

**CIRCULAR DATED 10 JULY 2014**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

If you are in any doubt as to the contents of this Circular (as defined herein) or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold all your ordinary shares in the capital of SHC Capital Asia Limited (the “**Company**”), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (“**Sponsor**” or “**CIMB**”), for compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Circular. This Circular has not been examined or approved by the SGX-ST. Save for the responsibility statement given by CIMB (in its capacity as financial adviser to the Company) in paragraph 15.2 of this Circular, the Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Corporate Finance, CIMB Bank Berhad, Singapore Branch, at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.



**SHC CAPITAL ASIA LIMITED**

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

**CIRCULAR TO SHAREHOLDERS  
IN RELATION TO:**

- (1) **THE PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SHC INSURANCE PTE. LTD.;**
- (2) **THE PROPOSED REDEMPTION OF ALL THE OUTSTANDING OPTIONS GRANTED UNDER THE SHC CAPITAL EMPLOYEE SHARE OPTION SCHEME AND THE SHC CAPITAL ASIA EMPLOYEE SHARE OPTION SCHEME;**
- (3) **THE PROPOSED FEES PAYABLE TO THE DIRECTORS OF THE COMPANY IN RESPECT OF THE FINANCIAL YEAR ENDING 31 DECEMBER 2014; AND**
- (4) **THE PROPOSED FEES PAYABLE TO THE PROJECT DIRECTORS (AS DEFINED HEREIN).**

*Financial Adviser to the Company*



**CIMB BANK BERHAD (13491-P)**

**SINGAPORE BRANCH**

(Incorporated in Malaysia)

**IMPORTANT DATES AND TIMES**

Last date and time for lodgment of Proxy Form	:	23 July 2014 at 2.30 p.m.
Date and time of Extraordinary General Meeting	:	25 July 2014 at 2.30 p.m.
Place of Extraordinary General Meeting	:	Goodwood Park Hotel Tudor Ballroom 22 Scotts Road Singapore 228221

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## DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

<b>“Act”</b>	:	The Companies Act (Chapter 50) of Singapore (as may be amended from time to time)
<b>“AGM”</b>	:	Annual general meeting of the Company
<b>“Agreed Consideration”</b>	:	Has the meaning ascribed to it in paragraph 1.1 of this Circular
<b>“Announcement Date”</b>	:	20 June 2014, being the date of announcement of the Proposed Disposal by the Company
<b>“Application”</b>	:	Has the meaning ascribed to it in paragraph 7.3.1 of this Circular
<b>“Articles”</b>	:	The articles of association of the Company
<b>“Associate”</b>	:	(a) in relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:  (i) his immediate family;  (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and  (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;  (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
<b>“Assumed Consideration”</b>	:	Has the meaning ascribed to it in paragraph 1.1 of this Circular
<b>“Assumed Options Redemption Consideration”</b>	:	Has the meaning ascribed to it in paragraph 3.3 of this Circular
<b>“Board”</b>	:	The board of directors of the Company
<b>“Business”</b>	:	The general insurance business in Singapore
<b>“Business Day”</b>	:	A day which is not a Saturday, Sunday or a public holiday in Singapore and Dusseldorf, Germany
<b>“Catalist”</b>	:	The sponsor-supervised listing platform of the SGX-ST

<b>“Catalist Rules”</b>	:	Rules of the Catalist contained in Section B of the listing manual of the SGX-ST and its relevant rule(s), as amended or modified from time to time
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“CEO”</b>	:	Chief Executive Officer
<b>“CIMB” or “Sponsor”</b>	:	CIMB Bank Berhad, Singapore Branch
<b>“Circular”</b>	:	This circular to Shareholders dated 10 July 2014 in relation to the Proposed Disposal, the Proposed Options Redemption, the Proposed Directors’ Fees and the Proposed Project Directors’ Fees
<b>“Company”</b>	:	SHC Capital Asia Limited
<b>“Company – Prepared Closing Balance Sheet”</b>	:	Has the meaning ascribed to it in paragraph 2.1.1 of this Circular
<b>“Completion”</b>	:	The completion of the Proposed Disposal
<b>“Completion Cash”</b>	:	Has the meaning ascribed to it in paragraph 7.2(a) of this Circular
<b>“Completion Date”</b>	:	The date of Completion
<b>“Completion Date Shareholders’ Equity”</b>	:	The shareholders’ equity of SHCI at the time of Completion
<b>“Completion Tranche Consideration Amount”</b>	:	Has the meaning ascribed to it in paragraph 2.1.2(i) of this Circular
<b>“Conditions”</b>	:	Has the meaning ascribed to it in paragraph 2.1.3(v) of this Circular
<b>“Continual Trading Approval”</b>	:	Has the meaning ascribed to it in paragraph 7.3.2 of this Circular
<b>“Controlling Shareholder”</b>	:	A person who: <ul style="list-style-type: none"> <li>(a) holds directly or indirectly 15% or more of the voting power of all voting Shares (unless the SGX-ST determines that such a person is not a Controlling Shareholder); or</li> <li>(b) in fact exercises control over the Company as defined in the Catalist Rules</li> </ul>
<b>“Deloitte”</b>	:	Deloitte & Touche Corporate Finance Pte Ltd
<b>“Directors”</b>	:	The directors of the Company
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be held at 2.30 p.m. on 25 July 2014, the notice of which is set out on pages 42 to 43 of this Circular
<b>“EPS”</b>	:	Earnings per Share

<b>“ESOS Committee”</b>	:	The committee duly authorised and appointed by the Board pursuant to Rule 16 of the rules of the SHC Asia ESOS to administer the SHC Asia ESOS, comprising Messrs Chua Kee Lock, Teo Soo Kiat and Tan Hup Foi, who are also the members of the Remuneration Committee of the Company for the time being
<b>“EY”</b>	:	Ernst & Young Solutions LLP
<b>“EY Report”</b>	:	The report dated 10 July 2014 from EY to the Company in relation to the independent valuation of the outstanding Options, a copy of which is available for inspection at the registered office of the Company from the date of this Circular up to and including the date of the EGM
<b>“EY Summary Letter”</b>	:	The independent valuation summary letter dated 10 July 2014 from EY to the Company in relation to the independent valuation of the outstanding Options as set out in Appendix 3 to this Circular
<b>“Escrow Account”</b>	:	Has the meaning ascribed to it in paragraph 7.2(a) of this Circular
<b>“Escrow Waiver”</b>	:	Has the meaning ascribed to it in paragraph 7.3.1 of this Circular
<b>“Experts”</b>	:	Has the meaning ascribed to it in paragraph 2.1.1 of this Circular
<b>“FC”</b>	:	Financial Controller
<b>“Final Consideration”</b>	:	Has the meaning ascribed to it in paragraph 1.1 of this Circular
<b>“FY”</b>	:	Financial year ended or, as the case may be, ending 31 December
<b>“FY2012 Shareholders’ Equity”</b>	:	The audited shareholders’ equity of SHCI as at 31 December 2012
<b>“FY2013 Shareholders’ Equity”</b>	:	The audited shareholders’ equity of SHCI as at 31 December 2013
<b>“Group”</b>	:	The Company and its Subsidiary
<b>“Guarantee”</b>	:	Has the meaning ascribed to it in paragraph 2.1.3(v)(i)(bb) of this Circular
<b>“Guarantor”</b>	:	See Hoy Chan Holdings Pte Ltd
<b>“Insurance Act”</b>	:	The Insurance Act (Chapter 142) of Singapore (as may be amended from time to time)
<b>“Latest Practicable Date”</b>	:	1 July 2014, being the latest practicable date prior to the printing of this Circular
<b>“Major Shareholders”</b>	:	SHC Capital Holdings Pte Ltd and Allcare Investment Holdings Pte Ltd

<b>“Major Shareholders’ Undertaking”</b>	:	Has the meaning ascribed to it in paragraph 2.1.3(ii) of this Circular
<b>“Malaysian HoldCo”</b>	:	See Hoy Chan Sdn. Berhad, the parent company of the Major Shareholders
<b>“Management Retention Amount”</b>	:	Has the meaning ascribed to it in paragraph 2.1.2(ii)(a) of this Circular
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“MAS”</b>	:	Monetary Authority of Singapore
<b>“MAS Approval”</b>	:	The approval granted by the MAS in respect of the Proposed Disposal
<b>“NAV”</b>	:	Net asset value
<b>“Net Proceeds”</b>	:	The net proceeds from the Proposed Disposal
<b>“Non-Compete Undertaking”</b>	:	Has the meaning ascribed to it in paragraph 2.1.3(iii) of this Circular
<b>“Notice of EGM”</b>	:	The notice of EGM as set out on pages 42 to 43 of this Circular
<b>“NTA”</b>	:	Net tangible assets
<b>“Option Holders”</b>	:	The holders of Options
<b>“Options”</b>	:	The options granted under the SHC Asia ESOS and the SHC Capital ESOS
<b>“Options Redemption Consideration”</b>	:	The cash amount to be paid to each Option Holder for each Option cancelled in connection with the Proposed Options Redemption
<b>“Options Undertaking”</b>	:	Has the meaning ascribed to it in paragraph 3.2 of this Circular
<b>“Project Committee”</b>	:	The committee commissioned by the Board to oversee the Proposed Disposal, comprising the Project Directors and Mr Quek Sun Hui (Group CEO)
<b>“Project Directors”</b>	:	Messrs Teo Soo Kiat, Tan Hup Foi and Chua Kee Lock
<b>“Proposed Directors’ Fees”</b>	:	The proposed Directors’ fees in respect of FY2014 of up to S\$477,000
<b>“Proposed Disposal”</b>	:	The proposed disposal of the Sale Shares by the Company to the Purchaser
<b>“Proposed Options Redemption”</b>	:	The proposal made to all Option Holders in connection with the redemption and cancellation of all the outstanding Options by the Company following Completion
<b>“Proposed Project Directors’ Fees”</b>	:	The proposed fees to be paid to each of the three (3) Project Directors amounting to S\$450,000 in aggregate

<b>“Proxy Form”</b>	:	The proxy form in respect of the EGM as set out in this Circular
<b>“Purchaser”</b>	:	ERGO International AG
<b>“Registrar”</b>	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)
<b>“Rule 1017 Escrow Requirements”</b>	:	Has the meaning ascribed to it in paragraph 7.2(a) of this Circular
<b>“Rule 1017 Moratorium Undertakings”</b>	:	Has the meaning ascribed to it in paragraph 7.2 of this Circular
<b>“Sale Shares”</b>	:	The 303,982,583 ordinary shares in the capital of SHCI held by and registered in the name of the Company, being all the issued shares in the capital of SHCI, to be sold to the Purchaser under the SPA
<b>“SBLC/Demand Guarantee”</b>	:	Has the meaning ascribed to it in paragraph 2.1.3(v)(i)(aa) of this Circular
<b>“Service Agreements”</b>	:	The service agreements entered into by certain key management of SHCI with SHCI in relation to their continued employment with SHCI
<b>“SFA”</b>	:	Securities and Futures Act, Chapter 289 of Singapore, as may be amended or modified from time to time
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Persons who are registered as holders of Shares in the register of members of the Company or who, being Depositors, have Shares entered against their names in the Depository Register
<b>“Shares”</b>	:	Ordinary shares in the issued share capital of the Company
<b>“SHCI”</b>	:	SHC Insurance Pte. Ltd., a wholly-owned subsidiary of the Company
<b>“SHC Asia ESOS”</b>	:	The SHC Capital Asia employee share option scheme which was conditionally adopted at a general meeting of the Company on 22 March 2012 and which took effect on 28 June 2012, including all amendments and supplements from time to time
<b>“SHC Capital ESOS”</b>	:	The SHC Capital employee share option scheme adopted at a general meeting of SHCI held on 10 October 2008 and terminated with effect from 28 June 2012
<b>“SPA”</b>	:	The sale and purchase agreement dated 20 June 2014 entered into between the Company and the Purchaser in relation to the Proposed Disposal
<b>“Subsidiary”</b>	:	Has the meaning given to it in Section 5 of the Act



- “Substantial Shareholder”** : A person who has an interest or interests in one or more voting Shares and the total votes attached to that Share or those Shares is not less than 5% of the total votes attached to all the voting Shares
- “Transfer Amount”** : Has the meaning ascribed to it in paragraph 2.1.2(i) of this Circular
- “%” or “per cent.”** : Percentage or per centum
- “S\$” and “cents”** : Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore

The terms **“Depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Act.

