



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 2016**

### Background

On 1 August 2014, SHC Capital Asia Limited (the “**Company**”) completed the disposal of the entire issued and paid-up share capital of its wholly-owned subsidiary, SHC Insurance Pte. Ltd. (“**SHCI**”) (“**Disposal**”). Please refer to the Company’s circular dated 10 July 2014 in relation to, inter alia, the Disposal (“**Circular**”) for further details.

Following the completion of the Disposal, SHCI ceased to be a subsidiary of the Company and the Company had since become a cash company under Rule 1017 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”). Accordingly, only the Company’s financial statements for the first half of 2016 (“**1H2016**”) and first half of 2015 (“**1H2015**”) have been presented in this announcement (unless otherwise stated).

On 20 January 2016, the Company announced that it had on the same day entered into a non-binding memorandum of understanding (the “**MOU**”) with four (4) parties, comprising two (2) corporate entities and two (2) individuals (collectively, the “**Vendors**”) with a view to acquire the following:-

- (i) certain tourism and hospitality businesses and/or assets in Myanmar (the “**Vendor Assets**”), at not less than 50% plus one (1) share of the Vendor Assets (and, in the case of one (1) particular Vendor Asset, not less than 75%), such that the Company will have majority control of and is otherwise able to consolidate each of the respective Vendor Assets upon the completion (“**Completion**”) of the Potential Transaction (as defined below) (the “**Potential Acquisition**”); and
- (ii) an option (the “**Potential Option**”) from certain parties to be procured by one of the Vendors (the “**Option Parties**”) to acquire certain tourism assets in Myanmar (the “**Option Asset**”), at a nominal consideration of S\$1.00 for the grant of such option.

The Potential Acquisition and the Potential Option shall collectively be referred to as the “**Potential Transaction**”.

On 29 January 2016, the Company announced that, pursuant to an application to the SGX-ST, the SGX-ST had on 28 January 2016 granted the Company, in its capacity as a cash company, a further extension of time to meet the requirements for a new listing, from 1 February 2016 to 31 December 2016 (the “**Further Extension**”), subject to certain conditions (“**Conditions**”).

Shareholders of the Company (“**Shareholders**”) should note that the terms of the MOU are non-binding and are subject to further negotiations and changes. There is no certainty or assurance that the Definitive Agreement (as defined below) will be entered into and/or that the Potential Transaction will materialise.

Further details of the Potential Transaction will be announced after a definitive binding agreement in relation to the Potential Transaction (the “**Definitive Agreement**”) has been entered into or at such other time as may be appropriate after the terms of the Potential Transaction have been finalised.

**1(a) A statement of profit or loss and other comprehensive income for the Company together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Statement of Profit or Loss and Other Comprehensive Income**

	Notes	Company		% Change + / (-)
		1H2016 S\$'000	1H2015 S\$'000	
Finance and other income	1	43	53	-19%
<b>Total income</b>		<u>43</u>	<u>53</u>	-19%
Staff costs	2	(4)	(5)	28%
Depreciation of plant & equipment		(63)	(63)	0%
Other operating expenses	3	(871)	(1,300)	33%
<b>Total expenses</b>		<u>(938)</u>	<u>(1,368)</u>	31%
<b>Loss before income tax</b>		(895)	(1,315)	32%
Income tax expenses		-	(4)	100%
<b>Loss for the period</b>		<u>(895)</u>	<u>(1,319)</u>	32%
Other comprehensive Income		-	-	n.a
<b>Other comprehensive income for the year, net of tax</b>		<u>-</u>	<u>-</u>	n.a
<b>Total comprehensive income for the period</b>		<u>(895)</u>	<u>(1,319)</u>	32%

n.a: not applicable

## Notes to the Statement of Profit or Loss and Other Comprehensive Income

The following items have been included in arriving at the loss for the period for the Company:

	Company	
	1H2016 S\$'000	1H2015 S\$'000
<b>1. Finance and other income</b>		
Interest income		
- Fixed deposits with banks (security deposits)	27	22
- Cash and cash equivalents	16	31
	<u>43</u>	<u>53</u>
<b>2. Staff costs</b>		
Salaries, bonus and other benefits	4	5
	<u>4</u>	<u>5</u>
<b>3. Other operating expenses include:</b>		
Audit fees	20	18
Interim management remuneration	300	300
Legal and professional fees related to the Potential Transaction	258	-
Legal and professional fees related to the Tong Da Acquisition (see note a below)	-	556
Directors' fees	173	229
	<u>173</u>	<u>229</u>

(a) On 2 June 2015, the Company announced that it had on 29 May 2015 entered into a sale and purchase agreement (the "SPA") with CUIKS Limited, MENGGGS Limited, LILC Limited, Jongkol Trakulyingcharoen, Flourishing Profits Venture Limited, Hong Liang and Teoh Sew Hock (collectively, the "Existing Vendors") to acquire the entire issued and paid-up share capital of Tong Da Medical Device Limited (the "Tong Da Acquisition").

