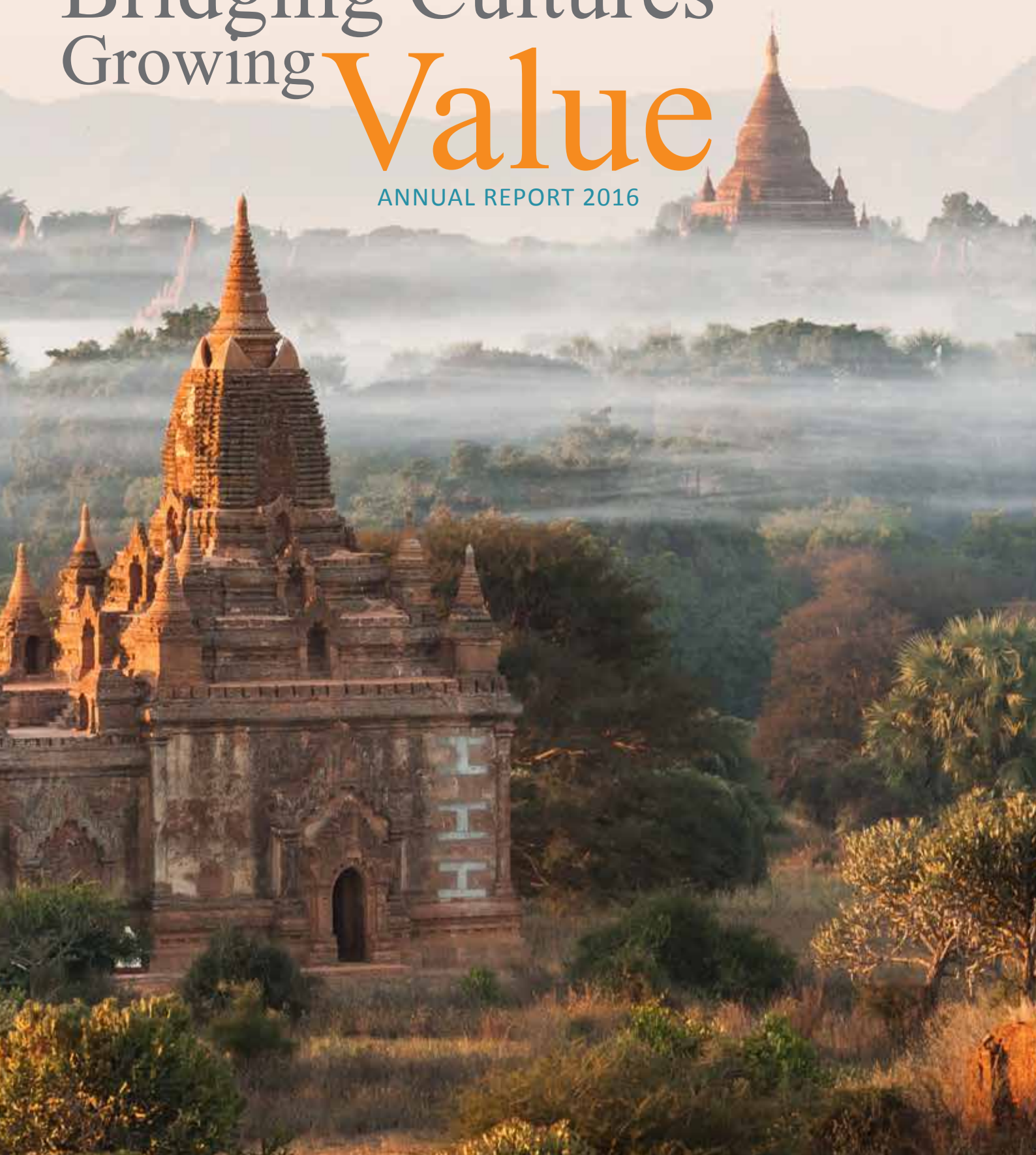




SHC CAPITAL ASIA LIMITED

Bridging Cultures Growing Value

ANNUAL REPORT 2016



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*This annual report 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 Catalyst. The Sponsor has not verified the contents of this annual report.*

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

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) 6229 8088.

CORPORATE PROFILE

SHC Capital Asia Limited

SHC Capital Asia Limited (the “**Company**”) had, on 1 August 2014, completed the disposal of the entire issued and paid-up share capital of its wholly owned subsidiary, SHC Insurance Pte. Ltd. (the “**Disposal**”).

Following the completion of the Disposal, the Company ceased to have any operating business and had since become a cash company under Rule 1017 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst.

On 24 October 2016, the Company had entered into a conditional sale and purchase agreement (“**SPA**”) with Yoma Strategic Investments Ltd. (“**YSIL**”), First Myanmar Investment Company Limited (“**FMI**”) and Exemplary Ventures Limited (collectively, “**Vendors**”), pursuant to which the Company shall acquire from the Vendors the entire issued and paid-up share capital of MM Myanmar Pte. Ltd., a company incorporated by YSIL and/or FMI which will in turn acquire the certain tourism-related businesses in Myanmar, for a total consideration of S\$70,675,130 to be satisfied in full by the issuance and allotment of new ordinary shares in the capital of the Company (“**Proposed Acquisition**”).

On 14 December 2016, the Company announced that the SGX-ST had on 13 December 2016 granted the Company a further extension of time to meet the requirements for a new listing to 30 September 2017 (the “**Further Extension**”), subject to certain conditions (“**Conditions**”). Please refer to the aforementioned announcement for further details, including the Conditions and the reasons for seeking the Further Extension.

The Company refers to the announcements made on SGXNET on 22 December 2016 and 24 December 2016 in relation to updates on the Proposed Acquisition.

At the extraordinary general meeting of the Company held on 7 December 2016, shareholders had approved the capital reduction and cash distribution of S\$0.095 for each ordinary share. The Company had on 3 February 2017 completed the capital reduction and payment of the cash distribution which amounted to S\$29,068,345 in aggregate to shareholders.

The Company refers to the announcements made on SGXNET on 31 October 2016, 28 November 2016, 7 December 2016, 18 January 2017 and 19 January 2017 and the circular dated 14 November 2016 in relation to the capital reduction and the cash distribution.

The Company will make the appropriate announcement(s) as and when there are any material updates or developments in relation to the Proposed Acquisition.

CHAIRMAN'S MESSAGE



Dear Shareholders

On behalf of the Board of Directors, I am pleased to present to you SHC Capital Asia Limited's (the "**Company**") Annual Report for the financial year ended 31 December 2016 ("**FY2016**").

The Year in Review

Following the signing of the non-binding memorandum of understanding on 20 January 2016, the Company had subsequently on 24 October 2016 entered into a conditional sale and purchase agreement ("**SPA**") with Yoma Strategic Investments Ltd. ("**YSIL**"), First Myanmar Investment Company Limited ("**FMI**") and Exemplary Ventures Limited (collectively, "**Vendors**"), pursuant to which the Company shall acquire from the Vendors the entire issued and paid-up share capital of MM Myanmar Pte. Ltd., a company incorporated by YSIL and/or FMI which will in turn acquire the certain tourism-related businesses in Myanmar, for a total consideration of S\$70,675,130 to be satisfied in full by the issuance and allotment of new ordinary shares in the capital of the Company ("**Consideration Shares**") at the issue price of S\$0.263 per Consideration Share (post a proposed share consolidation exercise to be undertaken in conjunction with the Proposed Acquisition) ("**Proposed Acquisition**").

CHAIRMAN'S MESSAGE

SHAREHOLDERS HAD ON 7 DECEMBER 2016 AT AN EXTRAORDINARY GENERAL MEETING APPROVED A CASH DISTRIBUTION OF S\$0.095 PER SHARE TO BE CARRIED OUT BY WAY OF A CAPITAL REDUCTION EXERCISE TO REDUCE THE ISSUED AND PAID-UP CAPITAL OF THE COMPANY OF S\$40,143,640 TO APPROXIMATELY S\$11,075,295.

Pursuant to the Proposed Acquisition, the SGX-ST had on 13 December 2016 granted the Company, in its capacity as a cash company, a further extension of time to meet the requirements for a new listing, to 30 September 2017 subject to certain conditions.

During FY2016, the Company's shareholders had also on 7 December 2016 at an Extraordinary General Meeting approved a cash distribution of S\$0.095 per share to be carried out by way of a capital reduction exercise to reduce the issued and paid-up capital of the Company of S\$40,143,640 to approximately S\$11,075,295. This capital reduction exercise amounting to a total payout of S\$29,068,345 to shareholders was completed on 3 February 2017.

Statement of Comprehensive Income

The Company posted a loss after tax of S\$2.373 million for FY2016 as compared to that of S\$2.681 million in the financial year ended 31 December 2015, which was primarily due to the decrease in other operating expenses of S\$0.313 million which was in turn mainly attributable to the absence of legal and professional fees incurred in relation to the proposed acquisition of Tong Da Medical Device Limited (which was terminated in FY2015), offset by

the increase of such fees incurred in respect of the Proposed Acquisition.

Statement of Financial Position

As of the close of financial year 31 December 2016, the Company's assets comprised mainly of cash and cash equivalents of S\$36.635 million including the \$30.690 million kept in escrow as required under Rule 1017(1) (a) of the Catalist Rules. Subsequent to the end of FY2016, S\$29.068 million of the cash placed in the escrow account had been distributed to shareholders in February 2017.

Other payables of S\$0.470 million as at 31 December 2016 comprised mainly accrual of statutory costs and directors fees.

Statement of Cashflows

The Company reported a net decrease in cash and cash equivalents of S\$1.050 million for FY2016 as compared to a decrease of S\$2.512 million in FY2015. The decrease in cash and cash equivalents was due to the payment of fees for the interim CEO and interim CFO as well as professional fees relating to the Proposed Acquisition. The decrease was partially set off by the release of deposits held as collaterals for two Standby Letters of Credit during FY2016.

The Company reported cash and cash equivalents of S\$5.945 million as of 31 December 2016.

Moving Forward

The Board of Directors is working towards the completion of the Proposed Acquisition and announcements will be made as and when appropriate.

In Appreciation

On behalf of the Board of Directors, I would like to thank our shareholders for their support through the years. We look forward to your continued support as the Company embarks on a new chapter.

