

CIRCULAR DATED 14 NOVEMBER 2016
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is issued by **SHC Capital Asia Limited** (the “**Company**”). If you are in any doubt in relation to this Circular or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made, or reports contained in this Circular.

The contact person for the Sponsor is Ms. Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 62298088.



SHC CAPITAL ASIA LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201201631D)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED CASH DISTRIBUTION TO SHAREHOLDERS BY WAY OF THE PROPOSED CAPITAL REDUCTION

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	: 5 December 2016 at 2.30 p.m.
Date and time of Extraordinary General Meeting	: 7 December 2016 at 2.30 p.m.
Place of Extraordinary General Meeting	: Orchard Hotel Singapore, Nutmeg Room, Level 2, 442 Orchard Road, Singapore 238879

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:-

“ACRA”	: The Accounting and Corporate Regulatory Authority of Singapore
“Act” or “Companies Act”	: The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
“Aggregate Cash Distribution Amount”	: The aggregate amount to be distributed to Shareholders pursuant to the Proposed Cash Distribution
“Asset Holding Company”	: As defined in the SPA Announcement
“Board”	: The Board of Directors of the Company for the time being
“Books Closure Date”	: A date to be determined by the Directors on which the transfer books and register of members of the Company will be closed for the purpose of determining the entitlements of Shareholders under the Proposed Cash Distribution following the Proposed Capital Reduction
“Capital Reduction Resolution”	: The special resolution in relation to the Proposed Capital Reduction to be approved by Shareholders at the EGM
“Catalist”	: The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	: The SGX-ST Listing Manual (Section B: Rules of Catalist), as amended or modified from time to time
“CDP”	: The Central Depository (Pte) Limited
“Circular”	: This circular to Shareholders dated 14 November 2016
“Company”	: SHC Capital Asia Limited
“Director(s)”	: Director(s) of the Company for the time being
“EGM”	: The extraordinary general meeting of the Company to be held on 7 December 2016, notice of which is set out in pages 17 to 18 of this Circular
“EPS”	: Earnings per Share
“Independent Valuation”	: As defined in the SPA announcement
“Latest Practicable Date”	: 3 November 2016
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“Notice of EGM”	: The notice of the EGM as set out on pages 17 to 18 of this Circular
“NTA”	: Net tangible assets

DEFINITIONS

“Proposed Acquisition”	:	The proposed acquisition by the Company of the entire issued and paid-up share capital of a company to be incorporated by YSIL and/or FMI in the British Virgin Islands in accordance with the terms and conditions of the SPA
“Proposed Capital Reduction”	:	The proposed capital reduction exercise to be undertaken by the Company pursuant to Section 78A read with Sections 78C to 78F of the Companies Act to reduce the issued and paid-up capital of the Company of S\$40,143,640.40 by the Aggregate Cash Distribution Amount, to approximately S\$11,075,295.40
“Proposed Cash Distribution”	:	The proposed cash distribution by the Company to Shareholders of S\$0.095 in cash for each Share held by Shareholders as at the Books Closure Date, amounting to an aggregate distribution of approximately S\$29,068,345
“Register”	:	The register of members of the Company
“Registered Shareholders”	:	As defined in the SPA announcement
“Registrar”	:	The Registrar of Companies appointed under the Act and includes any deputy or assistant registrar of companies
“Restructuring”	:	As defined in the SPA announcement
“Sale Shares”	:	As defined in the SPA announcement
“Securities Account”	:	A securities account maintained by a Depositor with CDP but not including securities sub-accounts maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shares”	:	Ordinary shares in the capital of the Company
“Shareholders”	:	Registered holder(s) of the Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose Securities Accounts are credited with those Shares
“Solvency Statement”	:	Has the meaning ascribed to it in Section 7A of the Act
“SPA”	:	The sale and purchase agreement dated 24 October 2016 and entered into between the Company and Yoma Strategic Investments Ltd. (“ YSIL ”), First Myanmar Investment Company Limited (“ FMI ”) and Exemplary Ventures Limited (each, a “ Vendor ” and collectively, the “ Vendors ”) in relation to the Proposed Acquisition
“SPA Announcement”	:	The announcement released by the Company on 24 October 2016 in relation to the SPA and the Proposed Acquisition