The Company had on 2 November 2015 announced that the Company and the Existing Vendors (collectively the "Parties") have, through an exchange of correspondence, agreed on 2 November 2015 to a mutual termination of the SPA with effect from 31 October 2015 (the "Termination Date"), pursuant to which the Parties have agreed, inter alia, that with effect from the Termination Date, all Parties shall be released and discharged from all of their respective obligations and liabilities under the SPA.

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

**Statement of Financial Position**

	Company	
	As at 30/06/2016 Unaudited S\$'000	As at 31/12/2015 Audited S\$'000
<b>Assets</b>		
Plant and equipment	376	439
Deposits, prepayments and other receivables	15	9
Cash and cash equivalents	37,859	38,896
<b>Total assets</b>	38,250	39,344
<b>Liabilities</b>		
Other payables	285	484
<b>Total and current liabilities</b>	285	484
<b>Net assets</b>	37,965	38,860
<b>Shareholders' equity</b>		
Share capital	40,144	40,144
Accumulated losses	(2,179)	(1,284)
<b>Total shareholders' equity</b>	37,965	38,860

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

	As at 30/06/2016 Secured S\$'000	As at 30/06/2016 Unsecured S\$'000	As at 31/12/2015 Secured S\$'000	As at 31/12/2015 Unsecured S\$'000
Amount repayable in one year or less or on demand	-	-	-	-
Amount repayable after one year	-	-	-	-

**Details of any collateral**

Not applicable.

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

**Statement of Cash Flows**

	Company	
	1H2016 S\$'000	1H2015 S\$'000
<b>Cash Flows from Operating Activities</b>		
Loss before taxation	(895)	(1,315)
Adjustments for:		
Depreciation of plant and equipment	63	63
Interest income	(43)	(53)
Operating cash flows before changes in working capital	<u>(875)</u>	<u>(1,305)</u>
<b>Changes in working capital:</b>		
Deposits, prepayments and other receivables	(6)	(5)
Other payables	(199)	18
<b>Cash used in operations</b>	<u>(1,080)</u>	<u>(1,292)</u>
Interest received	43	53
Income tax paid	-	(4)
<b>Net cash used in operating activities</b>	<u>(1,037)</u>	<u>(1,243)</u>
<b>Cash Flows from Investing activities</b>		
Deposit released from collateral for standby letter of credit	11,200	-
Deposit (withheld in)/released from escrow account	<u>(10,096)</u>	<u>27,507</u>
<b>Net cash generated from investing activities</b>	<u>1,104</u>	<u>27,507</u>
<b>Cash Flows from Financing activity</b>		
Dividend paid	-	(27,538)
<b>Net cash used in financing activity</b>	<u>-</u>	<u>(27,538)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	67	(1,274)
Cash and cash equivalents at beginning of the period	6,995	9,507
Cash and cash equivalents at the end of the period	<u>7,062</u>	<u>8,233</u>
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	31,004	32,387
Fixed deposits	6,855	7,733
	<u>37,859</u>	<u>40,120</u>
Less: Deposit withheld as collateral for standby letter of credit	(1,300)	(12,500)
Deposit withheld in escrow account	(29,497)	(19,387)
<b>Cash and cash equivalents in the Statement of Cash Flows</b>	<u>7,062</u>	<u>8,233</u>

1(d)(i) A statement (for the Company) showing either (i) all changes in equity or (ii) 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**

	Share capital S\$'000	Accumulated Profit/(losses) S\$'000	Total S\$'000
<b><u>Company</u></b>			
As at 1 January 2015	40,144	28,935	69,079
<b>Total comprehensive income for the period</b>			
Loss for the period	-	(1,319)	(1,319)
<b>Total comprehensive income for the period</b>	-	<b>(1,319)</b>	<b>(1,319)</b>
Dividend for FY2014	-	(27,538)	(27,538)
<b>Total transactions with owners of the Company</b>	-	<b>(27,538)</b>	<b>(27,538)</b>
<b>As at 30 June 2015</b>	<b>40,144</b>	<b>78</b>	<b>40,222</b>
<b>As at 1 January 2016</b>	<b>40,144</b>	<b>(1,284)</b>	<b>38,860</b>
<b>Total comprehensive income for the period</b>			
Loss for the period	-	(895)	(895)
<b>Total comprehensive income for the period</b>	-	<b>(895)</b>	<b>(895)</b>
Dividend for FY2015	-	-	-
<b>Total transactions with owners of the Company</b>	-	-	-
<b>As at 30 June 2016</b>	<b>40,144</b>	<b>(2,179)</b>	<b>37,965</b>

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 year 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 year of the immediately preceding financial year.

Share Capital

There was no change in the issued and paid-up share capital of the Company from 1 January 2016 to 30 June 2016 (S\$40,144,000 comprising 305,982,583 issued Shares).

Convertible Securities

The Company did not have any outstanding share options, convertibles or any treasury shares as at 30 June 2016 and 30 June 2015.

**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.**

	Company	
	30/06/2016	31/12/2015
Total number of issued Shares (excluding treasury shares)	305,982,583	305,982,583

**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 Company's 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 Company has applied the same accounting policies and methods of computation in the unaudited financial statements for 1H2016 as those in its audited financial statements for the financial year ended 31 December 2015.