Mr. Teo Soo Kiat
Chairman and
Interim Chief Executive Officer

BOARD OF DIRECTORS



From left to right back row: Mr. Teo Eu Jin, Nicholas, Mr. Teo Hsi Leang, Mr. Teo Chiang Khai, Mr. Teo Soo Chew
From left to right front row: Mr. Teo Soo Kiat, Mr. Ng Fook Ai, Victor

Mr. Teo Soo Kiat Chairman and Interim Chief Executive Officer

Mr. Teo Soo Kiat was appointed as a Non-Executive Director of the Company on 19 January 2012 upon its incorporation. He was appointed as the Non-Executive Chairman of the Board on 15 March 2012 and was last re-appointed as a Director of the Company on 29 April 2016. Mr. Teo was appointed as Interim Chief Executive Officer of the Company on 1 August 2014 following the completion of the disposal of the Company's entire shareholding interest in SHC Insurance Pte. Ltd. and is a member of the Nominating Committee of the Company. He is also the Executive Chairman of See Hoy Chan Sdn. Berhad Group.

Mr. Teo holds a MBA from Florida State University, US and a Bachelor of Science in Business Administration (Cum Laude) from Syracuse University, US. Starting his insurance career in the US with Johnson & Higgins of

Washington Inc., Mr. Teo was with the company for over six years before moving on to acquire experiences in other areas. Mr. Teo has accumulated more than 30 years of extensive experience in the areas of general insurance, property development and investment.

Mr. Teo Soo Chew Non-Executive and Non-Independent Director

Mr. Teo Soo Chew was appointed to the Board as a Non-Executive Director on 15 March 2012 and was last re-appointed as a Director of the Company on 29 April 2016. He is a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Teo is also an executive director of See Hoy Chan Sdn. Berhad Group.

Having graduated with a Bachelor of Economics degree from Flinders University, South Australia in 1972, Mr. Teo has since worked and gained extensive experience in the

areas of general insurance, property development and investment. Mr. Teo was also a director of Singapore Reinsurance Corporation Limited till 2004.

Mr. Teo Chiang Khai Non-Executive and Non-Independent Director

Mr. Teo Chiang Khai was appointed to the Board as a Non-Executive Director on 15 March 2012 and was last re-appointed as a Director of the Company on 30 April 2015. He is also an executive director of See Hoy Chan Sdn. Berhad Group.

With over 31 years of experience in the property sector, including property development and management of properties, Mr. Teo is equipped with expertise in the areas of feasibility studies and concept design, design development, tender, construction, testing and commissioning, defects management during the liability period, marketing and tenancy management, security and car park operations.

BOARD OF DIRECTORS

Mr. Teo holds a Bachelor of Engineering (Mechanical) degree from South Australia Institute of Technology, now known as University of South Australia.

Pursuant to Article 99 of the Company's Constitution, Mr. Teo will retire at the forthcoming AGM and is being nominated for re-election as a Director of the Company.

Mr. Teo Hsi Leang **Non-Executive and** **Non-Independent Director**

Mr. Teo Hsi Leang was appointed to the Board as a Non-Executive Director on 1 August 2014 and was last re-appointed as a Director of the Company on 30 April 2015. He is also an executive director of See Hoy Chan Sdn. Berhad Group since 2007 and is responsible for the group's strategic and corporate planning.

Mr. Teo holds a Bachelor of Business Degree from Edith Cowan University, Western Australia.

Mr. Ng Fook Ai, Victor **Lead Independent Director**

Mr. Ng Fook Ai, Victor was appointed to the Board as the Lead Independent Director on 1 August 2014 and was last re-appointed as a Director of the Company on 30 April 2015. Mr. Ng is the Chairman of the Audit Committee and the Remuneration Committee of the Company. He also serves as a member of the Nominating Committee of the Company.

Mr. Ng is the chairman of 1 Rockstead GIP Fund Limited. He has founded and managed a number of China focused funds, including China Growth Opportunities. Mr. Ng is also an independent director of SHC Investments Ltd (formerly known as The Nanyang Insurance Company Limited) (a related company of See Hoy Chan Sdn Berhad). In addition,

Mr. Ng is an independent director of Sunshine 100 China Holdings Ltd, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited, and MY E.G. Services Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad. Mr. Ng had also previously served as an independent director of Asia Power Corporation Limited, and was the former Chairman of Devotion Energy Group Limited and SIIC Environment Holdings Ltd which are companies listed on the Main Board of the SGX-ST. Mr. Ng is currently an independent director of SB REIT Management Pte. Ltd. and Cityneon Holdings Limited, companies listed on the Main Board of Singapore Exchange Limited ("SGX"). Mr. Ng is also Chairman and Director of Caregiver Group Pte Ltd.

Mr. Ng was a Resource Person of the Singapore Government Parliamentary Committee (National Development) from 1984 to 1985 and the Singapore Government Parliamentary Committee (Defence and Foreign Affairs) from 1986 to 1988. He was also on the board of the Public Transport Council of Singapore from 1988 to 1989. In 1992, Mr. Ng was conferred the Public Service Medal (PBM) (Community Services) by the President of the Republic of Singapore. He is currently a Patron at Chong Pang Citizen's Consultative Committee.

Mr. Ng holds a Bachelor of Science (Economics) (Honours) and Master Science (Economics) from Birkbeck College, University of London. He was awarded the University of London Convocation Book Prize (First) and the Lord Hailsham Scholarship in 1974. Mr Ng is also a Fellow Member of Chartered Management Institute(CMI), United Kingdom.

Pursuant to Article 99 of the Company's Constitution, Mr. Ng will retire at the forthcoming AGM and is being nominated for re-election as a Director of the Company.

Mr. Teo Eu Jin, Nicholas **Independent Director**

Mr. Teo Eu Jin, Nicholas was appointed to the Board as an Independent Director on 1 August 2014 and was last re-appointed as a Director of the Company on 30 April 2015. Mr. Teo is the Chairman of the Nominating Committee of the Company and also serves as a member of the Audit Committee and the Remuneration Committee of the Company.

Mr. Teo commenced practice as an advocate and solicitor in Singapore in 1997, firstly as a litigator and subsequently from 2002 to 2015, as a corporate and commercial lawyer with Kelvin Chia Partnership, a commercial law firm established in Singapore. As a partner of Kelvin Chia Partnership, Mr. Teo has advised multi-national companies, local SMEs and individuals on matters covering contractual, statutory/regulatory compliance and cross-border issues. Mr. Teo had ceased to be a Partner of Kelvin Chia Partnership on 31 March 2016 and remained as an Independent Consultant with Kelvin Chia Partnership.

Mr. Teo holds a Bachelor of Law (Honours) degree from Leicester University, United Kingdom.

KEY MANAGEMENT

Mr. Teo Yiam Beng Steven Interim Chief Financial Officer

Mr. Teo Yiam Beng Steven was appointed as the Interim Chief Financial Officer of the Company on 1 August 2014 following the completion of the disposal of the Company's entire shareholding interest in SHC Insurance Pte. Ltd.. Mr. Teo is responsible for the Company's finance and general management.

Mr. Teo has extensive experience in corporate finance, audit and taxation. He was previously the financial controller of SHC Investments Ltd (formerly known as The Nanyang Insurance Company Limited) (a related company of See Hoy Chan Sdn Berhad) from 1987 to 1995 and was the general manager of See Hoy Chan Sdn Berhad Group from 1996 to 2001. Mr. Teo practices as a Public Accountant in Singapore over the last 13 years and is a Fellow Member of the Institute of Singapore Chartered Accountants, Association of Chartered Certified Accountants, UK, CPA Australia and Singapore Institute of Accredited Tax Professionals.

Mr. Teo is currently a non-executive director of See Hoy Chan Holdings Pte Ltd and SHC Technology (Singapore) Pte Ltd.



CORPORATE INFORMATION

Board of Directors

Mr. Teo Soo Kiat

Chairman and Interim Chief Executive Officer
MBA

Mr. Teo Soo Chew

Non-Executive and Non-Independent Director
B. Econs

Mr. Teo Chiang Khai

Non-Executive and Non-Independent Director
B. Eng (Mech)

Mr. Teo Hsi Leang

Non-Executive and Non-Independent Director
B. Business

Mr. Ng Fook Ai, Victor

Lead Independent Director
B. Sc. (Econs) (Hons)
M.Sc. (Econs)

Mr. Teo Eu Jin, Nicholas

Independent Director
LLB (Hons)

Audit Committee

Mr. Ng Fook Ai, Victor (*Chairman*)
Mr. Teo Soo Chew
Mr. Teo Eu Jin, Nicholas

Nominating Committee

Mr. Teo Eu Jin, Nicholas (*Chairman*)
Mr. Teo Soo Kiat
Mr. Ng Fook Ai, Victor

Remuneration Committee

Mr. Ng Fook Ai, Victor (*Chairman*)
Mr. Teo Soo Chew
Mr. Teo Eu Jin, Nicholas

Registered Office

302 Orchard Road
#10-01
Singapore 238862
Tel: (65) 67159319
Fax: (65) 67334383

Company Secretary

Ms. Chan Lai Yin, ACIS

Share Registrar

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898
Tel: (65) 62363333

Auditors

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge: Mr. Goh Kim Chuah
(Chartered Accountant, a member of the
Institute of Singapore Chartered Accountants)
(With effect from the financial year ended 31
December 2015)

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay,
#10-00 Income at Raffles,
Singapore 049318

CORPORATE GOVERNANCE REPORT & FINANCIAL CONTENTS

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REPORT ON CORPORATE GOVERNANCE

The board of directors (the “**Board**” or “**Directors**”) of SHC Capital Asia Limited (the “**Company**”) is committed to maintaining a high standard of corporate governance to safeguard the interests of shareholders of the Company (the “**Shareholders**”) and to promote investors’ confidence and support in complying with the Code of Corporate Governance 2012 (the “**Code 2012**”) pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

The Board is pleased to confirm that for the financial year ended 31 December 2016 (“**FY2016**”), the Company has adhered to the principles and guidelines as set out in the Code 2012, except where otherwise stated. In areas where we have not complied with the Code 2012 (if any), appropriate explanations have been provided in the relevant sections. The Company will continue to assess its needs in its current capacity as a cash company and implement appropriate measures accordingly.

BOARD MATTERS

Principle 1 - The Board’s Conduct of Affairs

The Board is entrusted with the overall responsibility for the corporate governance of the Company so as to protect and enhance long-term Shareholders’ value. It sets the overall strategy for the Company and supervises Management and monitors their performance. Apart from its statutory responsibilities, the principal functions of the Board are:

- (a) to approve the Board’s policies, strategies and financial objectives of the Company;
- (b) to review Management’s performance, annual budget, significant financial and operating expenditures, acquisition and disposal of significant investments, significant related-party transactions and prospects of the Company;
- (c) to approve nominations to the Board and the removal and appointment of key management personnel, as may be recommended by the Nominating Committee of the Company (“**NC**”);
- (d) to identify principal risks of the Company’s business and ensure adequate systems of internal controls and risk management processes are in place;
- (e) to assume responsibility for corporate governance of the Company; and
- (f) to consider any sustainability issues as part of its strategic formulation.