DEFINITIONS

“Substantial Shareholder” : A person who has an interest (directly or indirectly) in 5% or more of the voting Shares (excluding treasury shares) in the Company

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term **“subsidiary”** shall have the meaning ascribed to it under Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated. Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any term defined under the SFA, the Companies Act or the Catalist Rules, or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the SFA, the Companies Act or the Catalist Rules, or such modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

INDICATIVE TIMETABLE

The following are indicative dates and times for the Proposed Capital Reduction and Proposed Cash Distribution for illustrative purposes only¹.

Last date and time for lodgement of Proxy Forms for the EGM² : 5 December 2016 at 2.30 p.m.

Date and time of the EGM : 7 December 2016 at 2.30 p.m.

Expected effective date of the Proposed Capital Reduction : *On or about 18 January 2017*

Expected last date and time of "cum" trading of the Shares on the SGX-ST : *On or about 23 January 2016 at 5.00 p.m.*

Expected commencement of "ex" trading of the Shares on the SGX-ST : *On or about 24 January 2016 at 9.00 a.m.*

Expected Books Closure Date for the Proposed Cash Distribution : *On or about 26 January 2017 at 5.00 p.m.*

Expected payment date for the Proposed Cash Distribution : *On or about 3 February 2017*

Note(s):

- 1 Save for the date and time by which the Proxy Forms must be lodged and the date and time of the EGM, the timetable above is only indicative and the actual dates of the events in italics will be announced in due course by way of SGXNET announcement released on the website of the SGX-ST at <http://www.sgx.com>.
- 2 All Proxy Forms must be duly completed and deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration services, at 80 Robinson Road #02-00 Singapore 068898, not later than 48 hours before the time appointed for holding the EGM. Completion and return of a Proxy Form will not preclude a Shareholder from attending and voting at the EGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a Shareholder attends the EGM in person and, in such event the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

LETTER TO SHAREHOLDERS

SHC CAPITAL ASIA LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 201201631D)

Directors

Mr. Teo Soo Kiat (Chairman and Interim Chief Executive Officer)
Mr. Teo Soo Chew (Non-Executive and Non-Independent Director)
Mr. Teo Chiang Khai (Non-Executive and Non-Independent Director)
Mr. Teo Hsi Leang (Non-Executive and Non-Independent Director)
Mr. Ng Fook Ai, Victor (Lead Independent Director)
Mr. Teo Eu Jin, Nicholas (Independent Director)

Registered Office

302 Orchard Road
#10-01
Singapore 238862

14 November 2016

To: The Shareholders of SHC Capital Asia Limited (the “**Company**”)

Dear Sir/Madam

PROPOSED CASH DISTRIBUTION TO SHAREHOLDERS BY WAY OF THE PROPOSED CAPITAL REDUCTION

1. INTRODUCTION

- 1.1 On 31 October 2016, the Company announced that it intends to undertake the Proposed Capital Reduction to effect a cash distribution (the “**Proposed Cash Distribution**”) to Shareholders of S\$0.095 in cash for each Share held by Shareholders as at the Books Closure Date, fractional entitlements of Shares to be disregarded, amounting to an aggregate distribution of approximately S\$29,068,345 (the “**Aggregate Cash Distribution Amount**”).
- 1.2 The Proposed Capital Reduction serves to return surplus capital of the Company in excess of its needs, taking into account, *inter alia*, its current status as a “cash company” pursuant to Rule 1017 of the Catalist Rules but subject to the anticipated expenses and funding requirements relating to the Proposed Acquisition, as further elaborated in Section 3.3.2 of this Circular.
- 1.3 The Proposed Capital Reduction is subject to, *inter alia*, the approval of Shareholders by way of the Capital Reduction Resolution. The Directors propose to convene an EGM on 7 December 2016 at 2.30 p.m. to seek Shareholders’ approval for the Proposed Capital Reduction.
- 1.4 The purpose of this Circular is to provide Shareholders with information relating to the Proposed Capital Reduction and Proposed Cash Distribution, and to seek their approval for the Proposed Capital Reduction at the EGM. This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.
- 1.5 The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.
- 1.6 Shareholders who are in any doubt as to the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

LETTER TO SHAREHOLDERS

2. BACKGROUND

- 2.1 Following the completion of the disposal of its general insurance business (the "**Disposal**"), the Company became a cash company under Rule 1017 of the Catalist Rules with effect from 1 August 2014.