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

Any reference in this Circular to any statute or enactment or the Catalist Rules is a reference to that statute or enactment or the Catalist Rules as for the time being amended or re-enacted. Any word defined under the Act, the SFA or the Catalist Rules or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the Act, the SFA or the Catalist Rules or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day or date in this Circular shall be a reference to Singapore time or date, as the case may be, unless otherwise stated.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking information is not a guarantee of future performance or events and involves known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and each of the Company and CIMB do not undertake any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

## INDICATIVE TIMETABLE

The following are the indicative dates and times of events relating to the Proposed Disposal:

Last date and time for lodgment of Proxy Forms <sup>(1)</sup>	:	23 July 2014 at 2.30 p.m.
Date and time of EGM <sup>(1)</sup>	:	25 July 2014 at 2.30 p.m.
Expected Completion Date	:	1 August 2014
Expected date of determination of the Final Consideration	:	30 September 2014

Shareholders should note that, save for the last date and time for lodgment of Proxy Forms and the date and time of the EGM, the above timetable is indicative only and may be subject to change. For the events listed above which are described as “expected”, please refer to future announcement(s) by the Company for the exact dates and times of these events.

**Note:**

- (1) All Proxy Forms must be duly completed and deposited at the office of the Registrar at 80 Robinson Road, #02-00, Singapore 068898 not later than 48 hours before the time appointed for the EGM. Completion and return of a Proxy Form will not preclude a Shareholder from attending and voting at the EGM if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a Shareholder attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

# SHC CAPITAL ASIA LIMITED

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

## Directors:

Teo Soo Kiat (Non-Executive Chairman)  
Teo Soo Chew (Non-Executive Director)  
Teo Chiang Khai (Non-Executive Director)  
Low Seow Juan (Non-Executive Director)  
Tan Hup Foi (Non-Executive Lead Independent Director)  
Adrian Peh Nam Chuan (Non-Executive Independent Director)  
Chua Kee Lock (Non-Executive Independent Director)

## Registered Office:

302 Orchard Road  
#10-01  
Singapore 238862

10 July 2014

To: The Shareholders of SHC Capital Asia Limited

Dear Shareholders

- (1) **THE PROPOSED DISPOSAL;**
- (2) **THE PROPOSED OPTIONS REDEMPTION;**
- (3) **THE PROPOSED DIRECTORS' FEES; AND**
- (4) **THE PROPOSED PROJECT DIRECTORS' FEES.**

## 1. INTRODUCTION

### 1.1 Proposed Disposal

On the Announcement Date, the Company announced that it had entered into the SPA with the Purchaser pursuant to which the Company has agreed to dispose of the Sale Shares to the Purchaser, on the terms and subject to the conditions of the SPA. A copy of the Company's announcement in relation to the Proposed Disposal is available on the website of the SGX-ST at <http://www.sgx.com>.

Under the SPA, the consideration for the Proposed Disposal (which was arrived at based on the FY2012 Shareholders' Equity) shall be S\$112.0 million in cash ("**Agreed Consideration**"), and the final consideration for the Proposed Disposal ("**Final Consideration**") shall be determined by adjusting the Agreed Consideration for the difference between the Completion Date Shareholders' Equity and the FY2012 Shareholders' Equity. For illustrative purposes only, assuming that Completion had taken place on 1 January 2014 and using the FY2013 Shareholders' Equity, the Final Consideration will be approximately S\$117.5 million ("**Assumed Consideration**").

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

The Proposed Disposal constitutes a major transaction under Chapter 10 of the Catalist Rules and is subject to the approval of Shareholders at the EGM.

Please refer to paragraph 2 of this Circular for further details on the Proposed Disposal.

## **1.2 Proposed Options Redemption**

Following Completion, all of the Option Holders will cease to be directors or employees of the Group. To reward them for their significant past contributions to the Group, the Company is seeking the approval of Shareholders at the EGM to pay these Option Holders the Options Redemption Consideration in return for the cancellation of all their Options. Please refer to paragraph 3 of this Circular for further details on the Proposed Options Redemption.

## **1.3 Proposed Directors' Fees**

Following Completion, it is uncertain if and when the Company will be able to successfully acquire a new business and consequently, if and when the Board's composition will change. The Company is hence seeking the approval of Shareholders at the EGM for the payment of the Proposed Directors' Fees in respect of FY2014. Please refer to paragraph 4.1 of this Circular for further details on the Proposed Directors' Fees.

## **1.4 Proposed Project Directors' Fees**

The Board has commissioned the Project Committee to oversee the Proposed Disposal. The Board has recommended the payment of S\$600,000 in aggregate to the members of the Project Committee, of which S\$450,000 is to be paid to the Project Directors for additional duties undertaken in connection with the Proposed Disposal. The Company is seeking the approval of Shareholders at the EGM for the payment of the Proposed Project Directors' Fees to the Project Directors. Please refer to paragraph 4.2 of this Circular for further details on the Proposed Project Directors' Fees.

## **1.5 Purpose of this Circular**

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Disposal, the Proposed Options Redemption, the Proposed Directors' Fees and the Proposed Project Directors' Fees, and to seek Shareholders' approval in respect of the same at the EGM, the notice of which is set out on pages 42 to 43 of this Circular.

**Shareholders should note that each of the resolutions relating to the Proposed Options Redemption and the Proposed Project Directors' Fees is subject to, and conditional upon, the passing of the resolution relating to the Proposed Disposal and Completion.**

## **2. THE PROPOSED DISPOSAL**

### **2.1 Principal Terms of the SPA**

#### *2.1.1 Consideration Amount*

The Agreed Consideration was arrived at after arm's length negotiation and on a willing-buyer willing-seller basis. The Agreed Consideration was negotiated by the Company based on the FY2012 Shareholders' Equity and after taking into account, *inter alia*, SHCI's historical profitability and competitive position.

The Final Consideration shall be determined by adjusting the Agreed Consideration for the difference between the Completion Date Shareholders' Equity and the FY2012 Shareholders' Equity.

The Completion Date Shareholders' Equity shall be mutually agreed between the Company and the Purchaser, based on the balance sheet of SHCI as of the last day of the month immediately preceding the Completion Date ("**Company-Prepared Closing Balance Sheet**") to be prepared by SHCI within 75 days after the Completion Date. In the event the Company and the Purchaser are unable to mutually agree on any adjustments to the Company-Prepared Closing Balance Sheet, either party shall be entitled to refer the disagreement to an independent accounting firm (the "**Experts**") who shall act as experts and not arbitrators in determining what alterations should be made to the Company-Prepared Closing Balance Sheet (if any). Such determination by the Experts will be final and binding on the Company and the Purchaser for all purposes.

### 2.1.2 Payment of Consideration

#### (i) Payment on Completion

On the Completion Date, the Purchaser shall pay the Company, or procure the payment to the Company of, part of the Final Consideration (the "**Completion Tranche Consideration Amount**"), being an amount comprising (a) the Agreed Consideration and (b) the difference between the FY2012 Shareholders' Equity and the FY2013 Shareholders' Equity and after deducting the total aggregate amount of any final dividends declared by SHCI prior to the Completion Date for FY2013.

The Purchaser shall deduct an amount of S\$1.025 million ("**Transfer Amount**") from the Completion Tranche Consideration Amount, representing the amount owing by the Company to SHCI pursuant to the agreement dated 13 September 2013 entered into between the Company and SHCI (as supplemented by the letter dated 31 December 2013), whereby the Company assumed all the rights and obligations of SHCI under the agreements entered into by SHCI with PT Asuransi Parolamas and its founders in 2011, including *inter alia*, a call option agreement whereby SHCI was given the option to purchase up to 55% of the issued and paid-up share capital in PT Asuransi Parolamas. The Purchaser shall pay the Transfer Amount to SHCI, on behalf of the Company, in settlement of the Company's obligation to pay the Transfer Amount to SHCI.

#### (ii) Adjustment after Completion

Within 10 Business Days of the date the Company-Prepared Closing Balance Sheet is mutually agreed between the Company and the Purchaser or upon the determination of the Experts (as the case may be):

- (a) where the Final Consideration exceeds the Completion Tranche Consideration Amount, the Purchaser shall pay the Company, or procure the payment to the Company of, an amount equivalent to the difference between the Final Consideration and the Completion Tranche Consideration Amount in cash, provided that the Purchaser shall be entitled to deduct from such payment an amount of S\$948,000 ("**Management Retention Amount**") that the Company has agreed to contribute towards the management retention bonuses payable to certain key management of SHCI in accordance with the terms of their respective Service Agreements; or
- (b) where the Final Consideration is less than the Completion Tranche Consideration Amount, the Company shall (i) pay the Purchaser in cash an amount equivalent to the difference between the Final Consideration and the Completion Tranche Consideration Amount, and (ii) pay SHCI, the Management Retention Amount.

For the avoidance of doubt, the deduction of the Transfer Amount will not be taken into account for the purposes of calculating the difference between the Final Consideration and the Completion Tranche Consideration Amount.