To facilitate effective execution of its responsibilities, the Board has delegated certain functions to the Audit Committee (“**AC**”), the NC and the Remuneration Committee (“**RC**”) (collectively referred to as the “**Board Committees**”), which are chaired by Independent Directors, without abdicating the Board’s responsibility. The Board Committees were established to assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. The Board Committees function within clearly defined terms of references and operating procedures. The effectiveness of each Board Committee is reviewed by the Board on a regular basis. The responsibility for the final decision on all matters lies with the entire Board.

The Board meets regularly at least five times a year to review and deliberate on potential acquisition opportunities including reviewing and approving significant acquisitions and disposals, reviewing financial performance and to approve the public release of the Company’s interim and full-year financial results. The Board also periodically reviews the internal control and risk management systems of the Company to ensure that there are sufficient guidelines and procedures in place to monitor its operations. Where necessary, additional meetings may be held to address significant transactions or issues.

The Constitution¹ of the Company provides that meetings can be held via tele-conferencing, video conferencing or other means of similar communications equipment. All relevant information on material events and transactions are circulated to the Directors on a timely basis. Prior to a Board meeting, the agenda for the meeting, relevant information on material events and transactions will be circulated to all the Directors for their perusal to enable them to obtain further clarifications/ explanations and to ensure smooth proceeding of the meeting. The proceedings and resolutions reached at each Board meeting will be minuted and signed by the Chairman of the meeting. Besides Board meetings, the Board also deliberates on and approves matters that require the Board’s approval through circulation of Directors’ resolution(s).

¹ Pursuant to the recent amendments of the Companies Act (Chapter 50 of Singapore) (the “Companies Act”), the Memorandum and Articles of Association of the Company are deemed by law to be merged to form the Constitution of the Company.

REPORT ON CORPORATE GOVERNANCE

The attendance of the Directors at the Board and Board Committee meetings during FY2016 is set out as follows:

Name of Directors	Board		AC		NC		RC	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Teo Soo Kiat (Chairman and Interim CEO)	5	5	–	–	1	1	–	–
Teo Soo Chew (Non-Executive Non-Independent Director)	5	5	4	4	–	–	1	1
Teo Chiang Khai (Non-Executive Non-Independent Director)	5	5	–	–	–	–	–	–
Teo Hsi Leang (Non-Executive Non-Independent Director)	5	5	–	–	–	–	–	–
Ng Fook Ai, Victor (Lead Independent Director)	5	5	4	4	1	1	1	1
Teo Eu Jin, Nicholas (Independent Director)	5	5	4	4	1	1	1	1

The Board has identified, without limitation, the following matters that require its approval:

- (a) Periodic financial results announcements and annual audited financial statements;
- (b) Declaration of dividends and other returns to shareholders;
- (c) Major funding proposals or bank borrowings;
- (d) Corporate or financial restructuring and share issuances;
- (e) Mergers and acquisitions;
- (f) Material acquisitions and disposals;
- (g) Transaction(s) involving interested person(s); and
- (h) Appointments of new Director(s).

Upon the appointment of a new Director, the Company will provide a formal letter to the Director, setting out, amongst others, his duties and obligations. Newly appointed Directors will be briefed on the Company's business, operations, financial performance and corporate governance policies. Depending on specific requirements, new Directors may be sent for trainings and/or seminars to acquaint them on Directors' duties and compliance with the relevant bodies of law and regulations in the performance of their duties. There was no new Director appointed in FY2016.

For existing Directors, the Board has instituted a process to review the training needs of all Directors on an annual basis to ensure that they are equipped with appropriate skills and knowledge to effectively perform their roles on the Board and Board Committees. The Company arranges and funds the training of the Directors. Trainings, briefings and updates for the Directors in FY2016 include briefing by the external auditors to the AC on changes or amendments to accounting standards.

REPORT ON CORPORATE GOVERNANCE

The Directors are informed from time to time of developments relevant to the Company including any new, or changes to existing, laws and regulations that will impact the Company and have access to all information concerning the Company.

The Interim Chief Financial Officer (“**Interim CFO**”) of the Company provides regular updates to the Board relating to cash utilisation and investment activities and the Board has separate and independent access to the Interim CFO.

Principle 2 - Board Composition and Guidance

The Board for FY2016 comprised the following members:

- | | |
|----------------------------|---|
| • Mr. Teo Soo Kiat | Chairman and Interim Chief Executive Officer (“ CEO ”) |
| • 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 |

The current Board members collectively have a combination of experience in various fields, as well as legal, business and finance expertise. All of the directors have accounting, finance and business management related experiences, while more than half have legal or corporate governance related experience.

For FY2016, the Board comprises six Directors, the Chairman and Interim CEO, three Non-Executive and Non-Independent Directors and two Independent Directors. The current Board members are qualified professionals with a diverse range of expertise and skills to provide a balanced view within the Board. Key information regarding the Directors is given in the section titled “Board of Directors” in this Annual Report.

There is a strong and independent element on the Board, with one-third of the Directors being independent. No individual or small group of individuals dominates the decision making process of the Board. It is unlikely that the discharge of responsibilities in these roles will be compromised as all major financial decisions made are reviewed by the AC and approved by the Board. Nevertheless, as the Chairman of the Board is a controlling shareholder and not an Independent Director, in accordance with Guideline 2.2 of the Code 2012, the Board will seek to make changes to its composition such that Independent Directors make up at least half of the Board at the Annual General Meeting of the Company (“**AGM**”) following the end of financial year commencing on or after 1 May 2016. Accordingly, the Company will have up to its AGM for the financial year ending 31 December 2017 to undertake the necessary board changes.

Mr. Ng Fook Ai, Victor and Mr. Teo Eu Jin, Nicholas have confirmed that they do not have any relationship with the Company, its related corporations, its 10% Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the their independent business judgement with a view to the best interests of the Company.

The independence of each Director is reviewed annually by the NC. The NC has adopted the Code 2012’s definitions of an independent director in its review, and has reviewed and determined that the said Directors are independent. Taking into account the views of the NC, the Board determined that the said Directors are independent in character and judgment and There are no relationships or circumstances which are likely to affect, or could appear to affect, the said Directors’ independent judgment. None of the Independent Directors has served on the Board beyond nine years from the date of his appointment.

The Board, after taking into account that the Company ceased to have any operating business following completion of the Disposal and had since become a cash company under Rule 1017 of the Catalist Rules, is satisfied that its current size is adequate and appropriate and that the present composition of the Board allows it to effectively exercise objective judgement independently of the Chairman and Interim CEO and the Interim CFO. The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience and collectively possesses the necessary core competencies for effective decision making.

REPORT ON CORPORATE GOVERNANCE

The Independent Directors review the performance of the Chairman and Interim CEO and the Interim CFO. Their views and opinions provide alternative perspectives to the Company's directions and investment criteria. To facilitate a more effective check on Management, the Non-Executive Directors will meet, where necessary, without the presence of the Chairman and Interim CEO and the Interim CFO.

Principle 3 - Chairman and Chief Executive Officer

The current role of the Chairman is not separated from the Interim CEO. Following the completion of the Disposal on 1 August 2014, Mr. Teo Soo Kiat was appointed as the Interim CEO of the Company, in addition to his role as Chairman of the Company. Taking into consideration that the Company is presently a cash company with no operating business, the Board is of the view that it is appropriate for the Chairman to also assume the role of the CEO on an interim basis.

The Chairman is responsible for:

- leading the Board to ensure effectiveness;
- setting agenda for Board meetings and to ensure adequate time for discussion;
- promoting openness and discussion during the Board meetings;
- ensuring that all Directors receive complete, adequate and timely information (both financial and non-financial) to enable them to participate effectively in Board discussions and decisions;
- ensuring compliance with the corporate governance policy of the Company;
- ensuring effective communication with the Shareholders;
- encouraging constructive relations within the Board and between the Board and Management; and
- facilitating effective contributions of the Non-Executive Directors.

The Interim CEO is responsible for overall corporate direction and establishing investment criteria. He is also responsible for the day-to-day management of the Company's general corporate affairs.

Following completion of the Disposal, Mr. Ng Fook Ai, Victor was appointed as the Lead Independent Director. The Lead Independent Director provides checks and balances without diffusing Board leadership and is available to Shareholders where they have concerns and for which contact through the normal channels of the Chairman and the Interim CEO or the Interim CFO have failed to resolve or are inappropriate. The Lead Independent Director makes himself available to shareholders at the Company's general meetings.

Led by the Lead Independent Director, the Independent Directors will discuss issues via meetings, telephone and emails as the situations require without the presence of the other Directors and the Lead Independent Director will provide feedback to the Chairman after such discussion, if necessary.

REPORT ON CORPORATE GOVERNANCE

Principle 4 - Board Membership

Principle 5 - Board Performance

Nominating Committee ("NC")

The NC comprises the following members, a majority of whom, including the Chairman are independent:

Mr. Teo Eu Jin, Nicholas	Chairman	Independent Director
Mr. Teo Soo Kiat	Member	Chairman and Interim CEO
Mr. Ng Fook Ai, Victor	Member	Lead Independent Director

The NC has adopted written terms of reference and its principal functions are as follows:

- (a) Identify candidates and review all nominations on appointment and re-appointment of Directors for recommendation to the Board;
- (b) Review the Board structure, size and composition regularly;
- (c) Determine the independence of Directors annually;
- (d) Assess the effectiveness of the Board and Board Committees and the contribution of each individual Director; and
- (e) Review the training and professional development programme for the Board.

The Board, through the NC, reviews annually the effectiveness of the Board as a whole and its required mix of skills and experiences and other qualities, including core competencies, which Directors should bring to the Board. Each Director is required to complete a checklist on the Performance Evaluation of the Board to assess the effectiveness of the Board as a whole. This assessment checklist includes criteria such as Board composition, Board information, Board process and Board accountability, the success of the strategic and long-term objectives set by the Board and the effectiveness of the Board in monitoring Management's performance against the goals that have been set by the Board.

Each Director also undertakes a self-assessment to evaluate their contribution and performance to the Board by completing a checklist on the Performance Evaluation of individual Directors. This self-assessment checklist takes into account, *inter alia*, the maintenance of independence, communication with Management and standard of conduct.

In view that the Company is currently a cash company and the Board Committees perform minimal functions, the Board, together with the NC, is of the view that an assessment of the Board as a whole and each Director is sufficient and it would not be necessary to conduct an assessment of the Board Committees for FY2016.

The Board as a whole and each individual Director had met their performance objectives in FY2016.

All Directors are required to retire from office at least once in every three years and submit themselves for re-election by Shareholders at the AGM.

