



SHC CAPITAL ASIA LIMITED

(Co Registration No: 201201631D)

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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2014

PART I: INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) A consolidated income statement and statement of comprehensive income, or a statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

	Note	Group		% Change +/(-)
		1 st Half 2014 S\$'000	1 st Half 2013 S\$'000	
Gross written premiums		35,512	39,111	(9.2)
Change in gross provision for unexpired risks		1,268	(631)	(301.0)
Gross earned premium revenue		<u>36,780</u>	<u>38,480</u>	(4.4)
Written premiums ceded to reinsurers		(15,140)	(15,061)	0.5
Reinsurers' share of change in the provision for unexpired risks		(428)	(681)	(37.2)
Reinsurance premium expense		<u>(15,568)</u>	<u>(15,742)</u>	(1.1)
Net earned premium revenue		21,212	22,738	(6.7)
Commission income		3,623	3,973	(8.8)
Net finance income	1	1,454	1,436	1.3
Other income	2	417	1,149	(63.7)
Net income before claims and expenses		<u>26,706</u>	<u>29,296</u>	(8.8)
Gross claims incurred		(22,675)	(26,697)	(15.1)
Reinsurers' share of gross claims incurred		12,422	16,440	(24.4)
Net claims incurred		(10,253)	(10,257)	-
Commission expenses		(7,560)	(7,548)	0.2
Staff costs		(3,873)	(2,946)	31.5
Depreciation of property, plant & equipment		(123)	(139)	(11.5)
Other operating expenses	3	(1,137)	(1,098)	3.6
Total claims and expenses		<u>(22,946)</u>	<u>(21,988)</u>	4.4
Profit before income tax		3,760	7,308	(48.5)
Income tax expenses	4	(684)	(1,234)	(44.6)
Profit for the period		<u>3,076</u>	<u>6,074</u>	(49.4)
Other comprehensive income				
Net change in fair value of available-for-sale financial assets		461	(3,412)	n.m.
Net change in fair value of available-for-sale financial assets transferred to profit or loss on disposal		(165)	(171)	(3.5)
Net change in fair value of available-for-sale financial assets transferred to profit or loss due to impairment loss		-	103	n.m.
Other comprehensive income for the period, net of tax		<u>296</u>	<u>(3,480)</u>	n.m.
Total comprehensive income for the period		<u>3,372</u>	<u>2,594</u>	30.0
Earnings per share				
Basic earnings per share (cents)		1.01	2.00	(49.5)
Diluted earnings per share (cents)		<u>0.95</u>	<u>2.00</u>	(52.5)

n.m: not meaningful

Notes to the Consolidated Statement of Comprehensive Income

The following items have been included in arriving at the profit for the period for the Company and its subsidiary (the “Group”):

	Group	
	1 st Half 2014	1 st Half 2013
	S\$'000	S\$'000
1. Net finance income: -		
Interest income		
- Available-for-sale financial assets	996	1,038
- Fixed deposits with banks (security deposits)	-	2
- Cash and cash equivalents	72	48
Dividend income	503	455
Gain on foreign exchange	9	(2)
Investment expenses	(126)	(105)
	<u>1,454</u>	<u>1,436</u>
2. Other income: -		
Impairment loss on available-for-sale financial assets	-	(103)
Gain on disposal of available-for-sale financial assets	375	1,181
Other sundry income	42	71
	<u>417</u>	<u>1,149</u>
3. Other operating expenses: -		
Rental expenses paid to related companies	387	387
Other professional fees	268	167
Tax fees	15	29
Interest expenses	5	5
	<u>5</u>	<u>5</u>
4. Income tax: -		
Tax expenses in respect of current year	(684)	(1,234)
	<u>(684)</u>	<u>(1,234)</u>

1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Consolidated Statement of Financial Position