### 2.1.3 Conditions Precedent and Certain Salient Terms of the SPA

- (i) Pursuant to Section 28 and Section 29 of the Insurance Act, the MAS has granted the MAS Approval.
- (ii) The Major Shareholders, which in aggregate hold approximately 81.59 per cent. of the total issued Shares, have provided an undertaking (“**Major Shareholders’ Undertaking**”) to the Purchaser *inter alia* that they shall vote their entire shareholding in the Company in favour of the Proposed Disposal at the EGM.
- (iii) The Malaysian HoldCo has also provided an undertaking (“**Non-Compete Undertaking**”) to the Purchaser pursuant to which, *inter alia*, it shall be bound by substantially similar non-compete obligations as those undertaken by the Company in the SPA.
- (iv) Each of certain key management of SHCI has entered into the Service Agreements.
- (v) Completion shall be subject to and conditional upon the fulfilment and satisfaction of, *inter alia*, the following conditions (“**Conditions**”):
  - (a) the approval of Shareholders for the Proposed Disposal being obtained by way of an ordinary resolution at the EGM, and such resolution remaining in full force and effect as at Completion and not having been withdrawn, suspended, amended or revoked, and if such approval obtained is subject to conditions, all such conditions being satisfactory to the Purchaser and satisfied/fulfilled as at Completion;
  - (b) other than the MAS Approval, all other approvals and consents as may be necessary from any governmental or regulatory body or relevant competent authority (including but not limited to the SGX-ST and the Sponsor (where required)) or third party (including but not limited to the lenders, landlords, insurers and re-insurers of SHCI (where applicable)) for the entry into, completion and performance of the SPA and any other agreements and documents entered into or in connection with the SPA by the Company and/or SHCI, being granted or obtained, and being in full force and effect and not having been withdrawn, suspended, amended or revoked, and if such consents or approvals are granted or obtained subject to any conditions, such conditions being acceptable to the Purchaser in its reasonable discretion and having been fulfilled or waived by the governmental or regulatory body or relevant competent authority or third party (as the case may be) as at Completion;
  - (c) no Material Adverse Change (as defined in the SPA) occurring on or after the date of the SPA and prior to Completion;
  - (d) all representations, warranties and undertakings of the Company being complied with, true, accurate and correct in all material respects as at the date of the SPA and as at the Completion Date;

- (e) the MAS Approval continuing to remain in full force and effect, and not having been withdrawn, suspended, amended or revoked, as at Completion and if the MAS Approval is granted or obtained subject to any conditions, such conditions having been fulfilled or waived by the MAS as at Completion;
  - (f) the Major Shareholders' Undertaking and the Non-Compete Undertaking continuing to remain in full force and effect;
  - (g) the Service Agreements continuing to remain in full force and effect up to, and as at Completion;
  - (h) all representations, warranties and undertakings of the Purchaser being complied with, true, accurate and correct in all material respects as at the date of the SPA and as at the Completion Date;
  - (i) the execution and delivery of the following for the purpose of any claim by the Purchaser for any breach of representations and warranties on the part of the Company under the SPA:
    - (aa) standby letters of credit issued by a bank for the amounts and in respect of the periods stipulated under the SPA ("**SBLC/Demand Guarantee**");
    - (bb) a deed of guarantee ("**Guarantee**") by the Guarantor; and
    - (cc) a letter of financial support by the Malaysian HoldCo pursuant to which the Malaysian HoldCo shall ensure that the financial obligations of the Guarantor under the Guarantee are fulfilled,

each in favour of the Purchaser on or prior to the Completion Date and each continuing to remain in full force and effect;
  - (j) the value of the shareholders' equity of SHCI computed as at two (2) days prior to Completion Date or such other date as the Company and the Purchaser may agree in writing is not less than 80% of the FY2013 Shareholders' Equity; and
  - (k) the Purchaser obtaining the approval of the MAS, on or prior to the Completion Date, for the appointment of the directors to be nominated by the Purchaser to the board of directors of SHCI in accordance with applicable laws or regulations.
- (vi) For the avoidance of doubt, in the event the Condition in sub-paragraph 2.1.3(v)(j) above is not fulfilled or met, both the Company and the Purchaser must waive such Condition before the Company and the Purchaser are obliged to complete the sale and purchase of the Sale Shares.
  - (vii) If the Conditions are not satisfied or waived by the Company or the Purchaser (where applicable) on or before the date falling six (6) months from the date of the SPA (or such later date as the Company and the Purchaser may agree in writing), the SPA (other than certain clauses in the SPA) shall *ipso facto* cease and determine, and the Company and the Purchaser shall not have any claim against the other party under it, save for any claim arising from antecedent breaches of the SPA.
  - (viii) As at the Latest Practicable Date, the Conditions described in sub-paragraphs 2.1.3(v)(c), (d), (e), (f), (g) and (h) of this Circular have been satisfied or to the extent applicable as at the Latest Practicable Date, been complied with.



#### *2.1.4 Completion*

Subject to the fulfilment or waiver of the Conditions, Completion shall take place on (i) the first Business Day of the next calendar month immediately following the calendar month in which the last Condition is fulfilled or waived, or (ii) such other date as may be agreed between the Company and the Purchaser in writing.

#### *2.1.5 Other Salient Terms*

The other salient terms of the SPA are set out in Appendix 1 to this Circular.

### **2.2 Information on SHCI**

SHCI is a private company limited by shares incorporated in Singapore on 11 August 1993 and is the sole operating and wholly-owned subsidiary of the Company. As at the Latest Practicable Date, SHCI has an issued and paid-up share capital of approximately S\$45,352,014.31 comprising 303,982,583 ordinary shares, being the Sale Shares.

SHCI is a licensed insurer under the Insurance Act and carries on the Business as at the Latest Practicable Date.

### **2.3 Information on the Purchaser**

The Purchaser is a company incorporated in Germany with its registered office at Düsseldorf, Germany. It is wholly-owned by ERGO Versicherungsgruppe AG (“**ERGO**”), one of the major insurance groups in Germany and Europe.

ERGO is the primary insurance division of Münchener Rückversicherung AG, one of the world’s leading reinsurers with a long history of more than 130 years. ERGO operates under its own name, as well as specialist brands for health (DKV), legal protection (D.A.S.) and travel insurance (ERV). ERGO ranks among the leading providers across all segments in its home market of Germany. More than 46,000 people currently work for ERGO, either as salaried employees or as full-time self-employed sales representatives. In 2013, ERGO generated a premium volume of €18 billion.

The Purchaser is the holding entity for the international businesses of ERGO. ERGO is widely represented internationally, with a presence in more than 30 countries worldwide, concentrating on the regions of Europe and Asia.

Through the Proposed Disposal, ERGO is entering into the direct general insurance market in Singapore.

### **2.4 Rationale for the Proposed Disposal**

The landscape of the direct general insurance business in Singapore is changing, both on the business and regulatory front. There is increased market competition, with new insurers entering the market and the growing size and capacity of incumbent players.

The Company had received unsolicited indications of interest from certain potential purchasers of the Business. Having evaluated the proposals received, the Board considers the terms of the Proposed Disposal most favourable.

The Assumed Consideration represents a significant premium of approximately 47.6% over the market capitalisation of the Company as at 18 June 2014, being the last Market Day preceding the date of the SPA on which the Shares were traded<sup>1</sup>. Based on the Assumed Consideration, the Proposed Disposal will generate cash of approximately S\$103.0 million and realise a gain of approximately S\$77.5 million for the Company.

In FY2013, SHCI recorded an audited profit net of taxation of approximately S\$8.5 million and as at 31 December 2013, both the audited NAV and audited NTA of SHCI was approximately S\$53.0 million. The Assumed Consideration represents an excess of S\$64.5 million over the audited NTA of SHCI as at 31 December 2013.

The Board is of the view that the Proposed Disposal is in the best interest of the Company and its Shareholders. The Proposed Disposal presents the Company an opportunity to exit the increasingly challenging direct general insurance industry and realise its investment in the Business.

## **2.5 Net Proceeds of the Proposed Disposal**

The estimated Net Proceeds, based on the Assumed Consideration and after deducting for (i) the Transfer Amount, (ii) the Management Retention Amount, (iii) the Assumed Options Redemption Consideration, (iv) remuneration to be paid to the Project Committee (including the Proposed Project Directors' Fees) and (v) other estimated costs and expenses to be incurred in connection with the Proposed Disposal (including fees to be paid to the Company's professional advisers), is approximately S\$103.0 million.

**Shareholders should note that the above estimated Net Proceeds is computed based on the Assumed Consideration and will be subject to change after the Final Consideration and the actual amount of the Options Redemption Consideration have been determined.**

It is the present intention of the Board to distribute to Shareholders, by way of a special dividend, at least 30 per cent. of the final Net Proceeds. Of the Net Proceeds, the Company is required to set aside and deposit a cash amount of S\$12.5 million with the issuing bank of the SBLC/Demand Guarantee as collateral for the SBLC/Demand Guarantee. The amount of such deposits, representing the unclaimed amount under the SBLC/Demand Guarantee (if any), will be returned to the Company upon the expiry of the respective SBLC/Demand Guarantee. The remaining Net Proceeds shall be used for working capital purposes of the Company and for any new business opportunities and investments that may present themselves, from time to time, and which the Board regards to be in the interests of the Company and the Shareholders. Nonetheless, the Board retains the flexibility, at any time, to determine the final cash distribution amount to be paid to Shareholders.

The Company will make an announcement specifying the amount of special dividend to be distributed to Shareholders after Completion.

## **2.6 Proposed Reconstitution of the Board and Proposed New Management**

Following Completion, the Company will not have any significant business activities. Taking into account the nature of the Company as a cash company, following Completion, it is proposed that the Board be re-constituted to better facilitate effective decision making. It is currently envisaged that the Company's Directors and key management will comprise persons with requisite skills and experience with a clear focus on evaluating potential business acquisitions.

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<sup>1</sup> Trading in the Shares was halted from 1601 hours on 18 June 2014.

Messrs Low Seow Juan, Chua Kee Lock, Adrian Peh Nam Chuan and Tan Hup Foi have each indicated their intention to resign from the Board following Completion subject to the Company identifying and appointing suitable replacements.

The Group's existing key management, including, *inter alia*, Messrs Quek Sun Hui (who is the Group CEO) and Claire Choy (who is the Group FC and Joint Company Secretary) have each entered into Service Agreements in relation to their continued employment with SHCI and will not be retained by the Company following Completion.

As at the Latest Practicable Date, the Board is in the process of seeking and identifying suitable candidates. The Company will make an announcement on the proposed Board re-constitution and appointment of key management at the appropriate time.

The Company remains committed to high standards of corporate governance. In proposing any Board re-constitution and appointment of key management, the Company will comply with the Code of Corporate Governance and will ensure that there will be a strong independent element on the Board.

### **3. THE PROPOSED OPTIONS REDEMPTION**

#### **3.1 Outstanding Options**

As at the Latest Practicable Date, there are 29,972,000 outstanding Options entitling holders to subscribe for 29,972,000 Shares. The Option Holders comprise the Non-Executive Directors, the Group CEO, the Group FC and Joint Company Secretary and employees of SHCI.

Details of the outstanding Options are set out in Appendix 2 to this Circular.