Pursuant to Article 99 of the Company's Constitution, one-third of the directors shall retire from office at every AGM and a retiring director shall be eligible for re-election at the said AGM. Both Mr. Teo Chiang Khai and Mr. Ng Fook Ai, Victor will retire at the forthcoming AGM in accordance with Article 99 of the Company's Constitution. Mr. Teo Chiang Khai and Mr. Ng Fook Ai, Victor have consented to continue in office. The NC has recommended to the Board that Mr. Teo Chiang Khai and Mr. Ng Fook Ai, Victor be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC has considered each of the said Director's attendance and participation at the Board meetings as well as overall contributions and performance.

Mr. Teo Chiang Khai will, upon re-election as a Director, remain as a Non-Executive and Non-Independent Director. Mr. Ng Fook Ai, Victor will, upon re-election as a Director, remain as the Lead Independent Director, the Chairman of the AC and RC, and a member of the NC. Mr. Ng Fook Ai, Victor will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

REPORT ON CORPORATE GOVERNANCE

The NC meets at least once a year. During FY2016, the NC met once. Additional meetings can be scheduled if considered necessary by the Chairman of the NC.

The Company has internal guidelines stipulating that each Director could serve on a maximum of five boards of publicly listed companies to address competing time commitments that are faced when Directors serve on multiple boards. As at the date of this report, none of the Directors holds directorships in more than five publicly listed companies. The NC has reviewed and is satisfied that all the Directors, including those who serve on multiple boards, are able to devote sufficient time and attention to the affairs of the Company to adequately perform their duties as Directors of the Company effectively. Each NC member abstains, and had in FY2016 abstained, from deliberating on his own performance and re-election as a Director. No external facilitator was used in the evaluation process.

The considerations in assessing the capacity of Directors include the size and composition of the Board, nature and scope of the Company's operations and size, and expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity.

In its search and nomination process for new Directors, the NC has, at its disposal, search companies, personal contacts and recommendations, to cast its net as wide as possible for the right candidates. The NC would first, in consultation with the Board, identify the current needs of the Board in terms of skills, experience, knowledge and gender to complement and strengthen the Board and increase its diversity, and thereafter, the NC will take into consideration the skill base of the shortlisted candidates to assess their suitability. After meeting and interviewing the shortlisted candidates, the NC would recommend the selected candidate to the Board for its consideration and approval.

For the re-election of incumbent Directors, the NC would first assess the performance the Director in accordance with the performance criteria set by the Board and consider the current needs of the Board. Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.

The date of initial appointment and last re-election of each Director, together with their directorships held in other listed companies as at the date of this report are as below:

Directors	Date of Initial Appointment	Date of Last Re-election	Current Directorships held in other listed companies	Past Directorships held in other listed companies in the preceding three years
Teo Soo Kiat	19 January 2012	29 April 2016	Nil	Nil
Teo Soo Chew	15 March 2012	29 April 2016	Nil	Nil
Teo Chiang Khai	15 March 2012	30 April 2015	Nil	Nil
Teo Hsi Leang	1 August 2014	30 April 2015	Nil	Nil
Ng Fook Ai, Victor	1 August 2014	30 April 2015	Sunshine 100 China Holdings Ltd MY E.G. Services Berhad SB REIT Management Pte. Ltd. Cityneon Holdings Limited	Devotion Energy Group Limited and Asia Power Corporation Limited
Teo Eu Jin, Nicholas	1 August 2014	30 April 2015	Nil	Nil

Please refer to the "Board of Directors" section of the Annual Report for key information on each Director and the "Directors' Statement" section of the Annual Report for information on the Directors' shareholdings in the Company.

REPORT ON CORPORATE GOVERNANCE

Principle 6 - Access to Information

The Board is provided with monthly reports on cash utilisation. The Board reports are circulated prior to Board meetings and the reports provide, amongst others, financial and corporate information, significant investment, financial and corporate issues, information on all potential material risks facing the Company, performance of the Company and management proposals which require the approval of the Board.

All Directors have separate and independent access to the Interim CFO for any information required, either through e-mails or phone calls, to effectively fulfill their responsibilities.

The Interim CFO attends the Board meetings and is responsible for advising the Board on compliance with the relevant statutes and regulations, as well as implementation of these requirements. The Interim CFO, in consultation with the Company's Continuing Sponsor and the Company Secretary, advises the Board on corporate governance matters. The Company Secretary will attend the Board meetings, as and when the Board deems it necessary. All proceedings of meetings of the Board and Board Committees are recorded with a view of taking into account the key deliberations and decisions taken. Minutes of all Board and Board Committee meetings are circulated to members for review and confirmation. These minutes enable Directors to keep abreast of matters discussed.

All Directors have separate and independent access to the Company Secretary. The appointment and the removal of the Company Secretary is a matter of consideration for the Board as a whole.

The Directors can seek independent professional advice in the furtherance of their duties from time to time. The adviser so selected shall be approved by the Chairman and the Interim CEO and the fees incurred are borne by the Company.

REMUNERATION MATTERS

Principle 7 - Procedures for developing remuneration policies

Principle 8 - Level and mix of remuneration

Remuneration Committee ("RC")

The RC comprises the following members, a majority of whom, including the Chairman, are independent:

Mr. Ng Fook Ai, Victor	Chairman	Lead Independent Director
Mr. Teo Soo Chew	Member	Non-Executive and Non-Independent Director
Mr. Teo Eu Jin, Nicholas	Member	Independent Director

The RC has adopted written terms of reference and its principal functions are as follows:

- (a) To review and recommend to the Board a general framework of remuneration for the Board and the Interim CFO;
- (b) To determine the specific remuneration packages for each Director and the Interim CEO and the Interim CFO based on experience and scope of responsibility; and
- (c) To review Directors' remuneration packages annually.

For Non-Executive Directors, the quantum of fees reflects the level of responsibilities undertaken by them. Except for the Chairman and Interim CEO, Non-Executive Directors are paid a basic Director's fee and an additional fee for serving on any of the Board Committees. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of Directors are taken into account.

The Lead Independent Director is paid a Lead Independent Director fee in addition to the remuneration due to him for his duties and responsibilities as a Director on the Board and for assuming roles in the various Board committees.

REPORT ON CORPORATE GOVERNANCE

According to the service agreement entered into between the Company and the Interim CEO, Mr. Teo Soo Kiat is paid a monthly retainer fee and a variable performance bonus in the event that the Company successfully acquires a business which meets the listing criteria. The service agreement was entered into for an initial period of one year commencing on 1 August 2014 and had been renewed subsequently on an annual basis on the same terms and conditions agreed between the Company and the Interim CEO. The service agreement may be terminated by the Company or the Interim CEO by giving not less than three months' written notice of such termination.

During FY2016, the RC met once. Additional meetings will be scheduled if considered necessary by the Chairman of the RC. All revisions to the remuneration packages for the Directors and the Interim CEO and the Interim CFO are subject to the review and approval of the Board. No Director shall take, and have not taken, part in decisions pertaining to his own remuneration. Where necessary, the RC will consult human resource experts on remuneration matters of the Directors and key management personnel. No remuneration consultants were engaged by the Company in FY2016.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Interim CEO and the Interim CFO in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company. Notwithstanding, this does not preclude the Company's right to reclaim in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Company.

Principle 9 - Disclosure on remuneration

Directors' and Interim CEO's Remuneration

Remuneration Band	Fees	Salary	Bonus	Other Benefits	Total
Less than S\$250,000:					
– Teo Soo Chew	100%	–	–	–	100%
– Teo Chiang Khai	100%	–	–	–	100%
– Teo Hsi Leang	100%	–	–	–	100%
– Teo Eu Jin, Nicholas	100%	–	–	–	100%
– Ng Fook Ai, Victor	100%	–	–	–	100%
S\$250,000 to S\$500,000:					
– Teo Soo Kiat ⁽¹⁾	100%	–	–	–	100%

Notes:

- (1) Mr. Teo Soo Kiat was the Non-Executive Chairman of the Board prior to 1 August 2014 and was appointed as the Interim CEO of the Company, in addition to his role as Chairman, with effect from 1 August 2014 following the completion of the Disposal. The remuneration in the table above reflects the director's fee to be paid to him from 1 January 2016 to 31 December 2016, and a fee of S\$360,000 paid to him as the Interim CEO for FY2016.
- (2) The remuneration includes all forms of remuneration from the Company during FY2016 and in deciding whether an item or benefit is to be included in the table above, consideration has been given to the taxability of that item. The remuneration shown above is the actual value of the benefit received and not taxable value only.

The Board is of the opinion that it is not in the best interests of the Company to disclose the remuneration of each Director in dollar terms, given the sensitivity and confidentiality of remuneration matters.

As at the date of this report, apart from the Interim CEO, the key management of the Company comprises only the Interim CFO and a fee of S\$240,000 was paid to him for FY2016.

None of the employees of the Company whose remuneration exceeded S\$50,000 in FY2016 is an immediate family member of the Directors or the Interim CEO.

There are no termination, retirement and post-employment benefits that are granted to the Directors and Interim CFO.

REPORT ON CORPORATE GOVERNANCE

Share Option Scheme/Performance Share Plan

The Company does not have any employee share option scheme or performance share plan in FY2016.

Approval by Shareholders

Directors' fees are recommended by the RC and submitted for endorsement by the Board. Directors' fees (as a lump sum payment) are subject to the approval of Shareholders at the AGM. The remuneration framework for key management personnel of the Company (including the Interim CEO and the Interim CFO) has been approved by the RC and endorsed by the Board.

ACCOUNTABILITY AND AUDIT

Principle 10 - Accountability and Audit

Principle 11 – Risk Management and Internal Controls

Principle 12 – Audit Committee

Principle 13 – Internal Audit

The Board is accountable to the Shareholders and the Interim CEO and the Interim CFO are accountable to the Board. The Board is provided with management accounts and such explanation and information to safeguard the Company's utilisation of cash and make informed decisions on a monthly basis. For its financial reporting, the Company will continue to provide a clear and understandable assessment of the Company's performance, position and prospects. During FY2016, the Company has provided monthly valuation of its assets and utilisation of cash, and quarterly updates of milestones in obtaining a new business, to the Shareholders via SGXNet pursuant to Rule 1017(1)(b) of the Catalyst Rules.

The Board reviews legislative and regulatory compliance reports from Management to ensure that the Company complies with the relevant requirements.

Audit Committee ("AC")

The AC comprises the following members, all of whom are Non-Executive Directors, and a majority of whom, including the Chairman, are independent:

Mr. Ng Fook Ai, Victor	Chairman	Lead Independent Director
Mr. Teo Soo Chew	Member	Non-Executive and Non-Independent Director
Mr. Teo Eu Jin, Nicholas	Member	Independent Director

Mr. Ng Fook Ai, Victor and Mr. Teo Soo Chew have extensive management and financial experiences while Mr. Teo Eu Jin, Nicholas is a lawyer by profession. The Board is of the view that the AC has sufficient financial management expertise and experience amongst its members to discharge the AC's responsibilities.