	Group	
	As at 30/06/2014	As at 31/12/2013
	S\$'000	S\$'000
Assets		
Property, plant and equipment	-	466
Financial assets		
- Equities	-	24,040
- Debt securities	-	58,539
- Option, derivative	300	300
	300	82,879
Reinsurers' share of insurance contract provisions	-	49,909
Insurance receivables	-	11,778
Other receivables	50	935
Deposits, prepayments and other assets	412	870
Fixed deposits relating to security deposits received from policyholders	-	3,679
Cash and cash equivalents	2,780	22,019
Assets of subsidiary held for sale ⁽¹⁾	172,819	-
Total assets	176,361	172,535
Liabilities		
Insurance contract provisions	-	104,706
Insurance payables	-	4,250
Other payables	1,200	7,011
Security deposits received from policyholders	-	3,679
Liabilities of subsidiary held for sale ⁽¹⁾	119,218	-
Total liabilities	120,418	119,646
Net assets	55,943	52,889
Shareholders' equity		
Share capital	40,144	39,955
Capital reserve	5,397	5,397
Fair value reserve	-	(1,376)
Employee share options scheme reserve	89	669
Accumulated profits	2,064	8,244
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets held for sale	8,249	-
Total shareholders' equity	55,943	52,889

Detail of assets/liabilities of subsidiary classified as held for sale ⁽¹⁾:

	As at 30/06/2014 S\$'000
Assets	
Property, plant and equipment	352
Financial assets	
- Equities	20,523
- Debt securities	55,704
- Option, derivative	-
	76,227
Reinsurers' share of insurance contract provisions	52,962
Insurance receivables	11,961
Other receivables	1,913
Deposits, prepayments and other assets	423
Fixed deposits relating to security deposits received from policyholders	3,065
Cash and cash equivalents	25,916
Total assets	172,819
Liabilities	
Insurance contract provisions	107,640
Insurance payables	3,582
Other payables	4,931
Security deposits received from policyholders	3,065
Total liabilities	119,218
Net assets of subsidiary being held for sale	53,601

Note:

- (1) On 20 June 2014, the Company announced that it had entered into a sale and purchase agreement with ERGO International AG in relation to the proposed disposal (“**Proposed Disposal**”) of the entire issued and paid-up share capital of its wholly-owned subsidiary, SHC Insurance Pte. Ltd. (“**SHC Insurance**”). At the extraordinary general meeting of the Company held on 25 July 2014 (“**EGM**”), the Company had obtained the approval of its shareholders (“**Shareholders**”) for, *inter alia*, the Proposed Disposal. Accordingly, the assets and liabilities directly associated with SHC Insurance have been classified as being held for sale in the Group’s consolidated statement of financial position as at 30 June 2014. As completion of the Proposed Disposal (“**Completion**”) has not taken place, the financial statements presented herein have not taken into account the gain which will be realised on disposal of SHC Insurance. Please refer to the circular issued by the Company dated 10 July 2014 (“**Circular**”) for further details.

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

- the amount repayable in one year or less, or on demand;
- the amount repayable after one year;
- whether the amounts are secured or unsecured; and

Description	As at 30/06/2014		As at 31/12/2013	
	Secured	Unsecured	Secured	Unsecured
Amount repayable	S\$'000	S\$'000	S\$'000	S\$'000
- in one year or less, or on demand-	-	-	-	-
- after one year	-	-	-	-

(d) details of any collaterals.

Not applicable.

1(c) A Consolidated Statement of Cash Flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

