Purchaser shall be entitled to deduct from the difference between the Final Consideration and the Completion Tranche Consideration Amount an amount of S\$948,000 (“**Management Retention Amount**”) as the Company has agreed to contribute towards the management retention bonuses payable to certain key management of SHCI in accordance with the terms of their respective Service Agreements.

(c) **SBLC/Demand Guarantee**

Under the terms and conditions of the SPA, the Company is required to furnish the SBLC/Demand Guarantee to the Purchaser for the purpose of any claim by the Purchaser for any breach of representations and warranties on the part of the Company under the SPA.

In connection with the SBLC/Demand Guarantee, the Company will be required to place deposits of S\$12.5 million with the issuing bank of the SBLC/Demand Guarantee as collateral upon issuance of the SBLC/Demand Guarantee.

(d) **Proposed Options Redemption**

Following Completion, all of the holders (“**Option Holders**”) of outstanding options (“**Options**”) granted under the SHC Capital Asia employee share option scheme (“**SHC Asia ESOS**”) and the SHC Capital employee share option scheme will cease to be directors or employees of the Group. To reward them for their significant past contributions to the Group, the committee administering the SHC Asia ESOS has recommended and the Company is proposing to pay these Option Holders a cash amount (the “**Options Redemption Consideration**”) in return for the cancellation of all their Options (“**Proposed Options Redemption**”).

The Company will be seeking the approval of Shareholders for the Proposed Options Redemption at an extraordinary general meeting to be convened (“**EGM**”). In addition, the Proposed Options Redemption will be subject to approval of Shareholders being obtained for the Proposed Disposal and Completion taking place.

To determine the appropriate Options Redemption Consideration, the Company has commissioned an independent valuer, Ernst & Young Solutions LLP (“**EY**”), to undertake an independent valuation of the outstanding Options. A copy of the summary valuation letter from EY will be set out in the Company’s circular to Shareholders (“**Circular**”) in relation to, *inter alia*, the Proposed Disposal and the Proposed Options Redemption to be despatched in due course.

The actual Options Redemption Consideration can only be assessed after the Proposed Disposal is completed and the final consideration for the Proposed Disposal (“**Final Consideration**”) has been determined and after EY has computed the final fair market value of the Options. After the Final Consideration has been determined, the Company will make an announcement on the actual amount of the Options Redemption Consideration and the effective date of the Proposed Options Redemption.

Assuming, *inter alia*, that Completion had taken place on 1 January 2014 and based on the fair market value of each Option (being the fair market value of the Shares less the relevant exercise price of that Option as at 31 December 2013) as determined by EY, the aggregate Options Redemption Consideration is estimated to be approximately S\$8.4 million (“**Assumed Options Redemption Consideration**”).

(e) **Directors’ fees in respect of FY2014**

The Company’s annual general meeting (“**AGM**”) in respect of the financial year ending 31 December 2014 (“**FY2014**”) will have to be held on or before 30 April 2015. Completion is expected to occur before the next AGM. As there is uncertainty as to the future business activities of the Company and the composition of the Board after Completion, the Company will be seeking the approval of Shareholders at the EGM for the payment of the Directors’ fees of up to S\$477,000 in respect of FY2014 (“**Proposed Directors’ Fees**”).

The Proposed Directors’ Fees will only be paid after the end of FY2014 or upon the resignation of the Director, whichever is earlier.

(f) **Remuneration to the Project Committee**

The Board has commissioned a project committee (“**Project Committee**”), comprising certain directors of the Company, Messrs Teo Soo Kiat, Tan Hup Foi and Chua Kee Lock (collectively, the “**Project Directors**”) and Mr Quek Sun Hui (Group Chief Executive Officer) to oversee the Proposed Disposal.

In consideration of the support and role in seeing through the successful completion of the Proposed Disposal, the Board has recommended the payment of remuneration of S\$600,000 in aggregate to members of the Project Committee, of which S\$450,000 in aggregate is to be paid to each of the three (3) Project Directors (“**Proposed Project Directors’ Fees**”) upon Completion.

The Company will be seeking the approval of Shareholders for the payment of the Proposed Project Directors’ Fees to the Project Directors at the EGM.

(g) **Other costs and expenses**

In connection with the Proposed Disposal, the Company is expected to incur costs and expenses (including fees for professional advisers) of approximately S\$3.5 million in aggregate.