The terms of reference of the AC provides that the AC shall meet at least four times a year.

During FY2016, four AC meetings were held. The AC carried out its functions in accordance with the requirements of the Companies Act and the Catalyst Rules.

The AC, which has its written terms of reference, performs, *inter alia*, the following functions:

- (a) To review the audit plans of the internal auditors (if any) and external auditors, the results of their audits and their effectiveness in evaluating the Company's system of internal controls;
- (b) To review the Company's financial results and its accounting policies to ensure the integrity of the financial statements of the Company;

REPORT ON CORPORATE GOVERNANCE

- (c) To review the financial statements, accounting policies and any significant financial reporting issues and judgments of the Company so as to ensure the integrity of the financial statements before their submission to the Board and the auditors' report on those financial statements;
- (d) To review the the monthly valuation of its assets and utilisation of cash, half-yearly and annual announcements on the financial results and financial position of the Company;
- (e) To review the co-operation given by Management to the internal auditors (if any) and external auditors;
- (f) To review the appointment of the internal auditors (if any) and external auditors;
- (g) To review the adequacy and effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management systems *via* the review of internal auditor's reports (if any) and reporting to the Board annually;
- (h) To examine the cost effectiveness, independence and objectivity of the external auditors;
- (i) To evaluate the nature and extent of non-audit services provided by the external auditors;
- (j) To recommend to the Board the appointment, re-appointment or removal of the external auditors, to approve the compensation of the external auditors and to review the scope and results of the external audit;
- (k) To report actions of the AC to the Board with such recommendations as the AC considers appropriate; and
- (l) To review interested person transactions (if any) in accordance with the requirements of the Catalist Rules.

The AC has full access to and co-operation of Management and has full discretion to invite any Director or the Interim CFO to attend its meetings, and has been given reasonable resources to enable it to discharge its functions. The AC also has explicit authority to investigate any matter within its terms of reference and is authorized to obtain independent professional advice.

The external auditors have unrestricted access to the AC. During FY2016, the AC met with the external auditors, without the presence of Management. The AC also conducted a review of the independence and objectivity of external auditors annually. The AC is satisfied that the Company's external auditors are able to meet the audit requirements and statutory obligation of the Company. The AC also received from the external auditors regular updates on changes and amendments to accounting standards to enable the AC's members to keep abreast of such changes, and issues which have a direct impact on financial statements.

During FY2016, the aggregate amount of fees paid/payable to the external auditors, Messrs KPMG LLP, for both audit and non-audit services were as follows:

	S\$'000
Audit fees paid/payable	107
Non-audit fees paid/payable:	
– for advisory works in relation to the proposed acquisition of certain tourism related businesses in Myanmar ("Proposed Acquisition")	246
– Corporate Tax compliance services	4
Total	357

REPORT ON CORPORATE GOVERNANCE

The AC has reviewed the non-audit services provided by the external auditors and noted the fees charged by the external auditors for the provision of non-audit services in FY2016. The AC has confirmed that during FY2016, such services would not, in its opinion, affect the independence and objectivity of Messrs KPMG LLP as external auditors as the substantial amount of non-audit fees paid in FY2016 was for the Proposed Acquisition. The nature of the work is not a prohibited services for the auditors, and no reliance will be placed on the non-audit work in forming their audit opinion because the Company remains as a cash company with no business activities in FY2016. The AC has recommended to the Board the re-appointment of Messrs KPMG LLP as the external auditors of the Company at the forthcoming AGM.

The Company complies with Rules 712 and 715 of the Catalist Rules in relation to the appointment of Messrs KPMG LLP as its external auditors.

No former partner or director of the Company's existing auditing firm is a member of the AC.

Each member of the AC shall abstain, and had in FY2016 abstained, from voting on any resolutions in respect of matters in which he is interested.

Under the AC's direction, the Company has instituted a whistle-blowing policy by which staff and any other persons may raise their concerns in confidence about possible improprieties in matters of financial reporting or other matters. No such whistle-blowing letter was received in FY2016.

Risk Management, Internal Controls and Internal Audit

The Board is entrusted to review the Company's business and investment activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The Board reviews all significant control policies and procedures and highlights all significant matters to Management.

As the Company is currently a cash company and does not have any operating business following the completion of the Disposal, the AC is of the view that the Company, in its current capacity as a cash company, does not warrant having an in-house internal audit function or to outsource its internal audit function. Nonetheless, the Company has in place a system of risk management and internal controls which have been endorsed by the AC and approved by the Board. Management and the Board will review the adequacy and integrity of the Company's internal controls systems and report directly to the AC on any material non-compliance and internal control weakness, and will recommend improvements, where necessary. The AC will oversee and monitor the implementation of any improvements thereto.

The Board is of the view that the present level of internal control is appropriate for a cash company. The Board will continue to review such internal control systems at least on an annual basis. The AC and Board will also continue to assess the need for a separate internal audit function on a periodic basis.

Based on the internal controls established and maintained by the Company, work performed by the external auditors and reviews performed by Management and the Board Committees, the Board, with the concurrence of the AC, is of the opinion that the Company's internal controls, including financial, operational, compliance and information technology controls and risk management framework which the Company considers relevant and material to its operations, were adequate and effective as at 31 December 2016.

In accordance with the scope laid out in the audit plan, the external auditors carry out a review of the effectiveness of the Company's material financial controls in the course of their annual statutory audit. Material non-compliance and financial control weaknesses noted during their audit are reported to the AC together with the auditors' recommendations.

The Board has received assurance from the Chairman and Interim CEO and the Interim CFO that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) the Company's risk management and internal control systems are effective and adequate.

REPORT ON CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 - Shareholder Rights

Principle 15 – Communication with Shareholders

Principle 16 – Conduct of Shareholder Meetings

The Board acknowledges the importance of regular communication with Shareholders and investors through which Shareholders can have an overview of the Company's financial position and progress in seeking an acquisition. This is made amongst others by way of the Company's annual report, circulars to Shareholders (in the event of a corporate action), results announcements, monthly cash utilisation reports and quarterly announcements to update Shareholders of milestones in obtaining a new business.

At each AGM, to solicit and understand the views of Shareholders, Shareholders are encouraged to meet and communicate with the Board and to vote on all resolutions. At the AGM, the performance of the Company's business will be presented by the Board. Shareholders can seek clarification on any issues so as to understand the Company's business. All Directors including Chairman of the Board and the respective Chairman of the Board Committees will be present and available to address questions at the meeting to answer any queries from Shareholders. The external auditors are also present to assist the Directors in addressing any relevant questions by Shareholders. An independent polling agent will be appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders.

The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

Currently, the Constitution of the Company allows a member of the Company to appoint up to two proxies to attend general meetings and vote instead of the member. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

The Directors may, at their discretion, allow absentia-voting methods such as mail, e-mail or fax. However, as the authentication of shareholders' identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to allow absentia-voting methods.

The Board will review the Company's Constitution from time to time. Where amendment to the Company's Constitution is required to align the relevant provisions with the requirements of the Catalist Rules, the Companies Act and the Securities and Futures Act (Chapter 289) of Singapore, Shareholders' approval will be obtained.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. The Company maintains minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and responses from the Board and Management. These minutes can be made available to Shareholders upon their request.

For greater transparency, the Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

The Company has a dividend policy whereby the Board will take into consideration the Company's cash position, projected capital requirements for business opportunities and other factors as the Board may deem appropriate in determining the form, frequency and amount of dividends to be declared each year. In view of the Proposed Acquisition as announced in the Company's announcement on 24 October 2016, no dividend will be declared in respect of FY2016. Notwithstanding, the Company had on 3 February 2017 completed the capital reduction and payment of the cash distribution of S\$0.095 per ordinary share to shareholders, amounting to an aggregate payout of S\$29,068,345.

REPORT ON CORPORATE GOVERNANCE

OTHER CORPORATE GOVERNANCE MATTERS

Interested Person Transactions

The Company has established procedures for recording and reporting interested person transactions in a timely manner to the AC and that transactions are conducted at arm's length basis and will not be prejudicial to the interests of the Company and its minority shareholders.

There were no interested person transactions entered into during the financial year under review with a value of more than S\$100,000 each.

The Company does not have a general mandate from Shareholders for interested person transactions pursuant to Rule 920(1)(a)(i) of the Catalist Rules.

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Chairman and Interim CEO, any Director or controlling Shareholder, either still subsisting at the end of FY2016 or if not then subsisting, entered into since the end of the financial year ended 31 December 2015.

Securities Transactions

The Company has adopted an internal code of conduct on dealing in securities. This code was modeled in line with Rule 1204(19) of the Catalist Rules, the Company and all Directors and officers are prohibited from dealing in the Company's securities on short-term considerations and during the period commencing one month before the announcement of the Company's half-year and full-year financial statements and ending on the date of announcement of the relevant results and any such dealings should be immediately reported to the Company Secretary. The Company, Directors and officers are also advised against dealing in the Company's securities when they are in possession of any unpublished material price-sensitive information of the Company at all times. Reminders are also sent to all Directors and officers on the law on insider trading. The Company confirmed that it has adhered to its internal code of conduct for FY2016.

Corporate Disclosure

The Company believes that a high level of disclosure is essential to enhance the standard of corporate governance. Hence, the Company is committed to providing a high level of disclosure in all public announcements, press releases and annual reports.

Non-Sponsor Fees

During FY2016, SAC Advisors Private Limited ("**SAC**"), formerly known as Canaccord Genuity Singapore Pte. Ltd., was the sponsor of the Company from 1 January 2016 to 31 August 2016. The sponsor was changed to PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") with effect from 1 September 2016.

There were no non-sponsor fees paid to SAC for FY2016.

Non-sponsor fees of S\$70,000 (excluding Goods and Services Tax) were paid to PPCF in FY2016 in relation to advisory services provided by PPCF for the Proposed Acquisition. Such non-sponsor fees had been paid by the vendors in accordance with the terms of the conditional sale and purchase agreement entered into for the Proposed Acquisition.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2016.

In our opinion:

- (a) the financial statements set out on pages 28 to 48 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date, in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office as at the date of this statement are as follows:

Teo Soo Kiat
Teo Soo Chew
Teo Chiang Khai
Teo Hsi Leang
Ng Fook Ai, Victor
Teo Eu Jin, Nicholas

In accordance with Article 99 of the Company's Constitution, Mr Teo Chiang Khai and Mr Ng Fook Ai, Victor will retire at the forthcoming annual general meeting of the Company ("AGM") and being eligible, offered themselves for re-election as Directors.