	Group	
	1 st Half 2014	1 st Half 2013
	S\$'000	S\$'000
Operating activities:-		
Profit before taxation	3,760	7,308
Adjustment for:		
Depreciation of property, plant and equipment	123	139
Gain on disposal of available-for-sale financial assets	(375)	(1,181)
Allowance for impairment losses of equity securities	-	103
Allowance for impairment losses written back	-	(3)
Issue of employee share options	350	28
Interest expenses	5	5
Interest income	(1,068)	(1,088)
Dividend income	(503)	(455)
Net provision for unexpired risks	(840)	1,312
Net provision for insurance claims	722	1,695
Operating cash flows before changes in working capital	2,174	7,863
Changes in working capital:-		
Insurance and other receivables	354	(3,716)
Deposits, prepayments and other assets	35	21
Amount due from related and associated companies	49	(3)
Amount due to related and associated companies	-	(6)
Insurance and other payables	(3,140)	(1,651)
Cash generated (used in) / from operations	(528)	2,508
Interest paid	(5)	(5)
Interest received	1,194	1,145
Dividend received	428	414
Income tax paid	(731)	(650)
Net cash flows from operating activities	358	3,412
Investing activities:-		
Acquisitions of property, plant and equipment	(10)	(43)
Acquisitions of available-for-sale financial assets	(13,077)	(35,712)
Proceeds from sale of available-for-sale financial assets	20,074	22,839
Net cash flows from / (used in) investing activities	6,987	(12,916)
Financing activities:-		
Dividend paid	(857)	(669)
Issue of ordinary shares	189	-
Net cash flows used in financing activities	(668)	(669)
Net increase / (decrease) in cash and cash equivalents	6,677	(10,173)
Cash and cash equivalents at beginning of period	22,019	21,215
Cash and cash equivalents at the end of period	28,696	11,042
Analysis of cash and cash equivalents		
Cash and bank balances	5,403	2,719
Fixed deposit	23,293	8,323

28,696

11,042

- 1(d)(i) A statement (for the issuer and group) showing either
- all changes in equity or
 - changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity

<u>Group</u>	Share capital S\$'000	Capital reserve S\$'000	Employee share options scheme reserve S\$'000	Fair value reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
As at 1 January 2014	39,955	5,397	669	(1,376)	8,244	52,889
Total comprehensive income for the period						
Profit for the period	-	-	-	-	3,076	3,076
Other comprehensive income:						
Net change in fair value of available-for-sale financial assets	-	-	-	461	-	461
Net change in fair value of available-for-sale financial assets transferred to profit or loss on disposal	-	-	-	(165)	-	(165)
Net change in fair value of available-for-sale financial assets transferred profit or loss due to impairment loss	-	-	-	-	-	-
Income tax on other comprehensive income	-	-	-	-	-	-
Total	-	-	-	296	-	296
Total comprehensive income for the period	-	-	-	296	3,076	3,372
Transaction with owners, recorded directly in equity						
Contributions by and distributions to owners						
Issue of employee share options	189	-	350	-	-	539
Dividend for year 2013	-	-	-	-	(857)	(857)
Total	189	-	350	-	(857)	(318)
As at 30 June 2014	40,144	5,397	1,019	(1,080)	10,463	55,943
As at 1 January 2013	39,955	5,397	507	220	1,542	47,621
Total comprehensive income for the period						
Profit for the period	-	-	-	-	6,074	6,074
Other comprehensive income:						
Net change in fair value of available-for-sale financial assets	-	-	-	(3,412)	-	(3,412)
Net change in fair value of available-for-sale financial assets transferred to profit or loss on disposal	-	-	-	(171)	-	(171)
Net change in fair value of available-for-sale financial assets transferred due to impairment loss	-	-	-	103	-	103
Income tax on other comprehensive income	-	-	-	-	-	-
Total	-	-	-	(3,480)	-	(3,480)
Total comprehensive income for the period	-	-	-	(3,480)	6,074	2,594
Transaction with owners, recorded directly in equity						
Issue of employee share options	-	-	27	-	-	27
Dividend for year 2012	-	-	-	-	(669)	(669)
Total	-	-	27	-	(669)	(642)
As at 30 June 2013	39,955	5,397	534	(3,260)	6,947	49,573