3.2 Upon Completion, the Company intends to place 90% of the Completion Cash in the Escrow Account. The Completion Cash shall be determined based on the cash and cash equivalents of the Company on the Completion Date plus the Completion Tranche Consideration Amount less the following:-

- (a) S\$1.025 million being the Transfer Amount;
- (b) S\$948,000 being the Management Retention Amount;
- (c) S\$12.5 million being deposits required to be placed as collateral for the SBLC/Demand Guarantee;
- (d) S\$8.4 million being the Assumed Options Redemption Consideration;
- (e) S\$477,000 being the maximum amount of the Proposed Directors' Fees in respect of FY2014;
- (f) S\$600,000 being the aggregate remuneration payable to the Project Committee (including the Proposed Project Directors' Fees); and
- (g) S\$3.5 million being the estimated costs and expenses incurred in connection with the Proposed Disposal.

3.3 After the Final Consideration has been determined, Completion Cash shall be re-computed and the Company shall adjust the amount in the Escrow Account accordingly. Upon determination of the Final Consideration, Completion Cash shall be determined based on the cash and cash equivalents of the Company on Completion Date plus the Final Consideration less the following:-

- (a) S\$1.025 million being the Transfer Amount;
- (b) S\$948,000 being the Management Retention Amount;
- (c) S\$12.5 million being deposits required to be placed as collateral for the SBLC/Demand Guarantee;
- (d) the actual amount of the Options Redemption Consideration;
- (e) S\$477,000 being the maximum amount of the Proposed Directors' Fees in respect of FY2014;
- (f) S\$600,000 being the aggregate remuneration payable to the Project Committee (including the Proposed Project Directors' Fees); and
- (g) the actual amount of costs and expenses incurred in connection with the Proposed Disposal.

3.4 The Company has sought for the Escrow Waiver so as to ensure that adequate provision is made for its imminent uses of cash, namely:

- (a) deductions required pursuant to the SPA;
- (b) fees and expenses which may be payable in the near term; and
- (c) costs and expenses arising from the Proposed Disposal.

The Company is of the view that the Escrow Waiver is necessary to ensure that the sum which is not required to be placed in the Escrow Account would be reasonably sufficient for its working capital requirements.

4. APPLICATION FOR THE CONTINUAL TRADING APPROVAL

- 4.1 The Company has also applied to the SGX-ST for the Continual Trading Approval as the Company believes that it is in the interest of Shareholders for the Shares to continue trading on the Catalist following the Completion.
- 4.2 In compliance with Rules 1017(1)(c) and 1017(1)(d) of the Catalist Rules, each of the Company's directors, controlling shareholders and their associates who hold Shares had undertaken that for the period commencing from the date of their respective undertakings up to and including the completion date of the Company's acquisition of the New Business, they shall not *inter alia* directly or indirectly, sell, transfer or otherwise dispose of any part of their interests in the Shares.

5. GRANT OF ESCROW WAIVER AND CONTINUAL TRADING APPROVAL

- 5.1 The Board is pleased to announce that the SGX-ST has on 30 June 2014, granted the Company a waiver from compliance with Rule 1017(1)(a) to allow the use of a sum of S\$27,450,000 from the escrow monies for disposal costs and expenses, subject to, *inter alia*, the following conditions:
- (a) The Company making an announcement of the Escrow Waiver, disclosing the reasons and grounds for seeking the Escrow Waiver as soon as practicable;
 - (b) Shareholders' approval for the Proposed Options Redemption at the EGM to be convened. The Company should also disclose the basis of the independent valuation for the outstanding Options in the Circular; and
 - (c) Shareholders' approval for the Proposed Directors' Fees and Proposed Project Directors' Fees at the EGM.
- 5.2 The Board is also pleased to announce that the Company has on 30 June 2014 obtained the Continual Trading Approval from the SGX-ST, based on the following:
- (a) The submissions and representations made by the Sponsor and the Company;
 - (b) Moratorium undertakings from the Company's controlling shareholders for the purpose of continued trading; and
 - (c) Compliance with Rule 1017 of the Catalist Rules.
- 5.3 The Circular containing *inter alia* details in relation to the Proposed Disposal, the Proposed Options Redemption, the Proposed Directors' Fees and the Proposed Project Directors' Fees, together with the notice of EGM, will be despatched to Shareholders in due course.

By Order of the Board

Claire Choy Sock Yu
Group Financial Controller / Joint Company Secretary

1 July 2014

*This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("**Sponsor**") for compliance with the Catalist Rules. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports*

contained in this announcement. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Corporate Finance, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.