#### **3.2 Proposed Options Redemption**

Following Completion, all of the Option Holders will cease to be directors or employees of the Group. To reward them for their significant past contributions to the Group, the ESOS Committee has recommended and the Company is proposing to pay these Option Holders following Completion the Options Redemption Consideration in return for the cancellation of all their Options.

As at the Latest Practicable Date, the Company has sought and obtained the agreement and consent of each Option Holder ("**Options Undertaking**") agreeing to the following:

- (a) not to exercise all or any such Options into Shares;
- (b) not to exercise all or any of their rights as Option Holders, and
- (c) to surrender all their Options for cancellation,

in each case, up to the effective date of the Proposed Options Redemption. If the Proposed Disposal or the Proposed Options Redemption is not approved by Shareholders at the EGM, or if Completion does not occur or if the relevant Options cease to be unconditionally exercisable into new Shares, the relevant Options Undertaking will lapse accordingly.

### **3.3 Options Redemption Consideration**

The Company has appointed EY to perform an independent valuation of the outstanding Options. A copy of the EY Summary Letter is reproduced at Appendix 3 to this Circular. In summary, the fair market value of the outstanding Options is estimated to be approximately S\$8.4 million as at the valuation date of 31 December 2013 (the “**Assumed Options Redemption Consideration**”) and subject to the other assumptions and matters referred to in the EY Summary Letter.

The Options Redemption Consideration will be based on the fair market value of each Option as assessed by EY, being the fair market value of the underlying Shares as assessed by EY less the exercise price of that Option.

The actual Options Redemption Consideration will only be assessed after Completion and the Final Consideration has been determined and after EY has computed the final fair market value of the Options. After the Final Consideration has been determined, the Company will make an announcement on the actual amount of the Options Redemption Consideration and the effective date of the Proposed Options Redemption.

### **3.4 Rationale for the Proposed Options Redemption**

The Company is proposing the Proposed Options Redemption after taking into account, *inter alia*, the following:

- (a) the Option Holders will cease to be directors or employees of the Group (as the case may be) following Completion, thereby rendering the original purpose to motivate the employees to contribute towards the Company’s long term success by granting Options to them irrelevant;
- (b) following cancellation of the Options, the Company will not have any dilutive instrument in issue and such a capital structure will better position the Company for possible future corporate exercises; and
- (c) the Proposed Options Redemption provides an immediate tangible monetary reward to recognise the past contributions of the Option Holders to the Group.

## **4. THE PROPOSED DIRECTORS’ FEES AND THE PROPOSED PROJECT DIRECTORS’ FEES**

### **4.1 Proposed Directors’ Fees**

Pursuant to Section 169 of the Act, all emoluments for a Director in respect of his office are required to be approved by Shareholders by a resolution that is not related to other matters. The Shareholders had at the AGM held on 30 April 2014 approved the payment of Directors’ fees of S\$477,000 in respect of FY2013.

The AGM in respect of FY2014 will have to be held on or before 30 April 2015. Completion is expected to occur before the next AGM. Following Completion, it is uncertain if and when the Company will be able to successfully acquire a new business and when the Board’s composition will change. As there is uncertainty as to the future business activities of the Company and the composition of the Board after Completion, the Company is seeking the approval of Shareholders for the payment of the Proposed Directors’ Fees of up to S\$477,000 in respect of FY2014.

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

## 4.2 Proposed Project Directors' Fees

The Board has commissioned the Project Committee to oversee the Proposed Disposal. The Project Committee comprises certain Directors, namely Messrs Teo Soo Kiat, Tan Hup Foi and Chua Kee Lock, as well as Mr Quek Sun Hui (who is the Group CEO).

The Project Committee has advised the Board throughout the various stages of the Proposed Disposal, from the preliminary stages when proposals were submitted by prospective buyers, to the consideration and engagement of the Company's professional advisers, to the negotiations and final agreement with the Purchaser on the terms of the SPA.

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

## 5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

### 5.1 General

The financial effects of the Proposed Disposal on the Group as set out below are based on the audited consolidated financial statements of the Group for FY2013 and the following assumptions:

- (i) the financial effects are purely for illustrative purposes only and do not represent any projection of the actual future financial performance or financial position of the Group after the Proposed Disposal;
- (ii) in relation to balance sheet items, the Proposed Disposal had been completed on 31 December 2013;
- (iii) in relation to profit and loss items, the Proposed Disposal had been completed on 1 January 2013;
- (iv) the Final Consideration is equivalent to the Assumed Consideration and the Net Proceeds is estimated to be approximately S\$103.0 million; and
- (v) the issued share capital of the Company comprises 303,982,583 Shares as at 31 December 2013 and no adjustment has been made to take into account the 2,000,000 Shares issued by the Company on 1 March 2014 pursuant to the exercise of Options.

### 5.2 NTA

	Before the Proposed Disposal	After the Proposed Disposal
NTA as at 31 December 2013 (S\$'000)	52,889	104,912
Number of issued Shares	303,982,583	303,982,583
NTA per Share as at 31 December 2013 (cents)	17.40	34.50

### 5.3 EPS

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to Shareholders for FY2013 (S\$'000)	7,371	73,874
Number of issued Shares	303,982,583	303,982,583
EPS for FY2013 (cents)	2.42	24.30

### 6. RELATIVE PERCENTAGES UNDER CHAPTER 10 OF THE CATALIST RULES

The relative figures in relation to the Proposed Disposal computed on the bases set out under Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The NAV of the Sale Shares, compared with the Group's NAV <sup>(1)</sup>	100.2
(b)	The net profits attributable to the Sale Shares, compared with the Group's net profits <sup>(2)</sup>	113.2
(c)	The Assumed Consideration, compared to the Company's market capitalisation <sup>(3)</sup>	147.6
(d)	The number of equity securities issued by the Company as consideration for the Proposed Disposal, compared with the number of equity securities previously in issue	Not applicable <sup>(4)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable <sup>(5)</sup>

**Notes:**

- (1) The audited NAV of SHCI and the Group as at 31 December 2013 was approximately S\$53.0 million and S\$52.9 million respectively.
- (2) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" is defined as profit or loss before income tax, minority interest and extraordinary items.  
The audited consolidated profit before tax and minority interest of SHCI and the Group for FY2013 was approximately S\$10.0 million and S\$8.8 million respectively.
- (3) The Assumed Consideration is approximately S\$117.5 million.  
The Company's market capitalisation of approximately S\$79.6 million was determined by multiplying 305,982,583 Shares in issue as at the Announcement Date by the volume weighted average price of the Shares on 18 June 2014 (being the last Market Day preceding the date of the SPA on which the Shares were traded) of S\$0.260<sup>2</sup>.
- (4) This basis is not applicable as the Company will not be issuing any Shares in connection with the Proposed Disposal.
- (5) This basis is not applicable as the Proposed Disposal does not relate to a disposal of mineral, oil or gas assets and the Company is not a mineral, oil and gas company.

<sup>2</sup> Trading in the Shares was halted from 1601 hours on 18 June 2014.

As the relative figures computed under Rules 1006(a), (b) and (c) of the Catalist Rules exceed 50 per cent., the Proposed Disposal constitutes a major transaction under Chapter 10 of the Catalist Rules. Accordingly, the Proposed Disposal is subject to the approval of Shareholders at the EGM.

## 7. CASH COMPANY UNDER RULE 1017 OF THE CATALIST RULES

### 7.1 Cash Company

The Company will cease to have any operating business upon Completion and will be deemed a cash company under Rule 1017 of the Catalist Rules.

### 7.2 Rule 1017 of the Catalist Rules

Pursuant to Rules 1017(1)(a) and 1017(1)(b) of the Catalist Rules, the Shares would normally be suspended from trading until the Company has a business which is able to satisfy the SGX-ST's requirements for a new listing, and all relevant information has been announced.

Upon Completion, the Company will be required to:

- (a) place 90% of its cash and short-dated securities (including existing cash balance and the consideration arising from the Proposed Disposal) ("**Completion Cash**") in an account opened with and operated by an escrow agent which is part of any financial institution licensed and approved by the MAS ("**Escrow Account**"). The amount that is placed in the Escrow Account cannot be drawn down until the completion of the acquisition of a business which is able to satisfy the SGX-ST's requirements for a new listing, except for payment of expenses incurred in a reverse takeover approved by Shareholders and *pro-rata* distributions to Shareholders (the "**Rule 1017 Escrow Requirements**"); and
- (b) provide monthly valuation of its assets and utilisation of cash, and quarterly updates of milestones in obtaining a new business, to the market *via* SGXNET.

Taking into account compliance with Rules 1017(1)(a) and 1017(1)(b) of the Catalist Rules and pursuant to Rules 1017(1)(c) and 1017(1)(d) of the Catalist Rules, the SGX-ST may allow the continual trading in the Shares on a case-by-case basis, subject to:

- (a) contractual undertakings from the Directors, Controlling Shareholders, CEO and their Associates, to observe a moratorium on the transfer or disposal of all their interests, direct and indirect, in the Shares; and
- (b) the period of the moratorium commencing from date of the EGM, up to and including the completion date of the acquisition of a business which is able to satisfy the SGX-ST's requirements for a new listing,

(collectively, the "**Rule 1017 Moratorium Undertakings**").



### 7.3 Application to the SGX-ST

The Company had, through the Sponsor, made an application to the SGX-ST for:

#### 7.3.1 Waiver from strict compliance with the Rule 1017 Escrow Requirements (“**Escrow Waiver**”)

Upon Completion, the Company shall place 90% of the Completion Cash in the Escrow Account. Pursuant to the application for the Escrow Waiver (“**Application**”), the Completion Cash shall be determined based on the cash and cash equivalents of the Company on Completion Date plus the Completion Tranche Consideration Amount less the following:

- (i) S\$1.025 million being the Transfer Amount;
- (ii) S\$948,000 being the Management Retention Amount;
- (iii) S\$12.5 million being deposits required to be placed as collateral for the SBLC/Demand Guarantee;
- (iv) S\$8.4 million being the Assumed Options Redemption Consideration;
- (v) S\$477,000 being the maximum amount of the Proposed Directors’ Fees in respect of FY2014;
- (vi) S\$600,000 being the aggregate remuneration payable to the Project Committee (including the Proposed Project Directors’ Fees); and
- (vii) S\$3.5 million being the estimated costs and expenses incurred in connection with the Proposed Disposal.

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

- (i) S\$1.025 million being the Transfer Amount;
- (ii) S\$948,000 being the Management Retention Amount;
- (iii) S\$12.5 million being deposits required to be placed as collateral for the SBLC/Demand Guarantee;
- (iv) the actual amount of Options Redemption Consideration;
- (v) S\$477,000 being the maximum amount of the Proposed Directors’ Fees in respect of FY2014;
- (vi) S\$600,000 being the aggregate remuneration payable to the Project Committee (including the Proposed Project Directors’ Fees); and
- (vii) the actual amount of costs and expenses incurred in connection with the Proposed Disposal.