Statement of Changes in Equity

<u>Company</u>	Share capital S\$'000	Employee share options scheme reserve S\$'000	Fair value reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
As at 1 January 2014	39,955	32	-	(140)	39,847
Total comprehensive income for the period					
Profit for the period	-	-	-	3,061	3,061
Other comprehensive income:					
Net change in fair value of available-for-sale financial assets	-	-	-	-	-
Net change in fair value of available-for-sale financial assets transferred to profit or loss on disposal	-	-	-	-	-
Income tax on other comprehensive income	-	-	-	-	-
Total	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,061	3,061
Transaction with owners, recorded directly in equity					
Contributions by and distributions to owners					
Issue of employee share options	189	57	-	-	246
Dividend for year 2013	-	-	-	(857)	(857)
Total	189	57	-	(857)	(611)
As at 30 June 2014	40,144	89	-	2,064	42,297
As at 1 January 2013	39,955	10	-	90	40,055
Total comprehensive income for the period					
Profit for the period	-	-	-	664	664
Other comprehensive income:					
Net change in fair value of available-for-sale financial assets	-	-	-	-	-
Net change in fair value of available-for-sale financial assets transferred to profit or loss on disposal	-	-	-	-	-
Income tax on other comprehensive income	-	-	-	-	-
Total	-	-	-	-	-
Total comprehensive income for the period	-	-	-	664	664
Transaction with owners, recorded directly in equity					
Contributions by and distributions to owners					
Issue of employee share options	-	-	-	-	-
Dividend for year 2012	-	-	-	(669)	(669)
Total	-	-	-	(669)	(669)
As at 30 June 2013	39,955	10	-	85	40,050

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

[Share capital](#)

The Company has issued 2,000,000 new ordinary shares in the capital of the Company (“Shares”) on 1 March 2014 pursuant to the exercise of 2,000,000 Varied Options (as defined herein) at an exercise price of S\$0.0944 per Share for an aggregate consideration of S\$188,800 following which the number of Shares increased from 303,982,583 Shares as at 31 December 2013 to 305,982,583 Shares as at 30 June 2014 and the share capital of the Company increased from S\$39.955m as at 31 December 2013 to S\$40.144m as at 30 June 2014.

Save as disclosed above, there were no changes in the share capital of the Company during the half year ended 30 June 2014.

Convertible securities

In connection with the acquisition of the entire issued share capital of SHC Insurance arising from the completion of the restructuring exercise (“**Restructuring Exercise**”) undertaken by SHC Insurance by way of a scheme of arrangement under Section 210 of the Companies Act, Chapter 50 of Singapore, the Company, SHC Insurance and the holders (“**Optionholders**”) of options granted under the SHC Capital Employee Share Option Scheme (“**SHC Insurance ESOS**”) (“**Varied Options**”) had entered into variation agreements whereby it was agreed that new Shares shall be allotted and issued to the Optionholders in place of new shares in the capital of SHC Insurance upon exercise of the Varied Options.

The SHC Insurance ESOS was terminated on 28 June 2012. The Company has adopted the SHC Capital Asia Employee Share Option Scheme (“**SHC Asia ESOS**”) which has substantially the same terms and conditions as the SHC Insurance ESOS.

As at 30 June 2014, the Company has the following outstanding Varied Options granted under the SHC Insurance ESOS and options granted under the SHC Asia ESOS (“**Options**”):

Date of grant	Number of Varied options / Options outstanding as at 31 December 2013	Number of Varied Options exercised during the half year ended 30 June 2014	Number of Varied options / Options outstanding as at 30 June 2014	Maximum number of ordinary shares in the capital of the Company to be issued upon exercise of the Varied Options / Options as at 30 June 2014	Exercise price per share	Exercise period ⁽¹⁾
3 March 2009	8,800,000	2,000,000	6,800,000	6,800,000	S\$0.0944	3 March 2010 to 20 January 2015 ⁽²⁾
21 January 2010	7,440,000	-	7,440,000	7,440,000	S\$0.0750	21 January 2011 to 20 January 2015
21 January 2011	1,403,000	-	1,403,000	1,403,000	S\$0.1300	21 January 2012 to 20 January 2016
20 January 2012	1,611,000	-	1,611,000	1,611,000	S\$0.0910	20 January 2013 to 19 January 2017
21 January 2013	1,830,000	-	1,830,000	1,830,000	S\$0.1220	21 January 2014 to 20 January 2018
19 June 2013	10,888,000	-	10,888,000	10,888,000	S\$0.1482	19 June 2014 to 18 June 2018
Total	31,972,000	2,000,000	29,972,000	29,972,000		

Notes:

- (1) In respect of Varied Options / Options which would otherwise be unvested or partially vested or as yet unexercisable as at 30 June 2014, such Varied Options / Options are exercisable in light of the Proposed Disposal pursuant to Rule 11.8 of the rules of the SHC Asia ESOS.
- (2) The last date of exercise of the 6,800,000 Options was varied from 2 March 2014 to 20 January 2015 on 28 February 2014.