At the time of completion of the Disposal, the Company had S\$12.5 million cash deposit placed as collateral with a bank, as security for two (2) standby letters of credit issued by the bank in favour of the purchaser under the Disposal ("**Purchaser**"). Of these cash deposits, S\$11.2 million was released to the Company on 28 May 2016 (following the expiry of the first standby letter of credit), and the Company is expecting the release of the remaining S\$1.3 million cash deposit ("**Remaining Collateral Deposit Amount**"), following the substitution ("**Substitution**") of the Remaining Collateral Deposit Amount with an equivalent amount to be furnished by SHC Capital Holdings Pte. Ltd. ("**Major Shareholder**"), such substitution having been agreed to by the Purchaser pursuant to a substitution agreement dated 22 July 2016 and entered into between the Company, the Major Shareholder and the Purchaser.

- 2.2 As part of the conditions relating to the extension of time granted to the Company on 28 January 2016 to meet the requirements for a new listing, the Company previously undertook to distribute the Remaining Collateral Deposit Amount to Shareholders, and the Aggregate Cash Distribution Amount proposed to be distributed to Shareholders under the Proposed Cash Distribution has taken into account the Remaining Collateral Deposit Amount.
- 2.3 As at the Latest Practicable Date, the substitution and release of the Remaining Collateral Deposit Amount to the Company has not taken place, as it is still subject to further arrangements to be made between the Company, the Major Shareholder and the bank for the Substitution, including the issuance of a new standby letter of credit by the bank to replace the existing standby letter of credit.
- 2.4 The Major Shareholder has agreed with the Company that in the event the Remaining Collateral Deposit Amount has not been released to the Company on or prior to the expected payment date for the Proposed Cash Distribution, the Major Shareholder shall extend an amount of S\$1.3 million to the Company on an interest-free basis to enable the Company to make the Proposed Cash Distribution, and in such event the Company shall, upon the release of the Remaining Collateral Deposit Amount, pay over such amount to the Major Shareholder in settlement and satisfaction of such amount extended by the Major Shareholder as aforesaid.
- 2.5 Apart from the distribution of the Remaining Collateral Deposit Amount, the Company intends to distribute substantially all of its existing cash balances to Shareholders on a pro-rata basis, save for such amounts which may be required for the Company to meet its obligations under the SPA and for the Company's operating expenses pending the completion of the Proposed Acquisition. For further details relating to the SPA and the Proposed Acquisition, please refer to the SPA Announcement dated 24 October 2016.
- 2.6 In view of the foregoing, the Company has proposed the Proposed Cash Distribution, to be effected by way of the Proposed Capital Reduction, further details of which are set out below.

3. THE PROPOSED CAPITAL REDUCTION AND THE PROPOSED CASH DISTRIBUTION

3.1 The Proposed Capital Reduction and the Proposed Cash Distribution

Under the Proposed Cash Distribution, the Company is proposing to return S\$0.095 in cash for each Share held by Shareholders as at the Books Closure Date, fractional entitlements of Shares to be disregarded. Based on the issued and paid-up share capital of the Company of S\$40,143,640.40 comprising 305,982,583 Shares as at the Latest Practicable Date, the Aggregate Cash Distribution

LETTER TO SHAREHOLDERS

Amount of approximately S\$29,068,345 will be returned to Shareholders pursuant to the Proposed Cash Distribution.

The Proposed Cash Distribution will be effected by way of the Proposed Capital Reduction whereby the issued and paid up share capital of the Company will be reduced by the Aggregate Cash Distribution Amount to approximately S\$11,075,295.40.