**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 Company for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Company	
	1H2016	1H2015
Earnings per Share for the period based on net (loss)/profit attributable to Shareholders:-		
(a) Basic earnings per Share (Cents)	(0.29)	(0.43)
- Weighted average number of Shares	305,982,583	305,982,583
(b) Diluted earnings per Share (Cents)	(0.29)	(0.43)
- Weighted average number of Shares	305,982,583	305,982,583

In 1H2016 and 1H2015, the basic earnings per Share and the diluted earnings per Share are the same as the Company has no dilutive potential ordinary shares.

**7 Net asset value (for the Company) 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 year reported on; and  
(b) immediately preceding financial year.**

	Company	
	As at 30/06/2016 (Cents)	As at 31/12/2015 (Cents)
Net asset value per Share based on the issued share capital (excluding treasury shares) as at the end of the respective dates	12.41	12.70

The net asset value per Share has been computed based on the total issued share capital of 305,982,583 shares as at 30 June 2016 and 31 December 2015.

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

- (a) any significant factors that affected the turnover, costs, and earnings of the Company 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 Company during the current financial year reported on.**

**Statement of Profit or Loss and Other Comprehensive Income**

In 1H2016, the Company recorded finance and other income of S\$0.043 million which related to interest income from bank deposits. The Company incurred other operating expenses of S\$0.871 million in 1H2016, as compared to S\$1.300 million in 1H2015. Such expenses in 1H2016 related mainly to professional fees in respect of the Potential Transaction.

As a result of the above, the Company reported a net loss of S\$0.895 million in 1H2016.

**Statement of Financial Position**

Following the completion of the Disposal, the assets of the Company as at 30 June 2016 comprised mainly (i) cash and bank balances of S\$31.004 million of which S\$29.497 million had been placed in an escrow account and S\$1.300 million was held under collateral for standby letter of credit in connection with the Disposal; and (ii) fixed deposits of S\$6.855 million. Other payables of S\$0.285 million as at 30 June 2016 comprised mainly accruals of statutory costs and Directors' fees.

**Statement of Cash Flows**

Net cash used in operating activities in 1H2016 of S\$1.037 million was due mainly to payment of fees for the interim CEO and interim CFO as well as professional fees related to the Potential Transaction.

Net cash generated from investing activities in 1H2016 of S\$1.104 million was due to deposits of S\$11.200 million released from standby letter of credit in relation to the SBLC/Demand Guarantee which had expired on 31 January 2016, and subsequently, S\$10.096 million was placed in the escrow account and the balance of S\$1.104 million was placed in the fixed deposit account.



As a result of above, there was a net increase in cash and cash equivalents of S\$0.067 million in 1H2016 and as at 30 June 2016, the Company had cash and cash equivalents of S\$7.062 million.

Please also refer to the monthly announcements released by the Company in relation to the use of cash for further details.

**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.

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

The Company, SHC Capital Holdings Pte Ltd (“**Major Shareholder**”) and ERGO International AG (“**ERGO**”) have entered into a substitution agreement on 22 July 2016 pursuant to which the parties have agreed to:

- (i) the substitution of the Company’s cash deposit of S\$1.3 million placed with United Overseas Bank (“**UOB**”) as security for a standby letter of credit of S\$1.3 million issued by UOB in favour of ERGO (“**Cash Deposit**”), with an equivalent amount of S\$1.3 million to be furnished and placed as a cash deposit by the Major Shareholder with UOB directly; and
- (ii) thereafter, the release and return of the Cash Deposit to the Company.

The process of substituting the Company’s Cash Deposit is currently being undertaken.

In relation to the Potential Transaction, as at the date of this announcement, the Company has received the reports from its advisers in relation to the findings of the limited financial due diligence and limited legal due diligence conducted on the Vendor Assets, and following therefrom, the Company is engaged in discussions with the Vendors with the view of finalising the terms of the Definitive Agreement.

Further announcements on the substitution of the Company’s Cash Deposit and the Potential Transaction will be made by the Company in due course as and when appropriate.

**11 Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes, the Company declared a final dividend of S\$0.09 per Share (tax exempt one-tier) in respect of the financial year ended 31 December 2014 which was paid out in May 2015.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

The board of directors (the “**Directors**”) of the Company does not propose to declare any dividend in respect of 1H2016.

**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.**

The Company does not have a general mandate from Shareholders for interested person transactions pursuant to Rule 902(1)(a)(ii) of the Catalyst Rules.

**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 Company for the half year ended 30 June 2016 to be false or misleading in any material aspect.

**15 Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company confirms that all the required undertakings under Rule 720(1) of the Catalyst Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalyst Rules.

**BY ORDER OF THE BOARD**

Teo Yiam Beng  
Interim Chief Financial Officer  
12 August 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, SAC Advisors Private Limited (formerly known as Canaccord Genuity Singapore Pte. Ltd.) (“**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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. Goh Mei Xian (Tel: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.*