In connection with the Proposed Disposal, the Company had obtained the approval of the Shareholders at the EGM for the redemption and cancellation of all the outstanding Options by the Company following Completion of the Proposed Disposal.

Save as disclosed above, the Company did not have any other outstanding Varied Options or Options, convertibles or any treasury shares as at 30 June 2014 and as at 31 December 2013.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Group	
	As at 30/06/2014	As at 31/12/2013
Total number of issued ordinary shares (excluding treasury shares)	305,982,583	303,982,583

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable as the Company does not have any treasury shares.

(2) Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

(3) Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

(4) Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Yes, the Group has applied the same accounting policies and methods of computation in the financial statements for the six months ended 30 June 2014 ("1H2014") as those applied in the audited financial statements for the financial year ended 31 December 2013.

(5) If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable as there are no changes in the accounting policies and methods of computation including any required by an accounting standard.

(6) Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

	Group	
	1 st Half 2014 (cents)	1 st Half 2013 (cents)
Earnings per ordinary share for the period based on net profit attributable to shareholders after deducting any provision for preference dividends:-		
(a) Based on the weighted average number of ordinary shares in issue ⁽¹⁾	1.01	2.00
(b) On a fully diluted basis ⁽²⁾	0.95	2.00

As Completion has not taken place, the earnings per ordinary share shown in the table above has not taken into account the gain which will be realised on disposal of SHC Insurance. Please refer to the Circular for further details.

(7) Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 30/06/2014 (cents)	As at 31/12/2013 (cents)	As at 30/06/2014 (cents)	As at 31/12/2013 (cents)
Net asset value per ordinary share based on the issued share capital (excluding treasury shares) as at the end of the period / year ⁽¹⁾	18.28	17.40	13.82	13.11

Note:

- (1) Computed based on 305,982,583 Shares as at 30 June 2014 and 303,982,583 Shares as at 31 December 2013.

As Completion has not taken place, the net asset value per ordinary share shown in the table above has not taken into account the gain which will be realised on disposal of SHC Insurance. Please refer to the Circular for further details.

(8) A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Proposed Disposal of SHC Insurance

The Shareholders had at the EGM approved, *inter alia*, the Proposed Disposal. Accordingly, the assets and liabilities directly associated with SHC Insurance have been classified as being held for sale in the Group's consolidated statement of financial position as at 30 June 2014. As Completion has not taken place, the financial statements presented herein have not taken into account the gain which will be realised on disposal of SHC Insurance.

Following Completion, SHC Insurance will cease to be a subsidiary of the Company and the Company's assets will consist substantially of cash and the Company will not have any significant business activities. Please refer to the Circular for further details.

Consolidated Statement of Comprehensive Income

The Group registered a 9.2% decline in its gross written premium revenue in 1H2014 to S\$35.512 million as against S\$39.111 million in the six months ended 30 June 2013 ("1H2013"). The decline was mainly from the motor class which has come under immense competitive pressure in recent months. The change in the gross provision for unexpired risks for the period, which is affected by the profile and tenure of business underwritten, registered a decline of S\$1.268 million in 1H2014 as against an increase of S\$0.631 million in 1H2013. This gave rise to gross earned premium revenue of S\$36.780 million, representing 4.4% decline against S\$38.480 million registered in 1H2013.

The premiums ceded to the reinsurers increased by a slight 0.5% to S\$15.140 million in 1H2014 as against S\$15.061 million in 1H2013. The reinsurers' share in the change in provision for unexpired risks was lower at S\$0.428 million in 1H2014 as against S\$0.681 million in 1H2013. The resultant reinsurance premium expense was thus 1.1% lower at S\$15.568 million in 1H2014 as against S\$15.742 million in 1H2013. The Group thus registered a decline of 6.7% in the net earned premium revenue to S\$21.212 million in 1H2014 as against S\$22.738 million in 1H2013.