The aggregate amount of cash to be paid to each Shareholder pursuant to the Proposed Cash Distribution will be adjusted by rounding down any fractions of a cent to the nearest cent, where applicable.

The Proposed Capital Reduction will not result in a cancellation of Shares, or change in the number of Shares held by any Shareholder. Each Shareholder will hold the same number of Shares before and immediately after the Proposed Capital Reduction.

3.2 Illustration

The following table illustrates the position of a Shareholder who holds 100 Shares as at Books Closure Date.

Shareholding immediately before the Proposed Capital Reduction	100
Shareholding immediately after the Proposed Capital Reduction	100
Cash Received (S\$)	9.50

In summary, Shareholders will receive S\$9.50 in cash for every 100 Shares (or S\$0.095 in cash for each Share) held as at the Books Closure Date. Shareholders holding lots other than board lots of 100 Shares will likewise receive S\$0.095 in cash for each Share held by them as at the Books Closure Date.

3.3 Rationale for the Proposed Capital Reduction and the Proposed Cash Distribution

3.3.1 As at 31 October 2016, the Company had available cash and cash equivalents of approximately S\$37,414,880.

3.3.2 In considering the amount of cash to return to Shareholders pursuant to the Proposed Cash Distribution, the Company had taken into account, *inter alia*, the following:-

- (i) pursuant to the SPA, the Company has agreed to retain a cash balance of S\$5 million (the "**Cash Balance**") as its cash reserves as at completion of the Proposed Acquisition ("**Completion**") over and above the Remaining Collateral Deposit Amount (assuming such amount still has to be placed as collateral to secure the remaining standby letter of credit), provided that the Company may use the Cash Balance to pay for the Other Transaction Expenses (as defined below) (and the Company's obligation to maintain the Cash Balance as at Completion shall still be deemed satisfied and met so long as the Cash Balance as at Completion is equal to S\$5 million less the aggregate of all such payments made); and
- (ii) under the SPA, the Company has agreed to be responsible for the fees and expenses associated with:-
 - (a) (1) the appointment of KPMG Corporate Finance Pte Ltd (for services rendered in connection with the Proposed Acquisition), (2) the independent financial adviser and (3) the independent valuer providing the Independent Valuation for purposes of the Proposed Acquisition; and

LETTER TO SHAREHOLDERS

- (b) appointment of the internal auditor and the auditors and reporting accountants for the Company and any tax advisors for tax advice in connection with the Restructuring (as defined in the SPA Announcement) all other reasonably incidental fees, costs and expenses (excluding the fees of legal counsel to be appointed by the Company and the Vendors in connection with the negotiation of the SPA, which shall be borne by the respective parties and, for the avoidance of doubt, excluding the due diligence costs which are to be borne by the Vendors) incurred or to be incurred for the purpose of the Proposed Acquisition (collectively the “**Other Transaction Expenses**”), provided that the Company may use the Cash Balance to make payment of all or any portion of the Other Transaction Expenses which is due or payable on or prior to Completion.

- 3.3.3 In the event the Proposed Acquisition is not completed as a result of any breach of or non-compliance with any warranty (excluding any breach of Warranties (as defined in the SPA Announcement)), undertaking or covenant by or due to the fault of or otherwise due to factors directly attributable to one or more of the parties (“**Defaulting Party**”), all costs and expenses incurred in connection with the Proposed Acquisition shall be payable by the Defaulting Party.

In the case of breach of warranties, the Defaulting Party shall bear all costs and expenses incurred in connection with the Proposed Acquisition if such breach of warranties are in respect of matters relating to, *inter alia*, the Vendors’ power and capacity to enter into the SPA, title to the Sale Shares, and inability to procure the completion of the Restructuring due to any breach of default of any of the Registered Shareholders and/or the Asset Holding Companies. For breaches of other warranties, the Company’s recourse will be limited to its ability to recover 50% of the Other Transaction Expenses in the event there is no Completion.

In relation to the above, as announced by the Company on 29 January 2016, the Company has received an undertaking from the Major Shareholder pursuant to which the Major Shareholder has agreed to reimburse the Company for all costs and expenses relating to the Proposed Acquisition in the event the Proposed Acquisition is not successful.