DIRECTORS' STATEMENT

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and its ultimate holding company are as follows:

	Holdings in the name of the Directors, spouse or infant children			Other holdings in which Directors are deemed to have an interest		
	At	At	At	At	At	At
	1.1.2016	31.12.2016	21.1.2017	1.1.2016	31.12.2016	21.1.2017
The Company						
SHC Capital Asia Limited						
<u>Ordinary shares with no par value</u>						
Teo Soo Chew	–	–	–	249,639,317	249,639,317	249,639,317
Teo Soo Kiat	–	–	–	249,639,317	249,639,317	249,639,317
Teo Chiang Khai	–	–	–	249,639,317	249,639,317	249,639,317
Ultimate holding company						
See Hoy Chan Sdn. Berhad						
<u>Ordinary shares of RM1 each</u>						
Teo Soo Chew	1,041,112	1,041,112	1,041,112	4,069,571	4,069,571	4,069,571
Teo Soo Kiat	–	–	–	2,515,034	2,515,034	2,515,034
Teo Chiang Khai	105,640	105,640	105,640	1,756,809	1,756,809	1,756,809
Teo Hsi Leang	483,376	483,376	483,376	–	–	–

By virtue of Section 7 of the Act, Messrs Teo Soo Chew, Teo Soo Kiat and Teo Chiang Khai are deemed to have an interest in the shares of the Company held by See Hoy Chan Sdn. Berhad Group as at 31 December 2016.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of its related corporations, either at the beginning or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

- (i) no share options granted by the Company to any person to take up unissued shares of the Company; and
- (ii) no shares issued by virtue of the exercise of options to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

DIRECTORS' STATEMENT

Audit committee

The members of the Audit Committee ("AC") during the year and at the date of this statement are:

- Ng Fook Ai, Victor (AC Chairman), Non-Executive Director
- Teo Eu Jin, Nicholas, Non-Executive Director
- Teo Soo Chew, Non-Executive Director

The AC performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance. The functions performed are detailed in the Report on Corporate Governance.

The AC has held four meetings since the last director's statement. In performing its functions, the AC met with the Company's external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The AC also reviewed the following:

- assistance provided by the Company's officers to the external auditors;
- half yearly financial information and annual financial statements of the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The AC has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The AC also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The AC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Teo Soo Kiat
Director

Teo Soo Chew
Director

30 March 2017

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
SHC CAPITAL ASIA LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SHC Capital Asia Limited ('the Company'), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 28 to 48.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
SHC CAPITAL ASIA LIMITED

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
SHC CAPITAL ASIA LIMITED

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Goh Kim Chuah.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

30 March 2017

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
Assets			
Plant and equipment	5	313	439
Non-current asset		<u>313</u>	<u>439</u>
Deposits and prepayments	6	9	9
Cash and cash equivalents	7	36,635	38,896
Current assets		<u>36,644</u>	<u>38,905</u>
Total assets		<u>36,957</u>	<u>39,344</u>
Shareholders' equity			
Share capital	8	40,144	40,144
Accumulated losses		(3,657)	(1,284)
Total shareholders' equity		<u>36,487</u>	<u>38,860</u>
Liabilities			
Other payables	9	470	484
Total and current liabilities		<u>470</u>	<u>484</u>
Total equity and liabilities		<u>36,957</u>	<u>39,344</u>

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
Finance income	10	85	92
Total income		85	92
Staff costs	11	(9)	(9)
Depreciation of plant and equipment	5	(126)	(125)
Other operating expenses	12	(2,323)	(2,636)
Total expenses		(2,458)	(2,770)
Loss before income tax		(2,373)	(2,678)
Income tax expense	13	–	(3)
Loss for the year		(2,373)	(2,681)
Other comprehensive income		–	–
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		(2,373)	(2,681)
Loss per share			
Basic loss per share (cents)	14	(0.78)	(0.88)
Diluted loss per share (cents)	14	(0.78)	(0.88)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2016

	Note	Attributable to owners of the Company		
		Share capital \$'000	Accumulated profits/(losses) \$'000	Total \$'000
At 1 January 2015		40,144	28,935	69,079
Total comprehensive income for the year		–	(2,681)	(2,681)
Transactions with owners, recognised directly in equity				
<i>Contributions by and distributions to owners</i>				
Dividend declared	8	–	(27,538)	(27,538)
Total transactions with owners of the Company		–	(27,538)	(27,538)
At 31 December 2015		40,144	(1,284)	38,860
At 1 January 2016		40,144	(1,284)	38,860
Total comprehensive income for the year		–	(2,373)	(2,373)
At 31 December 2016		40,144	(3,657)	36,487

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Loss before income tax		(2,373)	(2,678)
Adjustments for:			
Depreciation of plant and equipment	5	126	125
Interest income	10	(85)	(92)
		(2,332)	(2,645)
Changes in working capital:			
Deposits and prepayments		–	17
Other payables		(14)	72
Cash used in operations		(2,346)	(2,556)
Interest received		85	92
Income tax paid		–	(3)
Net cash used in operating activities		(2,261)	(2,467)
Cash flows from investing activities			
Deposit released as collateral for Standby Letter of Credit		12,500	–
Deposit (withheld in)/released from escrow account		(11,289)	27,493
Net cash from investing activities		1,211	27,493
Cash flows from financing activity			
Dividends paid	8	–	(27,538)
Net cash used in financing activity		–	(27,538)
Net decrease in cash and cash equivalents		(1,050)	(2,512)
Cash and cash equivalents at 1 January		6,995	9,507
Cash and cash equivalents at 31 December	7	5,945	6,995
Analysis of cash and cash equivalents			
Fixed deposits		5,450	6,754
Cash and bank balances		31,185	32,142
Cash and cash equivalents	7	36,635	38,896
Less: Deposits withheld as collateral for Standby Letter of Credit		–	(12,500)
Deposit withheld in escrow account		(30,690)	(19,401)
Cash and cash equivalents in the statement of cash flows	7	5,945	6,995

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 March 2017.

1 Domicile and activities

SHC Capital Asia Limited (the “Company”) is a company incorporated in Singapore. The address of the Company’s registered office is 302 Orchard Road #10-01, Singapore 238862.

The immediate holding company is SHC Capital Holdings Pte Ltd which is incorporated in Singapore. The ultimate holding company is See Hoy Chan Sdn. Bhd. which is incorporated in Malaysia.

The principal activity of the Company is that of an investment holding company.

Following the completion of the disposal of its wholly owned subsidiary, SHC Insurance Pte. Ltd. (“SHC Insurance”) (the “Disposal”) on 1 August 2014, the Company ceased to have any operating business and accordingly, the Company is deemed a cash company within the meaning of Rule 1017 of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst (“Catalist Rules”). The Company has been seeking out new businesses which will meet the listing criteria of the SGX-ST. Pursuant to Rule 1017(1)(b) of the Catalist Rules, the Company is required to make quarterly announcements to update its shareholders of milestones in obtaining a new business.

Under Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove the Company from the Catalist board if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The Company may apply to the SGX-ST for a maximum 6-months extension to the 12-months period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the 6-month extension period. In the event the Company is unable to meet its milestones or complete the relevant acquisition within the stipulated time period, the Company will be delisted from the SGX-ST.

The Company announced that it had on 24 October 2016 entered into a conditional sale and purchase agreement (“SPA”) with Yoma Strategic Investments Ltd. (“YSIL”), First Myanmar Investment Company Limited (“FMI”) and Exemplary Ventures Limited (collectively, “Vendors”), pursuant to which the Company shall acquire from the Vendors the entire issued and paid-up share capital (“Sale Shares”) of a company to be incorporated by YSIL and/or FMI which will in turn acquire the certain tourism related businesses in Myanmar, for a consideration to be satisfied in full by the issuance and allotment of new ordinary shares in the capital of the Company (“Proposed Acquisition”).

The Company announced on 14 December 2016 that a further extension of time was granted by SGX-ST to meet the requirements for a new listing by 30 September 2017 subject to certain conditions being met.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies or the explanatory notes set out below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars which is the Company's functional currency. The financial information is presented in Singapore dollars, rounded to the nearest thousand, unless otherwise stated.

The functional currency of the Company is the Singapore dollar as its operating expenses are denominated primarily in Singapore dollars and receipts from operations are usually retained in Singapore dollars, the Directors of the Company are of the opinion that the Singapore dollar reflects the economic substance of the underlying events and circumstances relevant to the Company.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in the period in which the estimate is revised and in any future periods affected.

Management is of the opinion that there are no critical judgements made in applying the entity's accounting policies and no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The management has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS, including the level in the fair value hierarchy in which such valuations should be classified.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3 Significant accounting policies

The accounting policies set out below have been applied consistently by the Company to all periods presented in these financial statements.

3.1 Plant and equipment

Recognition and measurement

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. All items of plant and equipment are initially recorded at cost.

The initial cost of plant and equipment comprises its purchase price, including any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the plant and equipment has been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as part of the plant and equipment.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (cont'd)

3.1 Plant and equipment (cont'd)

Depreciation (cont'd)

The estimated useful lives for the current and comparative years are as follows:

Motor vehicles – 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.2 Financial instruments

Non-derivative financial assets

The Company initially recognised loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies its non-derivatives financial assets as loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using effective interest rate method, less any impairment losses.

Loans and receivables comprise deposits and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (cont'd)

3.2 Financial instruments (cont'd)

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies its non-derivatives financial liabilities as other financial liabilities.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

These financial liabilities comprise other payables.

3.3 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Company considers evidence of impairment for receivables at a specific asset level. All individually significant receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (cont'd)

3.4 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.5 Finance income

Finance income comprises interest income from cash and cash equivalents and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.6 Dividends

Dividends payable on the issued ordinary shares are recognised as a liability in the financial year in which they are declared.

3.7 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (cont'd)

3.7 Income tax (cont'd)

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.8 Key management personnel

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The Directors, the Interim Chief Executive Officer and Interim Chief Financial Officer are considered as key management personnel of the Company.

3.9 Loss per share

The Company presents basic and diluted loss per share data for its ordinary shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted loss per share is determined by adjusting the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprises share options granted to employees of the Company.

3.10 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these statements.

As mentioned in Note 1, the Company has entered into a Proposed Acquisition to meet the requirements for a new listing by the Extended Deadline. As the Proposed Acquisition is currently undergoing, hence, the Company is of the opinion that it is impracticable to evaluate the impact of adopting these new standards and amendments on the Proposed Acquisition. Therefore, the Proposed Acquisition has not been considered by the Company in its assessment on the potential impact of adopting these new standards and amendments on its financial statements. The Company does not plan to adopt these standards early.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (cont'd)

3.10 New standards and interpretations not adopted (cont'd)

Applicable to 2018 financial statements

New standards

Summary of the requirements

Potential impact on the financial statements

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

During 2016, the Company completed its initial assessment of the impact on the Company's financial statements.