The commission income registered a decline of 8.8% to S\$3.623 million in 1H2014 as against S\$3.973 million in 1H2013 as lower profit commissions were received in 1H2014 as against 1H2013. The net finance income of the Group, which comprised mainly of dividend and interest income from equities and debt securities, registered a slight increase of 1.3% to S\$1.454 million in 1H2014 as against 1H2013. The other income of the Group, comprising mostly of gain on disposal of available-for-sale financial assets in 1H2014, declined by a substantial 63.7% to S\$0.417 million, as against S\$1.149 million registered in 1H2013, in view of the less favorable market conditions in 1H2014 limiting opportunities to generate trading gains.

Consequently, the Group achieved a net income before claims and expenses of S\$26.706 million for 1H2014, a decline of 8.8% as against S\$29.296 million in 1H2013.

The gross claims incurred registered a 15.1% decline to S\$22.675 million in 1H2014 as against S\$26.697 million in 1H2013, as there were a number of claims of greater severity in 1H2013. The reinsurers' share of gross claims incurred registered a decline of S\$12.422 million in 1H2014 as against S\$16.440 million in 1H2013 in line with the lower claims incurred. Net claims incurred for the Group was thus maintained at S\$10.253 million in 1H2014, close to the net claims incurred of S\$10.257 million in 1H2013. Commission expenses of S\$7.560 million in 1H2014 was close to that registered in 1H2013 of S\$7.548 million despite the decline in production in view of the measures taken to compete effectively. Staff costs registered an increase of 31.5% in 1H2014 to S\$3.873 million as against S\$2.946 million in 1H2013 due mainly to salary increments and bonus provisions. Other operating expenses were higher by 3.6% at S\$1.137 million in 1H2014 as against S\$1.098 million in 1H2013 as there were costs incurred in 1H2014 relating to the Proposed Disposal. The resultant total claims and expenses thus registered a 4.4% increase to S\$22.946 million in 1H2014 as against S\$21.988 million in 1H2013.

Overall, the Group's profit before income tax registered a 48.5% decline to S\$3.760 million in 1H2014 as against S\$7.308 million in 1H2013 in view of lower business and investment income coupled with higher business costs. Income tax expenses for 1H2014 of S\$0.684 million was correspondingly 44.6% lower than the expense of S\$1.234 million in 1H2013. The profit for the period net of income tax thus registered a 49.4% decline to S\$3.076 million in 1H2014 as against S\$6.074 million in 1H2013. This translates to a 49.5% decline in the Group's basic earnings per share to 1.01 cents in 1H2014 as against 2.00 cents in 1H2013.

The other comprehensive income items, which comprised movements in the fair value of available-for-sale financial assets of the Group for the period, registered an increase of S\$0.296 million in 1H2014 as against a decline of S\$3.480 million in 1H2013 due mainly to recovery in the value of the fixed income securities. The trend is reflective of the considerable volatility of the investment environment in recent times.

Consolidated Statement of Financial Position

The Group's total assets, including those of SHC Insurance being held for sale, increased to S\$176.361 million as at 30 June 2014 from S\$172.535 million as at 31 December 2013. The increase was attributed mainly to the increase in reinsurers' share of the insurance contract provisions from S\$49.909 million to S\$52.962 million which is recorded in the assets of subsidiary held for sale and higher cash and cash equivalents of the subsidiary held for sale in view of reduced investment holdings.

The Group's total liabilities, including those of SHC Insurance being held for sale, increased to S\$120.418 million as at 30 June 2014 from S\$119.646 million as at 31 December 2013. The increase was mainly due to higher insurance contract provisions of SHC Insurance recorded in the liabilities of subsidiary held for sale as S\$107.640 million as compared to S\$104.706 million at 31 December 2013 in view of the business growth in recent years.