- 3.3.4 Subject as provided in Section 3.3.3 above, the remaining cash and cash equivalents in the Company after the Proposed Cash Distribution has been set aside, and will likely be fully drawdown, *inter alia*, to meet the Cash Balance requirement and for payment of the fees and expenses associated with the Proposed Acquisition as well as for the Company’s operating expenses.

3.4 Funds for the Proposed Cash Distribution

The Proposed Cash Distribution will be funded from existing cash and cash equivalents of the Company of approximately S\$37,414,880 as at 31 October 2016.

3.5 Conditions of the Proposed Capital Reduction

The Proposed Capital Reduction is subject to, *inter alia*, the following:-

- (i) all the Directors making a solvency statement in relation to the Proposed Capital Reduction and compliance with other relevant solvency requirements as prescribed by the Companies Act;
- (ii) the approval of Shareholders of the Capital Reduction Resolution by a majority of not less than three-fourths of the Shareholders present and voting at the EGM to be convened;
- (iii) compliance with the applicable publicity requirements as prescribed in the Companies Act;

LETTER TO SHAREHOLDERS

- (iv) no application having been made for the cancellation of the Capital Reduction Resolution by any creditor of the Company within the period of six (6) weeks beginning with the date of the Capital Reduction Resolution (the “**Creditor Objection Period**”), or if such application was made, the withdrawal of such application or dismissal thereof by the judicial authorities;
- (v) lodgment of the relevant documents with ACRA after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the date of the Capital Reduction Resolution; and
- (vi) the approval of all other relevant regulatory authorities (if any and if necessary).

In relation to Section 3.5(i) above, all of the Directors will on 14 November 2016 make the Solvency Statement in relation to the Proposed Capital Reduction which would be available for inspection by the Shareholders at the EGM.

3.6 Illustrative Financial Effects of the Proposed Capital Reduction and Proposed Cash Distribution

For illustrative purposes only and based on the latest audited financial statement of the Company for the financial year ended 31 December 2015 (“**FY 2015**”), the financial effects of the Proposed Capital Reduction and the Proposed Cash Distribution on, *inter alia*, the share capital and the NTA value per Share of the Company are set out below.

The financial effects of the Proposed Capital Reduction and the Proposed Cash Distribution do not purport to be indicative or a projection of the actual financial position of the Company immediately after completion of the Proposed Capital Reduction and the Proposed Cash Distribution, and have been prepared based on the following key assumptions:

- (i) for the purposes of computing the share capital and NTA per Share, assuming that the Proposed Capital Reduction and the Proposed Cash Distribution had been completed on 31 December 2015, being the end of FY 2015;
- (ii) the computation takes into account the issued share capital of the Company being S\$40,143,640.40 comprising 305,982,583 Shares as at 31 December 2015; and
- (iii) the computation does not take into account any expenses that may be incurred in relation to the Proposed Capital Reduction and the Proposed Cash Distribution.

The financial effects on the following had not been provided:-

- a) the EPS of the Company, as the Proposed Capital Reduction and the Proposed Cash Distribution will have no impact on the EPS of the Company; and
- b) the gearing of the Company, as net debt of the Company as at 31 December 2015 is negative due to the cash and cash equivalents of S\$38,895,645 being greater than the total liabilities of S\$483,854 and as such the financial effects illustration on the Company's gearing is not meaningful. Gearing is determined based on net debt divided by total capital. Net debt is calculated as total liabilities less cash and cash equivalents; and total capital is calculated as equity.