Based on its initial assessment, the Company does not expect the adoption of these new standards and amendments to have an effect on the financial statements of the Company.

The Company plans to adopt the standard when it becomes effective in 2018.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (cont'd)

3.10 New standards and interpretations not adopted (cont'd)

Applicable to 2018 financial statements (cont'd)

New standards

Summary of the requirements

Potential impact on the financial statements

FRS 109 *Financial Instruments*

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

During 2016, the Company completed its initial assessment of the impact on the Company's financial statements.

Overall, the Company does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loan and receivable currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

Based on its initial assessment, the Company does not expect the adoption of these new standards and amendments to have an effect on the financial statements of the Company.

The Company plans to adopt the standard when it becomes effective in 2018.

Convergence with International Financial Reporting Standards ("IFRS")

In addition, the Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for financial year ending 31 December 2018 onwards.

The Company has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Company's preliminary assessment, the Company does not expect any impact on adoption of the new framework.

Other than arising from the adoption of new and revised standards, the Company does not expect to change its existing accounting policies on adoption of the new framework.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

3 Significant accounting policies (cont'd)

3.10 New standards and interpretations not adopted (cont'd)

Applicable to 2019 financial statements

New standards

Summary of the requirements

Potential impact on the financial statements

FRS 116 Leases

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.

During 2016, the Company completed its initial assessment of the impact on the Company's financial statements.

Based on its initial assessment, the Company does not expect any adjustments on adoption of FRS 116 as the Company does not have any operating lease arrangements as a lessee.

The Company plans to adopt the standard when it becomes effective in 2019.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

4 Financial risk

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk (comprising interest rate risk, foreign currency risk and price risk). The Board reviews and agrees policies for managing each of these risks and they are summarised below:

(i) Credit risk

The carrying amount of deposits, and cash and cash equivalents represent the Company's maximum exposure to credit risk.

Cash and fixed deposits are placed with banks and financial institutions which are regulated in Singapore and have high credit ratings assigned by international credit-rating agency.

At the reporting date, the Company has no significant concentration of credit risk.

(ii) Liquidity risk

An important aspect of the Company's management of assets and liabilities is to ensure that cash is available to settle liabilities as they fall due. The Company maintains cash and liquid deposits to meet these demands on a daily basis.

The undiscounted cash outflows of other payables as at the reporting date are expected to occur within 1 year and approximate their carrying amounts.

(iii) Interest rate risk

The Company does not have any financial instruments with variable interest rate. The Company's cash holdings are held mainly in fixed deposits with fixed interest rate, and are thus exposed to interest rate risks when the deposits have to be rolled over.

The Company's operating and investing cash flows are substantially independent of changes in market interest rate.

(iv) Foreign currency risk

The Company has no foreign currency exposures as at 31 December 2016.

(v) Price risk

The Company does not have any exposure to equity price risks as it does not hold any equity and debt securities.

Estimation of fair value

The carrying amounts of other financial assets and liabilities, including deposits and other receivables, cash and cash equivalent, and other payables, are assumed to approximate their fair values because of their short periods to maturity.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

5 Plant and equipment

	Motor vehicle \$'000	Total \$'000
Cost		
At 1 January 2015/ 31 December 2015/ 31 December 2016	626	626
Accumulated depreciation and impairment losses		
At 1 January 2015	62	62
Depreciation	125	125
At 31 December 2015	187	187
Depreciation	126	126
At 31 December 2016	313	313
Carrying amounts		
At 1 January 2015	564	564
At 31 December 2015	439	439
At 31 December 2016	313	313

6 Deposits and prepayments

	2016 \$'000	2015 \$'000
Deposits	1	1
Prepayments	8	8
	9	9

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

7 Cash and cash equivalents

	2016 \$'000	2015 \$'000
Fixed deposits	5,450	6,754
Cash and bank balances	31,185	32,142
	36,635	38,896
Less: Deposit withheld as collateral for Standby Letter of Credit ⁽¹⁾	–	(12,500)
Deposit withheld in escrow account ⁽²⁾	(30,690)	(19,401)
Cash and cash equivalents in the statement of cash flows	5,945	6,995

The weighted average effective interest rate per annum relating to cash and cash equivalents at the reporting date for the Company is 0.79% (2015: 0.60%). Interest rates reprice at intervals of one, three or six months.

- ⁽¹⁾ This relates to bank balances of \$12,500,000 placed as collateral under two Standby Letter of Credit ("SBLC") required under the Sale and Purchase agreement for the Disposal. The SBLC is obtained and secured by the same amount of deposit placed in a current account maintained with the bank. The first SBLC amounting to \$11,200,000 expired on 31 January 2016 and has been returned to the Company on 28 May 2016. The Company had subsequently entered into a substitution of the second SBLC amounting to \$1,300,000 to be furnished by SHC Capital Holdings Pte. Ltd. on 28 November 2016 and consequently, the amount of \$1,300,000 has been returned to the Company on the same day. These bank balances do not earn any interest.

90% of the amounts released from the SBLC was subsequently placed in the escrow account in accordance with the requirements of Rule 1017(1)(a) of the Catalist Rules.

- ⁽²⁾ This relates to cash placed in an escrow account in accordance with Rule 1017 (1)(a) of the Catalist Rules, comprising the disposal proceeds on the sale of its subsidiary and the releases from the SBLC during the year. These bank balances earns interest at 0.15% p.a.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

8 Share capital and reserves

	2016 No. of shares	2015 No. of shares
Issued and fully paid ordinary shares, with no par value:		
At 1 January 2015/ 31 December 2015/ 31 December 2016	305,982,583	305,982,583

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Capital management

Following the completion of the Disposal on 1 August 2014, the Company ceased to have any operating business and has become a cash company within the meaning of Rule 1017 of the Catalist Rules.

The Board will continue to review the Company's capital management policy and will assess the capital position of the Company taking into consideration any new business opportunities and investments that may present themselves from time to time and which the Board regards to be in the interest of the Company and its shareholders.

The Board monitors the return on shareholders' equity, which is defined as net profit after tax divided by total shareholders' equity, and the level of dividends to ordinary shareholders.

Dividends

The following exempt and special (one-tier) dividends were declared and paid by the Company:

For the year ended 31 December

	2016 \$'000	2015 \$'000
Paid by the Company to owners of the Company		
<i>Exempt (one-tier) dividend</i>		
– Nil cents per qualifying ordinary share (2015: 9 cents)	–	27,538
	–	27,538

After the reporting date, no exempt (one-tier) dividend was proposed by the Directors.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

9 Other payables

	2016 \$'000	2015 \$'000
Accrued operating expenses	470	484

10 Finance income

	2016 \$'000	2015 \$'000
Finance income:		
Interest income		
– Fixed deposits with banks	46	46
– Cash and cash equivalents	39	46
	85	92

11 Staff costs

	2016 \$'000	2015 \$'000
Salaries, bonuses and other benefits	9	9

12 Other operating expenses

	2016 \$'000	2015 \$'000
Other operating expenses include:		
Audit fees paid/payable to auditors for the Company	107	37
Non-audit fees paid/payable to auditors for the Company	250	31
Directors' fees	353	346

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

13 Income tax expense

Major components of income tax expense are as follows:

	2016 \$'000	2015 \$'000
Current tax expense		
Prior year	—	3
Reconciliation of effective tax rate		
Loss before income tax	(2,373)	(2,678)
Income tax using domestic statutory tax rate of 17% (2015: 17%)	(403)	(455)
Non-deductible expenses	403	455
Under provision in prior year	—	3
	—	3

14 Loss per share

The calculation of basic and diluted loss per share at 31 December 2016 was based on the loss attributed to ordinary shareholders of \$2,373,000 (2015: loss of \$2,678,000), and a weighted average number of ordinary shares outstanding of 305,982,583 (2015: 305,982,583), calculated as follows:

	2016 \$'000	2015 \$'000
Net loss attributable to ordinary shareholders	(2,373)	(2,678)
	No. of shares	
	2016	2015
Issued ordinary shares at beginning of the year	305,982,583	305,982,583
Effect of share option exercised	—	—
Weighted average number of ordinary shares during the year	305,982,583	305,982,583

15 Operating segment

The Company did not have any operating activity and accordingly, there is no applicable operating segment. As at 31 December 2015 and 31 December 2016, the Company was dormant and remained as a cash company under Rule 1017 of the Catalyst Rules.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

16 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Transactions with key management personnel

Key management personnel remuneration

Directors' fees amounted to \$353,000 (2015: \$346,000).

Other key management personnel's remuneration amounted to \$600,000 (2015: \$600,000) ⁽¹⁾.

The employer's Central Provident Fund contribution included in other key management personnel's remuneration amounted to \$Nil (2015: \$Nil) ⁽¹⁾.

⁽¹⁾ Other key management personnel include the Interim Chief Executive Officer and Interim Chief Financial Officer who were appointed since 1 August 2014 upon completion of the Disposal of SHC Insurance.

17 Subsequent event

The shareholders of the Company had approved a capital reduction and cash distribution of S\$0.095 per ordinary shares in the extraordinary general meeting held on 7 December 2016. The Company had on 3 February 2017 completed the payment of the capital reduction and cash distribution of S\$0.095 per ordinary share to the shareholders, totalling S\$29,068,345.