The Company had sought the Escrow Waiver so as to ensure that adequate provision is made for its imminent uses of cash, namely: (i) deductions required pursuant to the SPA; (ii) fees and expenses which may be payable in the near term; and (iii) costs and expenses arising from the Proposed Disposal. The Company is of the view that the Escrow Waiver is necessary to ensure that the sum which is not required to be placed in the Escrow Account would be reasonably sufficient for its working capital requirements.

### 7.3.2 *Continual trading in the Shares (“Continual Trading Approval”)*

In order to facilitate continual trading in the Shares, each of the following had provided the Company the Rule 1017 Moratorium Undertakings on 23 June 2014:

- (i) Messrs Teo Soo Kiat, Teo Soo Chew, Teo Chiang Khai, Low Seow Juan, Tan Hup Foi, Peh Nam Chuan Adrian and Chua Kee Lock; and
- (ii) See Hoy Chan Sdn. Berhad, See Hoy Chan Holdings Pte Ltd, SHC Capital Holdings Pte Ltd and Allcare Investment Holdings Pte Ltd.

Pursuant to their respective Rule 1017 Moratorium Undertakings, each of the aforementioned has undertaken that for the period commencing from the date of their respective undertakings up to and including the completion date of the Company’s acquisition of a new business which satisfies the SGX-ST’s requirements for a new listing, they shall not *inter alia* directly or indirectly, sell, transfer or otherwise dispose of any part of their interests in the Shares.

### 7.3.3 *Grant of Escrow Waiver and Continual Trading Approval*

The SGX-ST had granted the Company a waiver from compliance with Rule 1017(1)(a) of the Catalist Rules to allow for deductions from the escrow monies for the purposes described in the Application, estimated to amount to approximately S\$27,450,000 in aggregate, and had no objection to the proposed bases for computation of the escrow amounts (both at the time of Completion, and at the time after the Final Consideration is concluded) as detailed in the Application, subject to the following conditions:

- (a) the Company making an announcement of the Escrow Waiver, disclosing the reasons and grounds for seeking the Escrow Waiver as soon as practicable;
- (b) Shareholders’ approval for the Proposed Options Redemption at the EGM. The Company should also disclose the basis of the independent valuation for the outstanding Options in this Circular;
- (c) Shareholders’ approval for the Proposed Directors’ Fees and the Proposed Project Directors’ Fees at the EGM; and
- (d) the Sponsor having reviewed the basis for disbursements and is satisfied with the reasons.

The Company had also obtained the Continual Trading Approval from the SGX-ST, based on the following:

- (a) the submissions and representations made by the Sponsor and the Company;
- (b) moratorium undertakings from the Controlling Shareholders for the purpose of continued trading; and
- (c) compliance with Rule 1017 of the Catalist Rules.

## 7.4 Prospects of the Company

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

**Shareholders should note that pursuant to Rule 1017 of the Catalist Rules, the SGX-ST will remove the Company from the Catalist if it is unable to meet the requirements for a new listing within twelve (12) months from the time it becomes a cash company. The Company may, through the Sponsor, apply to the SGX-ST for a maximum 6-month extension to the 12-month 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. The extension shall be subject to the Company providing information to Shareholders on its progress in meeting key milestones in the transaction. In the event that the Company is unable to meet its milestones or complete the relevant acquisition despite the extension granted, no further extension shall be granted and the Company shall be required to delist and a cash exit offer shall be made to Shareholders within six (6) months.**

## 8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Shares as recorded in the Register of Directors' and Substantial Shareholders' Shareholdings of the Company respectively, as at the Latest Practicable Date, are set out as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Teo Soo Chew <sup>(2)</sup>	–	–	249,639,317	81.59
Teo Soo Kiat <sup>(2)</sup>	–	–	249,639,317	81.59
Teo Chiang Khai <sup>(2)</sup>	–	–	249,639,317	81.59
Low Seow Juan	500,000	0.16	–	–
Tan Hup Foi	500,000	0.16	–	–
Adrian Peh Nam Chuan	500,000	0.16	–	–
Chua Kee Lock	500,000	0.16	–	–
<b>Substantial Shareholders (other than Directors)</b>				
SHC Capital Holdings Pte Ltd <sup>(3)</sup>	246,012,317	80.40	–	–
See Hoy Chan Holdings Pte Ltd <sup>(4)</sup>	–	–	249,639,317	81.59
See Hoy Chan Sdn. Berhad <sup>(5)</sup>	–	–	249,639,317	81.59

### Notes:

- (1) Based on the issued share capital of 305,982,583 Shares as at the Latest Practicable Date.
- (2) 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 and Allcare Investment Holdings Pte Ltd by virtue of their respective interests in See Hoy Chan Sdn. Berhad.

- (3) In consideration of a sum of S\$1.00, SHC Capital Holdings Pte Ltd and Allcare Investment Holdings Pte Ltd (collectively, the “**Vendors**”) had granted a call option to ACR Capital Holdings Pte. Ltd. (“**ACR**”) whereby ACR was granted the right (but not the obligation) to purchase and acquire (the “**Call Option**”) up to, *inter alia*, 61,048,916 ordinary shares (approximately 19.95%) in the share capital of SHCI (the “**Option Shares**”), subject to the terms and conditions of a call option agreement dated 9 November 2007 (which was further amended on 9 October 2008 and 29 October 2010) (the “**Call Option Agreement**”). In connection with the acquisition of the entire issued share capital of SHCI by the Company way of a scheme of arrangement under section 210 of the Act (“**Scheme**”), the Vendors and ACR had entered into a variation agreement pursuant to which terms of the Call Option were varied such that the Option Shares would comprise ordinary shares in the capital of the Company instead of ordinary shares in the capital of SHCI upon the effective date of the Scheme on 28 June 2012.

The Vendors and ACR had on 20 June 2014 entered into a conditional termination deed (“**Termination Deed**”) pursuant to which *inter alia*, (i) the Call Option Agreement shall, subject to Completion, be terminated in its entirety and be of no further force and effect as from the Completion Date; (ii) in the event the Proposed Disposal is not completed by the date falling twelve (12) months of the date of the Termination Deed (the “**Cut-Off Date**”), the Call Option Agreement shall not be terminated and (iii) from the date of the Termination Deed until the earlier of the Completion Date or the Cut-Off Date, the Vendors and ACR shall not exercise any of their rights in and relating to the Call Option Agreement.

- (4) 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 246,012,317 Shares, and 25.77% interest in Allcare Investment Holdings Pte Ltd which holds 3,627,000 Shares.
- (5) See Hoy Chan Sdn. Berhad has a deemed interest in 249,639,317 Shares arising from its 100% interest in See Hoy Chan Holdings Pte Ltd and 74.23% interest in Allcare Investment Holdings Pte Ltd.

The interests of the Directors in the Options which are subject of the Proposed Options Redemption are disclosed in Appendix 2 to this Circular.

## 9. DIRECTORS’ SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## 10. DIRECTORS’ RECOMMENDATION

Save as disclosed in this Circular, none of the Directors or Controlling Shareholders has any interest, direct or indirect, in the Proposed Disposal, the Proposed Options Redemption, the Proposed Directors’ Fees and the Proposed Project Directors’ Fees.

### 10.1 The Proposed Disposal

Messrs Teo Soo Kiat, Teo Soo Chew and Teo Chiang Khai are Directors and also Controlling Shareholders as they are deemed to be interested in the Shares held by SHC Capital Holdings Pte Ltd and Allcare Investment Holdings Pte Ltd by virtue of their respective interests in See Hoy Chan Sdn. Berhad.

SHC Capital Holdings Pte Ltd and Allcare Investment Holdings Pte Ltd have provided the Major Shareholders’ Undertaking, See Hoy Chan Sdn. Berhad has provided the Non-Compete Undertaking and a letter of financial support, and See Hoy Chan Holdings Pte Ltd is the Guarantor.

Having considered, *inter alia*, the terms and the rationale for the Proposed Disposal, the Directors are of the opinion that the Proposed Disposal is in the best interests of the Company and the Shareholders and recommend that the Shareholders vote in favour of the ordinary resolution in relation to the Proposed Disposal at the EGM.

The Major Shareholders, which hold in aggregate approximately 81.59% of the total issued Shares as at the Latest Practicable Date, have provided the Major Shareholders' Undertaking pursuant to which, *inter alia*, they shall vote all their Shares in favour of the Proposed Disposal at the EGM.

## **10.2 The Proposed Options Redemption**

As Messrs Low Seow Juan, Adrian Peh Nam Chuan, Tan Hup Foi and Chua Kee Lock are Option Holders, they have abstained from making any recommendation to Shareholders in respect of the Proposed Options Redemption. They shall also not accept nomination as proxy or otherwise vote at the EGM in respect of the ordinary resolution on the Proposed Options Redemption unless Shareholders appointing them as proxies give specific instructions in the relevant Proxy Form on the manner in which they wish their votes to be cast for the ordinary resolution on the Proposed Options Redemption. In addition, all other persons who hold Options will be asked to abstain from voting in respect of the ordinary resolution on the Proposed Options Redemption at the EGM.

Having considered, *inter alia*, the terms and the rationale for the Proposed Options Redemption, Messrs Teo Soo Kiat, Teo Soo Chew and Teo Chiang Khai, being the Directors who do not hold any Options, are of the opinion that the Proposed Options Redemption is in the best interests of the Company and the Shareholders and recommend that the Shareholders vote in favour of the ordinary resolution in relation to the Proposed Options Redemption at the EGM.

## **10.3 The Proposed Directors' Fees**

As the ordinary resolution in relation to the Proposed Directors' Fees relates to the payment of fees to the Directors, all the Directors have abstained from making any recommendation to Shareholders in respect of the Proposed Directors' Fees. They shall also not accept nomination as proxy or otherwise vote at the EGM in respect of the ordinary resolution on the Proposed Directors' Fees unless Shareholders appointing them as proxies give specific instructions in the relevant Proxy Form on the manner in which they wish their votes to be cast for the ordinary resolution on the Proposed Directors' Fees.

## **10.4 The Proposed Project Directors' Fees**

As Messrs Teo Soo Kiat, Tan Hup Foi and Chua Kee Lock are the Project Directors, they have abstained from making any recommendation to Shareholders in respect of the Proposed Project Directors' Fees. They shall also not accept nomination as proxy or otherwise vote at the EGM in respect of the ordinary resolution on the Proposed Project Directors' Fees unless Shareholders appointing them as proxies give specific instructions in the relevant Proxy Form on the manner in which they wish their votes to be cast for the ordinary resolution on the Proposed Project Directors' Fees.

Having considered the rationale of the Proposed Project Directors' Fees, Messrs Teo Soo Chew, Teo Chiang Khai, Adrian Peh Nam Chuan and Low Seow Juan, being the Directors who are not part of the Project Committee, are of the opinion that the Proposed Project Directors' Fees is in the best interests of the Company and the Shareholders and recommend that the Shareholders vote in favour of the ordinary resolution in relation to the Proposed Project Directors' Fees at the EGM.