LETTER TO SHAREHOLDERS

(A) Share Capital

The Proposed Capital Reduction and the Proposed Cash Distribution will not have any impact on the number of Shares held by the Shareholders. The illustrative financial effects of the Proposed Capital Reduction and the Proposed Cash Distribution on the issued and paid-up share capital of the Company as at 31 December 2015 is as follows:-

	Before the Proposed Capital Reduction and the Proposed Cash Distribution	After the Proposed Capital Reduction and the Proposed Cash Distribution
Number of issued Shares	305,982,583	305,982,583
Amount of share capital (S\$)	40,143,640.40	11,075,295.40

(B) NTA per Share

The illustrative financial effects of the Proposed Capital Reduction and the Proposed Cash Distribution on the NTA value per Share of the Company as at 31 December 2015 are as follows:-

	Before the Proposed Capital Reduction and the Proposed Cash Distribution	After the Proposed Capital Reduction and the Proposed Cash Distribution
NTA (S\$)	38,859,683	9,791,338*
Number of issued Shares	305,982,583	305,982,583
NTA per Share (S\$)	0.127	0.032

Note:

* Does not take into account utilisation of cash and cash equivalents after 31 December 2015 and/or for payment of any expenses that have been or may be incurred in relation to the Proposed Acquisition.

3.7 **Effective Date and Payment Date**

The Proposed Capital Reduction will take effect after the expiry of the Creditor Objection Period upon the lodgment of the prescribed documents with the Registrar, and the Proposed Cash Distribution will be made thereafter.

Subject to the above conditions being satisfied, it is currently expected that payment of the Proposed Cash Distribution will be made to the relevant Shareholders on or about 3 February 2017.

The Company will publicly announce and notify Shareholders of the effective date of the Proposed Capital Reduction through a SGXNET announcement to be posted on the SGX-ST website at <http://www.sgx.com>.

3.8 **Taxation**

Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or on any tax implications arising from the Proposed Capital Reduction and Proposed Cash Distribution. Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction outside Singapore should consult their own professional advisers.

LETTER TO SHAREHOLDERS

For Singapore income tax purposes, payments made by a Singapore resident company to shareholders pursuant to share capital reductions are generally classified as either a return of capital (which is a capital gain not subject to tax) or a receipt of dividends (which is tax exempt under the one-tier corporate tax system). As such, for Singapore income tax purposes, any gains from such transactions are generally not taxable unless the proceeds constitute taxable revenue gains or profits from a trade or business carried on by the shareholders.

In relation to the Proposed Cash Distribution to be made to Shareholders pursuant to the Proposed Capital Reduction, as the amounts which are to be paid to Shareholders pursuant to the Proposed Cash Distribution will be paid out of the reduction of the existing issued and paid up share capital of the Company, the Proposed Cash Distribution should generally be regarded as a return of capital and not taxable in Singapore for the Shareholders unless the proceeds constitute taxable revenue gains or profits from a trade or business carried on by the Shareholders.

Shareholders are advised to consult their own professional advisers as to the precise tax consequences in Singapore and/or other jurisdictions outside Singapore of the Proposed Cash Distribution pursuant to the Proposed Capital Reduction.

3.9 Administrative Procedures for the Proposed Capital Reduction and Proposed Cash Distribution

The following paragraphs set out the administrative procedures for the Proposed Capital Reduction and Proposed Cash Distribution. Shareholders should note that dates stated in this section are tentative, and are subject to the Proposed Capital Reduction being effective. Please refer to Section 3.5 of this Circular for the conditions of the Proposed Capital Reduction.

(a) Books Closure Date

The Register will be closed as at a time and date to be determined by the Directors, for the purpose of determining Shareholders' entitlements pursuant to the Proposed Cash Distribution. The Company will announce the Books Closure Date as soon as practicable after the conditions of the Proposed Capital Reduction have been satisfied.

Persons registered in the Register and Depositors whose Securities Accounts are credited with Shares as at the Books Closure Date would be entitled to receive the Proposed Cash Distribution of S\$0.095 for each Share held by them as at the Books Closure Date.

Persons registered in the Register and Depositors whose Securities Accounts are credited with Shares as at the Books Closure Date would be considered for purposes of the Proposed Cash Distribution on the basis of the number of such Shares registered in their names or standing to the credit of their Securities Accounts as at the Books Closure Date.

(b) Shareholders holding Scrip Shares

Shareholders who hold Shares registered in their own names in the Register and who wish to deposit their Shares with CDP prior to the Books Closure Date must deliver their existing share certificates in respect of their Shares together with the duly executed instruments of transfer in favour of CDP, at least 12 Market Days prior to the Books Closure Date in order for their Securities Accounts maintained with CDP to be credited with the relevant Shares by the Books Closure Date.