SHAREHOLDINGS STATISTICS

AS AT 15 MARCH 2017

No. of issued shares (excluding treasury shares)	:	305,982,583
No. of treasury shares	:	Nil
No. of subsidiary holdings	:	Nil
Class of shares	:	Ordinary share
Voting rights	:	One vote per share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	21	0.79	315	0.00
100 – 1,000	1,021	38.47	1,009,220	0.33
1,001 – 10,000	1,039	39.15	5,118,440	1.67
10,001 – 1,000,000	565	21.29	37,740,241	12.34
1,000,001 and above	8	0.30	262,114,367	85.66
Total	2,654	100.00	305,982,583	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Shareholder's Name	No. of Shares	%
1	SHC CAPITAL HOLDINGS PTE LTD	249,639,317	81.59
2	CIMB SECURITIES (SINGAPORE) PTE LTD	3,246,400	1.06
3	LAM SOON REALTY PTE LTD	2,343,000	0.77
4	PHILLIP SECURITIES PTE LTD	2,165,500	0.71
5	MAYBANK KIM ENG SECURITIES PTE LTD	1,360,050	0.44
6	CRICHTON GREGORY ROBERT SCOTT	1,300,000	0.42
7	OCBC SECURITIES PRIVATE LTD	1,049,000	0.34
8	DBS NOMINEES PTE LTD	1,011,100	0.33
9	TOH SAY HONG	1,000,000	0.33
10	KOH CHIN HWA	805,000	0.26
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	727,500	0.24
12	CITIBANK NOMINEES SINGAPORE PTE LTD	698,000	0.23
13	LIM GUAN TECK	668,000	0.22
14	DBS VICKERS SECURITIES (S) PTE LTD	640,000	0.21
15	NG NGEE HUNG	598,300	0.20
16	NG KIN MUN (WU JIANWEN)	591,000	0.19
17	KHOO HWEE SAN	504,000	0.16
18	CHUA KEE LOCK	500,000	0.16
19	LEE SOON LENG JULIAN	500,000	0.16
20	LOW SEOW JUAN	500,000	0.16
21	TAN HUP FOI	500,000	0.16
22	TAN SOO CHYE RONNIE	500,000	0.16
	Total	270,846,167	88.50

SHAREHOLDINGS STATISTICS

AS AT 15 MARCH 2017

REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2017

(As recorded in the Register of Substantial Shareholders)

Name of Shareholder	Direct Interest		Deemed Interest	
	Number of shares	%	Number of shares	%
SHC Capital Holdings Pte Ltd	249,639,317	81.59	–	–
See Hoy Chan Holdings Pte Ltd ¹	–	–	249,639,317	81.59
See Hoy Chan Sdn. Berhad ²	–	–	249,639,317	81.59
Teo Soo Chew ³	–	–	249,639,317	81.59
Teo Soo Kiat ³	–	–	249,639,317	81.59
Teo Chiang Khai ³	–	–	249,639,317	81.59

Notes:

- 1) 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.
- 2) See Hoy Chan Sdn. Berhad, the controlling Shareholder, has a deemed interest in 249,639,317 shares arising from its 100% interest in See Hoy Chan Holdings Pte Ltd.
- 3) 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.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 15 March 2017, based on the Company's register of shareholders, the percentage of the Company's shareholding interest held in the hands of the public is 18.41%. The Company is therefore in compliance with Rule 723 of the SGX-ST Listing Manual Section B: Rules of Catalist.

The Company has no treasury shares and subsidiary holdings as at 15 March 2017.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SHC Capital Asia Limited (the “**Company**”) will be held at Orchard Hotel Singapore, Nutmeg Room, Level 2, 442 Orchard Road, Singapore 238879 on Friday, 28 April 2017 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2016 (“**FY2016**”) together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the retiring director of the Company (“**Director**”), Mr. Teo Chiang Khai, retiring pursuant to Article 99 of the Company’s Constitution. **(Resolution 2)**

Please refer to the “Board of Directors” section of the Company’s Annual Report 2016 for information on Mr. Teo Chiang Khai. Mr. Teo Chiang Khai is the nephew of Messrs. Teo Soo Kiat and Teo Soo Chew and a cousin of Mr. Teo Hsi Leang. Messrs. Teo Soo Chew, Teo Soo Kiat and Teo Chiang Khai are deemed to be interested in the shares of the Company held by SHC Capital Holdings Pte Ltd by virtue of their respective interests in See Hoy Chan Sdn. Berhad. Save for the abovementioned relationships, Mr. Teo Chiang Khai has no relationship (including immediate family relationships) with other Directors, the Company or its 10% shareholders.

Mr. Teo Chiang Khai will, upon re-election as a Director, remain as a Non-Executive and Non-Independent Director.

3. To re-elect the retiring Director, Mr. Ng Fook Ai, Victor, retiring pursuant to Article 99 of the Company’s Constitution. **(Resolution 3)**

Please refer to the “Board of Directors” section of the Company’s Annual Report 2016 for information on Mr. Ng Fook Ai, Victor. Mr. Ng Fook Ai, Victor is considered independent for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), and if re-elected, will remain as the Lead Independent Director, Chairman of the Audit Committee and Remuneration Committee and a member of the Nominating Committee of the Company. There is no relationship (including immediate family relationships) between Mr. Ng Fook Ai, Victor and the other Directors, the Company or its 10% shareholders.

4. To approve the payment of Directors’ fees of S\$353,000 for FY2016 (previous year: S\$346,000). **(Resolution 4)**
5. To re-appoint Messrs KPMG LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. Authority to issue shares in the capital of the Company (“**Share Issue Mandate**”)

That, pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors to:-

- (a) (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below).
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities;
 - (ii) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (iii) any subsequent bonus issue, consolidation or sub-division of shares;
- (3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. *[See explanatory note 1]*

(Resolution 6)

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

By Order of the Board

Chan Lai Yin
Company Secretary

Singapore, 13 April 2017

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note:

- Resolution 6, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting of the Company, to allot and issue Shares and convertible securities in the Company. The aggregate number of Shares (including any Shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed one hundred per cent. (100%) of the total number of issued Shares excluding treasury shares and subsidiary holdings. For issues of Shares other than on a *pro-rata* basis to all shareholders of the Company, the aggregate number of Shares to be issued will not exceed fifty per cent. (50%) of total number of issued Shares excluding treasury shares and subsidiary holdings. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any Instrument made or granted under this authority.

Notes:

- A depositor's name must appear on the Depository Register not less than 72 hours before the time appointed for holding the meeting.
- A proxy need not be a Member of the Company. A Member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

- a banking corporation licensed under the Banking Act, Chapter 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;
 - a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
 - the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 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.
- The instrument appointing a proxy or proxies must be deposited 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 appointed for holding the meeting.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder'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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual 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 shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder 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 shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

SHC Capital Asia Limited

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

Proxy Form

(Please see notes overleaf before completing this form)

IMPORTANT

1. For investors who have used their CPF monies to buy SHC Capital Asia Limited's shares, this Annual Report is sent to them at the request of their CPF Approved Nominees solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purpose if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.

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

of _____ (Address) being a

* member / members of SHC CAPITAL ASIA LIMITED (the "**Company**"), hereby appoint:

Name	Address	*NRIC/Passport Number	Proportion of Shareholdings (%)
*and /or			
Name	Address	*NRIC/Passport Number	Proportion of Shareholdings (%)

or failing *him/her/them, the Chairman of the Annual General Meeting of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at Orchard Hotel Singapore, Nutmeg Room, Level 2, 442 Orchard Road, Singapore 238879 on Friday, 28 April 2017 at 2.30 p.m. or at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

* Please delete accordingly

(If you wish to exercise all your votes "For" or "Against", please indicate with an "x" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	ORDINARY RESOLUTION	Number of Votes For	Number of Votes Against
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016		
2	Re-election of Mr. Teo Chiang Khai as a Director		
3	Re-election of Mr. Ng Fook Ai Victor as a Director		
4	Approval of Directors' fees of S\$353,000 for the financial year ended 31 December 2016		
5	Re-appointment of Messrs KPMG LLP as Auditors and to authorise Directors to fix their remuneration		
6	Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore		

Dated this _____ day of _____ 2017

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM



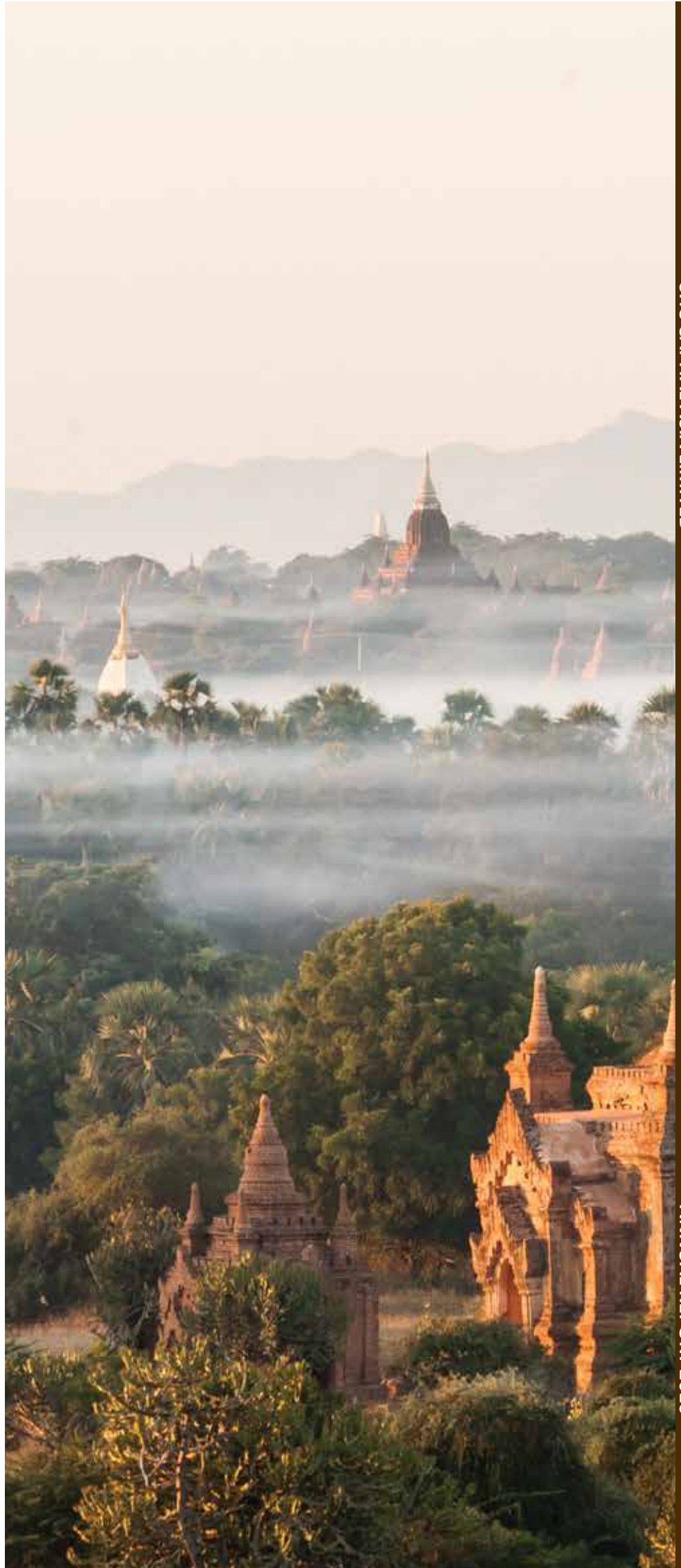
Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2.
 - (a) A member who is not 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 his 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 such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited 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 forty eight (48) hours before the time appointed for the meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorized officer.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor 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.
7. 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.
8. The submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the Meeting if he so wishes.
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 of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at seventy two (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 representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2017.



SHC CAPITAL ASIA LIMITED

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