Consolidated Statement of Cash Flows

The Group's net cash flow from operating activities of S\$0.358 million in 1H2014 was lower than S\$3.412 million registered in 1H2013. The reduction was mainly attributed to lower operating profits before changes in working capital in 1H2014.

The net cash flow from investment activities in 1H2014 was S\$6.987 million as against a net cash flow used in investment activities of S\$12.916 million in 1H2013 as acquisition opportunities were limited by the less favourable market conditions as against 1H2013. The Group's acquisitions of available-for-sale financial assets of S\$13.077 million in 1H2014 were thus lower than the acquisitions of S\$35.712 million registered in 1H2013.

The net cash flow arising from the Group's operating and investment activities, after taking into account the payment of dividends of S\$0.857 million and proceeds from the issuance 2,000,000 ordinary shares pursuant to the exercise of 2,000,000 Varied Options in 1H2014, resulted in a net increase of S\$17.654 million in the cash and cash equivalents in 1H2014, giving rise to a balance of S\$28.696 million as at 30 June 2014 as against S\$11.042 million as at 30 June 2013.

- (9) Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable, there has not been any forecast previously disclosed to Shareholders by the Company.

- (10) A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Company had at the EGM obtained Shareholders' approval for, *inter alia*, the Proposed Disposal and Completion is expected to take place on 1 August 2014. Upon Completion, the Company's assets will consist substantially of cash and the Company will not have any significant business activities. The Company will become a cash company under Rule 1017 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of the Catalist ("Catalist Rules"). Please refer to the Circular for further details.

Following Completion, the Company will actively seek new businesses to acquire. There is no absolute assurance that the Company will be successful in seeking out new businesses which will meet the listing criteria of SGX-ST. Whilst keeping all options open, the Board's consideration will include businesses which demonstrate strong growth potential and profitable track record, and have prospects of generating future income or dividend yields for Shareholders.

In accordance with Rule 1017(1)(b) of the Catalist Rules, the Company shall provide monthly valuation of its assets and utilisation of cash, and quarterly updates of milestones in obtaining a new business, to the market *via* SGXNET.

- (11) Dividend

- (a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?

None.

- (b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend was declared in respect of 1H2014.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

- (d) Date payable

Not applicable

- (e) Books closure date

Not applicable

- (12) If no dividend has been declared/(recommended), a statement to that effect.

The Directors do not propose to declare any dividend in respect of 1H2014.

As disclosed in the Circular, it is the present intention of the Board to distribute to Shareholders, by way of a special dividend, part of the net proceeds from the Proposed Disposal. The Company will make a separate announcement specifying the amount of special dividend to be distributed to Shareholders in due course.

- (13) If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Description	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	1 st half 2014 (S\$'000)	1 st half 2013 (S\$'000)	1 st half 2014 (S\$'000)	1 st half 2013 (S\$'000)
Payment of office rental to: ⁽¹⁾ - See Hoy Chan Realty Pte Ltd - See Hoy Chan Land Pte Ltd	- -	- -	321 61	321 61

Notes:

- (1) This relates to the Company's rental of offices at 302 Orchard Road, Singapore 238862 from See Hoy Chan Realty Pte Ltd and See Hoy Chan Land Pte Ltd in the relevant financial period.
- (2) The table above excludes the fee of S\$220,000 paid to Mr Low Seow Juan in January 2014 for advisory services rendered in the financial year ended 31 December 2013 pursuant to a service agreement between the Company and Mr Low. The amount of accrued fees payable to Mr Low in each of 1H2014 and 1H2013 was S\$60,000.

- (14) Negative confirmation pursuant to Rule 705(5)

We, Teo Soo Kiat and Teo Soo Chew, the Directors of SHC Capital Asia Limited, hereby confirm that to the best of our knowledge, nothing has come to the attention of the board of Directors of the Company which may render the interim financial statements of the Group for the half year ended 30 June 2014 to be false or misleading in any material aspect.

On behalf of the board of Directors

Teo Soo Kiat
Director
30 July 2014

Teo Soo Chew
Director
30 July 2014

BY ORDER OF THE BOARD

Claire Choy
Company Secretary
30 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.