LETTER TO SHAREHOLDERS

(c) Payment of the Proposed Cash Distribution

Payment of the Proposed Cash Distribution will be made in the following manner:

(i) Shareholders holding Scripless Shares

Shareholders who are Depositors, and who have Shares standing to the credit of their Securities Accounts as at the Books Closure Date, will have the cheques for payment of their respective entitlements to the Proposed Cash Distribution despatched to them by CDP by ordinary post at their own risk tentatively on or about 3 February 2017. Alternatively, such Shareholders will have payment of their respective entitlements to the Proposed Cash Distribution made in such other manner as they may have agreed with CDP for the payment of dividends or other distributions tentatively on or about 3 February 2017. The Company shall not be liable for any loss in transmission.

(ii) Shareholders holding Scrip Shares

Shareholders whose Shares are registered in the Register as at the Books Closure Date will have the cheques for payment of their entitlements to the Proposed Cash Distribution despatched to them by ordinary post at their own risk tentatively on or about 3 February 2017. The Company shall not be liable for any loss in transmission.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 4.1 The Interests of the Directors and Substantial Shareholders in the Shares as recorded in the Register of Directors and Register of Substantial Shareholders respectively, as at the Latest Practicable Date are as set out as follows:

Interest in Shares

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors						
Teo Soo Chew ¹	–	–	249,639,317	81.59	249,639,317	81.59
Teo Soo Kiat ¹	–	–	249,639,317	81.59	249,639,317	81.59
Teo Chiang Khai ¹	–	–	249,639,317	81.59	249,639,317	81.59
Teo Hsi Leang	–	–	–	–	–	–
Ng Fook Ai, Victor	–	–	–	–	–	–
Teo Eu Jin, Nicholas	–	–	–	–	–	–

Substantial Shareholders (other than Directors)

SHC Capital Holdings Pte Ltd	249,639,317	81.59	–	–	249,639,317	81.59
See Hoy Chan Holdings Pte Ltd ²	–	–	249,639,317	81.59	249,639,317	81.59
See Hoy Chan Sdn. Berhad ³	–	–	249,639,317	81.59	249,639,317	81.59

Note(s):

- Messrs Teo Soo Chew, Teo Soo Kiat and Teo Chiang Khai are deemed to be interested in the Shares held by SHC Capital Holdings Pte Ltd by virtue of their respective interests in See Hoy Chan Sdn. Berhad.
- See Hoy Chan Holdings Pte Ltd has a deemed interest in 249,639,317 Shares arising from its 100% interest in SHC Capital Holdings Pte Ltd which holds 249,639,317 Shares.
- See Hoy Chan Sdn. Berhad has a deemed interest in 249,639,317 Shares arising from its 100% interest in See Hoy Chan Holdings Pte Ltd.

LETTER TO SHAREHOLDERS

- 4.2 Save for their respective directorships and/or shareholdings in the Company, if any, none of the Directors or the Substantial Shareholders have any direct or indirect interest in the Proposed Capital Reduction and Proposed Cash Distribution.

5. DIRECTORS' RECOMMENDATIONS

Having fully considered the terms and rationale for the Proposed Capital Reduction and the Proposed Cash Distribution, the Directors are of the opinion that the Proposed Capital Reduction and Proposed Cash Distribution are in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the special resolution to approve the Proposed Capital Reduction at the EGM.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 17 to 18 of this Circular, will be convened at Orchard Hotel Singapore, Nutmeg Room, Level 2, 442 Orchard Road, Singapore 238879 on 7 December 2016 at 2.30 p.m. for the purpose of considering and, if thought fit, passing, with or without any modifications, the special resolution relating to the Proposed Capital Reduction set out therein.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road #02-00 Singapore 068898, not less than 48 hours before the time fixed for the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, as at 72 hours before the EGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Capital Reduction and the Proposed Cash Distribution, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

LETTER TO SHAREHOLDERS

9. DOCUMENTS AVAILABLE FOR INSPECTION

- 9.1 Copies of the following documents may be inspected at the registered office of the Company at 302 Orchard Road #10-01 Singapore 238862 during normal business hours from the date of this Circular up to and including the date of the EGM:
- (a) The Constitution of the Company; and
 - (b) The annual report of the Company for FY 2015.
- 9.2 Copies of the Solvency Statement signed by the Directors in connection with the Proposed Capital Reduction will be available for inspection at the EGM as well as the registered office of the Company at 302 Orchard Road #10-01 Singapore 238862, for a period of six (6) weeks beginning with the date of the EGM.