## **11. EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on pages 42 to 43 of this Circular, will be held at Goodwood Park Hotel, Tudor Ballroom, 22 Scotts Road, Singapore 228221 at 2.30 p.m. on 25 July 2014 for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions relating to the Proposed Disposal, the Proposed Options Redemption, the Proposed Directors' Fees and the Proposed Project Directors' Fees.

## **12. ACTION TO BE TAKEN BY SHAREHOLDERS**

A Shareholder who is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf should complete, sign and return the Proxy Form enclosed with this Circular in accordance with the instructions printed thereon as soon as possible, and in any event, so as to reach the Registrar's office at 80 Robinson Road, #02-00, Singapore 068898 not less than forty-eight (48) hours before the time fixed for the EGM.

The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he subsequently wishes to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

## **13. ABSTENTION FROM VOTING**

If a Shareholder holds Options, he, together with his Associates, must abstain from voting at the EGM on the ordinary resolution relating to the Proposed Options Redemption and should not accept nominations as proxies or otherwise for voting at the EGM in respect of the aforesaid ordinary resolution, unless specific instructions have been given in the Proxy Form on how the votes are to be cast in respect of the aforesaid ordinary resolution.

## **14. CONSENTS**

### **14.1 CIMB**

CIMB, being the financial adviser to the Company in relation to the Proposed Disposal, has given and has not withdrawn its written consent to the issue of this Circular with the references to its name, in the form and context in which its name appears in this Circular.

### **14.2 Deloitte**

Deloitte, being the adviser to the Company in relation to the terms of the Proposed Disposal, has given and has not withdrawn its written consent to the issue of this Circular with the references to its name, in the form and context in which its name appears in this Circular.

### **14.3 EY**

EY, the independent valuer commissioned by the Company to determine the valuation of the outstanding Options, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the EY Summary Letter at Appendix 3 to this Circular and all references to the EY Summary Letter and its name in the form and context in which they appear in this Circular.

## **15. RESPONSIBILITY STATEMENTS**

### **15.1 Directors**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Proposed Options Redemption, the Proposed Directors' Fees, the Proposed Project Directors' Fees, the Company and the Group and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

### **15.2 CIMB**

CIMB, being the financial adviser to the Company in relation to the Proposed Disposal, confirms that to the best of its knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and the Group, and CIMB is not aware of any facts the omission of which would make any statement in this Circular misleading.

### **15.3 Deloitte**

Deloitte has been appointed as the adviser to the Company in relation to the SPA and other negotiations with the Purchaser relating to the Proposed Disposal.

As the adviser to the Company in respect of the terms of the Proposed Disposal, Deloitte confirms that to the best of its knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the terms of the Proposed Disposal, and is not aware of any facts the omission of which would make any statement in this Circular in relation to the terms of the Proposed Disposal misleading.

## **16. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company at 302 Orchard Road, #10-01, Singapore 238862 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (i) the SPA;
- (ii) the Major Shareholders' Undertaking;
- (iii) the Non-Compete Undertaking;
- (iv) the Rule 1017 Moratorium Undertakings;
- (v) the Options Undertakings;
- (vi) the EY Report;

- (vii) the rules of the SHC Asia ESOS;
- (viii) the Memorandum and Articles of Association of the Company;
- (ix) the Annual Report of the Company for FY2013; and
- (x) the letters of consent referred to in paragraph 14 of this Circular.

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

Teo Soo Kiat  
Non-Executive Chairman

## APPENDIX 1: OTHER SALIENT TERMS OF THE SPA

The other salient terms of the SPA are set out below.

### 1. OTHER TRANSACTION DOCUMENTS

#### 1.1 SBLC/Demand Guarantee

The Company shall furnish the Purchaser with the following SBLC/Demand Guarantee:

- (i) a first standby letter of credit for S\$11,200,000 ("**First Standby Letter of Credit**") for the period from the Completion Date up to and including the date falling 18 months after the Completion Date (the "**Initial Expiry Date**"); and
- (ii) a second standby letter of credit for S\$1,300,000 ("**Second Standby Letter of Credit**") for the period from the day after the Initial Expiry Date up to and including the date falling six (6) years after the Completion Date (the "**Subsequent Expiry Date**").

In the event there is a Relevant Claim (as defined below) for which (i) the Purchaser has obtained an arbitral award which is not the subject of any appeal or further contest ("**Awarded Claim**") or (ii) where the Company and the Purchaser have agreed on the amount of the liability in respect of the Relevant Claim ("**Agreed Claim**"), the Purchaser shall be entitled to make a claim on the SBLC/Demand Guarantee for an amount:

- (i) which is not more than the amount of the Awarded Claim and/or the Agreed Claim (as the case may be) relating to the Relevant Claim; and
- (ii) which, when aggregated with all previous amounts claimed under the SBLC/Demand Guarantee by the Purchaser, shall not in any event exceed the relevant aggregate SBLC/Demand Guarantee Amount (as defined below) which is then applicable,

by written demand to the issuing bank.

"**SBLC/Demand Guarantee Amount**" means:

- (i) in relation to the period commencing from the Completion Date up to and including the Initial Expiry Date, S\$11,200,000; and
- (ii) in relation to the period commencing from the day after the Initial Expiry Date up to and including the Subsequent Expiry Date, S\$1,300,000.

"**Relevant Claim**" means any or all of a claim for breach of the representations and warranties on the part of the Company under the SPA (the "**Vendor's Warranties**"), a claim under the indemnities given by the Vendor under the SPA (the "**Vendor's Indemnities**") and a claim for breach of any other term of the SPA.

#### 1.2 Guarantee

In the event of a Relevant Claim, for which (i) the Purchaser has obtained an Awarded Claim or (ii) there is an Agreed Claim and which is not the subject of any appeal or further contest by the Company, the Purchaser shall be entitled to make a claim on the Guarantee for an amount:

- (i) which is not more than the Awarded Claim and/or the Agreed Claim as the case may be, relating to the Relevant Claim; and



- (ii) which is after deduction of or net of any amount claimed and received by the Purchaser (if any) under the SBLC/Demand Guarantee in relation to such Awarded Claim and/or Agreed Claim (as the case may be),

by written demand to the Guarantor.

## **2. LIMITATION OF LIABILITY**

- 2.1 The limitation period for all the Vendor's Warranties is 18 months from the Completion Date, save for the warranties relating to title to the Sale Shares ("**Vendor's Warranty on Title**"), the Vendor's warranties on tax (the "**Vendor's Tax Warranties**") and the Vendor's Indemnities, all of which have a limitation period of six (6) years from Completion Date.
- 2.2 The Company will not be liable for breach of any Vendor's Warranty in respect of any individual claim where the liability of any such claim does not exceed S\$300,000, and in respect of any claim unless the aggregate amount of such claim together with all claims for which the Company would otherwise be liable exceeds S\$900,000. However, such limitation will not apply to any claim in respect of the Vendor's Indemnities, a breach of the Vendor's Tax Warranties and of the Vendor's Warranty on Title.
- 2.3 All Vendor's Warranties shall not in aggregate, exceed an amount equal to 25% of the Final Consideration, save in respect of breaches of the Vendor's Indemnities, the Vendor's Tax Warranties and the Vendor's Warranty on Title, which shall not in aggregate exceed an amount equal to the Final Consideration.

## **3. ORDER OF CLAIM**

- 3.1 In the event that the Purchaser obtains an Awarded Claim or Agreed Claim in relation to a Relevant Claim, the Purchaser may choose to enforce payment of such Awarded Claim or Agreed Claim against (i) the issuing bank under the SBLC/Demand Guarantee, (ii) the Guarantor under the Guarantee or (iii) the Company under the SPA, subject to the terms and conditions of the Guarantee and the SPA.
- 3.2 Under the terms of the Guarantee, the Purchaser shall not be entitled to enforce payment in respect of an Awarded Claim or an Agreed Claim under the Guarantee unless and until it has (i) fully utilised the SBLC/Demand Guarantee, or (ii) the SBLC/Demand Guarantee has expired, or (iii) (subject to paragraph 3.3 of this Appendix) unless the issuing bank fails or refuses to perform its obligations to make payment to the Purchaser under the SBLC/Demand Guarantee for any reason within seven (7) days of any demand made by the Purchaser, or (iv) where the Purchaser is otherwise not able to obtain payment under the SBLC/Demand Guarantee for any reason, whether due to unenforceability, illegality or invalidity of the SBLC/Demand Guarantee or otherwise (each of (iii) and (iv), an "**Issuing Bank Default**").
- 3.3 In the event of the occurrence of an Issuing Bank Default, enforcement of payments in respect of any Awarded Claims and/or Agreed Claims up to a maximum aggregate amount equal to the SBLC/Demand Guarantee Amount shall be made firstly against the Company, pursuant to the SPA. Only (i) in the event of the Company's failure to make payment for such Awarded Claims and/or Agreed Claims within seven (7) days of any demand made by the Purchaser, or (ii) in the event any obligation or liability of the Company ceases to be valid and enforceable against the Company (in whole or in part), or (iii) if the Purchaser is not able to seek an Awarded Claim or an Agreed Claim against the Company, shall the Purchaser be entitled to enforce payment for such Awarded Claims and/or Agreed Claims against the Guarantor under the Guarantee.

3.4 In the event the SBLC/Demand Guarantee Amount has been fully received by the Purchaser or otherwise fully utilised, any and all enforcement of payments in respect of any Awarded Claims and/or Agreed Claims shall be made firstly against the Guarantor pursuant to the Guarantee and only in the event of the Guarantor's failure to perform its obligations under the Guarantee to make payment for such Awarded Claims and/or Agreed Claims shall the Purchaser be able to enforce payments of such Awarded Claims and/or Agreed Claims against the Company.

## APPENDIX 2: DETAILS OF OUTSTANDING OPTIONS

The following are details of the outstanding Options as at the Latest Practicable Date:

Date of grant of Options	Number of Options granted	Number of Options exercised	Number of Options cancelled	Number of outstanding Options	Exercise price	Exercise period <sup>(1)</sup>
3 March 2009	9,675,000	2,000,000	875,000	6,800,000	S\$0.0944	3 March 2010 to 2 March 2014
21 January 2010	8,190,000	–	750,000	7,440,000	S\$0.0750	21 January 2011 to 20 January 2015
21 January 2011	509,190	–	46,200	462,990	S\$0.1300	21 January 2012 to 20 January 2016
	509,190	–	46,200	462,990	S\$0.1300	21 January 2013 to 20 January 2016
	524,620	–	47,600	477,020	S\$0.1300	21 January 2014 to 20 January 2016
20 January 2012	534,930	–	3,300	531,630	S\$0.0910	20 January 2013 to 19 January 2017
	534,930	–	3,300	531,630	S\$0.0910	20 January 2014 to 19 January 2017
	551,140	–	3,400	547,740	S\$0.0910	20 January 2015 to 19 January 2017
21 January 2013	603,900	–	–	603,900	S\$0.1220	21 January 2014 to 20 January 2018
	603,900	–	–	603,900	S\$0.1220	21 January 2015 to 20 January 2018
	622,200	–	–	622,200	S\$0.1220	21 January 2016 to 20 January 2018
19 June 2013	3,593,040	–	–	3,593,040	S\$0.1482	19 June 2014 to 18 June 2018
	3,593,040	–	–	3,593,040	S\$0.1482	19 June 2015 to 18 June 2018
	3,701,920	–	–	3,701,920	S\$0.1482	19 June 2016 to 18 June 2018
<b>Total</b>	<b>33,747,000</b>	<b>2,000,000</b>	<b>1,775,000</b>	<b>29,972,000</b>		

**Note:**

- (1) In respect of Options which would otherwise be unvested or partially vested or as yet unexercisable as at the Latest Practicable Date, such Options are exercisable in light of the Proposed Disposal pursuant to Rule 11.8 of the rules of the SHC Asia ESOS.

The following are details of the outstanding Options granted to Directors as at the Latest Practicable Date:

Name of Director	Date of grant of Options	Number of Options granted	Number of Options exercised	Number of outstanding Options	Exercise price	Exercise period <sup>(1)</sup>
<b>Low Seow Juan</b>	3 March 2009	500,000	500,000	–	S\$0.0944	3 March 2010 to 2 March 2014
	21 January 2010	500,000	–	500,000	S\$0.0750	21 January 2011 to 20 January 2015
	21 January 2011	41,250	–	41,250	S\$0.1300	21 January 2012 to 20 January 2016
		41,250	–	41,250	S\$0.1300	21 January 2013 to 20 January 2016
		42,500	–	42,500	S\$0.1300	21 January 2014 to 20 January 2016
	20 January 2012	41,250	–	41,250	S\$0.0910	20 January 2013 to 19 January 2017
		41,250	–	41,250	S\$0.0910	20 January 2014 to 19 January 2017
		42,500	–	42,500	S\$0.0910	20 January 2015 to 19 January 2017
	21 January 2013	41,250	–	41,250	S\$0.1220	21 January 2014 to 20 January 2018
		41,250	–	41,250	S\$0.1220	21 January 2015 to 20 January 2018
		42,500	–	42,500	S\$0.1220	21 January 2016 to 20 January 2018
	19 June 2013	206,250	–	206,250	S\$0.1482	19 June 2014 to 18 June 2018
		206,250	–	206,250	S\$0.1482	19 June 2015 to 18 June 2018
		212,500	–	212,500	S\$0.1482	19 June 2016 to 18 June 2018
	<b>Total</b>	<b>2,000,000</b>	<b>500,000</b>	<b>1,500,000</b>		

Name of Director	Date of grant of Options	Number of Options granted	Number of Options exercised	Number of outstanding Options	Exercise price	Exercise period <sup>(1)</sup>
<b>Adrian Peh Nam Chuan</b>	3 March 2009	500,000	500,000	–	S\$0.0944	3 March 2010 to 2 March 2014
	21 January 2010	500,000	–	500,000	S\$0.0750	21 January 2011 to 20 January 2015
	21 January 2011	41,250	–	41,250	S\$0.1300	21 January 2012 to 20 January 2016
		41,250	–	41,250	S\$0.1300	21 January 2013 to 20 January 2016
		42,500	–	42,500	S\$0.1300	21 January 2014 to 20 January 2016
	20 January 2012	41,250	–	41,250	S\$0.0910	20 January 2013 to 19 January 2017
		41,250	–	41,250	S\$0.0910	20 January 2014 to 19 January 2017
		42,500	–	42,500	S\$0.0910	20 January 2015 to 19 January 2017
	21 January 2013	41,250	–	41,250	S\$0.1220	21 January 2014 to 20 January 2018
		41,250	–	41,250	S\$0.1220	21 January 2015 to 20 January 2018
		42,500	–	42,500	S\$0.1220	21 January 2016 to 20 January 2018
	19 June 2013	206,250	–	206,250	S\$0.1482	19 June 2014 to 18 June 2018
		206,250	–	206,250	S\$0.1482	19 June 2015 to 18 June 2018
		212,500	–	212,500	S\$0.1482	19 June 2016 to 18 June 2018
	<b>Total</b>	<b>2,000,000</b>	<b>500,000</b>	<b>1,500,000</b>		

Name of Director	Date of grant of Options	Number of Options granted	Number of Options exercised	Number of outstanding Options	Exercise price	Exercise period <sup>(1)</sup>	
Tan Hup Foi	3 March 2009	500,000	500,000	–	S\$0.0944	3 March 2010 to 2 March 2014	
	21 January 2010	500,000	–	500,000	S\$0.0750	21 January 2011 to 20 January 2015	
	21 January 2011	41,250	–	41,250	S\$0.1300	21 January 2012 to 20 January 2016	
		41,250	–	41,250	S\$0.1300	21 January 2013 to 20 January 2016	
		42,500	–	42,500	S\$0.1300	21 January 2014 to 20 January 2016	
	20 January 2012	41,250	–	41,250	S\$0.0910	20 January 2013 to 19 January 2017	
		41,250	–	41,250	S\$0.0910	20 January 2014 to 19 January 2017	
		42,500	–	42,500	S\$0.0910	20 January 2015 to 19 January 2017	
	21 January 2013	41,250	–	41,250	S\$0.1220	21 January 2014 to 20 January 2018	
		41,250	–	41,250	S\$0.1220	21 January 2015 to 20 January 2018	
		42,500	–	42,500	S\$0.1220	21 January 2016 to 20 January 2018	
	19 June 2013	206,250	–	206,250	S\$0.1482	19 June 2014 to 18 June 2018	
		206,250	–	206,250	S\$0.1482	19 June 2015 to 18 June 2018	
		212,500	–	212,500	S\$0.1482	19 June 2016 to 18 June 2018	
	<b>Total</b>		<b>2,000,000</b>	<b>500,000</b>	<b>1,500,000</b>		

Name of Director	Date of grant of Options	Number of Options granted	Number of Options exercised	Number of outstanding Options	Exercise price	Exercise period <sup>(1)</sup>
<b>Chua Kee Lock</b>	3 March 2009	500,000	500,000	–	S\$0.0944	3 March 2010 to 2 March 2014
	21 January 2010	500,000	–	500,000	S\$0.0750	21 January 2011 to 20 January 2015
	21 January 2011	41,250	–	41,250	S\$0.1300	21 January 2012 to 20 January 2016
		41,250	–	41,250	S\$0.1300	21 January 2013 to 20 January 2016
		42,500	–	42,500	S\$0.1300	21 January 2014 to 20 January 2016
	20 January 2012	41,250	–	41,250	S\$0.0910	20 January 2013 to 19 January 2017
		41,250	–	41,250	S\$0.0910	20 January 2014 to 19 January 2017
		42,500	–	42,500	S\$0.0910	20 January 2015 to 19 January 2017
	21 January 2013	41,250	–	41,250	S\$0.1220	21 January 2014 to 20 January 2018
		41,250	–	41,250	S\$0.1220	21 January 2015 to 20 January 2018
		42,500	–	42,500	S\$0.1220	21 January 2016 to 20 January 2018
	19 June 2013	206,250	–	206,250	S\$0.1482	19 June 2014 to 18 June 2018
		206,250	–	206,250	S\$0.1482	19 June 2015 to 18 June 2018
		212,500	–	212,500	S\$0.1482	19 June 2016 to 18 June 2018
	<b>Total</b>	<b>2,000,000</b>	<b>500,000</b>	<b>1,500,000</b>		

**Note:**

- (1) In respect of Options which would otherwise be unvested or partially vested or as yet unexercisable as at the Latest Practicable Date, such Options are exercisable in light of the Proposed Disposal pursuant to Rule 11.8 of the rules of the SHC Asia ESOS.

## APPENDIX 3: THE EY SUMMARY LETTER

10 July 2014

**The Board of Directors**  
**SHC Capital Asia Limited**  
302 Orchard Road, #10-01  
Singapore 238862

### **Valuation Services for Employee Stock Options of SHC Capital Asia Limited**

#### **Independent Valuation Summary Letter**

Dear Sirs:

#### **1. Introduction**

Ernst & Young Solutions LLP (“**EY**” or “**we**”) has been appointed by the Board of Directors (the “**Directors**”) of SHC Capital Asia Limited (“**SHC Asia**” or the “**Company**”) to perform an independent valuation of the outstanding options (“**Options**”) granted under the SHC Capital Employee Share Option Scheme (“**SHC Capital ESOS**”) and the SHC Capital Asia Employee Share Option Scheme (“**SHC Asia ESOS**”) in connection with the proposed disposal of its entire stake in SHC Insurance Pte. Ltd (“**SHC Insurance**”) (the “**Proposed Disposal**”).

In connection with the Proposed Disposal, SHC Asia is proposing to redeem and cancel all of the Options in consideration for a cash amount to be paid to the holders of the Options following the completion of the Proposed Disposal (the “**Proposed Options Redemption**”).

This letter has been prepared for inclusion as an appendix to the Company’s circular to be issued to its shareholders in relation to, *inter alia*, the Proposed Disposal and the Proposed Options Redemption (the “**Circular**”). This is a summary of the information contained in our Independent Valuation Report dated 10 July 2014 (the “**Report**”). Accordingly, this letter should be read in conjunction with the full text of the Report.

#### **2. Terms of reference**

The objective of this letter is to provide an independent view of the Fair Market Value of the Options, assessed on a pro-forma basis, assuming the completion of the Proposed Disposal has taken place on 1 January 2014 (the “**Completion Date**”). The valuation of the Options would be carried out as at 31 December 2013 (the “**Valuation Date**”). SHC Asia has adopted the SHC Asia ESOS that entitles executive and non-executive directors and employees of SHC Asia and SHC Insurance to subscribe for shares in SHC Asia pursuant to the exercise of the Options. The Options also include the varied options originally issued by SHC Insurance under the SHC Capital ESOS.

SHC Asia is assumed to dispose its entire stake in SHC Insurance as at Valuation Date with the total purchase consideration from the potential acquirer received in cash. Upon the completion of the Proposed Disposal, the majority of SHC Asia’s assets will consist substantially of cash.

We are not expressing an opinion on the commercial merits and structure of the Proposed Disposal and accordingly, this letter and the Report do not purport to contain all the information that may be necessary or desirable to fully evaluate the commercial or divestment merits of the Proposed Disposal by the shareholders of SHC Asia. The



assessment of the commercial and divestment merits of the Proposed Disposal is solely the responsibility of the Directors. Additionally, our work should not be construed as investment advice to the current and prospective investors of SHC Asia.

We have not conducted a comprehensive review of the business, operational or financial conditions of SHC Asia, and accordingly our Report does not make any representation or warranty, expressed or implied in this regard.