Yours faithfully
For and on behalf of the Board of Directors of
SHC Capital Asia Limited

Teo Soo Kiat
Chairman and Interim Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

SHC CAPITAL ASIA LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 201201631D)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of SHC Capital Asia Limited (the “**Company**”) will be held at Orchard Hotel Singapore, Nutmeg Room, Level 2, 442 Orchard Road, Singapore 238879 on 7 December 2016 at 2.30 p.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following special resolution:

(All capitalised terms used in this Notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the Circular to shareholders of the Company dated 14 November 2016)

SPECIAL RESOLUTION

THE PROPOSED CAPITAL REDUCTION

That, pursuant to Article 50 of the Constitution of the Company and subject to the provisions of Section 78A, read together with Section 78C to 78F of the Companies Act (Cap. 50) of Singapore (the “**Companies Act**”):-

- (a) the issued and paid-up share capital of the Company of S\$40,143,640.40 be reduced (“**Proposed Capital Reduction**”) by the Aggregate Cash Distribution Amount (as defined below), to approximately S\$11,075,295.40, for purposes of effecting a cash distribution (“**Proposed Cash Distribution**”) to shareholders of the Company (“**Shareholders**”) of S\$0.095 in cash for each ordinary share in the capital of the Company (“**Share**”) held by a Shareholder as at a books closure date to be determined by the Board (“**Books Closure Date**”), fractional entitlements of Shares to be disregarded, amounting to an aggregate distribution of approximately S\$29,068,345 (“**Aggregate Cash Distribution Amount**”); and
- (b) the Directors and each of them be and are hereby authorised and empowered to do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Capital Reduction and/or the Proposed Cash Distribution with such modification thereto (if any) as they shall deem fit in the interests of the Company.

By Order of the Board

Chan Lai Yin
Company Secretary
Singapore, 14 November 2016

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the EGM. Where such member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of share shall be specified)

“Relevant intermediary” means:

- (i) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
2. A proxy need not be a member of the Company.
 3. An instrument appoint a proxy must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00 Singapore 068898 not less than 48 hours before the time for holding the Extraordinary General Meeting or any adjournment thereof.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SHC Capital Asia Limited

(Incorporated in Singapore)
(Company Registration No.: 201201631D)

PROXY FORM

Extraordinary General Meeting

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Extraordinary General Meeting.
2. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

I / We _____ (Name), NRIC/Passport No. _____

of _____ (Address)

being a member(s) of SHC Capital Asia Limited (the "**Company**") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding (%)
Address		

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholding (%)
Address		

or failing whom the Chairman of the Extraordinary General Meeting (the "**Meeting**") as my/our proxy/proxies to vote for me/us on my/our behalf at the Meeting to be held at Orchard Hotel Singapore, Nutmeg Room, Level 2, 442 Orchard Road, Singapore 238879 on 7 December 2016 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the special resolution proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

No.	Special Resolution	Number of votes For*	Number of votes Against*
1.	To approve the Proposed Capital Reduction and Proposed Cash Distribution		

* Note: If you wish to exercise all your votes "**For**" or "**Against**" the above resolution, please tick "✓" within the box provided. Otherwise, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

Total Number of Shares held in (see Note 1)	
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes to Proxy Form

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2.
 - (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

"Relevant intermediary" means:

 - (i) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A proxy need not be a member of the Company.
4. An instrument appointing a proxy must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00 Singapore 068898 not less than 48 hours before the time for holding the Extraordinary General Meeting or any adjournment thereof.
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointer or by his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorized officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.
9. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and/or SRS approved nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the meeting.
10. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representatives to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.