The scope of our engagement does not require us to express, and we do not express, a view on the future prospects of SHC Asia. We are, therefore, not expressing any views on the future trading price of the shares or the financial condition of SHC Asia upon completion of, *inter alia*, the Proposed Disposal.

Our terms of reference do not require us to provide advice on legal, regulatory, accounting, property or taxation matters and, where specialist advice has been obtained by SHC Asia and made available to us, we have considered and, where appropriate, relied upon such advice.

Our work is not of the same nature as an audit, and does not constitute an audit. We are not, therefore issuing an audit opinion. Instead, our work is in the nature of a review of the information provided to us, and discussions with the management of SHC Asia (the “**Management**”).

#### **Use of our letter and the Report**

This letter and the Report are addressed to, and for the use and benefit of the Directors for the purpose as set out above, and accordingly neither the Report nor this letter may be used or relied upon by, nor confer any benefit to, any other person (including without limitation, the shareholders of SHC Asia and the prospective investors of SHC Asia). Any recommendation made by the Directors to the shareholders of SHC Asia shall remain the responsibility of such Directors.

#### **Reliance on information and representation**

In the course of our work, we have held discussions with the Management. We have also examined and relied on information provided by them and reviewed other relevant publicly available information. We have not independently verified all such information provided or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. We have also relied on representations from the Management that any estimates or forecasts furnished to us will be based on the best and latest available information in the possession of the Management and that such information are considered to be correct and/or reasonable and complete. Nevertheless, Management has confirmed to us, upon making all reasonable enquiries and to their best knowledge and belief, that the information provided to us constitute a full and true disclosure, in all material respects, of all material facts relating to SHC Asia and the Proposed Disposal as required for the purposes of our valuation and there is no omission of material information, of which if any, would make any of the information considered herein inaccurate, incomplete, or misleading in any material respect.

In no circumstances shall we be liable, other than in the event of our bad faith or wilful default, for any loss or damage, of whatsoever nature arising from information material to our work being withheld or concealed from us or misrepresented to us by the management, employees, or agents or any person of whom we may have made inquiries of during the course of our work.

### 3. Valuation methodology

We have adopted Fair Market Value as the standard of value. Fair Market Value is generally defined as the amount at which an asset could be exchanged between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting in an arm's length transaction, in an open and unrestricted market.

We have assessed the Fair Market Value of SHC Asia on a going concern basis as at 31 December 2013 by using the adjusted net assets methodology under cost approach.

When using the adjusted net assets methodology under the cost approach, all the assets and liabilities are adjusted to their Fair Market Values. The derived aggregate value of these assets is set off against the estimated value of all existing and potential liabilities to determine the Fair Market Value of SHC Asia.

Given that all of the Options become vested and exercisable in light of the Proposed Disposal, we have assessed the Fair Market Value of the Options to be the Fair Market Value of the underlying shares of SHC Asia less the relevant exercise price of the Options as at Valuation Date.

Our valuation is based on various assumptions with respect to SHC Asia and SHC Insurance, including its respective present and future financial condition and business strategies. These assumptions are based on the information that we have been provided with and our discussions with the Management, and reflect current expectations and views regarding future events, and therefore necessarily involve known and unknown risks and uncertainties.

Amongst other assumptions stated in the Report, the key assumptions are as follow:

1. The Pro-forma SHC Asia will continue to operate on a going concern basis;
2. The Fair Market Value of the Options is based on a pro-forma structure as at Valuation Date;
3. SHC Asia has no committed plans to invest in new businesses as at Valuation Date;
4. SHC Asia will be disposing its entire stake in SHC Insurance for a purchase consideration which is adjusted for the following:
  - i. The amount to be paid by SHC Asia to SHC Insurance as part of the agreement between SHC Asia and SHC Insurance in relation to assumptions of all rights and obligations of SHC Insurance by SHC Asia under the Call Option Agreement, the Investment and Shareholders Agreement and the Technical Services Agreement, dated 13 September 2013;
  - ii. The difference in the Shareholders' Equity of SHC Insurance between FY2012 and FY2013; and
  - iii. Any event that happened after the Valuation Date has not been taken into consideration in the adjustment of the total purchase consideration for the Proposed Disposal.
5. We have considered Management's estimate of the related expenses to be incurred for the Proposed Disposal for the purpose of our valuation;
6. The Completion Date is assumed to be 1 January 2014 and for the purpose of this valuation, we have assumed that the total purchase consideration for the Proposed Disposal will be paid as at Valuation Date;

7. The total number of Options is 31,972,000 as at Valuation Date. These Options do not include a market condition or market value of SHC Asia as a performance condition. All Options have a vesting period of between 1 to 3 years of service from the date of grant with a life of option of 5 years;
8. All of the Options become vested and exercisable in light of the Proposed Disposal. SHC Asia is assumed to redeem the Options held by the holders of the Options based on the Fair Market Value of SHC Asia;
9. The Fair Market Value of SHC Asia is determined prior to the redemption of the Options;
10. We have relied on the Fair Market Value of the call option owned by SHC Asia as provided in the audited financial statements of SHC Asia. The call option to acquire the 55% equity interest in PT Asuransi Parolamas is disclosed to be S\$700,000 as at Valuation Date; and
11. The total number of outstanding shares of SHC Asia as at Valuation Date is 303,982,583.

It should be noted that there will usually be differences between the estimated and actual results because events and circumstances may not occur as expected and those differences may be material.

We have set out in the Report the key assumptions used in our valuation as well as risk factors that, in our opinion, may have a material impact on the valuation of the Options. It should be noted that it is not an exhaustive list of all risk factors relevant to SHC Asia.

#### **4. Conclusion**

In summary and as detailed in the Report, which should be read in conjunction with this letter to the Directors, the Fair Market Value of the Options is estimated to be approximately S\$8.37 million as at Valuation Date. This will be the consideration to redeem the Options on a Fair Market Value basis assuming that the Completion Date is 1 January 2014.

The actual consideration to redeem the Options on a Fair Market Value basis will only be assessed after the Proposed Disposal is completed and the final consideration for the Proposed Disposal has been determined.

Our views are based on the current economic, market, industry, regulatory, monetary and other conditions and on the information made available to us as of the Valuation Date. Such conditions may change significantly over a relatively short period of time and we assume no responsibility and are not required to update, revise or reaffirm our conclusion set out in this letter to reflect events or developments subsequent to the Valuation Date.

Yours faithfully,  
For and on behalf of  
**Ernst & Young Solutions LLP**

Andre Toh Sern  
Partner

**SHC CAPITAL ASIA LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201201631D)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“**EGM**”) of SHC Capital Asia Limited (“**Company**”) will be held at Goodwood Park Hotel, Tudor Ballroom, 22 Scotts Road, Singapore 228221 on Friday, 25 July 2014 at 2.30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolutions:

All terms defined in the Circular shall have the same meaning in this Notice.

**RESOLUTION 1: ORDINARY RESOLUTION**

**Approval for the Proposed Disposal**

RESOLVED THAT:

- (a) the proposed disposal by the Company (“**Proposed Disposal**”) of all the issued and paid-up ordinary shares in the capital of SHC Insurance Pte. Ltd. to ERGO International AG (the “**Purchaser**”), on the terms and subject to the conditions of the SPA be and is hereby approved; and
- (b) the directors of the Company (“**Directors**”) and/or any of them be and is hereby authorised to complete and do all such acts and things as they and/or he may deem fit, necessary or expedient to give effect to this resolution.

**RESOLUTION 2: ORDINARY RESOLUTION**

**Approval for the Proposed Options Redemption**

RESOLVED THAT subject to and contingent upon (i) the passing of Ordinary Resolution 1 above and (ii) the completion of the Proposed Disposal:

- (a) the Proposed Options Redemption be and is hereby approved; and
- (b) the Directors and/or any of them be and is hereby authorised to complete and do all such acts and things as they and/or he may deem fit, necessary or expedient to give effect to this resolution.

**RESOLUTION 3: ORDINARY RESOLUTION**

**Approval for the Proposed Directors’ Fees**

RESOLVED THAT:

- (a) the payment of the Proposed Directors’ Fees of up to S\$477,000 in respect of FY2014 to the Directors be and is hereby approved; and
- (b) the Directors and/or any of them be and is hereby authorised to complete and do all such acts and things as they and/or he may deem fit, necessary or expedient to give effect to this resolution.

## **RESOLUTION 4: ORDINARY RESOLUTION**

### **Approval for the Proposed Project Directors' Fees**

RESOLVED THAT subject to and contingent upon (i) the passing of Ordinary Resolution 1 above and (ii) the completion of the Proposed Disposal:

- (a) the payment of the Proposed Project Directors' Fees of S\$450,000 to the Project Directors be and is hereby approved; and
- (b) the Directors and/or any of them be and is hereby authorised to complete and do all such acts and things as they and/or he may deem fit, necessary or expedient to give effect to this resolution.

### **By Order of the Board**

Claire Choy Sock Yu  
Chan Lai Yin  
Joint Company Secretaries

10 July 2014

#### **Notes:**

- (1) A Depositor's name must appear in the Depository Register not less than forty-eight (48) hours before the time appointed for the EGM.
- (2) Every Shareholder entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
- (3) The instrument appointing the proxy that has been executed by a Shareholder must be lodged at the Registrar's office at 80 Robinson Road, #02-00, Singapore 068898 not less than forty-eight (48) hours before the time appointed for the EGM or any adjournment thereof. Detailed instructions are set out in the proxy form.

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# SHC CAPITAL ASIA LIMITED

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

## PROXY FORM FOR USE AT THE EXTRAORDINARY GENERAL MEETING (OR AT ANY ADJOURNMENT THEREOF)

### IMPORTANT:

1. For investors who have used their CPF monies to buy SHC Capital Asia Limited's shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes 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	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Extraordinary General Meeting ("EGM") of the Company as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the EGM of the Company to be held at Goodwood Park Hotel, Tudor Ballroom, 22 Scotts Road, Singapore 228221, on 25 July 2014 at 2.30 p.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of the EGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM).

Ordinary Resolution	To be used on a show of hands		To be used in the event of a poll	
	For*	Against*	No. of votes for**	No. of votes against**
1. To approve the Proposed Disposal				
2. To approve the Proposed Options Redemption				
3. To approve the Proposed Directors' Fees				
4. To approve the Proposed Project Directors' Fees				

\* Please indicate your vote "For" or "Against" within the box provided.

\*\* If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise please indicate the number of votes.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2014

**Total number of Shares**

\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ THE NOTES OVERLEAF**

**Notes:**

1. All capitalised terms used herein and defined in the Notice of EGM shall, unless otherwise defined herein, bear the respective meanings ascribed thereto in the said Notice of EGM.
2. Please insert the total number of ordinary shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), 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.
3. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the Registrar's office at 80 Robinson Road, #02-00, Singapore 068898, not less than 48 hours before the time set for the meeting.
5. Where a member appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
6. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be either under its seal or under the hand of any officer or attorney duly authorised.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which 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, Cap. 50.
9. 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 entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.



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